SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 40-F

☐ Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

☒ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended March 31, 2023

Commission file number 001-38705

ALITHYA GROUP INC.

(Translation of Registrant's name into English)

Québec, Canada
(Province or other jurisdiction of incorporation or organization)

7370
(Primary Standard Industrial Classification Code Number)

N/A
(I.R.S. Employer Identification Number)

1100, Robert-Bourassa Boulevard, Suite 400
Montréal, Québec, Canada H3B 3A5
+1 (514) 285-5552
(Address and telephone number of principal executive offices)

CT Corporation System
28, Liberty Street
New York, New York, USA 10005
+1 (212) 590-9200
(Name, address and telephone number of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading symbol:	Name of each exchange on which registered:
Class A subordinate voting shares	**ALYA**	**The Nasdaq Stock Market LLC**

Securities registered or to be registered to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

For annual reports, indicate by check mark the information filed with this form:

☒ Annual Information Form ☒ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

87,871,568 Class A subordinate voting shares and 7,324,248 Class B multiple voting shares

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such report); and (2) has been subject to such filing requirements for the past 90 days:

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit such files):

Yes ☒ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act:

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards† provided pursuant to Section 13(a) of the Exchange Act: ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report: ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

EXPLANATORY NOTE

Alithya Group inc. ("**Alithya**", the "**Company**" or the "**Registrant**") is a Canadian issuer eligible to prepare and file this annual report on Form 40-F (collectively with the exhibits filed herein, the "**Annual Report**") pursuant to Section 13 of the *Securities Exchange Act of 1934*, as amended (the "**Exchange Act**"). The Registrant is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act and Rule 405 under the *Securities Act of 1933*, as amended. Accordingly, equity securities of the Registrant are exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3 thereunder.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report contains or incorporates by reference statements that 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**"). Statements that do not exclusively relate to historical facts, as well as statements relating to management's expectations regarding the future growth, results of operations, performance and business prospects of the Company, and other information related to the Company's business strategy and future plans or which refer to the characterizations of future events or circumstances represent forward-looking statements. Such statements often contain the words "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "could," "would," "will," "may," "can," "continue," "potential," "should," "project," "target," and similar expressions and variations thereof, although not all forward-looking statements contain these identifying words.

Forward-looking statements are presented for the sole purpose of assisting investors and others in understanding the Company's objectives, strategies and business outlook as well as its anticipated operating environment and may not be appropriate for other purposes. Although management believes the expectations reflected in the Company'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 the Company'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 the section titled "Risk and Uncertainties" of our Management's Discussion and Analysis for the fiscal years ended March 31, 2023 and March 31, 2022, included in and incorporated into this Annual Report as Exhibit 99.3, and in the Company's 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. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial could also have a material adverse effect on its financial position, financial performance, cash flows, business or reputation.

Forward-looking statements contained or incorporated by reference in this Annual Report are qualified by these cautionary statements. Forward-looking statements contained herein are made only as of the date of this Annual Report and those contained in other documents incorporated by reference are made only as of the date of such other documents. The Company expressly disclaims any obligation to update or alter 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.

DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Registrant is permitted, under the multijurisdictional disclosure system adopted by the United States, to prepare this Annual Report mainly in accordance with Canadian disclosure requirements, which are different from those of the United States. The Registrant also prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. IFRS differ in some significant respects from United States generally accepted accounting principles ("**U.S. GAAP**") and thus the Registrant's financial statements may not be comparable to financial statements of United States companies. In addition, differences may arise in subsequent periods related to changes in IFRS or U.S. GAAP or due to new transactions that the Registrant enters into. The Registrant is not required to prepare a reconciliation of its consolidated financial statements and related footnote disclosures between IFRS and U.S. GAAP and has not quantified such differences.

PRINCIPAL DOCUMENTS

A. Annual Information Form

The Registrant's Annual Information Form for the fiscal year ended March 31, 2023 (the "**2023 AIF**") is attached as Exhibit 99.1 to this Annual Report and incorporated herein by reference.

B. Audited Annual Financial Statements

The Registrant's audited annual consolidated financial statements for the fiscal years ended March 31, 2023 and March 31, 2022, including the report of independent registered public accounting firm, KPMG LLP, Montréal, Canada (Auditor Firm ID: 85), is attached as Exhibit 99.2 to this Annual Report and incorporated herein by reference.

C. Management's Discussion and Analysis

The Registrant's Management's Discussion and Analysis for the fiscal years ended March 31, 2023 and March 31, 2022 (the "**2023 MD&A**") is attached as Exhibit 99.3 to this Annual Report and incorporated herein by reference.

CONTROLS AND PROCEDURES

A. Certifications

The certifications required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act are attached as Exhibits 99.4, 99.5, 99.6 and 99.7 to this Annual Report and incorporated herein by reference.

B. Disclosure Control and Procedures

The information provided under the headings "Management's Evaluation of our Disclosure Controls and Procedures – Disclosure Controls and Procedures" and "Management's Evaluation of our Disclosure Controls and Procedures – Limitations on Effectiveness of Disclosure Control and Procedures and Internal Control over Financial Reporting" in the Registrant's 2023 MD&A attached as Exhibit 99.3 to this Annual Report is incorporated by reference herein.

C. Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. The information provided under the heading "Management's Evaluation of our Disclosure Controls and Procedures – Internal Control over Financial Reporting" and "Management's Evaluation of our Disclosure Controls and Procedures – Limitations on Effectiveness of Disclosure Control and Procedures and Internal Control over Financial Reporting" in the Registrant's 2023 MD&A attached as Exhibit 99.3 to this Annual Report is incorporated by reference herein.

D. Changes in Internal Control over Financial Reporting

The information provided under the heading "Management's Evaluation of our Disclosure Controls and Procedures - Changes in Internal Control over Financial Reporting" in the Registrant's 2023 MD&A attached as Exhibit 99.3 to this Annual Report is incorporated by reference herein.

AUDIT COMMITTEE FINANCIAL EXPERT

The Registrant's board of directors (the "**Board**") has determined that it has at least one "audit committee financial expert" (as such term is defined in item 8(a) of General Instruction B to Form 40-F) serving on its Audit and Risk Management Committee (the "**Audit Committee**"). The Board has determined that Mr. Robert Comeau is an audit committee financial expert and is independent within the meaning of applicable U.S. Securities and Exchange Commission ("**SEC**") regulations and of the corporate governance standards of the Nasdaq Stock Market ("**NASDAQ**").

Mr. Comeau is a corporate director who serves as lead director of the Registrant. Before becoming a corporate director in 2018, he acted as a consultant between 2015 and 2018, and served as Chief Financial Officer of both public and private companies, including Lumenpulse Inc., from 2012 to 2015, Aveos Fleet Performance Inc., from 2009 to 2011, and Emergis Inc., from 2005 to 2008. Mr. Comeau also held various positions over 17 years at Nortel Networks Corporation, including as Vice-President, Finance and Operations. Mr. Comeau previously served as a director and Chair of the Audit Committee of H2O Innovation Inc. from 2017 to 2021 as well as a Special Committee Member of Groupe Conseil FXInnovation Inc. from 2014 to 2017. Mr. Comeau is a former Chartered Professional Accountant (CPA, CA). He holds a Bachelor's degree in accounting from HEC Montréal.

The SEC rules indicate that the designation of Mr. Comeau as an audit committee financial expert does not make him an "expert" for any purpose, impose on him any duties, obligations or liability that are greater than the duties, obligations or liability imposed on him as a member of the Audit Committee and of the Board in absence of such designation, or affect the duties, obligations or liability of any other member of the Audit Committee or the Board.

CODE OF ETHICS

Effective May 1, 2023, the Registrant adopted a new code of business conduct (the "**Code**") applicable to its principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. This Code, which is a general, comprehensive update to the Registrant's prior code of business conduct, is intended to qualify as a "code of ethics" within the meaning of the applicable SEC rules. The Code has been filed as Exhibit 99.9 to this Annual Report and is available on the Registrant's website at www.alithya.com/investors/governance. All amendments to the Code and waivers, if any, for executive officers will be disclosed on the Registrant's website. Unless specifically referred to herein, information on the Registrant's website shall not be deemed to be incorporated by reference in this Annual Report.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

KPMG LLP ("**KPMG**"), Montréal, Canada (Auditor Firm ID: 85), acted as the Registrant's independent registered public accounting firm for the fiscal years ended March 31, 2023 and 2022. See section titled "Auditors– Service Fees" in the Registrant's 2023 AIF, for the amounts billed to the Registrant by KPMG for services performed in the last two fiscal years by category of service (audit fees, audit-related fees, tax fees and all other fees), and section titled "Audit and Risk Management Committee – Pre-approval Policy and Procedures" in the Registrant's 2023 AIF, for a description of the Registrant's pre-approval policies and procedures and the services approved thereunder, which sections are incorporated herein by reference.

OFF -BALANCE SHEET ARRANGEMENTS

The information provided under the heading "Off-Balance Sheet Arrangements" in the Registrant's 2023 MD&A attached as Exhibit 99.3 is incorporated by reference herein.

DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The information provided under the heading "Contractual Obligations" in the Registrant's 2023 MD&A attached as Exhibit 99.3 is incorporated by reference herein.

IDENTIFICATION OF THE AUDIT COMMITTEE

The Registrant has a separately designated standing audit committee, named the Audit and Risk Management Committee, established in accordance with section 3(a)(58)(A) of the Exchange Act. The members of the Audit and Risk Management Committee are Dana Ades-Landy, Robert Comeau and C. Lee Thomas.

CORPORATE GOVERNANCE

The Registrant is a "foreign private issuer" under the Exchange Act, as amended, and its Class A subordinate shares are listed on the Toronto Stock Exchange and on NASDAQ. Pursuant to NASDAQ Stock Market Rule 5615(a)(3), the Registrant is allowed to follow its home country practice in lieu of certain NASDAQ corporate governance standards, provided that it discloses and describes the same.

A description of the significant ways in which the Registrant's governance practices currently differ from those followed by domestic companies pursuant to the Rule 5600 series of the NASDAQ Stock Market Rules is set out below:

- **Composition of Compensation and Nomination Committees.** NASDAQ Stock Market Rules 5605(d)(2) and 5605(e)(1) provide that each member of a company's compensation committee and nomination committee must be an independent director, as defined in NASDAQ Stock Market Rule 5605(a)(2). The Registrant follows applicable Canadian laws, which do not mandate that a compensation committee or a nomination committee be comprised entirely of independent directors. The Corporate Governance and

Nominating Committee and the Human Capital and Compensation Committee of the Registrant are currently comprised of a majority of independent directors;

- **Quorum Requirements.** NASDAQ Stock Market Rule 5620(c) provides that the minimum quorum requirement for a meeting of shareholders is 33⅓% of the outstanding common voting shares. The Registrant is governed by the Business Corporations Act (Québec), which permits the Registrant to specify a quorum requirement in its by-laws. Under the Registrant's by-laws, a quorum for the transaction of business at any meeting of shareholders is at least two persons present in person or by proxy and representing at least 25% of the issued and outstanding shares of the Registrant carrying the right to vote at the meeting. The rules of the Toronto Stock Exchange, upon which the Registrant's class A subordinate voting shares are also listed, do not contain specific quorum requirements; and

- **Shareholder Approval.** NASDAQ Stock Market Rule 5635(a) requires shareholder approval prior to the issuance of securities in connection with the acquisition of the stock or assets of another company in certain circumstances, including where the common shares to be issued will have voting power equal to or in excess of 20% of the voting power outstanding before the issuance, or the number of shares to be issued will be equal to or in excess of 20% of the number of shares outstanding before the issuance. The Registrant complies with the applicable requirements of the Toronto Stock Exchange, which requires shareholder approval for the issuance of securities in connection with an acquisition where the number of securities issued or issuable in payment of the purchase price for the acquisition exceeds 25% of the number of securities of the issuer which are outstanding.

INTERACTIVE DATA FILE

The Registrant is submitting its Interactive Data File as Exhibit 101 to this Annual Report.

DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the SEC staff, and to furnish promptly, when requested to do so by the SEC staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities. The Registrant has previously filed with the SEC a Form F-X in connection with the class of securities in relation to which the obligation to file this annual report on Form 40-F arises.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

ALITHYA GROUP INC.

/s/ Nathalie Forcier

Name: Nathalie Forcier

Title: Chief Legal Officer

Date: June 8, 2023

EXHIBIT INDEX

99.1	Annual Information Form for the fiscal year ended March 31, 2023
99.2	Audited Annual Consolidated Financial Statements for the fiscal years ended March 31, 2023 and March 31, 2022
99.3	Management's Discussion and Analysis of Financial Position and Results of Operations for the fiscal years ended March 31, 2023 and March 31, 2022
99.4	Certification of the Registrant's Chief Executive Officer required pursuant to Rule 13a-14(a)
99.5	Certification of the Registrant's Chief Financial Officer required pursuant to Rule 13a-14(a)
99.6	Certification of the Registrant's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Certification of the Registrant's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Consent of KPMG LLP
99.9	Code of Business Conduct
101.1	Interactive Data File
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Annual Information Form of Alithya Group inc.

For the year ended March 31, 2023

June 7, 2023

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GENERAL INFORMATION

This Annual Information Form is dated June 7, 2023. Unless otherwise indicated, all information disclosed herein is provided as at March 31, 2023, references to "Alithya", "we", "our", "us", "the Company" or similar terms refer to Alithya Group inc. and its consolidated subsidiaries, references to the "Board" refer to the board of directors of Alithya Group inc., references to "subordinate voting shares" and "multiple voting shares" refer to the Class A subordinate voting shares, no par value, and the Class B multiple voting shares, no par value, of Alithya Group inc., respectively, and all monetary amounts are in Canadian dollars.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains or incorporates by reference statements that 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"). Statements that do not exclusively relate to historical facts, as well as statements relating to management's expectations regarding the future growth, results of operations, performance and business prospects of the Company, and other information related to the Company's business strategy and future plans or which refer to the characterizations of future events or circumstances represent forward-looking statements. Such statements often contain the words "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "could," "would," "will," "may," "can," "continue," "potential," "should," "project," "target," and similar expressions and variations thereof, although not all forward-looking statements contain these identifying words.

Forward-looking statements contained or incorporated by reference in this Annual Information Form include, among other things, information or statements about: (i) the Company's ability to generate sufficient earnings to support its operations; (ii) the Company's ability to take advantage of business opportunities and meet its goals set in its three-year strategic plan; (iii) the Company's ability to maintain and develop its business, including by broadening the scope of its service offerings, entering into new contracts and penetrating new markets; (iv) the Company's strategy, future operations, and prospects, including its expectations regarding future revenue resulting from bookings and backlog; (v) the Company's ability to service its debt and raise additional capital and its estimates regarding its future financing and capital requirements; (vi) the Company's expectations regarding its financial performance, including its revenues, profitability, research and development, costs and expenses, gross margins, liquidity, capital resources, and capital expenditures; (vii) the Company's ability to realize the expected synergies or cost savings relating to the integration of its business acquisitions; and (viii) the potential return to pre-COVID-19 pandemic operations.

Forward-looking statements are presented for the sole purpose of assisting investors and others in understanding the Company's objectives, strategies and business outlook as well as its anticipated operating environment and may not be appropriate for other purposes. Although management believes the expectations reflected in the Company'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 the Company'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 the factors discussed under the section titled "Risks and Uncertainties" of the Company's management's discussion and analysis for the fiscal years ended March 31, 2023 and 2022, incorporated by reference into this Annual Information Form under the section titled "Risks and Uncertainties", and the Company's 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. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial could also have a material adverse effect on its financial position, financial performance, cash flows, business or reputation.

Forward-looking statements contained or incorporated by reference in this Annual Information Form are qualified by these cautionary statements. Unless otherwise indicated, forward-looking statements contained herein are made only as of the date of this Annual Information Form and those contained in other documents incorporated by reference are made only as of the date of such other documents. The Company expressly disclaims any obligation to update or alter 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.

CORPORATE STRUCTURE

Name, Address and Incorporation

Alithya Group inc. (formerly 9374-8572 Québec Inc.) was incorporated on March 8, 2018 under the *Business Corporations Act* (Québec) (the "QBCA"). The Company was created for the purpose of the business combination between Alithya Canada Inc. (formerly Alithya Group Inc.) ("Pre-IPO Alithya"), incorporated on April 2, 1992 under the *Companies Act* (Québec), Alithya USA, Inc. (formerly Edgewater Technology, Inc.) ("Edgewater"), a corporation incorporated on March 12, 1996 under the laws of Delaware and previously listed on the NASDAQ Global Market, and 9374-8572 Delaware Inc. ("U.S. Merger Sub"), a corporation governed under the laws of Delaware and a wholly-owned subsidiary of the Company.

On March 15, 2018, the Company, Pre-IPO Alithya, Edgewater and U.S. Merger Sub entered into an arrangement agreement, which was amended on September 10, 2018 and October 17, 2018 (the "Arrangement Agreement"). On November 1, 2018, and pursuant to the terms of the Arrangement Agreement, among other things, (i) the Company acquired Pre-IPO Alithya, by way of a statutory plan of arrangement under the QBCA (the "Arrangement"), and (ii) U.S. Merger Sub merged with and into Edgewater, with Edgewater being the surviving corporation (the "Merger"). The Arrangement and the Merger are collectively referred to herein as the "Edgewater Transaction". Following completion of the Edgewater Transaction, shareholders of Pre-IPO Alithya and Edgewater became shareholders of the Company, and each of Pre-IPO Alithya and Edgewater became wholly owned subsidiaries of the Company. On November 2, 2018, the Company's subordinate voting shares commenced trading on the Toronto Stock Exchange ("TSX") and on the NASDAQ Capital Market ("NASDAQ") under the symbol "ALYA".

Alithya's head and registered office is located at 1100, Robert-Bourassa Boulevard, Suite 400, Montréal, Québec, Canada, H3B 3A5.

Intercorporate Relationships

Below is the list of the Company's principal subsidiaries as at March 31, 2023, each of which is directly or indirectly wholly-owned by it. Certain subsidiaries whose total assets did not represent more than 10% of the Company's consolidated assets or whose revenues did not represent more than 10% of the Company's consolidated revenues as at March 31, 2023, based on the Company's annual audited consolidated financial statements for the fiscal year ended March 31, 2023, have been omitted. These omitted subsidiaries represented as a group less than 20% of the consolidated assets and revenues of the Company as at March 31, 2023.

ENTITY	JURISDICTION	PERCENTAGE OWNERSHIP
Alithya Canada Inc.	Québec, Canada	100%
Alithya Consulting Inc.	Québec, Canada	100%
Alithya Digital Technology Corporation	Ontario, Canada	100%
Alithya Financial Solutions, Inc.	Delaware, USA	100%
Alithya France SAS	France	100%
Alithya Fullscope Solutions, Inc.	Delaware, USA	100%
Alithya Numérique Maroc SARLAU	Morocco	100%
Alithya Ranzal LLC	Delaware, USA	100%
Alithya USA, Inc.	Delaware, USA	100%
Datum Consulting Group, LLC	Indiana, USA	100%
Datum Consulting Group Australia Pty Limited	Australia	100%
Datum Cybertech India Pvt Ltd.	India	100%
DCG Team UK Limited	United Kingdom	100%
Vitalyst, LLC	Delaware, USA	100%

GENERAL DEVELOPMENT OF THE BUSINESS

Fiscal 2023 Developments

On April 1, 2022, the Company acquired, through Alithya Consulting Inc., all the issued and outstanding shares of Trafic 3W Inc., an IT consulting firm specialized in the digital transformation of public and parapublic services in Québec, for total consideration of approximately $2 million, paid in cash and through the issuance of 83,449 subordinate voting shares. Immediately following the acquisition, Trafic 3W Inc. was amalgamated with Alithya Consulting Inc.

On July 1, 2022, the Company acquired, through Alithya USA, Inc. and 9466-6997 Québec inc., two wholly-owned subsidiaries, all the issued and outstanding equity interests of Datum Consulting Group, LLC and its affiliates, a leader in IP digital transformation services for data-rich insurers and other regulated entities such as state governments and which specializes in application modernization and data migration, for a purchase price of approximately up to US$45.5 million, consisting of (i) US$13.6 million paid in cash at closing, net of working capital adjustment; (ii) US$4.3 million paid by the issuance of 1,867,262 subordinate voting shares at closing; (iii) US$10.3 million of deferred cash consideration, payable over three years on July 1, 2023, 2024 and 2025; (iv) deferred share consideration of 1,867,261 subordinate voting shares with a value of US$4.3 million; and (v) a potential earn-out consideration of up to US$13 million, payable over three years on July 1, 2023, 2024 and 2025, based on annual gross profit increases, also payable in cash (75%) and shares (25%).

The consideration payable in cash at closing was financed by a C$2.5 million draw on the Company's subordinate unsecured loan with Investissement Québec (the "IQ Loan"), and the remainder through available funds under the Company's amended and restated credit agreement (the "Credit Agreement") which provides for a senior secured revolving credit facility (the "Credit Facility").

On September 14, 2022, the Company announced the renewal of its normal course issuer bid ("NCIB") to purchase for cancellation up to 2,491,128 subordinate voting shares, representing 5% of the Company's public float as of the close of markets on September 8, 2022. Purchases for cancellation under the NCIB commenced on September 20, 2022 and will end on the earlier of September 19, 2023 and the date on which the Company will have acquired the maximum number of subordinate voting shares allowable under the NCIB or otherwise decided not to make any further purchases. Purchases may be made on the open market through the facilities of the TSX and NASDAQ, or through alternative trading systems, if eligible, or outside the facilities of the TSX pursuant to exemption orders issued by securities regulatory authorities.

On January 30, 2023, Mr. Bernard Dockrill joined the Company as Chief Operating Officer and Mr. Claude Rousseau, the former Chief Operating Officer, was appointed Special Advisor to the President and Chief Executive Officer, a position he held until his retirement on March 31, 2023. Mr. Dockrill is a senior technology and business transformation executive with more than 25 years of experience in managed services, systems integration and IT consulting.

On September 29, 2022 and February 13, 2023, the Company's Credit Agreement was amended to, among others, include an accordion provision pursuant to which the maximum amount of the Credit Facility was increased from $125 million to $140 million during a period ending no later than January 31, 2023 (the "Bulge Period"), and to change applicable margins during the Bulge Period.

During the year ended March 31, 2023, the Company purchased for cancellation 378,425 subordinate voting shares for approximately $1 million at a weighted average price of $2.77 under the previous and current NCIB. As at March 31, 2023, the Company could still purchase up to 2,396,589 subordinate voting shares for cancellation under the current NCIB.

Fiscal 2022 Developments

On April 1, 2021, the Company acquired all the issued and outstanding shares of R3D Consulting Inc. ("R3D Consulting"), whose name was thereafter amended for Alithya IT Services Inc., a digital solutions firm specialized in consulting and digital application development in the insurance, finance, government services, healthcare and telecommunications sectors (the "R3D Transaction"), in consideration for the issuance of 25,182,676 subordinate voting shares to R3D Consulting's shareholders, which represented approximately 30% of the Company's issued and outstanding shares immediately following the closing of the R3D Transaction, as well as payments in cash totaling approximately $978,000. The R3D Transaction, evaluated at approximately $75 million (excluding the assumption of approximately $8.5 million in debt), included commercial commitments totaling approximately $600 million in combined revenues during the 10-year term commercial agreements entered into with 9429-1143 Québec Inc. (a subsidiary of Quebecor Media Inc.) ("Quebecor") and La Capitale Civil Service Insurer Inc. (which was amalgamated with SSQ, Life Insurance Company Inc. to form Beneva Inc. on January 1, 2023) ("Beneva"), two of R3D Consulting's principal shareholders. Following the closing of the R3D Transaction, Beneva and Quebecor became principal shareholders of the Company, and each held more than 10% of the Company's share capital as at April 1, 2021.

On September 15, 2021, the Company announced the launch of a NCIB to purchase for cancellation up to 5,462,572 subordinate voting shares, representing 10% of the Company's public float as of the close of markets on September 8, 2021. Purchases for cancellation under the then current NCIB commenced on September 20, 2021 and ended on September 19, 2022. Purchases could be made on the open market through the facilities of the TSX and NASDAQ, or through alternative trading systems, if eligible, or outside the facilities of the TSX pursuant to exemption orders issued by securities regulatory authorities.

On each of June 30, 2021, September 28, 2021, September 30, 2021 and January 27, 2022, the Company's Credit Agreement was amended to, among others, change applicable margins, increase the maximum amount of the Credit Facility from $60 million to $125 million, and change the maturity date to April 1, 2024.

On January 31, 2022, the Company acquired all the issued and outstanding membership interests of Vitalyst, LLC ("Vitalyst"), a US-based learning, employee experience and transformative change enablement business, for a total consideration of approximately US$45.4 million, including working capital and other adjustments, comprised of the assumption of certain accounts payable and accrued liabilities of US$2.3 million and of long-term debt of US$30.2 million and a payment in cash of US$12.9 million. The transaction also included a potential earnout of up to US$1 million payable by March 31, 2023, but it was determined that no such earnout would be payable. The purchase price and related transaction costs were funded through a combination of (i) a private placement of 6,514,658 subordinate voting shares to a company indirectly controlled by a director then in office and 1,628,664 subordinate voting shares to Investissement Québec, in both cases at an issue market price of C$3.07 per share, for aggregate gross proceeds of C$25 million, (ii) a C$7.5 million draw on the Company's IQ Loan, and (iii) available funds under the Credit Facility.

During the year ended March 31, 2022, the two remaining PPP Notes (as defined below) that were still under review for forgiveness as at June 9, 2021 and which amounted to US$4.8 million were forgiven by the U.S. Small Business Administration ("SBA").

During the year ended March 31, 2022, the Company purchased for cancellation 349,400 subordinate voting shares for approximately $1.2 million at a weighted average price of $3.31 under the then current NCIB. As at March 31, 2022, the Company could still purchase up to 5,113,172 subordinate voting shares for cancellation under the then current NCIB.

Fiscal 2021 Developments

On May 5, 2020, as a result of the COVID-19 pandemic, certain U.S. subsidiaries of the Company received funding under the Paycheck Protection Program ("PPP") of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") administered by the SBA and entered into unsecured promissory notes (the "PPP Notes") in the aggregate principal amount of US$6.3 million. The PPP Notes had a term of five years at an interest rate of 1% per annum, with a deferral of payments until the date on which the applicable forgiveness would be determined, with respect to any portion of the PPP Notes which would not be forgiven. Under the terms of the CARES Act, PPP loan recipients could apply for forgiveness for all or a portion of loans granted under the PPP, such forgiveness being determined, subject to limitations and ongoing rule making by the SBA, based on the necessity of the loan at the time of application and the timely use of loan proceeds for payroll costs and the maintenance of employee and compensation levels. During the year ended March 31, 2021, PPP loans in an aggregate amount of US$1.5 million were forgiven by the SBA for the Company's U.S. subsidiaries. As at June 9, 2021, two remaining PPP loans, which amounted to US$2.5 million and US$2.3 million respectively, were still under review for forgiveness.

On June 18, 2020, the Company's Credit Agreement was amended and restated, and further amended on March 25, 2021, to among others reflect new covenant definitions, the PPP loans certain of its U.S. subsidiaries received, a temporary minimum availability test, certain COVID-19 considerations, as well as other administrative clarifications.

DESCRIPTION OF THE BUSINESS

Corporate Overview

Alithya advises in strategy and digital transformation with more than 3,600 professionals in Canada, the U.S. and internationally. The Company assists its clients in their pursuit of innovation and excellence and the achievement of their business objectives through the optimal use of digital technologies.

Alithya deploys solutions, services, and expert consultants to design, build and implement innovative and efficient solutions for the complex business challenges of its clients, tailored to their business needs in the financial services, insurance, healthcare, government, renewable energy, manufacturing, telecommunications, transportation and logistics, and professional services sectors.

Business Offerings

Alithya's business offerings in each of its reportable segments include a comprehensive range of digital technology services to address client needs:

- Business Strategy. Alithya leads clients through essential decision-making processes regarding strategic planning, change management, systems evolution, operational processes, employee experience and transformative change enablement and more. Applying the most recurrent methodologies, we help our clients optimize efficiency and successfully navigate the digital transformation age. We achieve results by leveraging an array of Business Strategy services, including strategic consulting, digital transformation, organizational performance and enterprise architecture.

- Application Solutions Services. Alithya's experts guide clients through all facets of Application Solutions Services, from migration of legacy systems into future-ready digital solutions, to the development of completely new solutions using state-of-the-art technologies. Our experts assist our clients in the choice between cloud, on-premise, and hybrid hosting strategies and solutions. Alithya's Application Solutions Services include digital applications DevOps, legacy systems modernization, control and software engineering, cloud infrastructure, quality assurance and automated testing.

- Enterprise Solutions. Working with key industry partners, including some of the world's largest vendors of cloud-based Enterprise Solutions, Alithya's experts help clients deploy company-wide systems to improve the efficiency of their finance, human capital, operations, and marketing functions. Alithya's Enterprise Solutions services include Enterprise Resource Planning (ERP), Corporate Performance Management (CPM/EPM), Customer Relationship Management (CRM/CXM) and Human Capital Management (HCM).
- Data and Analytics. Data analysis plays a critical role in the optimization of business processes. Leveraging specialized IT systems and software, Alithya's data scientists help clients gain business insight and drive better decision-making through enhanced data collection, big data analytics, machine learning automation and reporting. Alithya's Data and Analytics services include business intelligence, data management, artificial intelligence and machine learning, as well as Internet of Things (IoT).

Geographically, Alithya's operations span across Canada, the U.S. and internationally, providing a full spectrum of strategy and digital technology services with deep expertise in a range of technologies and business domains.

Business Structure

While in prior years, Alithya had determined that it had only one single reportable segment, as a result of organic growth and the integration of recent acquisitions, Alithya reassessed its conclusion and determined that, as at April 1, 2023, it had three reportable segments based on the regional geographic areas in which we operate: Canada, the U.S. and International.

The following table presents Alithya's revenues, in total and by reportable segment, for the fiscal years ended March 31, 2023 and 2022:

	FISCAL YEAR ENDED MARCH 31	
Reportable Segments	2023	2022
Canada	$ 312,349,000	$ 284,614,000
U.S.	$ 189,883,000	$ 139,519,000
International	$ 20,469,000	$ 13,752,000
Total	$ 522,701,000	$ 437,885,000

For additional information on our reportable segments and the Company's revenues from customers for each major service categories (i.e. consulting services - time and material arrangements, consulting services - fixed fee arrangements, and subscription, software and other revenues) per reportable segments, please refer to note 22 "Segment and Geographical Information" of the Company's annual consolidated financial statements for the fiscal year ended March 31, 2023, which is incorporated herein by reference.

Competitive Environment

For many companies, digital systems and infrastructures are among their most important and strategic assets. Not only do these assets require significant investments, but they increasingly serve as key differentiators and drivers of growth for customers.

Accordingly, businesses are seeking solutions that allow them to maintain their ability to differentiate themselves from competitors with business processes, combined with product customization. That is where digital transformation comes into play, inviting companies to make a shift in their approach and to evolve from traditional information technologies to flexible digital technologies.

As businesses' technology spending continues to increase, digital technology firms such as Alithya are striving to deliver innovative thinking and in-depth vertical industry expertise, while facilitating business process transformation through the use of the most optimal technologies.

Alithya believes it is well positioned to respond to these trends in clients' investments in digital technology. Alithya's business model is built on a philosophy of offering flexible and creative solutions, enabling clients to realize maximum benefits from their digital technology investments. Alithya positions itself as an agile trusted advisor and consulting partner capable of delivering rapid results for its clients.

Alithya's competitors in each of its reportable segments include systems integration firms, contract programming companies, application software companies, cloud computing service providers, large or traditional consulting firms, professional services groups of computer equipment companies, infrastructure management and outsourcing companies and boutique digital companies. In addition, Alithya competes with numerous smaller local companies in the various geographic markets in which it operates.

Alithya competes based on the following principal differentiating factors: vision and strategic advisory ability, digital services capabilities, performance and reliability, quality of technical support, training and services, responsiveness to client needs, reputation and experience, financial stability, strong corporate governance and competitive pricing of services.

Alithya also relies on the following measures to compete effectively: (a) investments to scale its services practice areas; (b) a well-developed recruiting, training and retention model; (c) a successful service delivery model; (d) intrapreneurial culture and approach; (e) a broad referral base; (f) continual investment in process improvement and knowledge capture; (g) investment in infrastructure and research and development; (h) continued focus on responsiveness to client needs, quality of services and competitive prices; and (i) project management capabilities and technical expertise.

Strategic Business Plan

Alithya has adopted a three-year strategic plan which sets as a goal to consolidate its position as to become a North American digital transformation leader.

According to this plan, Alithya's consolidated scale and scope should allow it to leverage its geographies, expertise, integrated offerings and position on the value chain to target the fastest growing IT services segments. Alithya's specialization in digital technologies and the flexibility to deploy enterprise solutions and deliver solutions tailored to specific business objectives responds directly to client expectations. More specifically, Alithya has established a three-pronged plan focusing on:

- Increasing scale through organic growth and strategic acquisitions by:
    - Generating profitable organic growth through innovation, higher-value offerings and client-relationships based on trust;
    - Completing value enhancing business acquisitions by way of a North American geographic expansion to complement current market presence, including geography, while progressively adding major integrated enterprise solutions offerings and selected specialized expertise;
- Achieving best-in-class employee engagement by:
    - Fostering a culture of collaboration, diversity and ownership;
    - Cultivating employee well-being and personal growth;
    - Investing in the development of its leaders and employees;
- Providing its investors, partners and stakeholders with long-term growing return on investment by:
    - Strengthening its existing relationships with clients, as a key trusted advisor, by generating long-term value;
    - Investing in innovation and higher value service offerings;
    - Acting responsibly, with a sustainable and respectful vision for its stakeholders and articulating its Environmental, Social and Governance framework and priorities.

Clients by Market Sectors

Alithya's clients are mainly concentrated in the financial services, insurance, healthcare, government, renewable energy, manufacturing, telecommunications, transportation and logistics, and professional services sectors. The majority are large to mid-size companies. Alithya seeks to cultivate collaborative and flexible service engagements that are designed to adapt to clients' evolving priorities and challenges.

Client Approach Philosophy

With a client-centric and flexible service delivery philosophy, Alithya focuses on diligently supporting its clients in identifying and achieving their evolving objectives through exceptional communications and by developing tailor-made solutions that take into account their specific business realities. Alithya strives to sustain high levels of client satisfaction and exceed client expectations which is key to the renewal of existing contracts and entry into new ones. Alithya's agile approach ensures optimal alignment with clients, enabling them to overcome their challenges and attain their goals with seamless technology integration. Alithya's goal is to become its clients' trusted advisor by developing long-term relationships that extend beyond just project delivery.

Alithya also seeks to be an active participant in the ongoing consolidation of the digital technology industry and to leverage its expertise and solutions to offer clients an alternative to larger traditional digital technology solution providers. Alithya is continually looking to expand its capacity and broaden the scope of its service offerings through targeted business acquisitions. Growth through business acquisitions can offer Alithya opportunities to better serve existing clients with additional talent, technology, complementary services and greater scale. Through such business acquisitions, Alithya aims at expanding its existing client relationships by adding capacity in new geographic locations, while opening doors for existing capabilities into new client relationships.

Alithya believes that its growth strategy through business acquisitions also helps to provide an opportunity to achieve the scale that is increasingly required for mandates awarded by government and private organizations, and to attract potential business acquisition candidates which are poised to benefit from Alithya's established relationships, better access to market and preferred supplier status.

Sales, Marketing and Strategic Partners

Alithya markets and sells its services directly through its professional staff, senior management and direct sales personnel operating out of its offices, which are strategically located in Canada, the U.S. and internationally.

In order to provide its clients with the solutions best suited to their needs, Alithya has established strategic partnerships with a number of companies, including Microsoft, Oracle and Amazon Web Services (AWS). These partnerships entail joint marketing efforts, making joint client presentations, and negotiating discounts on license fees, among other benefits. Such partnerships are generally terminable at will by either party. Alithya believes it has been successful in establishing strategic partnerships with a strong group of companies who are either industry leaders or well-regarded new entrants.

Human Capital

With more than 3,600 professionals as at March 31, 2023, none of which were covered by collective bargaining agreements, Alithya views its professionals as its greatest asset and an important competitive advantage and therefore strives on offering them a world-class work experience. As such, as part of its three-year strategic plan, Alithya has set to achieve best-in-class employee engagement by fostering a culture of collaboration, diversity and ownership, by cultivating employee well-being and personal growth and by investing in the development of its leaders and employees.

Alithya also prides itself on offering to its permanent professionals the right to acquire subordinate voting shares of Alithya pursuant to its Employee Share Purchase Plan ("ESPP"). The ESPP allows Alithya's professionals to participate in the success they create, instills the ownership culture envisioned by Alithya and ensures strong dedication to offering quality services to clients.

Specialized Skills and Knowledge

Alithya operates in an industry where the skills and knowledge required to serve its clients are constantly evolving and are in high demand from market competitors. Alithya relies on a threefold approach to ensure it always lines-up the right team to meet its clients' needs. Firstly, to retain and maintain highly-skilled professionals, Alithya offers its professionals competitive compensation packages and leadership and core competencies development programs, including the Alithya Leadership Academy. Secondly, Alithya is always on the lookout for opportunities to complement its team's expertise and industry knowledge through targeted business acquisitions. Thirdly, Alithya actively seeks talented and skilled professionals through various recruitment strategies, including international recruitment, an employee referral bonus program, a skilled recruitment team, participation at career fairs and widespread job postings.

Principal Offices Locations

Alithya has a presence in Canada, the U.S. and internationally and services its clients from its principal offices in the locations listed in the table below.

CANADA	UNITED STATES	INTERNATIONAL
Gatineau, Québec	Alpharetta, GA	Aix-en-Provence, France
Montréal, Québec	Athens, AL	Sophia-Antipolis, France
Québec, Québec	Bala Cynwyd, PA	Tanger, Morocco
Pickering, Ontario	Independence, OH	Hyderabad, India
Toronto, Ontario		

Intellectual Property

Through its practices and expertise, Alithya leverages its proprietary innovations, methodologies and other intellectual property when providing strategic advice to its clients. Alithya actively protects its intellectual property rights and maintains relevant intellectual property protection measures, which include the registration, and application for registration of, Canadian, U.S. and international intellectual property rights, including trademarks and domain names. Alithya also owns licenses in a number of trademarks, copyrights, and other intellectual property rights relating to its solutions and services.

Alithya's intellectual property portfolio includes the following solutions:

- Adaptive Learning™. This on-demand, subscription-based platform drives usage and awareness of Microsoft applications, allowing organizations to achieve the maximum return on their investment by enhancing user proficiency and productivity and creating transformative change enablement.
- AI-FI™ solutions. These solutions leverage Alithya's range of proprietary applications using artificial intelligence, machine learning and deep learning techniques. A play on the term hi-fi, short for high fidelity, the AI-FI™ brand integrates the concepts of artificial intelligence (and its acronym AI) and fidelity (FI). Alithya's AI-FI™ solutions include:
  - AI-FI™ Connect: enables integration between various data sources, designed to receive data from a source, structure it, replicate the structure to a destination, and automatically send new data to the destination as it becomes available.
  - AI-FI™ Ultrasonic: detects wear-induced flaws in a nuclear plant's fuel channels, a critical aspect of the operation and regulation of these plants.
  - AI-FI™ Suitability Assessment: offers companies looking to leverage machine learning an in-depth review of their data and business processes to determine an AI strategy that's right for them.
  - AI-FI™ Enablement: allows organizations to adapt a swift deployment and integration of AI analytics.
- Alithya GoTest™. This solution allows clients to test the functionality of applications on all platforms and in any programming language by running a series of systematic and repeatable tests and presents the results and status through sophisticated dashboards. Alithya offers a version of this solution which allows to automate test for Oracle modules.
- CASSI™ Analytics and KPIs. These solutions help nuclear plants reduce the work needed to generate and distribute maintenance performance reports and provide insight into opportunities to streamline maintenance. CASSI™ software drives accountability and tracks progress against corporate and site-based performance goals for work week leaders, planners, schedulers, operations and maintenance staff. CASSI™ Analytics and KPIs include:
  - CASSI™ Analytics for Online Weekly Maintenance: supports the continuous improvement of nuclear online preparation, execution, backlog and reliability-centered activities.
  - CASSI™ Analytics for Outage Management: automates the generation of KPIs and objectively tracks and trends corporate targets.
  - CASSI™ Analytics for PetroChem Turnarounds: delivers key performance indicators in support of continuous improvement, essential to a successful turnaround.
  - CASSI™ Analytics for Maintenance and Reliability: supports the continuous improvement of preparation, execution, backlog and reliability-centered activities for value-based maintenance organizations.
- RapidCAPTURE™. This is an intelligent document processing solution that provides the ability to ingest commercial documents and efficiently extract key information to correctly store and launch appropriate workflows, a key in driving down costs for organizations while reducing errors. With artificial intelligence and machine learning powered cognitive modules, RapidCAPTURE™ helps organizations to empower their lines of business with efficiency gains found by leveraging document capturing techniques that allows for structured, semi-structured and unstructured document analysis, image clean-up, document assembly and data extraction for all types of documents both machine printed and handwritten documents.
- //SIDER™ . This secure solution facilitates distribution of medical results to healthcare facilities and to centralized electronic health records. It acts as an integrated system for the electronic distribution of results, facilitating the work of healthcare professionals, health clinics and laboratory managers involved in monitoring medical results.

While its proprietary intellectual property is important to its success, Alithya believes its business as a whole is not currently materially dependent on any particular intellectual property right, as its expertise spans from its practices and from providing high-end consulting advice to its client base.

RISK AND UNCERTAINTIES

A discussion of the risks and uncertainties to which the Company is subject is presented in the section titled "Risks and Uncertainties" of the Company's management's discussion and analysis for the fiscal years ended March 31, 2023 and 2022, incorporated herein by reference, and in the Company's other materials that are made public from time to time, all of which are available on SEDAR at www.sedar.com and EDGAR at www.sec.gov and on the Company's website at www.alithya.com under the "Investors" section. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial could also have a material adverse effect on its financial position, financial performance, cash flows, business or reputation. Please refer to the section titled "Forward-Looking Statements" of this Annual Information Form for a discussion of the risks associated with forward-looking statements.

CAPITAL STRUCTURE

Description of Securities

The authorized share capital of the Company consists of (i) an unlimited number of subordinate voting shares, without par value, which are listed under the symbol ALYA on both the TSX and NASDAQ, (ii) an unlimited number of multiple voting shares, without par value, which are held by a limited number of holders, except that no further multiple voting shares can be issued, except pursuant to the exercise of options to purchase multiple voting shares that were issued and outstanding as at November 1, 2018, and (iii) an unlimited number of preferred shares, without par value, issuable in series. As at March 31, 2023, 87,871,568 subordinate voting shares and 7,324,248 multiple voting shares were issued and outstanding.

The following summary of the material features of the Company's authorized share capital is given subject to the detailed provisions of its articles.

Voting Rights

Each subordinate voting share entitles its holder to one vote per share, and each multiple voting share entitles its holder to ten votes per share at any meeting of shareholders, other than meetings at which only the holders of a particular class or series of shares are entitled to vote due to statutory provisions or the specific attributes of this class or series. If and when issued, preferred shares will have such voting rights as may be determined by the Board at the time of issuance thereof.

The subordinate voting shares are "restricted securities" within the meaning of such term under applicable Canadian securities laws in that they do not carry equal voting rights with the multiple voting shares. In the aggregate, all of the voting rights associated with the subordinate voting shares represented, as at March 31, 2023, 54.54% of the voting rights attached to all of the issued and outstanding shares.

Rights to Dividends and Rights upon Winding-up and Dissolution

Subject to the prior rights of holders of preferred shares which rank prior to subordinate voting shares and multiple voting shares, if and when issued, holders of subordinate voting shares and multiple voting shares are entitled to receive pari passu any dividends and the remainder of the Company's property in the event of a voluntary or involuntary winding up or dissolution, or any other distribution of assets among shareholders for the purposes of winding up the Company's affairs.

Conversion Rights

Multiple voting shares are, at the holder's entire discretion, convertible into subordinate voting shares on a share for share basis and shall be automatically converted upon their transfer to a person who is not a Permitted Holder (as defined below) or upon the death of a Permitted Holder, unless acquired by any of the remaining Permitted Holders in accordance with the terms of the voting agreement dated November 1, 2018 entered into between the Permitted Holders (the "Voting Agreement"), a copy of which is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. The multiple voting shares are not convertible into any other class of shares. Under applicable Canadian laws, an offer to purchase multiple voting shares would not necessarily require that an offer be made to purchase subordinate voting shares. However, as indicated above, multiple voting shares shall be automatically converted into subordinate voting shares on a share for share basis upon their transfer to a person who is not a Permitted Holder.

If and when issued, preferred shares will have such conversion rights as may be determined by the Board at the time of issuance thereof.

For purposes of the above and below paragraphs, a "Permitted Holder" means each of Messrs. Paul Raymond, Ghyslain Rivard, and Pierre Turcotte, and the entities over which they have control.

Restrictions on Transfer

Subject to the terms of the Voting Agreement, Permitted Holders cannot sell or otherwise transfer multiple voting shares to a person who is not a Permitted Holder, unless they first convert those shares into subordinate voting shares on a share for share basis, and then transfer such subordinate voting shares.

DIVIDENDS

The Company does not currently expect to pay dividends on the subordinate voting shares or the multiple voting shares in the foreseeable future. The Company anticipates that it will retain all earnings, if any, to support its operations. Any future determination as to the payment of dividends will, subject to Canadian legal requirements and the Company's articles, be at the sole discretion of the Board and will depend on the Company's financial condition, results of operations, capital requirements and other factors the Board deems relevant. Currently, the provisions of the Company's Credit Facility place certain limitations on the amount of cash dividends that the Company could pay.

MARKET FOR SECURITIES

Trading Price and Volume

Alithya's subordinate voting shares are traded on the TSX and on NASDAQ under the symbol "ALYA" since November 2, 2018. As required by securities regulation, the table below shows the monthly range of high and low prices per share and the total monthly volumes for Alithya's subordinate voting shares on the TSX, the Canadian marketplace on which the greatest volume of trading occurs, for the fiscal year ended March 31, 2023. As such, the table below does not include NASDAQ trading data.

MONTH	HIGH ($)	LOW ($)	MONTHLY VOLUME
April 2022	3.27	2.94	559,326
May 2022	3.00	2.56	700,611
June 2022	3.54	2.90	803,409
July 2022	3.16	2.69	526,203
August 2022	3.15	2.71	578,331
September 2022	2.88	2.45	405,885
October 2022	2.74	2.32	408,771
November 2022	2.61	2.24	497,741
December 2022	2.41	1.95	1,242,341
January 2023	2.52	2.03	652,617
February 2023	2.51	2.22	876,707
March 2023	2.79	2.42	869,488

Normal Course Issuer Bid and Share Purchases for Cancellation

On September 14, 2022, the Company announced that it was renewing its NCIB to purchase for cancellation up to 2,491,128 subordinate voting shares, representing 5% of the Company's public float as of the close of markets on September 8, 2022. Please refer to the section titled "General Development of the Business – Fiscal 2023 Developments" earlier in this Annual Information Form for more information on the Company's NCIB.

Prior Sales

On March 22, 2023, an aggregate of 152,632 multiple voting shares of Alithya were issued pursuant to the exercise of 152,632 options to purchase multiple voting shares that were set to expire on March 31, 2023 by Mr. Paul Raymond, the Company's President and Chief Executive Officer (the "Exercise"). The options originate from options granted prior to the date Alithya went public and which were converted, on substantially the same terms and conditions as were applicable under the amended and restated 2011 stock option plan, into options to acquire multiple voting shares of Alithya on November 1, 2018. 100,000 multiple voting shares were issued at a price of $2.46 and 52,632 multiple voting shares were issued at a price of $1.90. Before completion of the Exercise, a total of 7,171,616 multiple voting shares were issued and outstanding. Following completion of the Exercise, 152,632 multiple voting shares, representing 2.08% of the issued and outstanding multiple voting shares, were issued.

DIRECTORS AND OFFICERS

Board of Directors

The articles of the Company provide that the Board shall consist of a minimum of 3 and a maximum of 15 directors. As at March 31, 2023, the Board was comprised of 10 directors. The following table lists the name and place of residence of the directors, as well as their current principal occupation and other positions they have held over the past five years, if any.

NAME AND PLACE OF RESIDENCE	POSITION WITH THE COMPANY	PRINCIPAL OCCUPATION	DIRECTOR SINCE(1)	OTHER POSITIONS HELD OVER THE PAST FIVE YEARS
Dana Ades-Landy Québec (Canada)	Director	Contract Position in the Special Loans Group, National Bank of Canada (Canadian chartered bank)	November 2016	Chief Executive Officer, Heart & Stroke Foundation of Canada (Québec)
André P. Brosseau Québec (Canada)	Director	President and Chief Executive Officer, Du Musée Investments Inc. (family office)	September 2022	-

NAME AND PLACE OF RESIDENCE	POSITION WITH THE COMPANY	PRINCIPAL OCCUPATION	DIRECTOR SINCE(1)	OTHER POSITIONS HELD OVER THE PAST FIVE YEARS
Robert Comeau Québec (Canada)	Lead Director	Corporate Director and Lead Director of the Company	May 2018	-
Mélissa Gilbert Québec (Canada)	Director	Executive Vice President and Lead, Finance, Beneva Inc. (Canadian insurance company)	September 2021	Executive Vice President, Finance, Corporate Actuarial and Risk Management, La Capitale Insurance and Financial Services Inc. Vice President and Chief Financial Officer, Optel Group
Lucie Martel Québec (Canada)	Director	Corporate Director	September 2019	Senior Vice President and Chief Human Resources Officer, Intact Financial Corporation
Paul Raymond Québec (Canada)	President and Chief Executive Officer Director	President and Chief Executive Officer of the Company	June 2011	-
James B. Renacci Ohio (USA)	Director	Founder and President, LTC Management Services, Inc. (management and financial consulting services company)	November 2019	-
Ghyslain Rivard Québec (Canada)	Director	Founder of the Company and Corporate Director	April 1992	-
C. Lee Thomas Ohio (USA)	Director	Corporate Director and Chair of the Board of Trustees of Baldwin Wallace University	November 2018	Executive in Residence of the School of Business of Baldwin Wallace University
Pierre Turcotte Québec (Canada)	Chair of the Board Director	Corporate Director and Chair of the Board of the Company	June 2011	

(1) Includes periods during which certain directors served as directors of Pre-IPO Alithya.

The directors of the Company are elected annually at the Company's annual meeting of shareholders. They hold office until their term expires at the following annual meeting of shareholders, subject to re-election, retirement, resignation or earlier vacancy. Mr. André P. Brosseau and Ms. Mélissa Gilbert were elected as directors at the annual meetings of shareholders of the Company which were held on September 14, 2022 and September 15, 2021, respectively. They were proposed as nominee directors in accordance with the terms of the Investor Rights Agreements entered into between the Company and each of Quebecor and La Capitale Civil Service Insurer Inc. (now known as Beneva) on April 1, 2021. In accordance with such agreements, the Company shall propose for election a candidate designated by each of Quebecor and Beneva until each of them ceases to beneficially own at least 10% of the issued and outstanding subordinate voting shares of the Company. Notwithstanding the foregoing, each of Quebecor and Beneva shall be entitled to such nomination right until April 1, 2024 as long as they each hold no less than 9,983,276 subordinate voting shares, which corresponds to the number of shares issued to each of them upon closing of the R3D Transaction.

The mandate for the Board provides that the Board shall be constituted at all times of a majority of individuals who are independent directors within the meaning of applicable Canadian and U.S. securities laws and the NASDAQ corporate governance standards (the "Independence Rules"). Based on the information received from each director and having taken into account the independence criteria set forth in the Independence Rules, the Board concluded that all directors are independent, with the exception of Mr. Paul Raymond, who is not independent as he is the President and Chief Executive Officer of the Company, and Ms. Mélissa Gilbert, who is not independent as she is an executive officer of an organization from which Alithya receives significant revenues. All other directors of the Company, namely Mses. Dana Ades-Landy and Lucie Martel and Messrs. André P. Brosseau, Robert Comeau, James B. Renacci, Ghyslain Rivard, C. Lee Thomas, Pierre Turcotte, have no material relationship with the Company and are, in the reasonable opinion of the Board, independent directors within the meaning of the Independence Rules.

The Board has an Audit and Risk Management Committee, a Corporate Governance and Nominating Committee and a Human Capital and Compensation Committee. The table below sets out the composition of each committee.

AUDIT & RISK MANAGEMENT COMMITTEE	CORPORATE GOVERNANCE AND NOMINATING COMMITTEE	HUMAN CAPITAL AND COMPENSATION COMMITTEE
Dana Ades-Landy	Lucie Martel	Lucie Martel (Chair)
Robert Comeau (Chair)	Ghyslain Rivard	Ghyslain Rivard
C. Lee Thomas	Pierre Turcotte (Chair)	Pierre Turcotte

Executive Officers

The following table lists the name and place of residence of the executive officers of the Company as at June 7, 2023, as well as their current position with the Company and other positions they have held over the past five years, if any.

NAME	CURRENT POSITION	EXECUTIVE OFFICER SINCE [1]	OTHER POSITIONS HELD OVER THE PAST FIVE YEARS
Amar Bukkasagaram Indiana (USA)	Senior Vice President, Data Solutions	June 2023	President, Datum Consulting Group, LLC
Giulia Cirillo Québec (Canada)	Chief Human Capital Officer	April 2023	Senior Vice President and Chief Human Resources and Global Communications Officer, PSP Investments
Bernard Dockrill New Hampshire (USA)	Chief Operating Officer	January 2023	Senior Vice President, CGI Information Technologies & Solutions Inc.
Nigel Fonseca Ontario (Canada)	Senior Vice President, Ontario and Western Canada	June 2018	Regional Vice President, Ontario and Western Canada, Alithya
Nathalie Forcier Québec (Canada)	Chief Legal Officer and Corporate Secretary	September 2018	-
Robert Lamarre Québec (Canada)	Chief Information Officer	April 2016	-
Dany Paradis Québec (Canada)	Senior Vice President, Québec	November 2018	Senior Vice President, Québec and Oracle Practices Canada, Alithya Vice President, Integrated Management Solutions, Alithya Vice President, Oracle Consulting Services, Alithya
Paul Raymond Québec (Canada)	President and Chief Executive Officer and Director	April 2011	-
Russell Smith Alabama (USA)	President, Alithya USA	November 2018	President, Fullscope, Inc.
Claude Thibault Québec (Canada)	Chief Financial Officer	August 2018	Chief Financial Officer, DCM Group Inc.

(1) Includes periods during which certain executive officers served as executive officers of Pre-IPO Alithya.

Directors' and Executive Officers' Share Ownership

As at June 7, 2023, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 4,158,981 subordinate voting shares and 7,324,248 multiple voting shares, representing respectively 4.73% of the issued and outstanding subordinate voting shares and 100% of the issued and outstanding multiple voting shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, to the knowledge of the Company and based upon information provided to it by the Company's directors and executive officers, no such person (including any personal holding company), is or has been, in the last ten years, a director, chief executive officer or chief financial officer of a company, including Alithya, that: (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days while the director or executive officer was acting in that capacity; or (b) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to act in that capacity, but which resulted from an event that occurred while the director or executive officer was acting in that capacity. Mr. Brosseau was a director of Aptilon Corporation (now known as DMD Digital Health Connections Group Inc.) ("DMD") from December 2006 to August 2021. On May 4, 2012, a management cease trade order was issued by the Autorité des marchés financiers followed by a cease trade order on all of DMD's securities on July 5, 2012 as a result of the failure to file annual audited financial statements, related management's discussion and analysis and certification of annual filings for the fiscal year ended December 31, 2011. From July 2012 to February 2013, similar cease trade orders were issued by the securities regulatory authorities of British Columbia, Manitoba, Alberta and Ontario. In August 2014, the cease trade orders were lifted and DMD resumed trading on the NEX stock exchange in October 2014.

Other than as disclosed below, to the knowledge of the Company and based upon information provided to it by the Company's directors, executive officers and shareholders holding sufficient securities to affect materially the control of the Company, as applicable, no such person (including any personal holding company): (a) is, or has been in the last ten years, a director or executive officer of any company (including Alithya) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, in the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets. Mr. Brosseau was a director of Virtutone Networks Inc. ("Virtutone") from September 2013 to November 2014. On January 23, 2015, Virtutone filed a notice of intention to make a proposal under the Bankruptcy and Insolvency Act (Canada). Mr. Rivard, was a director of Facilis Inc. ("Facilis") from November 1, 2021 to March 8, 2023. On March 8, 2023, Facilis initiated bankruptcy proceedings and a trustee was appointed to hold its assets.

To the knowledge of the Company and based upon information provided to it by the Company's directors, executive officers and shareholders holding sufficient securities to affect materially the control of the Company, as applicable, no such person (including any personal holding company) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the knowledge of the Company, no director or officer of the Company has any existing or potential material conflicts of interest with the Company or any of its subsidiaries, other than as disclosed under the section titled "Interest of Management and Others in Material Transactions".

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee (the "Audit Committee"), of which the charter is attached as Appendix "A" to this Annual Information Form, is currently composed of 3 members: Mr. Robert Comeau (Chair), Ms. Dana Ades-Landy and Mr. C. Lee Thomas, who have been members of the Audit Committee since at least the Company's annual meeting of shareholders held on September 14, 2022. Each member of the Audit Committee is "independent" and "financially literate" within the meaning of the Independence Rules.

Relevant Education and Experience

The education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is as follows:

- Robert Comeau brings significant financial expertise to the Audit Committee. He served as Chief Financial Officer of both public and private companies from 2005 to 2015 and acted as Chair of the Audit Committee of H2O Innovation Inc., from 2017 to 2021. Mr. Comeau holds a Bachelor's degree in accounting from HEC Montreal and is a former Chartered Professional Accountant (CPA, CA).
- Dana Ades-Landy has extensive financial expertise. With more than 25 years of experience as an executive in the banking industry, including executive leadership positions at Scotiabank, Laurentian Bank and National Bank of Canada, she currently works in the Special Loans Group of National Bank of Canada which she had run for over seven years in her previous time at this institution. Ms. Ades-Landy also serves as director and member of the Audit Committee of First Lion Holdings Inc. and Sagen MI Canada Inc. since 2018 and 2021, respectively. She previously acted as Chair of the Audit Committee of First Lion Holdings Inc. until 2022 and director and Chair of the Audit Committee of the Canada Mortgage and Housing Corporation from 2017 to 2020. Ms. Ades-Landy holds a Master of Business Administration in Finance and Accounting from Concordia University.
- C. Lee Thomas brings valuable financial expertise to the Audit Committee. He held various roles at Ernst & Young LLP from 1976 to 2014, including that of Managing Partner of its Cleveland office, Leader of its Northeast Ohio Market Segment, and global client serving audit partner. Mr. Thomas currently acts as Chair of the Board of Trustees of Baldwin Wallace University and as financial consultant for Regional Brands Inc. He previously served as director and Chair of the Audit Committee of Technical Consumer Products International. Mr. Thomas holds a Bachelor's degree in accounting from Baldwin Wallace University and is a Certified Public Accountant (CPA).

Pre-approval Policy and Procedures

The Audit Committee has adopted a policy and procedures for the pre-approval of engagement for services of its external auditor, which list prohibited services that the external auditor may not provide and require pre-approval of all audit and non-audit services provided by the external auditor.

For all permitted services, a request for pre-approval must be submitted to the Audit Committee through the Chief Financial Officer prior to engaging the external auditor to perform the services. The Audit Committee considers such requests, if applicable, on a quarterly basis, and, if acceptable, pre-approves such audit and non-audit services. During its deliberations, the Audit Committee assesses, among other factors, whether the services requested are prohibited and whether they, and the fees related thereto, could impair the independence of the Company's external auditor.

In the interest of efficiency:

- The Audit Committee has delegated to the Chair of the Audit Committee the authority to effect such pre-approval from time to time. The Chair must, however, present all pre-approvals of non-audit services to the Audit Committee at the first meeting of the Audit Committee subsequent to such pre-approval.

- Certain permitted services are pre-approved with an envelope by the Audit Committee and thereafter only require approval by the Chief Financial Officer prior to the engagement. For services not covered by the pre-approved envelopes and costs in excess of the pre-approved amounts, separate requests for pre-approval must be submitted to the Audit Committee.
- At each meeting of the Audit Committee, a consolidated summary of all fees by service type is presented including a breakdown of fees incurred within each of the pre-approved envelopes.

Since the implementation of the Audit Committee pre-approval procedures in 2019, all audit and non-audit services rendered by the external auditor have been pre-approved in accordance therewith.

The Board, upon recommendation of the Audit Committee, also approves, on an annual basis, the fees charged to the Company by the external auditors during the preceding year.

EXTERNAL AUDITOR SERVICE FEE

On September 15, 2021, the shareholders of the Company appointed KPMG LLP (“KPMG”) as successor auditor in replacement of Raymond, Chabot, Grant Thornton LLP (“RCGT”). KPMG is the external auditor who prepared the report relating to the audit of the Company’s annual consolidated financial statements for the fiscal year ended March 31, 2023 and notes thereto, presented under the International Financial Reporting Standards.

The fees billed by KPMG beginning on September 15, 2021 for the fiscal year ended March 31, 2022 and the fees billed by KPMG for the fiscal year ended March 31, 2023 for audit, audit-related, tax and all other services provided to the Company were as follows:

	FISCAL YEAR ENDED MARCH 31			
		2023		2022
Audit fees(1)	$	951,300	$	839,200
Audit-related fees(2)		—	$	101,600
Tax fees(3)	$	12,800	$	12,800
All other fees(4)		—		—
Total	$	964,100	$	953,600

The fees billed by RCGT until September 15, 2021 for the fiscal year ended March 31, 2022 for audit, audit-related, tax and all other services provided to the Company were as follows:

	FISCAL YEAR ENDED MARCH 31	
		2022
Audit fees(1)	$	42,500
Audit-related fees(2)	$	31,000
Tax fees(3)	$	6,350
All other fees(4)		—
Total	$	79,850

(1) “Audit fees” means the aggregate fees billed for each of the fiscal years for professional services rendered by the auditor for the audit of the Company’s annual consolidated financial statements and review of the Company’s interim condensed consolidated financial statements and additional audit procedures related to accounting and internal control matters. For KPMG, fees amounting to $59,800 were reclassified from “Audit-Related Fees” to “Audit Fees” for the fiscal year ended March 31, 2022 due to the nature of the services.

(2) “Audit-related fees” includes assurance and related services reasonably related to the audit of the Company’s annual consolidated financial statements not included in audit services which are included in the “Audit fees” category. This includes, for KPMG, for the fiscal year ended March 31, 2022, financial and tax due diligence related to the acquisition of Vitalyst, and a CSRS 4400 agreed upon procedures engagement.

(3) “Tax fees” means the aggregate fees billed for each of the fiscal years for professional services rendered by the auditor for tax compliance and tax advice.

(4) “All other fees” includes the aggregate of all other fees billed for each of the fiscal years. There were no other fees incurred in either fiscal year.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

During the ordinary course of conducting its business, Alithya may be threatened with or become subject to legal proceedings initiated by third parties or Alithya’s clients or regulatory proceedings from the authorities. Alithya currently has no material legal or regulatory proceedings pending.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Company and based upon information provided to it by the Company's directors and executive officers, there were no (a) directors or executive officers, (b) persons that beneficially own, or control or direct, directly or indirectly, more than 10% of Alithya's subordinate voting shares or multiple voting shares, or (c) any associate or affiliate of persons referred to in (a) and (b), with a material interest in any transaction within the three most recently completed financial years that has materially affected the Company or is reasonably expected to materially affect the Company, other than as disclosed below.

Beneva and Quebecor each beneficially own, or control or direct, directly or indirectly, more than 10% of Alithya's subordinate voting shares as a result of the acquisition of R3D Consulting. Beneva and Quebecor are parties to commercial contracts pursuant to which Alithya receives significant revenues.

TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent for the Company's subordinate voting shares and multiple voting shares is TSX Trust Company ("TSX Trust"), whose head office is located in Toronto, Ontario. Share transfer service is available at TSX Trust's Montréal, Québec and Toronto, Ontario offices in Canada as well as at the offices of American Stock Transfer & Trust Company, LLC in Brooklyn, NY, USA.

MATERIAL CONTRACTS

Except for those contracts entered into in the ordinary course of business, the following material contracts of the Company were entered into during the year ended March 31, 2023 and are still in effect as of the date hereof:

- The Amending Agreements No. 6 and 7 dated September 29, 2022 and February 13, 2023 to the Amended and Restated Credit Agreement entered into on June 18, 2020 among the Company, The Bank of Nova Scotia, as Administrative Agent, the other lenders named therein and each of the guarantors party thereto. Please refer to the section titled "General Development of the Business – Fiscal 2023 Developments" earlier in this Annual Information Form for more information on the content of these amending agreements.

INTERESTS OF EXPERTS

KPMG is the auditor of the Company and has prepared the report relating to the audit of the Company's annual consolidated financial statements for the fiscal year ended March 31, 2023 and notes thereto, presented under the International Financial Reporting Standards. KPMG has confirmed that it is independent with respect to the Company under Rule 3520 of the Public Company Accounting and Oversight Board (PCAOB) and all other relevant professional and regulatory standards.

ADDITIONAL INFORMATION

Additional information, including, without limitation, directors' and officers' remuneration and indebtedness, principal shareholders of the Company, and securities authorized for issuance under equity compensation plans is contained in the Company's management information circular prepared in respect of its annual meeting of shareholders held on September 14, 2022.

Additional information regarding the Company, including financial information, can also be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov, including the Company's annual audited consolidated financial statements and management's discussion and analysis for the fiscal years ended March 31, 2023 and 2022 and the aforementioned management information circular. Those documents may also be obtained from the Company at no charge upon request at:

Investor Relations
Alithya Group inc.
1100, Robert-Bourassa Boulevard
Suite 400
Montréal, Québec, H3B 3A5
Tel.: 1-844-985-5552
Email: investorrelations@alithya.com

Those documents, as well as all of the Company's news releases, are also available on the Company's website at www.alithya.com. Information contained in or otherwise accessible through the Company's website is not incorporated by reference into this Annual Information Form.

APPENDIX A - AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

PURPOSE

1. The Audit and Risk Management Committee (the "Committee") is a standing committee appointed by the board of directors (the "Board") of Alithya Group inc. (the "Company"). The Committee is established to fulfil applicable public company obligations relating to audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting including responsibility to:

   (a) oversee the integrity of the Company's financial statements and financial reporting process, including the audit process and the Company's internal accounting controls and procedures and compliance with related legal and regulatory requirements;

   (b) oversee the qualifications and independence of the external auditor;

   (c) oversee the work of the Company's financial management, internal auditors, if any, and external auditor in these areas; and

   (d) provide an open avenue of communication between the external auditor, the internal auditors, if any, the Board and management, as applicable.

2. In addition, the Committee shall review disclosure on matters related to the Committee and the external auditor to be made in the Company's annual management information circular and other annual and period disclosure documents, in accordance with applicable rules and regulations. The Committee is also responsible for assisting the Board in fulfilling its responsibilities relating to any pension matters.

3. The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (i) to plan or conduct audits, (ii) to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee, its Chair and its members are members of the Board of the Company, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities.

4. Management is responsible for the preparation, presentation and integrity of the Company's financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. Management is also responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls. The external auditor is responsible for planning and carrying out an audit of the Company's annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles.

PROCEDURES

The Committee shall have the following procedures:

5. *Composition* – The Committee shall be composed of a minimum of three members. None of the members of the Committee shall be an officer or employee of the Company or any of its subsidiaries and each member of the Committee shall be an independent director within the meaning of applicable Canadian and United States securities laws and the NASDAQ corporate governance standards.

   All members of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement and be "financially literate" (as that term is defined from time to time under the requirements or guidelines for audit committee service under applicable Canadian and United States securities laws and the rules of the Toronto Stock Exchange). At least one member of the Committee must also be an "audit committee financial expert" (as that term is defined from time to time under the requirements or guidelines for audit committee service under applicable Canadian and United States securities laws and the rules of the Toronto Stock Exchange and NASDAQ).

6. *Appointment and Replacement of Committee Members* – Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on a Committee by appointing another director to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all its power as long as a quorum remains in office. Subject to

the foregoing, the members of the Committee shall be appointed by the Board annually and each member of a Committee shall remain on the Committee until the next annual meeting of shareholders after his or her appointment or until his or her successor shall be duly appointed and qualified.

7. *Committee Chair* – The Board shall designate the Chair by majority vote. If the Chair is absent from a meeting, the members shall select a Chair from those in attendance to act as Chair of the meeting. The Chair of the Committee shall be responsible for leadership of the Committee assignments and reporting to the Board.

8. *Conflicts of Interest* – If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for notifying the Committee Chair of such conflict. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the Chair of the Board (or the Lead Director if the Committee Chair and the Chair of the Board are the same person). If the Committee Chair, the Chair of the Board or the Lead Director, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee his or her interest and shall not participate in consideration of the matter and shall not vote on the matter.

9. *Service on Multiple Audit Committees* – Members of the Committee may not serve on the audit committee of more than two other publicly-traded companies unless the Board has first determined that such simultaneous service would not impair the ability of the applicable director to serve on the Committee.

10. *Compensation of Committee Members* - The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

11. *Meetings* - The Committee shall meet regularly at times necessary to perform the duties described herein in a timely manner, but not less than four times a year and any time the Company proposes to issue a press release with its quarterly or annual earnings information. Meetings may be held at any time deemed appropriate by the Committee. The Committee may meet in person and by telephone or electronic means.

    (a) *Calling of Meetings* - The Committee shall meet as often as it deems appropriate to discharge its responsibilities. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including facsimile, email or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting, with a copy to the Chair of the Board, the Chief Executive Officer and the Corporate Secretary of the Company. However, a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members before each Committee meeting in sufficient time to provide adequate opportunity for their review. The notice of meeting does not, however, need to state the purpose for which the meeting is being held.

    (b) *Quorum* - A majority of the members constitute a quorum for the transaction of the Committee business.

    (c) *Secretary of Meeting* - The Chair of the Committee shall designate a person who need not be a member of the Committee to act as secretary or, if the Chair of the Committee fails to designate such a person, the Corporate Secretary of the Company shall be secretary of the meeting of the Committee. The agenda of the Committee meeting will be prepared by the Chair of the Committee, working with the Corporate Secretary and, whenever reasonably practicable, circulated to each member prior to each meeting.

    (d) *Minutes* - Minutes of the proceedings of the Committee shall be kept in a minute book provided for that purpose. The minutes of the Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.

12. *Separate Executive and In-Camera Meetings* - The Committee shall meet periodically with the Chief Financial Officer, the head of the internal audit function (if other than the Chief Financial Officer) and the external auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. The Committee shall also meet periodically without management present at every regular meeting.

13. *Professional Assistance* - The Committee may require the external auditor and internal auditors, if any, to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may, at the Company's expense, retain special legal, accounting, financial or other consultants to advise the Committee in discharging itself of its duties.

14. *Reliance* - Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditor

as to any information technology, audit and other non-audit services provided by the external auditor to the Company and its subsidiaries.

15. *Reporting to the Board* - The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

16. *Outsiders May Attend Meetings* - The Committee may invite members of management or others to attend meetings or provide information as necessary. The Company's external auditor will have direct access to the Committee at their own initiative.

Powers

17. The Committee shall have the following powers:

(a) *Access* - The Committee is entitled to full access to all books, records, facilities and personnel of the Company and its subsidiaries. The Committee may require such officers, directors and employees of the Company and its subsidiaries and others as it may see fit from time to time to provide any information about the Company and its subsidiaries it may deem appropriate and to attend and assist at meetings of the Committee.

(b) *Delegation* - The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

(c) *Adoption of Policies and Procedures* - The Committee may adopt policies and procedures for carrying out its responsibilities.

RESPONSIBILITIES

Selection and Oversight of the External Auditor

18. The external auditor is ultimately accountable to the Committee and the Board as the representative of the shareholders of the Company and shall report directly to the Committee and the Committee shall so instruct the external auditor. The Committee shall annually evaluate the performance of the external auditor and propose the appointment of the external auditor of the Company in the Company's management information circular for shareholder approval. If the Committee deems it in the best interest of the Company to proceed with a change in external auditor, the Committee shall report to the Board the reasons for the change and any other significant issues related to the change, including the response of the incumbent external auditor, and enquire on the qualifications of the proposed external auditor before approving or rejecting the proposed change in external auditor.

19. The Committee shall approve in advance the terms of engagement and the compensation to be paid by the Company to the external auditor with respect to the conduct of the annual audit. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the external auditor, which policies and procedures shall include reasonable detail with respect to the services covered. All non-audit services to be provided to the Company or any of its affiliates by the external auditor or any of their affiliates which are subject to pre-approval by the Committee shall be approved by the Committee or the Chair of the Committee, in accordance with the Committee's Pre-Approval Policies and Procedures.

20. The Committee shall annually review the independence of the external auditor and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditor. In connection with such review, the Committee shall:

(a) actively engage in a dialogue with the external auditor about all relationships or services that may impact the objectivity and independence of the external auditor;

(b) require that the external auditor submit to it, at least annually, a formal written statement delineating all relationships between the Company and its subsidiaries, on one hand, and the external auditor, on the other hand, that may reasonably be considered to bear on the external auditor's independence;

(c) ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by applicable law;

(d) consider whether there should be a regular rotation of the external audit firm itself; and

(e) consider the external auditor independence standards promulgated by applicable auditing regulatory and professional bodies.

21. The Committee may approve any permissible non-audit engagements of the external auditor and its affiliates to the Company and its affiliates in accordance with applicable laws.

22. The Committee shall establish and monitor clear policies for the hiring by the Company of employees or former employees of the external auditor.

23. The Committee shall require the external auditor to provide to the Committee, and the Committee shall review and discuss with the external auditor, all reports which the external auditor is required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditor, and any other reports which the Committee may require. Such reports shall include:

    (a) a description of the external auditor's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the external auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more audits carried out by the external auditor, and any steps taken to deal with any such issues; and

    (b) a report describing (i) all critical accounting policies and practices to be used in the annual audit, (ii) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor and (iii) other material written communication between the external auditor and management, such as any management letter or schedule of unadjusted differences.

24. The Committee shall review the performance of the external auditor, including assessing their effectiveness and quality of service, annually and, every 5 years, perform a comprehensive review of the performance of the external auditor over multiple years to provide further insight on the audit firm, its independence and application of professional skepticism.

25. The Committee is responsible for resolving disagreements between management and the external auditor regarding financial reporting.

Appointment and Oversight of Internal Auditors

26. The appointment, terms of engagement, compensation, replacement or dismissal of internal auditors, if any, shall be subject to prior review and approval by the Committee. When the internal audit function is performed by employees of the Company, the Committee may delegate responsibility for approving the employment, term of employment, compensation and termination of employees engaged in such function other than the head of the Company's internal audit function.

27. The Committee shall obtain from the internal auditors, if any, and shall review summaries of significant reports to management prepared by the internal auditors, or the actual reports if requested by the Committee, and management's responses to such reports, as applicable.

28. The Committee shall, as it deems necessary and applicable, communicate with the internal auditors, if any, with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal auditors bring to the attention of the Committee. The head of the internal audit function shall have unrestricted access to the Committee.

29. The Committee shall, annually or more frequently as it deems necessary and applicable, evaluate the internal auditors, if any, including their activities, organizational structure and qualifications and effectiveness.

Oversight and Monitoring of Audits

30. The Committee shall review with the external auditor, the internal auditors, if any, and management, as applicable, the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements of the Company and its subsidiaries, the overall audit plans, the responsibilities of management, the internal auditors and the external auditor, the audit procedures to be used and the timing and estimated budgets of the audits.

31. The Committee shall meet periodically or as it deems necessary and applicable, with the internal auditors, if any, to discuss the progress of their activities and any significant findings stemming from internal audits and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit related deficiencies.

32. The Committee shall discuss with the external auditor any difficulties or disputes that arose with management or the internal auditors, if any, during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies.

33. The Committee shall review with management the results of internal and external audits.

34. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

35. The Committee shall, as it deems necessary, oversee, review and discuss with management, the external auditor and the internal auditors, if any:

(a) the quality, appropriateness and acceptability of the Company’s accounting principles and practices used in its financial reporting, changes in the Company’s accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;

(b) all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any “second opinions” sought by management from another external auditor with respect to the accounting treatment of a particular item;

(c) any material change to the Company’s auditing and accounting principles and practices as recommended by management, the external auditor or the internal auditors, if any, or which may result from proposed changes to applicable generally accepted accounting principles;

(d) the effect of regulatory and accounting initiatives on the Company’s financial statements and other financial disclosures;

(e) any reserves, accruals, provisions, estimates or management programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Company;

(f) the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Company and their impact on the reported financial results of the Company;

(g) any legal matter, claim or contingency that could have a significant impact on the financial statements, the Company’s compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Company’s financial statements;

(h) the treatment for financial reporting purposes of any significant transactions which are not a part of the Company’s ordinary course of business;

(i) the use of any “pro forma” or “adjusted” information not in accordance with generally accepted accounting principles; and

(j) management’s determination of goodwill impairment, if any, as required by applicable accounting standards.

36. The Committee will review and resolve disagreements between management and the external auditor regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Controls

37. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with management, the external auditor and the internal auditors, if any:

(a) the adequacy and effectiveness of the Company’s internal accounting and financial controls and the recommendations of management, the external auditor and the internal auditors, if any, for the improvement of accounting practices and internal controls;

(b) any significant deficiency and material weakness in the design or operation of internal control over financial reporting, including with respect to computerized information system controls and security; and

(c) management’s compliance with the Company’s processes, procedures and internal controls.

Oversight and Monitoring of Reported Unethical Conduct

38. In accordance with the Company’s Whistleblower Policy, the Committee shall maintain and monitor procedures for the receipt and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically or as it deems necessary and applicable, with management and the internal auditors, if any, these procedures and any significant complaints received.

Oversight and Monitoring of the Company’s Financial Disclosures

39. The Committee shall:

(a) review with the external auditor and management and recommend to the Board for approval the annual audited financial statements and notes relating thereto and management’s discussion and analysis accompanying such financial statements, the Company’s annual report and any financial information of the Company contained in any prospectus or information circular of the Company; and

(b) review with the external auditor and management each set of interim unaudited financial statements and notes related thereto and management's discussion and analysis accompanying such financial statements and any other disclosure documents or regulatory filings of the Company containing or accompanying financial information of the Company.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

40. Prior to their distribution, the Committee shall discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and any ratings agencies, if applicable, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Company gives earning guidance.

41. The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditor.

Oversight of Finance Matters

42. Appointments of key financial executives involved in the financial reporting process of the Company, including the Chief Financial Officer, shall require the prior review of the Committee.

43. The Committee shall receive and review:

(a) periodic reports on compliance with requirements regarding statutory deductions and remittances;

(b) material policies and practices of the Company respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Company; and

(c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.

44. The Committee shall meet periodically with management to review and discuss the Company's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.

45. The Committee shall meet with management to review the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

Risk Oversight and Compliance

46. The Committee shall assess risk tolerance of the Company, management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditor' opinion of management's assessment of significant financial risks facing the Company and how effectively such risks are being managed or controlled.

47. The Committee shall (A) review and monitor (i) management's practices and policies with respect to the Company's major security risks, including physical, information, and cybersecurity risks, and control thereof, in accordance with applicable legal and regulatory requirements, (ii) security trends that may impact the Company's operations and business and evolving environment, (iii) contingency plans in the event of a security threat or breach, and (iv) initiatives in terms of development and implementation of appropriate communications and trainings, and (B) report to the Board on the Company's compliance with such practices and policies and progress in remedying any significant deficiencies related thereto and, where appropriate, make recommendations.

48. The Committee shall obtain regular updates from management and others, including internal and external auditors and legal counsel, concerning the Company's compliance with financial related laws and regulations such as tax and financial reporting laws and regulations and legal withholding requirements.

49. The Committee shall review the findings of any examination by regulatory agencies.

Committee Reporting

50. If required by applicable laws or regulations or stock exchange requirements, the Committee shall prepare, review and approve a report to shareholders and others (the "Report"). In the Report, the Committee shall, where applicable, state whether it has:

(a) reviewed and discussed the audited or unaudited financial statements with management, the external auditor and the internal auditors, if any;

(b) received from the external auditor all reports and disclosures required under legal, listing and regulatory requirements and this Charter and have discussed such reports with the external auditor, including reports with respect to the independence of the external auditor; and

(c) based on the reviews and discussions referred to in clauses (a) and (b) above, recommended to the Board that the audited financial statements be included in the Company's annual report.

Additional Responsibilities

51. The Committee shall review and make recommendations to the Board concerning the financial structure, condition and strategy of the Company and its subsidiaries, including with respect to annual budgets, long-term financial plans, corporate borrowings, investments, capital expenditures, long-term commitments, dividends and the issuance and/or repurchase of shares.

52. The Committee shall maintain and review, as necessary, policies and procedures with respect to the delegation of authority by the Board to employees of the Company and its subsidiaries for day-to-day management.

53. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

THE CHARTER

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure that this Charter is disclosed on the Company's website and that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the management information circular or annual report of the Company.

DATED November 1, 2018, as amended on November 11, 2020, November 10, 2021 and November 9, 2022.

Alithya

Annual Consolidated Financial Statements of Alithya Group inc.

For the years ended March 31, 2023 and 2022

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Alithya Group inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of Alithya Group inc. (the "Company") as of March 31, 2023 and March 31, 2022, the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows, for each of the years in the two-year period ended March 31, 2023, and the related notes (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2023 and March 31, 2022, and results of its operations and its cash flows for each of the years in the two-year period ended March 31, 2023, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have served as the Company's auditor since 2021.

Montréal, Canada
June 7, 2023

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(in thousands of Canadian dollars, except per share data)	Notes	For the years ended March 31, 2023	2022
		$	$
Revenues	22	522,701	437,885
Cost of revenues	18	370,927	321,732
Gross margin		151,774	116,153
Operating expenses			
Selling, general and administrative expenses	18	126,522	98,838
Business acquisition, integration and reorganization costs	19	18,079	11,617
Depreciation	18	6,536	5,435
Amortization of intangibles	7	27,497	14,285
Foreign exchange loss (gain)		159	(26)
		178,793	130,149
Operating loss		(27,019)	(13,996)
Net financial expenses	20	9,335	4,579
Loss before income taxes		**(36,354)**	**(18,575)**
Income tax expense (recovery)			
Current	11	569	(20)
Deferred	11	(6,826)	(3,007)
		(6,257)	(3,027)
Net loss		**(30,097)**	**(15,548)**
Other comprehensive loss			
Items that may be classified subsequently to profit or loss			
Cumulative translation adjustment on consolidation of foreign subsidiaries		5,557	(439)
		5,557	(439)
Comprehensive loss		**(24,540)**	**(15,987)**
Basic and diluted loss per share	16	(0.32)	(0.18)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		March 31,	March 31,
(in thousands of Canadian dollars)		2023	2022
	Notes	$	$
Assets			
Current assets			
Cash		22,583	17,655
Restricted cash		—	3,254
Accounts receivable and other receivables	4	92,453	100,867
Unbilled revenues		23,420	17,272
Tax credits receivable		9,944	8,515
Prepaids		7,680	6,162
		156,080	**153,725**
Non-current assets			
Tax credits receivable		12,108	11,873
Other assets		1,111	1,303
Property and equipment	5	8,724	10,412
Right-of-use assets	6	9,353	15,146
Intangibles	7	104,335	101,927
Deferred tax assets	11	5,997	7,247
Goodwill	8	166,393	146,088
		464,101	**447,721**
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	9	91,263	89,660
Deferred revenues		22,275	20,409
Current portion of lease liabilities	6	3,873	3,510
Current portion of long-term debt	10	12,808	19,316
		130,219	**132,895**
Non-current liabilities			
Contingent consideration	3	9,157	—
Long-term debt	10	114,382	87,360
Lease liabilities	6	14,643	17,753
Deferred tax liabilities	11	8,632	9,962
		277,033	**247,970**
Shareholders' equity			
Share capital	12	311,967	305,222
Deficit		(141,481)	(111,654)
Accumulated other comprehensive income (loss)		4,610	(947)
Contributed surplus		11,972	7,130
		187,068	**199,751**
		464,101	**447,721**
Commitments and contingencies	14		

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended March 31,
(in thousands of Canadian dollars, except share data)

	Notes	Shares outstanding	Share capital	Deficit	Accumulated other comprehensive income (loss)	Contributed surplus	Total
		Number	$	$	$	$	$
Balance as at March 31, 2022		**92,725,616**	**305,222**	**(111,654)**	**(947)**	**7,130**	**199,751**
Net loss		—	—	(30,097)	—	—	(30,097)
Other comprehensive income		—	—	—	5,557	—	5,557
Total comprehensive income (loss)		**—**	**—**	**(30,097)**	**5,557**	**—**	**(24,540)**
Share-based compensation	13	—	—	—	—	3,745	3,745
Share-based compensation granted on business acquisition	13	—	—	—	—	2,995	2,995
Issuance of Subordinate Voting Shares pursuant to vesting of share-based compensation granted on business acquisitions	12	738,382	1,708	—	—	(1,708)	—
Issuance of Subordinate Voting Shares in consideration of the acquisition of Datum, net of share issuance costs	3, 12	1,867,262	5,528	—	—	—	5,528
Issuance of Subordinate Voting Shares in consideration of the acquisition of Trafic 3W inc., net of share issuance costs	3, 12	83,449	276	—	—	—	276
Shares purchased for cancellation	12	(371,525)	(1,303)	270	—	—	(1,033)
Issuance of Multiple Voting Shares from exercise of stock options	12	152,632	536	—	—	(190)	346
Total contributions by, and distributions to, shareholders		**2,470,200**	**6,745**	**270**	**—**	**4,842**	**11,857**
Balance as at March 31, 2023		**95,195,816**	**311,967**	**(141,481)**	**4,610**	**11,972**	**187,068**
Balance as at March 31, 2021		**58,695,438**	**197,537**	**(96,190)**	**(508)**	**7,173**	**108,012**
Net loss		—	—	(15,548)	—	—	(15,548)
Other comprehensive loss		—	—	—	(439)	—	(439)
Total comprehensive loss		**—**	**—**	**(15,548)**	**(439)**	**—**	**(15,987)**
Share-based compensation	13	—	—	—	—	1,792	1,792
Share-based compensation granted on business acquisition	13	—	—	—	—	1,524	1,524
Issuance of Subordinate Voting Shares pursuant to vesting of share-based compensation granted on business acquisitions	12	834,324	2,935	—	—	(2,935)	—
Issuance of Subordinate Voting Shares in consideration of the acquisition of R3D Consulting Inc.	3, 12	25,182,676	80,585	—	—	—	80,585
Issuance of Subordinate Voting Shares under a private placement	12	8,143,322	24,686	—	—	—	24,686
Shares purchased for cancellation	12	(349,400)	(1,244)	84	—	—	(1,160)
Issuance of Multiple Voting Shares and Subordinate Voting Shares from exercise of stock options	12	155,382	528	—	—	(229)	299
Issuance of Subordinate Voting Shares from settlement of DSUs	12	63,874	195	—	—	(195)	—
Total contributions by, and distributions to, shareholders		**34,030,178**	**107,685**	**84**	**—**	**(43)**	**107,726**
Balance as at March 31, 2022		**92,725,616**	**305,222**	**(111,654)**	**(947)**	**7,130**	**199,751**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)	Notes	For the years ended March 31, 2023	2022
		$	$
			(note 2)
Operating activities			
Net loss		(30,097)	(15,548)
Items not affecting cash			
Depreciation and amortization		34,033	19,720
Contingent consideration	3	9,157	—
Net financial expenses	20	9,335	4,579
Share-based compensation	13	6,740	3,316
Unrealized foreign exchange (gain) loss		(318)	299
Realized foreign exchange loss (gain) on repayment of long-term debt		861	(250)
Forgiveness of PPP loans	18	—	(5,868)
Impairment of property and equipment and right-of-use assets	5, 6	3,697	—
Loss on disposal of intangibles	7	—	262
Other		—	(533)
Deferred taxes	11	(6,826)	(3,007)
		26,582	2,970
Changes in non-cash working capital items	21	2,300	(1,120)
Net cash from operating activities		**28,882**	**1,850**
Investing activities			
Additions to property and equipment	5	(1,736)	(1,719)
Additions to intangibles	7	(849)	(1,361)
Restricted cash		3,254	(21)
Business acquisitions, net of cash acquired	3	(14,397)	(15,705)
Right-of-use assets		—	(132)
Net cash used in investing activities		**(13,728)**	**(18,938)**
Financing activities			
Increase in long-term debt, net of related transaction costs	17	98,682	156,768
Repayment of long-term debt	17	(97,518)	(146,509)
Exercise of stock options	12	346	299
Repayment of lease liabilities	6	(3,653)	(2,688)
Share issuance, net of share issue costs	12	—	24,686
Share issue costs	12	(29)	—
Shares purchased for cancellation	12	(1,033)	(1,160)
Financial expense paid	20	(8,121)	(3,479)
Net cash (used in) from financing activities		**(11,326)**	**27,917**
Effect of exchange rate changes on cash		1,100	(77)
Net change in cash		**4,928**	**10,752**
Cash, beginning of year		17,655	6,903
Cash, end of year		**22,583**	**17,655**
Cash paid (included in cash flow from operating activities)			
Income taxes paid (recovered)		411	(354)

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

Alithya Group inc. (“Alithya” or the “Company”) and its subsidiaries (collectively with Alithya, the “Group”) are leaders in strategy and digital transformation. Alithya's integrated offer is based on four pillars of expertise: business strategy, application solutions services, enterprise solutions, and data and analytics. The Group deploys solutions, services, and expert consultants to design, build and implement innovative and efficient solutions for the complex business challenges of its clients, tailored to their business needs in the financial services, insurance, healthcare, government, renewable energy, manufacturing, telecommunications, transportation and logistics, and professional services sectors.

The Company’s Class A subordinate voting shares (the “Subordinate Voting Shares”) trade on the Toronto Stock Exchange (“TSX”) and on the NASDAQ Capital Market (“NASDAQ”) under the symbol “ALYA”.

The Company is the Group’s ultimate parent company and its head office is located at 1100, Robert-Bourassa Boulevard, Suite 400, Montréal, Québec, Canada, H3B 3A5.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were approved and authorized for issue by the Board of Directors (the “Board”) on June 7, 2023.

Basis of Measurement

These consolidated financial statements have been prepared under the historical cost basis except for

- Identifiable assets acquired and liabilities and contingent liabilities resulting from a business combination which are generally measured initially at their fair values at the acquisition date;
- Lease obligations, which are initially measured at the present value of the lease payments that are not paid at the lease commencement date;
- Equity classified share-based payment arrangements which are measured at fair value at grant date pursuant to IFRS 2, Share-Based Payment; and
- Derivatives, which are initially recognized at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

Certain figures have been reclassified to conform to the current year presentation.

CHANGE IN ACCOUNTING POLICY

IAS 7 Statement of Cash Flows

IAS 7 prescribes that interest paid is to be classified as operating cash flows (the Group’s previous classification), or alternatively, interest paid may be classified as financing cash flows. As at October 1, 2022, as a result of recent business acquisitions financed through its senior revolving credit facility and balance of purchase price payable, the Group changed its cash flow presentation to present interest paid as financing cash flows instead of operating cash flows. This presentation provides more relevant information regarding the cash flows of the Group.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

This change in accounting policy has been applied retrospectively. Changes to the comparative amounts in the Group's consolidated statements of cash flows are as follows:

	For the year ended March 31, 2022		
	As previously reported	Adjustment	Restated amount
	$	$	$
Net cash from (used in) operating activities	(1,629)	3,479	1,850
Net cash from financing activities	31,396	(3,479)	27,917

PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed or has the right to variable returns from its relationship with the entity and is able to affect those returns through its power over the activities of the entity. The subsidiaries' financial statements are included in these consolidated financial statements from the date of commencement of control until the date that control ceases.

Subsidiaries' accounting policies have been adjusted, when necessary, to align with the policies adopted by the Group.

All intercompany balances and transactions, and any unrealized income and expenses arising from intra company transactions, are eliminated on consolidation.

These consolidated financial statements include the accounts of the Company and the accounts of its wholly-owned subsidiaries. The Company's principal subsidiaries are as follows:

Entity	Jurisdiction	2023 Percentage Ownership	2022 Percentage Ownership
Alithya Canada Inc.	Quebec, Canada	100%	100%
Alithya Consulting Inc.	Quebec, Canada	100%	100%
9466-6997 Québec Inc.	Quebec, Canada	100%	—
Alithya Digital Technology Corporation	Ontario, Canada	100%	100%
Alithya USA, Inc.	Delaware, USA	100%	100%
Alithya Financial Solutions, Inc.	Delaware, USA	100%	100%
Alithya Ranzal LLC	Delaware, USA	100%	100%
Alithya Zero2Ten, Inc.	Delaware, USA	100%	100%
Alithya Fullscope Solutions, Inc.	Delaware, USA	100%	100%
Vitalyst, LLC	Delaware, USA	100%	100%
Datum Consulting Group, LLC	Indiana, USA	100%	—
Alithya France SAS	France	100%	100%
DCG Team UK Limited	United Kingdom	100%	—
Datum Consulting Group Australia Pty Limited	Australia	100%	—
Alithya Numérique Maroc SARLAU	Morocco	100%	100%
Datum Cybertech India Pvt Ltd.	India	100%	—

On April 1, 2022, Alithya Consulting Inc. acquired all of the shares of Trafic 3W Inc. (note 3). Immediately following such acquisition, Trafic 3W Inc. was amalgamated with Alithya Consulting Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BUSINESS COMBINATIONS

The Group accounts for its business combinations using the acquisition method. Under this method, the consideration transferred is measured at fair value. Acquisition-related and integration costs associated with the business combination are expensed as incurred. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is remeasured at fair value with the changes in fair value recognized in the consolidated statements of operations and comprehensive loss.

The Group recognizes goodwill as the excess of the cost of the acquisition over the net identifiable tangible and intangible assets acquired and liabilities assumed at their acquisition date fair values and any non-controlling interest in the acquiree. The fair value allocated to tangible and intangible assets acquired and liabilities assumed are based on management's assumptions, including assumptions that would be made by market participants, acting in their economic best interest. These assumptions include the future expected cash flows arising from the intangible assets identified. The goodwill recognized is composed of the future economic value associated to acquired work force and any identified synergies with the Group's operations which are primarily due to reduction of costs and new business opportunities. The determination of fair value involves making estimates relating to acquired intangible assets, property and equipment, litigation, provision for estimated losses on revenue-generating contracts, other onerous contracts, tax and other contingency reserves. Estimates include the forecasting of future cash flows and discount rates. Subsequent changes in fair values are adjusted against the cost of acquisition, if they qualify as measurement period adjustments. The measurement period is the period between the date of acquisition and the date where all significant information necessary to determine the fair values is available, not to exceed twelve months. All other subsequent changes are recognized in the consolidated statements of operations.

TRANSLATION OF FOREIGN CURRENCIES

The Group's consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. Each entity in the group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Functional currency is the currency of the primary economic environment in which the entity operates.

Foreign currency transactions and balances

Revenue, expenses and non-monetary assets and liabilities denominated in foreign currencies are recorded at the rate of exchange prevailing at the transaction date, except for non-monetary items measured at fair value, which are translated using the exchange rates at the date when the fair value was determined. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the reporting date. Unrealized and realized translation gains and losses, resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency, are reflected in the consolidated statements of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign operations

In the Group's consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the Canadian dollar are translated into Canadian dollars upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period. Upon consolidation, assets and liabilities have been translated into Canadian dollars at the closing rate at the reporting date. Goodwill and fair value adjustments arising from the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into Canadian dollars at the closing rate. Revenue and expenses have been translated into Canadian dollars at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to the consolidated statements of operations and are recognized as part of the gain or loss on disposal.

SEGMENTED REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other segments. An entity shall disclose separately information about each operating segment, and can combine operating segments, with similar economic characteristics or that do not meet quantitative thresholds, into one reportable segment.

As at April 1, 2022, as a result of organic growth and the integration of recent business acquisitions, the Group determined that it has three reportable segments based on geography: Canada, U.S. and International. Information for the comparative period has been restated to also present segment information for the three reportable segments (note 22).

REVENUE RECOGNITION, UNBILLED REVENUES AND DEFERRED REVENUES

The Group generates revenue principally through the provision of consulting services in the areas of information technology including systems implementation and strategy. These services are provided under arrangements with varying pricing mechanisms.

To determine whether to recognize revenue, the Group follows a 5-step process:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognizing revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated amongst the various performance obligations based on their relative standalone selling prices. Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers, including variable consideration, such as, discounts, volume rebates, service-level penalties, and incentives. Variable consideration is estimated using either the expected value method or most likely amount method and is included only to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur. In making this judgement, management will mostly consider all information available at the time, the Group's knowledge of the client or the industry, the type of services to be delivered and the specific contractual terms of each arrangement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group enters into arrangements with multiple performance obligations which typically include software, post-contract support (or maintenance), and consulting services. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis. The Group has determined standalone selling prices for each of the performance obligations in connection with the evaluation of arrangements with multiple performance obligations. The Group has determined standalone selling prices for consulting services based on a stated and consistent rate per hour range in standalone transactions. The Group has determined standalone selling prices for software through consistent stated rates for software components. The Group has determined standalone selling prices for maintenance based on observable prices for standalone renewals.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred revenues in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either an unbilled revenues or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Certain of the Group's arrangements may include client acceptance clauses. Each clause is analyzed to determine whether the earnings process is complete when the service is performed. Formal client sign-off is not always necessary to recognize revenue, provided that the Group objectively demonstrates that the criteria specified in the acceptance provisions are satisfied. Some of the criteria reviewed include historical experience with similar types of arrangements, whether the acceptance provisions are specific to the client or are included in all arrangements, the length of the acceptance term and historical experience with the specific client.

Contract modifications are changes in scope and/or price that are approved by the parties to the contract. Approval may be written, oral or implied by customary business practices, and are legally enforceable. The Group accounts for modifications as a separate contract if the modifications add distinct goods or services that are priced commensurate with standalone selling prices or if the remaining goods or services are distinct from those already transferred, otherwise modifications are accounted for as part of the original contract.

Time and materials arrangements – Revenue from consulting and support services and systems implementations under time and materials arrangements is recognized as the services are rendered. Contractual billings of such arrangements correspond with the value provided to the client, and therefore revenues are recognized when amounts become billable.

Fixed-fee arrangements – Revenue from consulting services and systems implementations under fixed-fee arrangements where the outcome of the arrangements can be estimated reliably is recognized over time based on the measure of progress determined by the Group's efforts or inputs towards satisfying the performance obligation relative to the total expected inputs. The Group primarily uses labour costs or labour hours to measure the progress towards completion. This method relies on estimates of total expected labour costs or total expected labour hours to complete the service, which are compared to labour costs or labour hours incurred to date, to arrive at an estimate of the percentage of revenue earned to date. Management regularly reviews underlying estimates of total expected labour costs or hours. If the outcome of an arrangement cannot be estimated reliably, revenue is recognized to the extent of arrangement costs incurred that are likely to be recoverable. For certain contracts, the Group recognizes revenue based on its right to consideration when such amount corresponds to the entity's performance completed to date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Service based arrangements – The client pays a recurring fee in exchange for a monthly recurring service (typically support). The revenue for these arrangements is recognized over time.

Subscriptions to learning services, which are available to customers at any times with unlimited use, are recognized over time, on a straight-line basis over the contract term.

Software revenue – Software revenue is generated from the resale of certain third-party off-the-shelf software and maintenance. The majority of the software sold by the Group is delivered electronically. For software that is delivered electronically, the Group considers transfer of control to have occurred when the customer either (a) takes possession of the software via a download (that is, when the customer takes possession of the electronic data on its hardware), or (b) has been provided with access codes that allow the customer to take immediate possession of the software on its hardware pursuant to an agreement or purchase order for the software. In all instances, the resale of third-party software and maintenance is recorded on a net basis.

Third party software and maintenance revenue are recognized upon delivery of the software, as all related warranty and maintenance is performed by the primary software vendor and not the Group.

Group created software, and the associated maintenance, is reported on a gross basis and revenue is recognized point in time when it is distinct from the maintenance and support, otherwise it is recognized over time. Revenue from the sale of Group created software from software as a service ("SaaS") is recognized over time, on a straight line basis as the Group stands ready to provide customers with continuous access to its software over the contractual term.

For a SaaS arrangement with a fee structure based upon customer usage and priced at a fixed rate for usage, the Group recognizes revenue based on its right to consideration when such amount corresponds to the entity's performance completed to date.

Estimated losses on revenue-generating contracts – Estimated losses on revenue-generating contracts may occur due to additional contract costs which were not foreseen at the inception of the contract. Contract losses are measured at the amount by which the estimated incremental costs, including direct labour, material and an allocation of other costs that relate directly to fulfilling contracts exceed the estimated total revenue from the contract. The estimated losses on revenue-generating contracts are recognized in the period when it is determined that a loss is probable. The expected loss is first applied to impair the related capitalized contract costs, if any, with the excess recorded under performance obligations in customer contracts in accounts payable and accrued liabilities. Management regularly reviews arrangement profitability and underlying estimates.

Unbilled revenues and deferred revenues – Amounts recognized as revenue in excess of billings are classified as unbilled revenues. Amounts received in advance of the performance of services are classified as deferred revenues.

FINANCIAL INSTRUMENTS

Recognition and Derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Classification and Initial Measurement of Financial Assets

Except for those accounts receivables and other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within financial expense, except for impairment of accounts receivables and other receivables, which is presented within selling, general and administrative expenses.

In the years presented, the Group does not have any financial assets categorized as FVOCI or FVTPL.

Subsequent measurement of financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash, restricted cash and accounts receivable and other receivables fall into this category of financial instruments.

Impairment of financial assets and unbilled revenues

IFRS 9's impairment requirements use forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of IFRS 9's impairment requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, accounts receivables and other receivables and unbilled revenues recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Expected credit losses are not significant for the Group.

The Group considers a range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Impairment of Accounts Receivable and Other Receivables and Unbilled Revenues

The Group makes use of the simplified approach in accounting for accounts receivable and other receivables and unbilled revenues and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of accounts receivables and other receivables and unbilled revenues based on days past due on a collective basis as customers with similar payment delays possess shared credit risk characteristics. The Group also assesses impairment of accounts receivables and other receivables and unbilled revenues on a customer-by-customer basis based on specific risks identified.

Classification and measurement of financial liabilities

The Group's financial liabilities include accounts payable and accrued liabilities, contingent consideration and long-term debt.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Accounts payable and accrued liabilities, and long-term debt are financial liabilities which are subsequently measured at amortized cost using the effective interest method.

Financial liabilities designated at FVTPL which include contingent consideration, are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value are reported in the consolidated statements of operations within financial expenses.

Transaction Costs

Transaction costs related to loans and receivables and liabilities are considered as part of the carrying value of the asset or liability and are then amortized over the expected life of the instrument using the effective interest rate method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Income and Expenses

Financial income includes interest income on cash. Interest income is recognized as it accrues in earnings, using the effective interest method. Financial expenses include interest expense on borrowings, effective interest on non-interest bearing vendor financing arising from business combinations, amortization of the unwinding of the discount on provisions, amortization of finance costs and other interest and bank charges.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Group enters into derivative financial instruments to manage its exposure to interest rate risks.

The resulting gain or loss on re-measurement at the fair value of the derivatives is recognized in the consolidated statements of operations, unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the consolidated statements of operations depends on the nature of the hedge relationship. The cash flows of the hedging instruments are classified in the same manner as the cash flows of the item being hedged.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The documentation includes the identification of the nature of the risk being hedged, the economic relationship between the hedged items and the hedging instruments which should not be dominated by credit risk, the hedge ratio consistent with the risk management strategy pursued and how the Company will assess the effectiveness of the hedging relationship on an ongoing basis. Management evaluates hedge effectiveness at inception of the hedge instrument and quarterly thereafter. Hedge effectiveness is measured prospectively as the extent to which changes in the fair value or cash flows of the derivative offsets the changes in the fair value or cash flows of the underlying hedged item or risk when there is a significant mismatch between the terms of the hedging instrument and the hedged item.

Cash flow hedge

The effective portion of the change in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. It is reclassified out of other comprehensive income into the consolidated statements of operations when the hedged item is recognized in the consolidated statements of operations.

The gain or loss relating to the ineffective portion, if any, is recognized immediately in the consolidated statements of operations.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in net loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to net loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

EARNINGS PER SHARE

Basic earnings (loss) per share is calculated by dividing the net earnings (loss) attributable to the holders of Shares (as defined further herein) by the weighted average number of Shares outstanding during the period. The net earnings (loss) attributable to the holders of Shares corresponds to the net earnings (loss) adjusted by deducting earnings allocated to preferred shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional Shares that would have been outstanding assuming the conversion of all potential equity instruments, including deferred, restricted and performance share units, if dilutive.

Dilutive potential outstanding stock options include the total number of additional Shares that would have been issued by the Company assuming stock options with exercise prices below the average market price for the year were exercised and reduced by the number of Shares that the Company could have repurchased if it had used the assumed proceeds from the exercise of stock options to repurchase them on the open market at the average share price for the period.

"Shares" include the Subordinate Voting Shares and Multiple Voting Shares (as defined further herein).

RESTRICTED CASH

Restricted cash represents amounts held in trust as required by contractual obligations arising from a business acquisition. Restricted cash that is not expected to become unrestricted within the next twelve months is included in non-current assets on the statements of financial position.

GOVERNMENT ASSISTANCE

Certain subsidiaries are eligible for government assistance programs, in the different jurisdictions, in the form of grants, loans and tax credits for the development of e-business. Government assistance is recorded when there is reasonable assurance that the assistance will be received and that the subsidiary will comply with all relevant conditions. Assistance is treated as a reduction in the cost of the related item.

In preparing claims, judgment is required in interpreting the regulations related to these programs, determining if the operations of the subsidiaries qualify and identifying and quantifying eligible expenses. These claims are subject to examination and audit by local authorities, who may disagree with interpretations made by the Group. Management estimates the amounts to be received or forgiven under these programs. Final settlements following examinations and audits could be different from amounts recorded and could have a material effect on the financial position or operating results of the Group.

PROPERTY AND EQUIPMENT ("P&E")

Property and equipment are recorded at cost and amortized over their estimated useful lives, using the following methods:

	Method	Rates
Furniture, fixtures and equipment	Declining balance	20 %
Computer equipment	Declining balance	30 %
Leasehold improvements	Straight line	Over the term of the lease

The residual value, depreciation method and useful life of each asset are reviewed at least once a year, at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES

The Group as a lessee

For any new contracts entered into, the Group considers whether a contract is, or contains a lease. A lease is defined as a "contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or net loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in the consolidated statements of operations on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLES

Intangible assets consist mainly of customer relationships, non-compete agreements and internal-use business solutions, software licenses and tradenames. Internal use business solutions and software licenses ("Software") are recorded at cost. In addition, internal-use business solutions developed internally are capitalized when they meet specific capitalization criteria related to technical and financial feasibility and when the Group demonstrates its ability and intention to use them. Amortization of internal-use business solutions commences once the solution is available for use. Customer relationships, non-compete agreements, internal-use business solutions, software licenses and tradenames acquired through business combinations are initially recorded at their fair value. The Group amortizes its intangible assets using the straight-line method as follows :

	Method	Period
Customer relationships	Straight line	3 - 10 years
Non-compete agreements	Straight line	3 - 10 years
Software	Straight line	3 years
Tradenames	-	Indefinite

The residual value, depreciation method and useful life of each asset are reviewed at least once a year, at the reporting date.

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition and it is measured net of accumulated impairment losses. Goodwill is not amortized, but instead tested for impairment annually, or more frequently, should events or changes in circumstances indicate that the goodwill may be impaired.

IMPAIRMENT OF P&E, RIGHT-OF-USE ASSETS, INTANGIBLES AND GOODWILL

Timing of impairment testing

The carrying amounts of the Group's P&E, right-of-use assets, intangible assets and goodwill are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired. At each reporting date, the Group assesses whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, are tested for impairment at least annually as at March 31.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment testing

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs of disposal. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use and which are largely independent of the cash inflows of other assets or groups of assets (the "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in consolidated statement of operations. Impairment losses recognized in respect of CGUs that include goodwill are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs (group of CGUs) on a pro rata basis not beyond the highest of:

- The fair value less costs of disposal; and
- Value in use of the individual asset, if determinable.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

BUSINESS ACQUISITION, INTEGRATION AND REORGANIZATION COSTS

Business acquisition, integration and reorganization costs are comprised of transaction costs related to business acquisitions, whether successful or not, costs of integrating acquired businesses including redundant rent, gains or losses on lease modifications, impairment of right-of-use assets from previous business combinations, gains or losses on disposal of non-core assets, transition costs relating to system integrations, contingent consideration (note 3), including changes in fair value as well as employee compensation related to business acquisitions and severance resulting from integrations and significant changes in management structure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

PROVISIONS

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group's provisions may consist of litigation and claim provisions arising in the ordinary course of business and decommissioning liabilities for operating leases of office buildings. The Group may record restructuring provisions related to business combinations and termination of employment costs incurred as part of the Group's productivity improvement initiatives. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted using a current pre-tax rate when the impact of the time value of money is material. The increase in the provision due to the passage of time is recognized as a finance cost. The accrued litigation and legal claim provisions are based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances. Estimates include the period in which the underlying cause of the claim occurred and the degree of probability of an unfavorable outcome.

In the case of decommissioning liabilities pertaining to operating leases of buildings where certain arrangements require premises to be returned to their original state at the end of the lease term, the provision is determined using the present value of the estimated future cash outflows.

Restructuring provisions, consisting primarily of severance, are recognized when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, appropriate timelines and has been communicated to those affected by it.

INCOME TAXES

Income taxes are accounted for using the liability method of accounting.

Current income taxes are recognized with respect to the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred income tax assets and liabilities are determined based on deductible or taxable temporary differences between the amounts reported for financial statement purposes and tax values of the assets and liabilities using enacted or substantively enacted tax rates that will be in effect for the year in which the differences are expected to be recovered or settled. Deferred income tax assets and liabilities are recognized in earnings, other comprehensive income or in equity based on the classification of the item to which they relate.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

SHARE CAPITAL

Subordinate Voting Shares, Multiple Voting Shares and preferred shares that are not redeemable or are redeemable only at the Group's option are classified as equity. Incremental costs directly attributable to the issue of Subordinate Voting Shares, Multiple Voting Shares, preferred shares and stock options are recognized as a deduction from equity, net of any tax effects. Dividends payable by the Company to its shareholders, which are determined at the discretion of the Board and in accordance with the terms of each category of shares (note 12), are recorded when declared. Dividends on Subordinate Voting Shares, Multiple Voting Shares and preferred shares are recognized as distributions within equity.

When share capital recognized as equity is purchased for cancellation, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from share capital for the shares' assigned value, any excess being allocated to contributed surplus to the extent that contributed surplus was created by a net excess of proceeds over cost on cancellation or resale of shares of the same class (charged to retained earnings if no contributed surplus for the same class of shares exists), and any discount being assigned to contributed surplus. Eligible employees can purchase Subordinate Voting Shares at the price (fair value) then in effect, in the context of the share purchase plan described in note 13.

SHARE-BASED COMPENSATION PLANS

Share purchase plan

The Company operates a share purchase plan for eligible employees of the Company and its subsidiaries. Under this plan, the Group matches the contributions made by employees up to a maximum percentage of the employee's gross salary. The Group's contributions to the plan are recognized as salaries within cost of revenues and selling, general and administrative expenses.

Normal course issuer bid ("NCIB")

When the Company purchases its own shares for cancellation through its NCIB, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled. When the shares are cancelled, the excess of the consideration paid over the average stated value of the shares purchased for cancellation is charged to the deficit.

Long-term incentive plan ("LTIP")

The Company operates a LTIP for eligible employees and directors of the Company and its subsidiaries which provides for various types of awards, including equity-settled stock options, deferred share units ("DSUs"), restricted share units ("RSUs") and performance share units ("PSUs"). The Board, at its discretion, may elect to settle RSUs and PSUs in cash. The Company accounts for the RSUs and PSUs as equity-settled awards as the Board intends to settle these awards through the issuance of share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The fair value of the share-based expense is based on the grant date fair value of the award expected to vest over the vesting period with a corresponding adjustment through contributed surplus. For stock options the compensation cost is measured using the Black-Scholes option pricing model. For RSUs and DSUs the compensation cost is measured at the fair value of the underlying Subordinate Voting Share as at the grant date. The terms and conditions of each grant of PSUs, including market and non-market performance goals, are determined by the Board. For the portion of PSUs that are issuable based on market performance conditions, the amount of PSUs recognized as an expense is adjusted based on an estimate of fair value measured using a Monte Carlo model considering market performance conditions as at grant date. For the portion of the PSUs that are issuable based on non-market conditions, the amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The determination as to whether the performance goals have been achieved are made by the Board.

Forfeitures, which are estimated at the time of grant, are included in the measurement of the expense and are subsequently adjusted to reflect actual events. For awards with graded vesting, the fair value of each tranche is recognized on a straight-line basis over its vesting period.

Any consideration paid by participants on exercise of stock options is credited to share capital together with any related share-based compensation expense originally recorded in contributed surplus.

When DSUs, RSUs and PSUs are settled, the recorded fair value of the award is removed from contributed surplus and credited to share capital.

Share unit plan ("SUP")

The Company operates a SUP for eligible employees of the Company and its subsidiaries. Under this plan, eligible employees can elect to receive up to 50% of their annual bonus in DSUs and/or RSUs ("Bonus DSUs/RSUs") with the Company granting additional DSUs/RSUs equal to 25% of the Bonus DSUs/RSUs. The Board, at its discretion, may elect to settle DSUs and RSUs in cash. The Company accounts for DSUs and RSUs as equity-settled awards as the Board intends to settle these awards through Subordinate Voting Shares purchased on the TSX or NASDAQ.

The fair value of the share-based expense is based on 125% of the fair value of the bonus elected to be settled as DSUs and/or RSUs, with a corresponding adjustment through contributed surplus. An expense is recognized over the vesting period as employee benefits expense within general and administrative expenses, with a corresponding amount recognized in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of units for which the related service and performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the units of awards that do meet the related service and non-market performance conditions at the vesting date.

When DSUs and/or RSUs are settled, the recorded fair value of the award is removed from contributed surplus and credited to share capital.

The SUP also provides for the grant of discretionary DSUs and/or RSUs. The compensation cost is measured at the fair value of the underlying Subordinate Voting Share as at the grant date.

Forfeitures, which are estimated at the time of grant, are included in the measurement of the expense and are subsequently adjusted to reflect actual events.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported as assets, liabilities, income and expenses in the consolidated financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which they occur and in any future periods affected.

The following are critical judgements that management has made in applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of cash generating units – The identification of CGUs and grouping of assets into the respective CGUs is based on currently available information about actual utilization experience and expected future business plans. Management has taken into consideration various factors in identifying its CGUs. These factors include how the Group manages and monitors its operations, the nature of each CGU's operations, and the major customer markets they serve. As such, the Group has identified its CGUs for purposes of testing the recoverability and impairment of non-financial assets to be: Canada, France, EPM, ERP and Data Solutions.

Determination of the aggregation of operating segments – The Group uses judgment in the aggregation of operating segments for financial reporting and disclosure purposes. The Group has examined its activities and has determined that it has three reportable segments based on geography: Canada, U.S. and International.

The following are assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments within the next year:

Revenue recognition of fixed-fee arrangements – The Group recognizes revenues from fixed-fee arrangements which can extend over more than one reporting period. Revenue from these fixed-fee arrangements is recognized over time based on a measure of progress using generally the Group's best estimate of the total expected labour costs or total expected labour hours, and the related risks associated with completing the projects. In addition, the determination of anticipated costs for completing a contract is based on estimates that can be affected by a variety of factors, including the cost of materials and labour, as well as potential claims from customers. As risks and uncertainties are different for each project, the sources of variations between anticipated costs and actual costs incurred will also vary by project. The determination of estimates is based on the Group's business practices as well as its historical experience, and is tightly linked to detailed project management processes and controls. The information provided by the project managers combined with a knowledgeable assessment of technical complexities and risks are used in estimating the percentage complete.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of long-lived assets – The Group's impairment test for goodwill is based on internal estimates of either the value-in-use calculations using valuation models such as the discounted cash flow model or the fair value less costs of disposal calculations using valuation models such as a multiple applied to Adjusted EBITDA. Key assumptions on which the Group has based its determination of the individual CGUs' value-in-use include discounted future expected net operating cash flows, estimated long-term growth rates of net operating cash flows and pre-tax value weighted average cost of capital ("WACC"). Key assumptions used in the fair value less cost of disposal calculations include estimated revenues and EBITDA margin in determining forecasted Adjusted EBITDA, as well as the multiple applied to forecasted Adjusted EBITDA. Changes in these estimates can have a material impact on the recoverable amount calculations and ultimately the amount of any goodwill impairment recognized. Refer to note 8 for additional information on the assumptions used.

Business combinations – The Group accounts for business combinations using the acquisition method. The consideration transferred and the acquiree's identifiable assets, liabilities and contingent liabilities are measured at their fair value. The Group develops the fair value by using appropriate valuation techniques which are generally based on discounted future expected cash flows. These evaluations are linked closely to the assumptions made by the Group and can consist of the future performance of the related assets, the discount rate and the attrition rate. Contingent consideration is measured at fair value using a discounted cash flow model.

Grants, loans and tax credits – The Group is eligible for government assistance programs, in different jurisdictions, which are recorded as a reduction in the cost of the related item when there is reasonable assurance that the assistance will be received and that the Group will comply with all relevant conditions. The Group interprets the regulations related to these programs, determines if the operations of the Group qualify and identifies and quantifies eligible expenses. These claims are subject to examination and audit by local authorities, who may disagree with interpretations made by the Group. These interpretations are used to determine the amounts to be received or forgiven under the programs and are subject to examinations and audits which could reach conclusions that are materially different from amounts recorded by the Group.

ACCOUNTING STANDARD AMENDMENTS EFFECTIVE FOR THE YEAR ENDING MARCH 31, 2023

The following amendment to existing standards was adopted by the Group on April 1, 2022 and had no significant impact on the Group's consolidated financial statements.

Onerous Contracts, Cost of Fulfilling a Contract

In May 2020, the IASB issued Onerous Contracts - Cost of Fulfilling a Contract, which includes amendments to IAS 37. The amendments specify which costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The full cost approach considers that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract include incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FUTURE ACCOUNTING STANDARDS

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations, and improvements to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Group. Management anticipates that all the relevant pronouncements will be adopted in the first reporting period following the date of application. Information on new standards, amendments and interpretations, and improvements to existing standards, which could potentially impact the Group's consolidated financial statements, are detailed as follows:

NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

IAS 1 - Presentation of Financial Statements

On January 23, 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. After reconsidering certain aspects of the 2020 amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Additional disclosure will be required to help users understand the risk that those liabilities could become repayable within twelve months after the reporting date. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that: settlement of a liability includes transferring a company's own equity instruments to the counterparty; and when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity. The amendments to IAS 1 apply retrospectively and are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. Management is currently evaluating the impact of the amendment on its consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policy Information

In February 2021, the IASB issued amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements. The amendments help entities provide accounting policy disclosures that are more useful to primary users of financial statements by:

- Replacing the requirement to disclose "significant" accounting policies under IAS 1 with a requirement to disclose "material" accounting policies. Under this, an accounting policy would be material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements.
- Providing guidance in IFRS Practice Statement 2 to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

The amendments shall be applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Once an entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. Management is currently evaluating the impact of the amendment on its consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB amended IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition of "accounting estimates" to replace the definition of "change in accounting estimates" and also include clarifications intended to help entities distinguish changes in accounting policies from changes in accounting estimates. This distinction is important because changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Management is currently evaluating the impact of the amendment on its consolidated financial statements.

Amendments to IAS 12 - Income Taxes

On May 7, 2021, the IASB issued amendments to IAS 12 - Income Taxes to narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will be required to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. Management is currently evaluating the impact of this standard on its consolidated financial statements.

3. BUSINESS COMBINATIONS

Business combinations realized in the fiscal year ended March 31, 2023

Datum

Overview

On July 1, 2022, the Company acquired 100% of the issued and outstanding equity interests of U.S.-based Datum Consulting Group, LLC and its international affiliates ("Datum") (the "Datum Acquisition"), a leader in IP enabled digital transformation services for data-rich insurers and other regulated entities such as governments. Management expects that its modernization practice and cloud-based software as a service (SaaS) offering will be complementary to Alithya's existing offerings and will allow for cross-selling opportunities.

The Datum Acquisition was completed for purchase consideration and other consideration of up to US$45,488,000 ($58,550,000), in aggregate.

The purchase consideration of US$27,200,000 ($35,010,000), in aggregate, consisted of: (i) US$13,542,000 ($17,430,000) paid in cash, net of working capital adjustment; (ii) US$4,313,000 ($5,552,000) paid by the issuance of 1,867,262 Subordinate Voting Shares; and (iii) US$9,345,000 ($12,028,000) of balance of sale, payable over three years on July 1, 2023, 2024 and 2025 (the "Anniversary Dates") (note 10).

The other consideration of up to US$18,288,000 ($23,540,000), consisted of: (i) deferred cash consideration of US$975,000 ($1,255,000); (ii) deferred share consideration of 1,867,261 Subordinate Voting Shares with a value of US$4,313,000 ($5,552,000); and (iii) potential earn-out consideration of up to US$13,000,000 ($16,733,000), all payable over three years on the Anniversary Dates.

3. BUSINESS COMBINATIONS (CONT'D)

The deferred cash consideration will be recognized as employee compensation on business acquisition, over three years (note 19).

The deferred share consideration will be recognized as share-based compensation to an employee, over three years (note 13).

The potential earn-out consideration is payable in cash (75%) and by Subordinate Voting Shares (25%), with a maximum of 1,517,151 Subordinate Voting Shares available for issuance with a value of US$3,505,000 ($4,511,000). The potential earn-out consideration has earn-out periods ending on each of the Anniversary Dates.

On March 31, 2023, an amending agreement to the equity purchase agreement was executed wherein the condition for employment for the payment of the potential earn-out was removed (The “Earn-out Amendment”).

From the acquisition date to the Earn-out Amendment date, the potential earn-out consideration payable in cash was treated as employee compensation, and was to be expensed over three years as the related services were to be provided, at the best estimate of the payout amount required to settle the present obligation at the end of the reporting period. The potential earn-out consideration payable in shares was treated as share-based compensation, which was to be expensed over the three-year vesting period.

As a result of the Earn-out Amendment, a contingent consideration liability and expense, in the amount of $9,157,000 was recorded as at March 31, 2023, representing the present value of the expected payout amount for the potential earn-out over the next three years. The contingent consideration expense is recorded in business acquisition, integration and reorganization costs.

The portion of the contingent consideration to be settled in shares is adjusted to reflect the number of awards for which the non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the non-market performance conditions at the vesting dates.

The fair value of the assets acquired, liabilities assumed, and the purchase consideration's valuation have been completed.

For the year ended March 31, 2023, the Company incurred acquisition-related costs pertaining to the Datum Acquisition of approximately $1,369,000. These costs have been recorded in the consolidated statement of operations in business acquisition, integration and reorganization costs.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

3. BUSINESS COMBINATIONS (CONT'D)

Purchase Price Allocation

The allocation of the fair value of the assets acquired and the liabilities assumed is detailed as follows:

Acquisition of Datum	$
Current assets	
Cash	2,798
Accounts receivable and other receivables	3,552
Unbilled revenue	1,301
Prepaids	159
	7,810
Non-current assets	
Other assets	2
Property and equipment	55
Right-of-use assets	135
Intangibles (note 7)	24,070
Goodwill (note 8)	13,696
Total assets acquired	**45,768**
Current liabilities	
Accounts payable and accrued liabilities	4,255
Deferred revenue	945
Current portion of lease liabilities	71
	5,271
Non-current liabilities	
Lease liabilities	64
Deferred tax liabilities	6,398
Total liabilities assumed	**11,733**
Net assets acquired	**34,035**

As at March 31, 2023, upon final determination of the fair values, the intangibles value was increased by $1,545,000, goodwill value was reduced by $1,134,000 and deferred tax liabilities value was increased by $411,000. The effects of the adjustments to the purchase price were not material to the financial statements for the period from the acquisition date to March 31, 2023.

Goodwill

The goodwill recognized consists mainly of the future economic value attributable to the profitability of the acquired business, as well as its workforce and expected synergies from the integration of Datum into the Group's existing business. The Company does not expect the goodwill to be deductible for income tax purposes.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

3. BUSINESS COMBINATIONS (CONT'D)

Consideration paid

The following table summarizes the acquisition date fair value of each class of consideration as follows:

Acquisition of Datum	**$**
Consideration transferred settled in cash	17,430
Issuance of 1,867,262 Subordinate Voting Shares (note 12)	5,552
Balance of purchase payable with a nominal value of US$9,345,000 ($12,028,000) (note 10)	11,053
Total consideration transferred	**34,035**

Datum's contribution to the Group results

For the year ended March 31, 2023, the Datum business contributed revenues of approximately $16,326,000 and a loss before income taxes in the amount of $15,762,000, including amortization, primarily related to the acquired customer relationships, of $5,658,000, contingent consideration of $9,157,000, share-based compensation granted on business acquisitions of $2,644,000, and acquisition and integration costs of $2,099,000.

If the acquisition had occurred on April 1, 2022, pro-forma consolidated revenues and loss before income taxes for the year ended March 31, 2023 would have been $526,492,000 and $38,991,000, respectively. These amounts have been calculated using Datum’s results and adjusting for:

- differences in accounting policies between the Group and Datum;
- the removal of transaction costs incurred by Datum from April 1, 2022 to June 30, 2022; and
- the additional amortization that would have been charged assuming the fair value adjustments to intangibles had been applied from April 1, 2022.

Trafic 3W inc.

On April 1, 2022, the Company acquired all of the issued and outstanding shares of Trafic 3W inc. (the “Trafic3W Acquisition”) for total consideration of $2,005,000, comprised of cash, in the amount of $900,000, and a balance of purchase price payable in the amount of $1,105,000.

The actual amount paid at acquisition, net of the cash acquired in the amount of $86,000, was $814,000, for a total consideration transferred of $1,919,000. The purchase price was mostly allocated to intangible assets and goodwill, in the amount of $455,000 and $1,270,000 respectively. Intangible assets acquired at the date of acquisition consisted of customer relationships and goodwill, allocated to the Canada CGU.

The balance of purchase price payable was settled in October 2022 with the issuance of 83,449 Subordinate Voting Shares, for a total value of $281,000, and the balance, in the amount of $824,000, was paid cash.

3. BUSINESS COMBINATIONS (CONT'D)

Business combinations realized in the prior fiscal year ended March 31, 2022

Alithya IT Services Inc.

Overview

On April 1, 2021, the Company acquired all of the outstanding shares of R3D Consulting Inc. (now Alithya IT Services Inc.) ("Alithya IT" or "R3D") (the “R3D Acquisition”), a private Québec firm that specializes in digital solutions.

The purchase price was paid by the issuance of 25,182,676 Subordinate Voting Shares of the Company, at a value of $3.20 per share, which was the closing share price on the TSX on April 1, 2021, cash of $978,000 and assumption of accounts payable and accrued liabilities and long-term debt of $45,000 and $8,887,000, respectively, on the closing date.

The fair value of the assets acquired, liabilities assumed, and the purchase consideration’s valuation have been completed.

For the year ended March 31, 2022, the Company incurred acquisition-related costs of approximately $1,646,000. These costs have been recorded in the consolidated statement of operations in business acquisition, integration and reorganization costs.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

3. BUSINESS COMBINATIONS (CONT'D)

Purchase Price Allocation

The allocation of the fair value of the assets acquired and the liabilities assumed is detailed as follows:

Acquisition of Alithya IT Services Inc.	$
Current assets	
Cash	577
Accounts receivable and other receivables	9,985
Unbilled revenues	7,169
Prepaids	91
	17,822
Non-current assets	
Tax credits receivable	2,053
Property and equipment	2,207
Right-of-use assets	2,982
Intangibles (note 7)	52,777
Deferred tax assets	763
Goodwill (note 8)	42,491
Total assets acquired	**121,095**
Current liabilities	
Accounts payable and accrued liabilities	15,069
Income taxes payable	155
Deferred revenues	125
Current portion of lease liabilities	592
Current portion of long-term debt	8,887
	24,828
Non-current liabilities	
Lease liabilities	3,620
Deferred tax liabilities	11,084
Total liabilities assumed	**39,532**
Net assets acquired	**81,563**

Goodwill

The goodwill recognized consists mainly of the future economic value attributable to the profitability of the acquired business, as well as its workforce and expected synergies from the integration of Alithya IT into the Group's existing business. The Company does not expect the goodwill to be deductible for income tax purposes.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

3. BUSINESS COMBINATIONS (CONT'D)

Consideration paid

The following table summarizes the acquisition date fair value of each class of consideration as follows:

Acquisition of Alithya IT Services Inc.	$
Cash paid	978
Issuance of 25,182,676 Subordinate Voting Shares (note 12)	80,585
Total consideration transferred	**81,563**

Alithya IT 's contribution to the Group results

For the period from April 1, 2021 to December 31, 2021, the date of Alithya IT’s administrative integration within the acquired legal entity, it contributed revenues of approximately $51,002,000, a loss in the amount of $4,595,000, including amortization, primarily related to the acquired customer relationships, of $3,805,000, and business acquisition and integration costs of $3,683,000. Since the R3D Acquisition, all new contracts and all new employees related to the acquired business were recorded in other Canadian entities of the Group, in preparation for its administrative integration.

Vitalyst, LLC

Overview

On January 31, 2022, the Company acquired all of the issued and outstanding membership interest of Vitalyst, LLC (“Vitalyst”) ("Vitalyst Acquisition"), a US-based learning, employee experience and transformative change enablement business.

The Vitalyst Acquisition was originally completed for total consideration of US$45,362,000 ($57,592,000), comprised of certain accounts payable and accrued liabilities assumed of US$2,279,000 ($2,893,000), long-term debt of US$30,150,000 ($38,279,000), and US$12,933,000 ($16,420,000) paid in cash. The consideration was subject to working capital and other adjustments, and included an additional potential earn-out of up to US$1,000,000 ($1,270,000) payable before May 31, 2023. As at March 31, 2023, it was determined that no earn-out would be payable.

The fair value of the assets acquired, the liabilities assumed, and the purchase consideration’s valuation have been completed during the year ended March 31, 2023. As a result of working capital and other adjustments, the total purchase consideration was reduced by US$830,000 ($1,049,000) during the year ended March 31, 2023, resulting in decrease in goodwill in the amount of $1,049,000 (note 8). The effects of the adjustments to the purchase price were not material to the financial statements for the year ended March 31, 2022.

For the year ended March 31, 2022, the Company incurred acquisition-related costs of approximately $1,652,000. These costs have been recorded in the consolidated statement of operations in business acquisition, integration and reorganization costs.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

3. BUSINESS COMBINATIONS (CONT'D)

Purchase Price Allocation

As at March 31, 2022, the preliminary allocation of the fair value of the assets acquired and the liabilities assumed is detailed as follows:

Acquisition of Vitalyst	**$**
Current assets	
Cash	1,116
Accounts receivable and other receivables	6,301
Unbilled revenues	1,101
Prepaids	1,403
	9,921
Non-current assets	
Other assets	157
Property and equipment	583
Right-of-use assets	3,975
Intangibles (note 7)	26,323
Goodwill (note 8)	31,498
Total assets acquired	**72,457**
Current liabilities	
Accounts payable and accrued liabilities	5,237
Deferred revenues	7,936
Current portion of lease liabilities	1,007
Current portion of long-term debt	38,584
	52,764
Non-current liabilities	
Lease liabilities	3,273
Total liabilities assumed	**56,037**
Net assets acquired	**16,420**

Goodwill

The goodwill recognized consists mainly of the future economic value attributable to the profitability of the acquired business, as well as its workforce and expertise. The Company does not expect the goodwill to be deductible for income tax purposes.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

3. BUSINESS COMBINATIONS (CONT'D)

Consideration paid

The following table summarizes the acquisition date fair value of each class of consideration as follows as disclosed as at March 31, 2022:

Acquisition of Vitalyst	**$**
Cash paid	16,420
Earn-out	—
Total consideration transferred	**16,420**

During the year ended March 31, 2023, the consideration paid in cash was reduced by $1,049,000.

Vitalyst's contribution to the Group results

For the year ended March 31, 2022, the Vitalyst business contributed revenues of approximately $4,980,000, and a loss before income taxes in the amount of $1,219,000, including amortization, primarily related to the acquired customer relationships, of $569,000, and acquisition and integration costs of $1,693,000.

If the acquisition had occurred on April 1, 2021, consolidated pro-forma revenue and loss before incomes taxes for the year ended March 31, 2022 would have been $464,327,000 and $13,457,000, respectively. These amounts have been calculated using Vitalyst’s results and adjusting for:

- differences in accounting policies between the Group and Vitalyst;
- the removal of transaction costs incurred by Vitalyst from April 1, 2021 to January 31, 2022; and
- the additional amortization that would have been charged assuming the fair value adjustments to intangibles had been applied from April 1, 2021.

4. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

As at	**March 31,**	
	2023	**2022**
	$	**$**
Trade accounts receivable, net	90,007	98,289
Other receivables	2,446	2,578
	92,453	**100,867**

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

5. PROPERTY AND EQUIPMENT

As at	March 31, 2023				March 31, 2022			
	Furniture, fixtures & equipment	Computer equipment	Leasehold improvements	Total	Furniture, fixtures & equipment	Computer equipment	Leasehold improvements	Total
	$	$	$	$	$	$	$	$
Opening cost	1,874	4,925	8,494	15,293	1,738	2,889	6,149	10,776
Additions	89	1,321	326	1,736	56	1,444	219	1,719
Additions through business acquisitions (note 3)	—	55	—	55	79	591	2,120	2,790
Disposals / retirements	(325)	(13)	(758)	(1,096)	—	—	—	—
Foreign currency translation adjustment	87	504	19	610	1	1	6	8
Ending cost	**1,725**	**6,792**	**8,081**	**16,598**	**1,874**	**4,925**	**8,494**	**15,293**
Opening accumulated depreciation	448	2,083	2,350	4,881	111	1,100	1,116	2,327
Depreciation expense	280	1,344	1,183	2,807	337	996	1,235	2,568
Impairment	164	5	605	774	—	—	—	—
Disposals / retirements	(325)	(13)	(758)	(1,096)	—	—	—	—
Foreign currency translation adjustment	84	410	14	508	—	(13)	(1)	(14)
Ending accumulated depreciation	**651**	**3,829**	**3,394**	**7,874**	**448**	**2,083**	**2,350**	**4,881**
Net carrying amount	**1,074**	**2,963**	**4,687**	**8,724**	**1,426**	**2,842**	**6,144**	**10,412**

6. LEASES

Right-of-use assets

The following right-of-use assets relate to right-of-use real estate:

As at	March 31,	
	2023	2022
	$	$
Beginning balance	15,146	11,118
Additions	428	7,117
Depreciation	(3,729)	(2,867)
Impairment [(a)]	(2,923)	—
Reassessments [(b)]	—	(161)
Exchange rate effect	431	(61)
Net carrying amount	**9,353**	**15,146**

[(a)] During the year ended March 31, 2023, the Group recorded impairment charges against certain real estate right-of-use assets, in the context of on-going review of its real estate strategy following the integration of acquisitions and changes in working conditions in order to reduce the Group's footprint, realize synergies and improve the cost structure of the combined business. As a result, an impairment charge of $939,000 is presented in integration costs and the balance, in the amount of $1,984,000, is presented in selling, general and administrative expenses.
[(b)] During the year ended March 31, 2022, the Group entered into an agreement to sublease a portion of its office space to a subtenant. The sublease resulted in the derecognition of the right-of-use asset associated with the office space and the recognition of a long-term lease receivable, included in other assets, in the amounts of $849,000.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

6. LEASES (CONT'D)

Lease liabilities

As at	**March 31,**	
	2023	**2022**
	$	**$**
Beginning balance	21,263	15,459
Additions	428	8,647
Lease payments	(4,478)	(3,413)
Lease interest	825	725
Reassessments	—	(88)
Exchange rate effect	478	(67)
Ending balance	**18,516**	**21,263**
Current portion	3,873	3,510
	14,643	**17,753**

Contractual lease payments under the lease liabilities as at March 31, 2023 are as follows:

As at	**March 31, 2023**
	$
Less than one year	4,545
One to two years	5,219
Two to five years	7,197
More than five years	3,538
Total undiscounted lease payments at period end	**20,499**

Amounts recognized in net loss

Year ended	**March 31,**	
	2023	**2022**
	$	**$**
Interest on lease liabilities	825	725
Common area maintenance	2,323	2,766
	3,148	**3,491**

Total cash outflow for leases for the years ended March 31, 2023 and 2022 was $6,801,000 and $6,179,000, respectively.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

7. INTANGIBLES

As at	March 31, 2023					March 31, 2022			
	Customer relationships	Software	Tradenames [a]	Non-compete agreements	Total	Customer relationships	Software	Non-compete agreements	Total
	$	$	$	$	$	$	$	$	$
Opening cost	145,966	4,989	—	6,886	157,841	67,836	4,338	6,911	79,085
Additions, purchased	—	93	—	—	93	—	22	—	22
Additions through business acquisition (note 3)	11,525	9,782	2,703	515	24,525	78,804	296	—	79,100
Additions, internally generated	—	756	—	—	756	—	1,339	—	1,339
Disposals / retirements	—	(454)	—	—	(454)	—	(999)	—	(999)
Foreign currency translation adjustment	5,717	646	138	332	6,833	(674)	(7)	(25)	(706)
Ending cost	**163,208**	**15,812**	**2,841**	**7,733**	**189,594**	**145,966**	**4,989**	**6,886**	**157,841**
Opening accumulated amortization	49,958	2,741	—	3,215	55,914	38,149	2,476	1,871	42,496
Amortization	22,183	3,843	—	1,471	27,497	11,925	1,007	1,353	14,285
Disposals / retirements	—	(454)	—	—	(454)	—	(737)	—	(737)
Foreign currency translation adjustment	1,994	149	—	159	2,302	(116)	(5)	(9)	(130)
Ending accumulated amortization	**74,135**	**6,279**	**—**	**4,845**	**85,259**	**49,958**	**2,741**	**3,215**	**55,914**
Net carrying amount	**89,073**	**9,533**	**2,841**	**2,888**	**104,335**	**96,008**	**2,248**	**3,671**	**101,927**

[a] *Tradenames are allocated to Data Solutions CGU for the purpose of impairment testing.*

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

8. GOODWILL

As at	March 31, 2023						
	Canada	France	EPM	ERP	Data Solutions [b]	Not allocated	Total
	$	$	$	$	$	$	$
Beginning balance	77,135	128	8,852	29,005	—	30,968	146,088
Business acquisition (note 3)	1,270	—	—	—	13,696	(1,049)	13,917
Allocation [a]	—	—	—	29,919	—	(29,919)	—
Foreign currency translation adjustment	—	8	740	4,943	697	—	6,388
Net carrying amount	**78,405**	**136**	**9,592**	**63,867**	**14,393**	**—**	**166,393**

As at	March 31, 2022						
	Canada	France	EPM	ERP	Data Solutions	Not allocated	Total
	$	$	$	$	$	$	$
Beginning balance	34,644	137	8,915	29,210	—	—	72,906
Business acquisition (note 3)	42,491	—	—	—	—	31,498	73,989
Foreign currency translation adjustment	—	(9)	(63)	(205)	—	(530)	(807)
Net carrying amount	**77,135**	**128**	**8,852**	**29,005**	**—**	**30,968**	**146,088**

[a] During the year ended March 31, 2023, upon completion of the purchase price allocation, the Group allocated the goodwill from the Vitalyst Acquisition to the ERP CGU for the purpose of impairment testing.
[b] Data Solutions is the CGU that relates to the goodwill from the Datum Acquisition for the purpose of impairment testing.

The Group completed an annual impairment test as at March 31, 2023 and March 31, 2022 and concluded no impairment occurred.

In assessing whether goodwill is impaired, the carrying amount of the CGU was compared to its recoverable amount. The recoverable amount of the CGU is based on the higher of the value in use and fair value less costs of disposal.

Recoverable amount of ERP CGU for the year ended March 31, 2023

For the year ended March 31, 2023, the Group determined the recoverable amount of the ERP CGU based on the fair value less costs of disposal method. The fair value of the ERP CGU was based on a multiple applied to Adjusted EBITDA (as defined in note 25) for the next year, which considers financial forecasts approved by management (level 3 of the fair value hierarchy as per note 24). The key assumptions for the fair value less costs of disposal method include estimated revenues, and EBITDA margin in determining forecasted Adjusted EBITDA, as well as the multiple of 11 applied to forecasted Adjusted EBITDA. The Adjusted EBITDA multiple was obtained by using market comparables as a reference. The values assigned to the key assumptions represent management's assessment of the future Adjusted EBITDA and have been based on historical data from external and internal sources.

For the year ended March 31, 2023, the key assumptions related to ERP CGU, if changed, could have caused the carrying amount to exceed its recoverable amount. Varying the assumptions in the values of the recoverable amount calculation, individually as indicated below, for the year ended March 31, 2023, assuming all other variables remain constant, would result in the recoverable amount being equal to the carrying amount.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

8. GOODWILL (CONT'D)

	Incremental decrease in Adjusted EBITDA margin	Incremental decrease in Adjusted EBITDA multiple
	Basis points	Multiple
ERP	231	2.4

For the year ended March 31, 2022, the Group determined the recoverable amount of the ERP CGU based on the value-in-use calculation, as described below.

Recoverable amount of other CGUs, including ERP CGU for the year ended March 31, 2022

The recoverable amount of each CGU was determined based on the value-in-use calculations, covering a three-year forecast, followed by an extrapolation of future expected net operating cash flows for the remaining useful lives using the long-term growth rate determined by management. The present value of the future expected operating cash flows of each CGU is determined by applying a suitable WACC reflecting current market assessments of the time value of money and the CGU-specific risks.

Key assumptions used in impairment testing by CGU are as follows:

As at	March 31, 2023				
	Canada	France	EPM	ERP	Data Solutions
	%	%	%	%	%
Before tax WACC	14.3	20.2	18.4	N/A	19.1
Long-term growth rate of net operating cash flows [(a)]	1.9	1.5	1.8	N/A	1.8

[(a)] *The long-term growth rate is based on published industry research.*

As at	March 31, 2022				
	Canada	France	EPM	ERP	Data Solutions
	%	%	%	%	%
Before tax WACC	11.9	16.7	15.2	15.3	—
Long-term growth rate of net operating cash flows [(a)]	3.4	2.6	2.7	2.7	—

[(a)] *The long-term growth rate is based on published industry research.*

For the year ended March 31, 2023, no reasonable possible change in any of the above key assumptions would cause the carrying value of the France and Data Solutions CGUs to exceed their recoverable amount.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

8. GOODWILL (CONT'D)

For the year ended March 31, 2023, two key assumptions related to the Canada and EPM CGUs were identified that, if changed, could have caused the carrying amounts to exceed their recoverable amounts. Varying the assumptions in the values of the recoverable amount calculations, individually as indicated below, for the year ended March 31, 2023, assuming all other variables remain constant, would result in the recoverable amounts being equal to the carrying amounts.

	Incremental increase in before tax WACC	Incremental decrease in long-term growth rate of net operating cash flows
	Basis points	**Basis points**
Canada	165	218
EPM	98	146

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	**March 31,**	
	2023	**2022**
	$	**$**
Trade payable	53,145	53,507
Accrued compensation	33,835	31,396
Consumption taxes payable	4,071	3,694
Performance obligations in customer contracts	212	1,013
Provision	—	50
	91,263	**89,660**

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

10. LONG-TERM DEBT

The following table summarizes the Group's long-term debt:

As at	March 31,	
	2023	2022
	$	$
Senior secured revolving credit facility (the "Credit Facility") [(a)]	82,512	66,631
Secured loans [(b)]	13,192	8,596
Subordinated unsecured loans [(c)]	20,000	17,500
Balance of purchase payable with a nominal value of $3,100,000, non-interest bearing (5.8% effective interest rate), paid in April 2022	—	3,100
Balance of purchase payable with a nominal value of $1,800,000, non-interest bearing (6.0% effective interest rate), paid in October 2022	—	1,748
Balance of purchase payable with a nominal value of $8,519,000 ($6,825,000 US), non-interest bearing (6.0% effective interest rate), paid in December 2022	—	8,178
Balance of purchase price payable with a nominal value of $12,641,000 (US$9,345,000), non-interest bearing (4.4% effective interest rate), payable in annual installments of $4,214,000 (US$3,115,000), maturing on July 1, 2025	11,993	—
Deferral of employment tax payments (March 31, 2022 - US$1,219,000)	—	1,521
Other	—	120
Unamortized transaction costs (net of accumulated amortization of $1,184,000 and $754,000)	(507)	(718)
	127,190	**106,676**
Current portion of long-term debt	12,808	19,316
	114,382	**87,360**

[(a)] The Credit Facility is available to a maximum amount of $125,000,000 which can be increased under an accordion provision to $140,000,000, under certain conditions, and can be drawn in Canadian and the equivalent amount in U.S. dollars. It is available in prime rate advances, SOFR advances, bankers' acceptances and letters of credit up to $2,500,000.

The advances bear interest at the Canadian or U.S. prime rate, plus an applicable margin ranging from 0.25% to 1.00%, or bankers' acceptances or SOFR rates, plus an applicable margin ranging from 1.50% to 2.25%, as applicable for Canadian and U.S. advances, respectively. The applicable margin is determined based on threshold limits for certain financial ratios.

As security for the Credit Facility, Alithya provided a first ranking hypothec on the universality of its assets excluding any leased equipment and Investissement Québec's first ranking lien on tax credits receivable for the financing related to refundable tax credits. Under the terms of the agreement, the Group is required to maintain certain financial covenants which are measured on a quarterly basis. The Credit Facility matures on April 1, 2024 and is renewable for additional one-year periods at the lender's discretion.

As at March 31, 2023, the amount outstanding under the Credit Facility includes $82,512,000 (March 31, 2022 - $48,377,000) payable in U.S. dollars (US$61,000,000; March 31, 2022 - US$38,755,000).

On October 27, 2022, the Group entered into an additional operating credit facility available to a maximum amount of $2,705,000 (US$2,000,000), bearing interest at U.S. prime rate plus 1.00%, with the same security and financial covenants as the Credit Facility. This operating credit facility can be terminated by the lender at any time. There was no amount outstanding under this additional operating credit facility as at March 31, 2023.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

10. LONG-TERM DEBT (CONT'D)

(b) The secured loans issued by Investissement Québec to finance the Group's refundable tax credits have the following terms and conditions:

As at			March 31,	
			2023	2022
			$	$
Year of related Refundable Tax Credit	Repayable on the earlier of the date of receipt of the refundable tax credits receivable and	Bearing interest at		
2021	March 31, 2023	Prime rate + 1,00%	—	4,670
2022	March 31, 2024	Prime rate + 1,00%	8,719	3,926
2023	March 31, 2025	Prime rate + 1,25%	4,473	—
			13,192	**8,596**

The maximum amount that can be financed for the 2022 and 2023 refundable tax credits is the lesser of 90% of the eligible refundable tax credits and $8,776,000 for 2022 and $10,670,000 for 2023. The loans are secured by a first ranking hypothec on the universality of the Group's financed refundable tax credits receivable and a subordinated ranking hypothec on accounts receivable and other receivables.

(c) The subordinated unsecured loans with Investissement Québec, in the amount of $20,000,000, mature on October 1, 2025. The first $10,000,000 bears fixed interest rates ranging between 6.00% and 7.25% and the additional $10,000,000 bears interest ranging between 7.10% and 8.35%, determined and payable quarterly, based on threshold limits for certain financial ratios. Under the terms of the loans, the Group is required to maintain compliance with certain financial covenants which are measured on a quarterly basis.

(a)(c) The Group was in compliance with all of its financial covenants as at March 31, 2023 and 2022.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

11. INCOME TAXES

Income tax expense (recovery) for the year is as follows:

Year ended	March 31, 2023	March 31, 2022
	$	$
Current tax expense (recovery):		
Current tax expense (recovery) for the year	**569**	**(20)**
Deferred tax recovery:		
Recognition of previously unrecognized tax benefits related to tax losses	(6,470)	—
Origination and reversal of temporary differences	(356)	(3,007)
Total deferred tax recovery	**(6,826)**	**(3,007)**
Total income tax recovery	**(6,257)**	**(3,027)**

The Group's effective income tax rate differs from the combined statutory tax rate as follows:

Year ended	March 31, 2023		March 31, 2022	
	%	$	%	$
Loss before income taxes		(36,354)		(18,575)
Company's statutory tax rate	26.5	(9,634)	26.5	(4,922)
Non-deductible share-based compensation expense	(3.1)	1,112	(3.6)	663
Other non-deductible and tax exempt items	(8.8)	3,198	1.3	(238)
Change in unrecognized deferred tax assets	0.7	(247)	(7.2)	1,340
Other	1.9	(686)	(0.7)	130
Effective income tax rate	**17.2**	**(6,257)**	**16.3**	**(3,027)**

The Group's applicable statutory tax rate is the Canadian combined rates applicable in the jurisdictions in which the Group operates.

Deferred income tax assets and liabilities

The amounts recognized in the consolidated statement of financial position consist of:

As at	March 31, 2023	March 31, 2022
	$	$
Deferred tax liabilities	(8,632)	(9,962)
Deferred tax assets	5,997	7,247
	(2,635)	**(2,715)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

11. INCOME TAXES (CONT'D)

Movements in temporary differences during the year were as follows:

As at	March 31, 2023					
	Opening balance	Recognized in earnings	Recognized in equity	Business acquisition	Foreign currency translation adjustment	Total
	$	$	$	$	$	$
Losses available for carryforward and other tax deductions	17,268	972	—	—	—	18,240
Deferred financing costs	576	(102)	10	—	—	484
Total deferred tax assets	**17,844**	**870**	**10**	**—**	**—**	**18,724**
Intangibles and goodwill	(15,439)	6,055	—	(6,519)	(237)	(16,140)
Tax credits and other	(5,120)	(99)	—	—	—	(5,219)
Total deferred tax liability	**(20,559)**	**5,956**	**—**	**(6,519)**	**(237)**	**(21,359)**
Net carrying amount	**(2,715)**	**6,826**	**10**	**(6,519)**	**(237)**	**(2,635)**

As at	March 31, 2022					
	Opening balance	Recognized in earnings	Recognized in equity	Business acquisition	Foreign currency translation adjustment	Total
	$	$	$	$	$	$
Losses available for carryforward and other tax deductions	13,116	2,804	—	1,348	—	17,268
Deferred financing costs	558	(110)	113	15	—	576
Total deferred tax assets	**13,674**	**2,694**	**113**	**1,363**	**—**	**17,844**
Intangibles and goodwill	(6,129)	2,373	—	(11,683)	—	(15,439)
Tax credits and other	(3,060)	(2,060)	—	—	—	(5,120)
Total deferred tax liability	**(9,189)**	**313**	**—**	**(11,683)**	**—**	**(20,559)**
Net carrying amount	**4,485**	**3,007**	**113**	**(10,320)**	**—**	**(2,715)**

During the year ended March 31, 2023, the Group recognized a deferred tax asset in the amount of $6,470,000 that was probable of being realized as a result of the deferred tax liability recognized pursuant to the Datum Acquisition (note 3). The recognized deferred tax asset relates to previous years' net operating losses of the Group in the U.S. available for carryforwards as at July 1, 2022 in the amount of approximately $24,359,000 that was previously not recognized.

As at March 31, 2022, net deferred tax assets of $1,127,000 were recognized with respect to entities that incurred losses this fiscal year or the preceding fiscal year. Based upon the level of historical taxable income or projections for future taxable income, management believes it is probable that the Company will realize the benefits of these net deferred tax assets.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

11. INCOME TAXES (CONT'D)

Losses available for carryforward for which no deferred tax asset was recognized

Expiry date	**Canada**
	$
2039	922
2040	390
2041	2,075
2042	3,516
2043	5,471
	12,374

Losses available for carryforward for which no deferred tax asset was recognized

Expiry date [(a)]	**USA**
	$
2037	13,328
Indefinite	16,387
	29,715

[(a)] *Net operating losses amounting to $20,292,000 of which $13,328,000 will expire in 2037, are limited due to the U.S. tax rules applicable on the acquisition of Edgewater Technology Inc. In addition, the Company has i) state losses amounting to approximately $53,274,000 (with expiry dates ranging from 2024 to 2043) and ii) net deductible temporary differences totaling approximately $20,834,000 for which no deferred tax benefit has been recognized.*

12. SHARE CAPITAL

AUTHORIZED

As at March 31, 2023 and 2022, the Company had an unlimited number of shares without par value as follows:

- Subordinate Voting Shares, carrying one vote per share, ranking *pari passu* with the Multiple Voting Shares as to the right to receive dividends and the remainder of the Company's property in the event of a voluntary or involuntary winding-up or dissolution, or any other distribution of assets among shareholders for the purposes of winding up the Company's affairs;
- Multiple Voting Shares, carrying ten votes per share, ranking *pari passu* with the Subordinate Voting Shares as to the right to receive dividends and the remainder of the Company's property in the event of a voluntary or involuntary winding-up or dissolution, or any other distribution of assets among shareholders for the purpose of winding-up the Company's affairs, each share being convertible at the holder's entire discretion into Subordinate Voting Shares on a share for share basis, and being automatically converted upon their transfer to a person who is not a permitted holder or upon the death of a permitted holder, unless otherwise acquired by any of the remaining permitted holders in accordance with the terms of the voting agreement entered into between permitted holders; and
- Preferred shares, issuable in series, each series ranking *pari passu* with other series but prior to any class ranking junior thereto, as well as prior to Subordinate Voting Shares and Multiple Voting Shares as to the right to receive dividends, and the remainder of the Company's property in the event of a voluntary or involuntary winding-up or dissolution, or any other distribution of assets among shareholders for the purposes of winding up the Company's affairs. If and when issued, preferred shares will have such voting rights and conversion rights as may be determined by the Company's Board at the time of issuance thereof.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

12. SHARE CAPITAL (CONT'D)

ISSUED

As at March 31, 2023, the issued share capital of the Company is as follows:

	Subordinate Voting Shares		Multiple Voting Shares	
	Number of shares	$	Number of shares	$
Beginning balance	85,554,000	300,901	7,171,616	4,321
Shares issued pursuant to vesting of share-based compensation granted on business acquisitions	738,382	1,708	—	—
Shares issued in consideration of the acquisition of Datum (note 3)	1,867,262	5,528	—	—
Shares issued in consideration of the acquisition of Trafic 3W inc. (note 3)	83,449	276	—	—
Shares purchased for cancellation	(371,525)	(1,303)	—	—
Exercise of stock options	—	—	152,632	536
Ending balance	**87,871,568**	**307,110**	**7,324,248**	**4,857**

During the year ended March 31, 2023, the following transactions occurred:

- As part of the acquisition of Matricis Informatique Inc., 157,882 Subordinate Voting Shares, with a total value of $600,000, reclassified from contributed surplus, were issued as settlement of the third anniversary share consideration.
- As part of the acquisition of Travercent LLC, 580,500 Subordinate Voting Shares, with a total value of US$819,000 ($1,108,000), reclassified from contributed surplus, were issued as settlement of the third anniversary share consideration.
- As part of the Datum Acquisition (note 3), 1,867,262 Subordinate Voting Shares, with a total fair value of $5,552,000, were issued. The Company incurred share issue costs in the amount of $32,000, net of deferred income tax of $8,000, for net consideration of $5,528,000.
- As part of the Trafic3W Acquisition (note 3), 83,449 Subordinate Voting Shares, with a total fair value of $281,000, were issued. The Company incurred share issue costs in the amount of $7,000, net of deferred income tax of $2,000, for net consideration of $276,000.
- The purchase for cancellation of 371,525 Subordinate Voting Shares under the Company's NCIB for a total cash consideration of $1,033,000 and a carrying value of $1,303,000. The excess of the carrying value over the purchase price in the amount of $270,000 was recorded to retained earnings.
- 152,632 stock options were exercised and 152,632 Multiple Voting Shares were issued with a value of $536,000, for cash consideration of $346,000, with $190,000 reclassified from contributed surplus.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

12. SHARE CAPITAL (CONT'D)

As at March 31, 2022, the issued share capital of the Company is as follows:

	Subordinate Voting Shares		Multiple Voting Shares	
	Number of shares	$	Number of shares	$
Beginning balance	51,373,822	193,552	7,321,616	3,985
Shares issued pursuant to vesting of share-based compensation granted on business acquisitions	834,324	2,935	—	—
Shares issued in consideration of the acquisition of R3D (note 3)	25,182,676	80,585	—	—
Shares issued under a private placement	8,143,322	24,686		
Shares purchased for cancellation	(349,400)	(1,244)	—	—
Exercise of stock options	2,750	10	152,632	518
Conversion of shares	302,632	182	(302,632)	(182)
Settlement of DSUs	63,874	195	—	—
Ending balance	**85,554,000**	**300,901**	**7,171,616**	**4,321**

During the year ended March 31, 2022, the following transactions occurred:

- As part of the acquisition of Matricis Informatique Inc., 157,882 Subordinate Voting Shares, with a total value of $600,000, reclassified from contributed surplus, were issued as settlement of the second anniversary share consideration.
- As part of the acquisition of Travercent LLC, 376,250 Subordinate Voting Shares, with a total value of US$975,000 ($1,249,000), reclassified from contributed surplus, were issued as settlement of the second anniversary share consideration.
- As part of the acquisition of Groupe Askida Inc. and Askida Consulting Services Inc., 300,192 Subordinate Voting Shares, with a total value of $1,086,000, reclassified from contributed surplus, were issued as settlement of the second anniversary share consideration.
- As part of the R3D Acquisition (note 3), 25,182,676 Subordinate Voting Shares, with a total fair value of $80,585,000, were issued.
- Through a private placement that closed on January 31, 2022, a total of 8,143,322 Subordinate Voting Shares were issued at market price of $3.07 per share for cash consideration of $25,000,000, of which 6,514,658 Subordinate Voting Shares were issued to an entity controlled by a director and the balance of 1,628,664 were issued to Investissement Québec. The Company incurred share issue costs in the amount of $427,000, net of deferred income tax of $113,000, for net cash proceeds of $24,686,000. As at March 31, 2023, the entity was no longer a related party as its controlling shareholder ceased to be a director of the Group on September 14, 2022.
- The purchase for cancellation of 349,400 Subordinate Voting Shares under the Company's NCIB for a total cash consideration of $1,160,000 and a carrying value of $1,244,000. The excess of the carrying value over the purchase price in the amount of $84,000 was recorded to retained earnings.
- 155,382 stock options were exercised and 2,750 Subordinate Voting Shares and 152,632 Multiple Voting Shares were issued with a value of $528,000, for cash consideration of $299,000, with $229,000 reclassified from contributed surplus.

12. SHARE CAPITAL (CONT'D)

- 302,632 Multiple Voting Shares with a carrying value of $182,000 were converted into 302,632 Subordinate Voting Share by two directors of the Company.
- 63,874 DSUs were settled and 63,874 Subordinate Voting Shares were issued with a value of $195,000, reclassified from contributed surplus.

13. SHARE-BASED PAYMENTS

Share purchase plan

Under the Company's share purchase plan, the Group contributes an amount equal to a percentage of the employee's basic contribution, depending on the position held by the employee. The employee may make additional contributions, for total employee contributions, including basic contributions, of up to 10% of the employee's annual gross salary. However, the Group does not match contributions in the case of such additional contributions. The employee and the Group's contributions are remitted to an independent administrative agent who purchases Subordinate Voting Shares on the open market on behalf of the employee through either the TSX or NASDAQ.

NCIB

On September 14, 2021, the Company's Board of Directors authorized and subsequently the TSX approved the implementation of a NCIB. Under the NCIB, the Company was allowed to purchase for cancellation up to 5,462,572 Subordinate Voting Shares, representing 10% of the Company's public float as of the close of markets on September 8, 2021.

The NCIB plan authorized the Company to make purchases for cancellation during the period between September 20, 2021 and the earlier of September 19, 2022 and the date on which the Company would have acquired the maximum number of Subordinate Voting Shares allowable under the NCIB or would otherwise have decided not to make any further purchases.

On September 14, 2022, the Company's Board of Directors authorized and subsequently the TSX approved the renewal of its NCIB. Under the NCIB, the Company is allowed to purchase for cancellation up to 2,491,128 Subordinate Voting Shares, representing 5% of the Company's public float as of the close of markets on September 8, 2022.

The NCIB plan commenced on September 20, 2022 and will end on the earlier of September 19, 2023 and the date on which the Company will have acquired the maximum number of Subordinate Voting Shares allowable under the NCIB or will otherwise decide not to make any further purchases. All purchases of Subordinate Voting Shares are made by means of open market transactions at their market price at the time of acquisition.

In connection with the NCIB, the Company entered into an automatic share purchase plan ("ASPP") with a designated broker. The ASPP allows for the designated broker, to purchase for cancellation Subordinate Voting Shares, on behalf of the Company, subject to certain trading parameters established, from time to time, by the Company.

LTIP

The Company operates a LTIP which provides for awards of stock options, restricted shares, RSUs, PSUs, DSUs, and share appreciation rights to eligible employees and directors of the Company and its subsidiaries, all of which once exercised or settled result in the issuance of Subordinate Voting Shares.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

13. SHARE-BASED PAYMENTS (CONT'D)

Stock options

Under the Company's LTIP, the Board may grant, at its discretion, stock options to purchase Subordinate Voting Shares to eligible employees and directors of the Company and its subsidiaries. Until February 13, 2023, the LTIP provided that stock options be issued with an exercise price equal to the closing price of the Subordinate Voting Shares on the TSX on the business day immediately prior to the grant date. On February 13, 2023, the Board amended the LTIP to provide that stock options be issued with an exercise price equal to the volume weighted average price of the Subordinate Voting Shares on the TSX for the five trading days ending on and including the day that is immediately prior to the grant date. Stock options vest as set out in the applicable award agreement between the participant and the Company, which may include performance-based vesting conditions. Vesting is generally four years from the date of grant and the stock options shall be exercised by the tenth anniversary of the grant date, except in the event of death, disability, retirement or termination of employment, in which case the LTIP provides earlier terms. The LTIP provides that the aggregate number of Subordinate Voting Shares issuable pursuant to any type of awards under the LTIP shall not exceed 10% of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding from time to time.

The following tables present information concerning outstanding stock options issued by currency:

Year ended	March 31, 2023		March 31, 2022	
	Number of stock options	Weighted average exercise price (CAD)	Number of stock options	Weighted average exercise price (CAD)
		$		$
Beginning balance	3,079,598	3.19	2,607,528	3.10
Granted	626,230	3.25	774,202	3.23
Forfeited	(67,500)	3.60	(148,000)	3.20
Expired	(85,000)	3.65	—	—
Exercised	(152,632)	2.27	(154,132)	(1.92)
Ending balance	**3,400,696**	**3.23**	**3,079,598**	**3.19**
Exercisable at year end	**1,464,014**	**3.42**	**1,289,896**	**3.22**

Year ended	March 31, 2023		March 31, 2022	
	Number of stock options	Weighted average exercise price (USD)	Number of stock options	Weighted average exercise price (USD)
		$		$
Beginning balance	1,004,484	2.63	917,653	3.08
Granted	265,125	2.50	299,100	2.66
Forfeited	(94,475)	2.91	(44,167)	3.80
Expired	(90,959)	2.92	(166,852)	4.84
Exercised	—	—	(1,250)	1.67
Ending balance	**1,084,175**	**2.55**	**1,004,484**	**2.63**
Exercisable at year end	**284,400**	**2.81**	**237,909**	**3.00**

Included in the 1,464,014 (2022 - 1,289,896) stock options exercisable issued in Canadian dollars, 505,264 (2022 - 657,896) stock options are available to purchase Multiple Voting Shares as at March 31, 2023.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

13. SHARE-BASED PAYMENTS (CONT'D)

On June 21, 2022, Alithya issued 626,230 and 265,125 stock options, to purchase a total of 891,355 Subordinate Voting Shares, at a grant date fair value of $1.38 and US$1.06, respectively. On June 14, 2021, Alithya issued 774,202 and 299,100 stock options, to purchase a total of 1,073,302 Subordinate Voting Shares, at a grant date fair value of $1.20 and US$0.99, respectively.

During the year ended March 31, 2023, the weighted average share price at the date of exercise of stock options was $2.66. (2022 - $3.40).

The assumptions used to determine the 2023 and 2022 stock options grant date fair values using the Black-Scholes stock option pricing model were as follows:

Year ended	March 31,	
	2023	2022
Weighted average assumptions		
Share price	$3.25	$3.23
Exercise price	$3.25	$3.23
Risk-free interest rate	3.50%	1.25%
Expected volatility [a]	35.0%	34.7%
Dividend yield	—	—
Expected option life (years)	6.6	6.6
Vesting conditions – time (years)	3.3	3.2

[a] *Determined on the basis of observed volatility in publicly traded companies operating in similar industries.*

The following tables summarize the number of stock options outstanding by currency, exercise price and the weighted average remaining exercise period, expressed in number of years:

As at	March 31, 2023		March 31, 2022	
Exercise price range (CAD)	Number of stock options	Weighted average remaining exercise period – in years	Number of stock options	Weighted average remaining exercise period – in years
$				
1.90 to 2.55	735,264	5.44	892,896	5.52
2.56 to 2.96	295,000	2.63	298,500	3.64
2.97 to 3.30	1,366,432	8.15	760,202	8.26
3.31 to 3.95	564,000	5.48	673,000	5.71
3.96 to 4.55	440,000	5.59	455,000	6.59
	3,400,696	**6.31**	**3,079,598**	**6.21**

As at	March 31, 2023		March 31, 2022	
Exercise price range (USD)	Number of stock options	Weighted average remaining exercise period – in years	Number of stock options	Weighted average remaining exercise period – in years
$				
1.67 to 2.25	175,000	7.23	180,000	8.23
2.26 to 2.75	665,425	8.20	513,525	7.22
2.76 to 3.85	243,750	5.96	305,000	6.94
3.86 to 5.45	—	—	5,959	0.81
	1,084,175	**7.54**	**1,004,484**	**7.28**

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

13. SHARE-BASED PAYMENTS (CONT'D)

DSUs

a) DSUs under the LTIP

Under the LTIP, the Board, subject to the provisions of the LTIP and such other terms and conditions, may grant DSUs to obtain Subordinate Voting Shares to eligible employees and directors of the Company and its subsidiaries. The DSUs shall be settled on the date as set out in the applicable award agreement, between the participant and the Company, however not earlier than the participant's termination date. If the agreement does not establish a settlement date then it shall be the 90th day following the participant's termination date for eligible Canadian participants and not earlier than the date that is six months after the termination date for eligible U.S. participants.

The following table presents information concerning the outstanding number of DSUs for the respective years:

Year ended	**March 31,**	
	2023	**2022**
Beginning balance	439,521	330,246
Granted to non-employee directors	227,453	173,149
Settled	—	(63,874)
Ending balance	**666,974**	**439,521**

The DSUs issued by the Company are fully vested at the grant date and the fair value of $579,000 (2022 - $576,000) has been recorded in share-based compensation expense.

b) DSUs under the SUP

Under the SUP, eligible employees of the Company may elect annually to receive up to 50% of their annual bonus in DSUs ("Bonus DSUs"). The Company also grants additional DSUs ("Matching DSUs") equal to 25% of the Bonus DSUs.

The number of Bonus DSUs to be received by an eligible employee is determined by dividing the amount of the eligible employee's bonus to be paid in the form of Bonus DSUs on the date on which the bonus is payable to the eligible employee (the "Award Date") by the volume weighted average price of the Subordinate Voting Shares on the TSX for the five trading days ending on and including the date that is immediately prior to the Award Date. Bonus DSUs vest as of the Award Date. Matching DSUs vest one year following the Award Date.

For the year ended March 31, 2023, no Bonus DSUs or Matching DSUs have been awarded. Share-based compensation expense has been recorded in the amount of $671,000 (2022 - nil), as the related service and performance conditions are expected to be met.

RSUs

Under the LTIP, the Board, subject to the provisions of the LTIP and such other terms and conditions, may grant RSUs to obtain Subordinate Voting Shares to eligible employees and directors of the Company and its subsidiaries. RSUs vest on the third anniversary of the date of grant and settle as soon as practicable following the expiry of the vesting period, unless otherwise specified by the Board at the time of grant.

As at March 31, 2023 and 2022, there was 181,498 fully-vested RSUs outstanding, in aggregate, which were granted on June 23, 2020. When those RSUs were issued, the Board determined that they would vest on the first anniversary date of the grant date and settle as soon as practicable following the third anniversary of the grant date.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

13. SHARE-BASED PAYMENTS (CONT'D)

PSUs

Under the LTIP, the Board, subject to the provisions of the LTIP and such other terms and conditions, may grant PSUs to obtain Subordinate Voting Shares to eligible employees and directors of the Company and its subsidiaries. The terms and conditions of each PSUs grant, including market and non-market performance goals, are determined by the Board.

The following table presents information concerning the outstanding number of PSUs for the respective years:

Year ended	March 31,	
	2023	2022
Beginning balance	332,263	—
Granted	528,120	332,263
Forfeited	(5,000)	—
Ending balance	**855,383**	**332,263**

On June 21, 2022, 528,120 PSUs, in aggregate, vesting three years from the date of grant were granted at a grant date fair value of $3.25, per PSU, for an aggregate fair value of $1,716,000.

On June 14, 2021, 332,263 PSUs, in aggregate, vesting three years from the date of grant were granted at a grant date fair value of $3.24, per PSU, for an aggregate fair value of $1,077,000.

Share-Based Compensation expense

Total share-based compensation expense for the years ended March 31, 2023 and 2022 is summarized as follows:

Year ended	March 31,	
	2023	2022
	$	$
Stock options	1,262	851
Share purchase plan – employer contribution	1,372	1,138
Share-based compensation granted on business acquisitions	2,995	1,524
DSUs	1,250	576
RSUs	—	92
PSUs	1,233	273
	8,112	**4,454**

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

13. SHARE-BASED PAYMENTS (CONT'D)

The share-based compensation granted on business acquisitions includes the following:

- In relation to the Subordinate Voting Shares, to be issued as part of the acquisition of Matricis Informatique Inc., an amount of $100,000 (2022 - $350,000);
- In relation to the Subordinate Voting Shares, to be issued as part of the acquisition of Groupe Askida Inc. and Askida Consulting Services Inc., an amount of nil (2022 - $453,000);
- In relation to the Subordinate Voting Shares, to be issued as part of the acquisition of Travercent LLC, an amount of $251,000 (2022 - $721,000); and
- In relation to the Subordinate Voting Shares, to be issued as part of the Datum Acquisition, an amount of $2,644,000 (2022 - nil).

14. COMMITMENTS AND CONTINGENCIES

Contingencies

From time to time, the Group may become involved in various claims and litigation as part of its normal course of business. While the final outcome thereof cannot be predicted, based on the information currently available, management believes the resolution of current pending claims and litigation will not have a material impact on the Group's financial position and results of operations. Claims for which there is a probable unfavorable outcome are recorded in provisions.

Operating commitments

Operating expenditures contracted for at the end of the reporting period but not yet incurred are as follows:

Year ended	**March 31, 2023**
Technology licenses, infrastructure and other	**Total**
2024	9,176
2025	3,299
2026	1,355
2027	1,367
Thereafter	4,119
	19,316

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

15. RELATED PARTIES

Ultimate controlling party

As at March 31, 2023, the holders of Multiple Voting Shares, directly or indirectly, collectively owned or exercised control over Subordinate Voting Shares and Multiple Voting Shares representing approximately 45.84% of the total voting rights of Alithya. The holders entered into a voting agreement on November 1, 2018, pursuant to which they agreed to, among other things, vote all of the Subordinate Voting Shares and Multiple Voting Shares under their control in accordance with decisions made by a majority of them, subject to certain exceptions.

Transactions with directors and key management personnel

Key management includes members of the Group's Executive Committee. Certain key management of Alithya participate in the share purchase plan and the stock options plan. The compensation paid or payable to directors and to key management for services is shown below:

Year ended	March 31, 2023	March 31, 2022
	$	$
Director compensation, and key management salaries and benefits [a]	4,101	4,312
Share-based compensation	3,081	1,325
Termination benefits	—	317
	7,182	**5,954**

[a] *Salaries and benefits include short-term incentive compensation.*

In addition to the above amounts, the Group is committed to pay incremental benefits to certain members of key management up to $6,624,000 (2022 - $5,122,000) in the event of change of control and/or termination without cause.

Operating transactions with key management personnel

In the normal course of operations, the Group incurred the following transactions with an entity controlled by a director. The transactions have been recorded at the contractual amount of the consideration established, which represents market rates, as agreed by the related parties. As at March 31, 2023, the entity was no longer a related party as its controlling shareholder ceased to be a director of the Group on September 14, 2022.

Year ended	March 31, 2023	March 31, 2022
	$	$
Revenues [a]	6,811	21,100

[a] *Under a ten-year commercial agreement, ending in April 2031, an entity controlled by a former director has committed to minimum annual gross margin, resulting from the procurement of consulting services, with annual surpluses and/or deficiencies thereof eligible to certain carryover provisions. Should the minimum contracted amounts not be met, the entity will make compensating payments based on a formula as defined in the commercial agreement. The commercial agreement may be extended to April 2034, however the minimum annual gross margin requirements will not be applicable to the extension period.*

As at March 31, 2023, trade accounts receivable in the amount of nil (March 31, 2022 - $4,287,000) were receivable from an entity controlled by a director that ceased to be a director of the Group on September 14, 2022.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

16. EARNINGS PER SHARE

Year ended	March 31, 2023	March 31, 2022
	$	$
Net loss	(30,097)	(15,548)
Weighted average number of Shares outstanding	94,178,549	85,297,843
Basic and diluted loss per share	**(0.32)**	**(0.18)**

The potentially dilutive outstanding equity instruments, which are DSUs, RSUs and vested options in the money mentioned in Note 13, were not included in the calculation of diluted earnings per share since the Company incurred losses and the inclusion of these equity instruments would have an antidilutive effect.

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

As at	March 31, 2023				March 31, 2022		
	Contingent consideration	Current portion of long-term debt	Long-term debt	Total	Current portion of long-term debt	Long-term debt	Total
	$	$	$	$	$	$	$
Beginning balance	—	19,316	87,360	106,676	35,134	19,817	54,951
Repayment	—	(20,362)	(77,156)	(97,518)	(42,590)	(103,919)	(146,509)
Proceeds	—	—	98,682	98,682	—	156,768	156,768
Total cash flow	**—**	**(20,362)**	**21,526**	**1,164**	**(42,590)**	**52,849**	**10,259**
Business acquisition (note 3)	9,157	3,684	7,369	20,210	38,584	8,887	47,471
Amortization of finance costs	—	—	430	430	—	277	277
Interest accretion on balances of purchase payable	—	393	391	784	—	823	823
PPP loan forgiveness	—	—	—	—	—	(5,868)	(5,868)
Impacts of foreign exchange	—	1,250	5,833	7,083	(9)	(1,228)	(1,237)
Reclassification other long-term debt	—	8,527	(8,527)	—	(11,803)	11,803	—
Total non cash	**9,157**	**13,854**	**5,496**	**28,507**	**26,772**	**14,694**	**41,466**
Ending balance	**9,157**	**12,808**	**114,382**	**136,347**	**19,316**	**87,360**	**106,676**

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

18. ADDITIONAL INFORMATION ON CONSOLIDATED LOSS

The following table provides additional information on the consolidated loss:

Year ended	March 31,	
	2023	2022
	$	$
Expenses by Nature		
Employee compensation and subcontractor costs	469,210	411,669
Government assistance		
– tax credits [(a)]	(10,686)	(10,870)
– grants and loan forgiveness [(b)]	—	(6,234)
Licenses and telecommunications	9,789	6,848
Professional fees	7,496	5,911
Other expenses	18,882	13,246
Impairment of property and equipment and right-of-use assets (note 5, 6)	2,758	—
Depreciation of property and equipment	2,807	2,568
Depreciation of right-of-use assets	3,729	2,867
	503,985	**426,005**
Expenses by Function		
Cost of revenues	370,927	321,732
Selling, general and administrative expenses	126,522	98,838
Depreciation	6,536	5,435
	503,985	**426,005**

[(a)] Tax credits are included in cost of revenues, except for an amount of $189,000 (2022 - $239,000) that was included in selling, general and administrative expenses.
[(b)] Grants and loan forgiveness are included in cost of revenues, except for an amount of $1,324,000 that was included in selling, general and administrative expenses for the year ended March 31, 2022. Included in grants and loan forgiveness for the year ended March 31, 2022 was $5,868,000 related to the forgiveness of two loans received under the Paycheck Protection Program ("PPP") of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

19. BUSINESS ACQUISITION, INTEGRATION AND REORGANIZATION COSTS

Year ended	March 31,	
	2023	2022
	$	$
Acquisition costs [(a)]	1,554	3,964
Integration costs [(b)]	2,189	6,808
Reorganization costs related to modifications to cost structure [(c)]	4,582	845
Employee compensation on business acquisition (note 3) [(d)]	597	—
Contingent consideration (note 3)	9,157	—
	18,079	**11,617**

[(a)] The acquisition costs consisted mainly of professional fees incurred in relation to business acquisitions (note 3).
[(b)] For the year ended March 31, 2023, integration costs consisted mostly of $939,000 for impairment of right-of-use assets previously acquired as part of business combinations (note 6) (2022 - $2,820,000 for employee termination and benefits costs and the balance mostly related to professional fees incurred in relation to business integration).
[(c)] Reorganization costs related to modifications to cost structure consisted of employee termination and benefits costs.
[(d)] Employee compensation on business acquisition included deferred cash consideration from the Datum Acquisition (note 3).

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

20. NET FINANCIAL EXPENSES

The following table summarizes net financial expenses:

Year ended	**March 31,**	
	2023	**2022**
	$	**$**
Interest on long-term debt	7,087	2,402
Interest and financing charges	558	432
Interest on lease liabilities	825	725
Amortization of finance costs	430	277
Interest accretion on balances of purchase payable	784	823
Interest income	(349)	(80)
	9,335	**4,579**

21. SUPPLEMENTARY CASH FLOW INFORMATION

Changes in non-cash working capital items are as follows :

As at	**March 31,**	
	2023	**2022**
	$	**$**
Accounts receivable and other receivables	15,750	(15,894)
Income taxes receivable	—	628
Other assets	103	—
Unbilled revenues	(4,482)	865
Tax credits receivable	(1,606)	(5,688)
Prepaids	(940)	(765)
Accounts payable and accrued liabilities	(6,159)	17,651
Deferred revenues	(366)	2,083
	2,300	**(1,120)**

During the year ended March 31, 2023, non-cash investing and financing activities included additions to right-of-use assets and lease liabilities in the amount of $293,000 (2022 - $67,000) and $103,000 (2022 - nil) of other assets were reclassified to accounts receivable and other receivables.

During the year ended March 31, 2022, $305,000 included in accounts receivable and other receivables and $849,000 included in right-of-use assets were reclassified to other assets for a total amount of $1,154,000.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

22. SEGMENT AND GEOGRAPHICAL INFORMATION

The Group has three reportable segments: Canada, U.S. and International.

The Group's chief operating decision maker assesses the performance of the reportable segments based on revenues and operating income by segment. Operating income by segment refers to operating income before head office general and administrative expenses and business acquisition, integration and reorganization costs, which are not considered when assessing the underlying financial performance of the reportable segments. Head office general and administrative expenses are expenses and salaries related to centralized functions, such as global finance, legal, human resources and technology teams, which are not allocated to segments. This measure also excludes the effects of depreciation, amortization and foreign exchange loss (gain).

The accounting policies of each reportable segment are the same as described in Note 2. The revenues and operating income by segment exclude intersegmental revenues and cost of revenues.

The following tables present the Group's operations based on reportable segments:

Year ended	**March 31, 2023**			
	Canada	**U.S.**	**International**	**Total**
	$	**$**	**$**	**$**
Revenues	312,349	189,883	20,469	522,701
Operating income by segment	35,964	26,736	2,953	65,653
Head office general and administrative expenses				40,401
Business acquisition, integration and reorganization costs				18,079
Foreign exchange loss (gain)				159
Operating income before depreciation and amortization				7,014
Depreciation and amortization				34,033
Operating loss				**(27,019)**

Year ended	**March 31, 2022**			
	Canada	**U.S.**	**International**	**Total**
	$	**$**	**$**	**$**
Revenues	284,614	139,519	13,752	437,885
Operating income by segment	25,420	18,996	1,253	45,669
Head office general and administrative expenses				28,354
Business acquisition, integration and reorganization costs				11,617
Foreign exchange loss (gain)				(26)
Operating income before depreciation and amortization				5,724
Depreciation and amortization				19,720
Operating loss				**(13,996)**

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

22. SEGMENT AND GEOGRAPHICAL INFORMATION (CONT'D)

Long-lived assets by geographic location

The following table presents the total net book value of the Group's long-lived assets by geographic location:

As at	March 31,			
	2023		2022	
	$	%	$	%
Canada	138,450	47.9	154,251	56.4
U.S.	148,316	51.4	118,023	43.1
International	2,039	0.7	1,299	0.5
	288,805	**100.0**	**273,573**	**100.0**

Information about revenues and deferred revenues

An analysis of the Group's revenues from customers for each major service category is as follows:

Year ended	March 31, 2023			
	Canada	U.S.	International	Total
	$	$	$	$
Consulting services - time and materials arrangements	264,542	115,145	18,263	397,950
Consulting services - fixed-fee arrangements	34,062	25,834	2,201	62,097
Subscription, software and other revenues	13,745	48,904	5	62,654
	312,349	**189,883**	**20,469**	**522,701**

Year ended	March 31, 2022			
	Canada	U.S.	International	Total
	$	$	$	$
Consulting services - time and materials arrangements	240,043	105,722	13,343	359,108
Consulting services - fixed-fee arrangements	34,802	14,098	409	49,309
Subscription, software and other revenues	9,769	19,699	—	29,468
	284,614	**139,519**	**13,752**	**437,885**

During the year ended March 31, 2023 and 2022, significantly all amounts included in the opening balance of deferred revenues were recognized as revenue.

Major customer

During the year ended March 31, 2023, two clients generated individually more than 10% of total revenues for $109,743,000 (2022 - one client generated more than 10% of total revenues for $63,391,000). As at March 31, 2023, accounts receivable and other receivables from one major customer amounted to $10,777,000 or 11.7% of total accounts receivable and other receivables (2022 - one major customer amounted to $19,771,000 or 19.6%).

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

23. REMAINING PERFORMANCE OBLIGATIONS

Remaining performance obligations relates to the Group's performance obligations that are partially or fully unsatisfied under signed time and material contracts with ceilings and fixed-fee arrangements. When estimating minimum transaction prices allocated to the remaining unsatisfied, or partially unsatisfied, performance obligations, the Group applied the practical expedient to not disclose information about remaining performance obligations if the underlying contract has an original expected duration of one year or less and for those contracts where we bill the same value as that which is transferred to the customer.

The amount of the selling price allocated to remaining performance obligations as at March 31, 2023 is $30,989,000 (2022 - $42,337,000) and is expected to be recognized as revenue within a weighted average of 1.6 years (2022 - 1.3 years).

24. FINANCIAL INSTRUMENTS

The Group's financial instruments consist of cash, restricted cash, accounts receivable and other receivables, other assets, accounts payable and accrued liabilities, contingent consideration and long-term debt. The Group, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: interest rate risk, credit risk, liquidity risk and currency risk. Senior management and the Board are responsible for setting risk levels and reviewing risk management activities as they determine necessary.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fluctuations in interest rates with respect to its variable rate on long-term debts. The Group's financial instruments bearing interest at variable rates are as follows:

As at	March 31,	
	2023	2022
	$	$
Credit Facility (note 10)	82,512	66,631
Secured loans (note 10)	13,192	8,596
Other long-term debt	—	120
	95,704	**75,347**

On August 30, 2022, the Group entered into and designated as an effective hedging instrument, an interest rate swap for a nominal amount of $30,000,000 maturing on August 30, 2025 to fix the variability in interest rates on a designated portion of borrowings under its Credit Facility. Under the interest rate swap agreement, the Group pays interest based on a fixed rate of 3.97%, and receives interest based on the actual one-month BA/CDOR rate.

For the year ended March 31, 2023, the Group has determined that a reasonably possible increase or decrease of 100 basis point in interest rates of the above variable-rate financial liabilities would not have a significant impact on equity and profit or loss. This analysis assumes that all other variables remain constant, in particular foreign currency exchange rates. It has been performed on the same basis for the year ended March 31, 2022.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

24. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's activities are financed through a combination of cash flows from operations, borrowings under existing Credit Facility, issuance of debt and issuance of equity instruments. In order to manage its exposure to liquidity risk, the Group's primary goal is to maintain an optimal level of liquidity through an active management of assets and liabilities as well as cash flows. As at March 31, 2023, the Group has an unused capacity of $37,449,000 (2022 - $58,369,000) under its Credit Facility of $125,000,000 (2022 - $125,000,000).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities.

As at	March 31, 2023					
	Carrying amount	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
	$	$	$	$	$	$
Trade payable	53,145	53,145	53,145	—	—	—
Contingent consideration	9,157	9,565	—	8,826	739	—
Credit Facility	82,512	88,436	5,924	82,512	—	—
Secured loans	13,192	14,226	9,398	4,828	—	—
Subordinated unsecured loans	20,000	23,275	1,310	1,310	20,655	—
Balance of purchase price payable	11,993	12,642	4,214	4,214	4,214	—
Lease liabilities	18,516	20,499	4,545	5,219	7,197	3,538
	208,515	**221,788**	**78,536**	**106,909**	**32,805**	**3,538**

As at	March 31, 2022					
	Carrying amount	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
	$	$	$	$	$	$
Trade payable	53,507	53,507	53,507	—	—	—
Credit Facility	66,631	70,775	2,072	2,072	66,631	—
Secured loans	8,596	9,060	4,988	4,072	—	—
Subordinated unsecured loans	17,500	21,773	1,221	1,221	19,331	—
Balances of purchase price payable	13,026	13,419	13,419	—	—	—
Other liabilities (included in long-term debt)	120	120	120	—	—	—
Lease liabilities	21,263	24,045	4,302	4,270	10,244	5,229
	180,643	**192,699**	**79,629**	**11,635**	**96,206**	**5,229**

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

24. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk

Credit risk is the risk of loss due to a counterparty's inability to meet its obligations. As at March 31, 2023 and 2022, the Group's credit risk exposure consists mainly of the carrying amount of cash held with major Canadian banks, accounts receivable and other receivables, and unbilled revenues. The carrying amounts of financial assets and unbilled revenues represent the maximum credit exposure.

Impairment losses recognized in profit or loss is not significant both in 2023 and 2022.

The credit risk in respect of cash balances is minimal as they are held with reputable financial institutions.

With respect to trade accounts receivable and unbilled revenues, the Group is exposed to a concentration of credit risk on significant customers. However, this credit risk exposure is mitigated by the relative size and nature of the business carried on by such customers. Also, the Group has a large and diversified client base from clients engaged in various industries, including banks with high credit-rating, government agencies, telecommunications and retails. Historically, the Group has not made any significant write-offs.

In order to manage its exposure to credit risk and assess credit quality, the Group established a credit policy under which collection of trade accounts receivable is a priority. Each new customer is analyzed individually for creditworthiness before the Group enters into a contract. The financial stability and liquidity of customers are assessed on a regular basis, which included the review of default risk associated with the industry in which customers operate. No significant adjustments were made to expected credit losses in connection with this assessment. The Group also limits its exposure by setting credit limits when deemed necessary.

The Group recognizes an impairment loss allowance for expected credit losses ("ECLs") on trade accounts receivable and unbilled revenues, using an estimate of credit losses. The Company establishes an impairment loss allowance on a collective and individual assessment basis, by considering its historical experience, external indicators and forward- looking information. If actual credit losses differ from estimates, future earnings would be affected. In its assessment of the impairment loss allowance, the Group considered the economic impact resulting from the rising levels of inflation and increased borrowing rates on its ECL assessment, including the risk of default of its customers given the continued economic uncertainty. As at March 31, 2023 and 2022, allowance for ECLs was not significant.

The following table provides information about the exposure to credit risk for trade accounts receivable:

As at	**March 31,**	
	2023	**2022**
	$	**$**
Current	65,682	70,039
0-30 days	19,544	21,600
31-60 days	1,690	3,072
61-90 days	852	1,071
Over 90 days	2,239	2,507
	90,007	**98,289**

The unbilled revenues are substantially all current in nature.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

24. FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

The Group is exposed to foreign currency risk on financial instruments denominated in currencies which are different from the respective functional currencies of the Group's companies. The currencies in which these financial instruments are mainly denominated is USD. Other currencies have no significant impact on the Group's exposure to currency risk.

The summary quantitative data about the Group's exposure to currency risk for the significant exchange rates is as follow, expressed in Canadian dollars:

As at	March 31,	
	2023	2022
	$	$
Cash	3,662	1,428
Accounts receivable and other receivables	325	34
Accounts payable and accrued liabilities	(1,449)	(1,599)
Contingent consideration	(2,120)	—
Credit Facility	(759)	—
Balance of purchase price payable	(2,525)	—
Net statement of financial position exposure	**(2,866)**	**(137)**

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the USD/Canadian dollars exchange rate 'all other things being equal'. It assumes a +/-13% change of the USD/Canadian dollars exchange rate for the year ended March 31, 2023 (2022: +/-7%). This percentage has been determined based on the average market volatility in exchange rate in the previous twelve months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

			Profit or loss	
Effect in Canadian dollar			**Strengthening**	**Weakening**
As at March 31, 2023				
USD	13%	Movement	(278)	278
As at March 31, 2022				
USD	7%	Movement	(26)	26

Fair Value of Financial Instruments

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Valuation based on quoted prices observed in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

24. FINANCIAL INSTRUMENTS (CONT'D)

- Level 3 - Valuation techniques with significant unobservable market inputs. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The carrying amount of cash, restricted cash, accounts receivable and other receivables, other assets, accounts payable and accrued liabilities and long-term debt bearing interest at variable rates is a reasonable approximation of fair value.

The fair value of derivatives instruments is estimated by discounting expected cash flows using one month BA/ CDOR forward rates (level 2). The fair market value of the interest rate swap agreement as at March 31, 2023 is insignificant.

The contingent consideration related to business combination is payable based on the achievement of growth in excess of the trailing twelve months gross margin for earn-out periods ending on the Anniversary Dates (note 3) and is included in Level 3 of the fair value hierarchy. The fair value was determined considering the expected earn-out payments, discounted to present value using a risk-adjusted discount rate of 4.4%. If projected cash flows were 10% higher, the fair value would have increased by $5,192,000. No reasonable possible change in the discount rate used in the valuation would result in a significant change in the estimated fair value of this Level 3 financial instruments.

The fair value of the long-term debt bearing interest at fixed rates is estimated by discounting expected cash flows at rates that would be currently offered to the Group for debts of the same remaining maturities and conditions (level 2). For both 2023 and 2022, the Group has determined that the fair value of the Credit Facility, the secured loans, the subordinated unsecured loan and the balances of purchase price payable are not significantly different than their carrying amount.

The following table summarizes their carrying amount.

As at	March 31,	
	2023	2022
	$	$
Credit Facility [a]	82,512	66,631
Secured loans [a]	13,192	8,596
Subordinated unsecured loans [b]	20,000	17,500
Balances of purchase price payable [c]	11,993	13,026
	127,697	**105,753**

[a] *The fair values of the Credit Facility and secured loans, bearing interest at variable rates, approximate their respective carrying amounts because the interest rates applied approximate current market interest rate.*
[b] *As at March 31, 2023, the fair value of the subordinated unsecured loans, bearing interest at fixed rates, was approximately $19,038,000 (March 31, 2022 - $16,982,000).*
[c] *As at March 31, 2023, the fair value of the balance of purchase price payable approximate its carrying amounts given the recent fair market value assessment at the time of acquisition. As at March 31, 2022, the fair value of the balances of purchase price payable approximate their carrying amounts given the short-term maturity of the balances of purchase price payable.*

(Tabular amounts are in thousands of Canadian dollars, except share and per share data in tables)

25. CAPITAL DISCLOSURES

The Group's capital consists of cash, long-term debt and total shareholders' equity. The Group's main objectives when managing capital are:

- to provide a strong capital base in order to maintain shareholder, creditor and stakeholder confidence and to sustain future growth development of the business;
- to maintain a flexible capital structure that optimizes the cost of capital at acceptable risk and preserves the ability to meet financial obligations;
- to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions; and
- to provide a rewarding return on investment to shareholders.

In managing its capital structure, the Group monitors performance throughout the year to ensure anticipated working capital requirements and maintenance capital expenditures are funded from operations, available cash and availability under the Credit Facility. Alithya manages its capital structure and may make adjustments to it, in order to support the broader corporate strategy or in response to changes in economic conditions and risk. In order to maintain or adjust its capital structure, the Group may purchase shares from existing shareholders, issue new shares, issue new debt (including issuing new debt to replace existing debt with different characteristics), or reduce the amount of existing debt.

Total capital as at March 31, 2023 and 2022 is calculated as follows:

As at	**March 31,**	
	2023	**2022**
	$	**$**
Cash	(22,583)	(17,655)
Restricted cash	—	(3,254)
Current portion of long-term debt	12,808	19,316
Contingent consideration	9,157	—
Long-term debt	114,382	87,360
Share capital	311,967	305,222
Deficit	(141,481)	(111,654)
Accumulated other comprehensive income (loss)	4,610	(947)
Contributed surplus	11,972	7,130
	300,832	**285,518**

The Group monitors capital using a number of financial metrics, including but not limited to:

- the senior debt to Adjusted EBITDA (defined as earnings before income tax expense (recovery), net financial expenses, foreign exchange, depreciation, amortization, impairment, share-based compensation and non-recurring costs) ratio, defined as senior debt to 12-month trailing Adjusted EBITDA (as defined in the Credit Facility);
- the total debt to Adjusted EBITDA ratio, defined as total debt to 12-month trailing Adjusted EBITDA; and
- the fixed charge coverage ratio, defined as Adjusted EBITDA minus taxes, distributions and capital expenditures to aggregate interest expense and regular scheduled principal repayments.

25. CAPITAL DISCLOSURES (CONT'D)

The Group uses operating income, Adjusted EBITDA and cash flow from operations as measurements to monitor operating performance. Adjusted EBITDA and Adjusted EBITDA ratio, as presented, are not recognized for financial statements presentation purposes under IFRS, and do not have a standardized meaning. Therefore, they are not likely to be comparable to similar measures presented by other entities.

The continued availability of the Credit Facility is subject to the Group's ability to maintain certain debt service and fixed charge coverage covenants, as well as other affirmative and negative covenants, including certain limitations of distributions in the form of dividends or equity repayments in any given fiscal year, as set out in the credit agreement.

The Group is subject to financial covenants pursuant to the Credit Facility agreement, which are measured on a quarterly basis. The covenants are senior debt to Adjusted EBITDA, total debt to Adjusted EBITDA and fixed charge coverage ratios. The Group was in compliance with all such covenants at March 31, 2023 and 2022.

Alithya

Management's Discussion and Analysis of Financial Condition and Results of Operations of Alithya Group inc.

For the year ended March 31, 2023

Table of Contents

1. Basis of Presentation

This Management's Discussion and Analysis ("MD&A") provides a review of the results of operations, financial condition and cash flows for Alithya Group inc. for the three months and twelve months ended March 31, 2023. References to "Alithya", the "Company", the "Group", "we", "our" and "us" in this MD&A refer to Alithya Group inc. and its subsidiaries or any one or more of them, unless the context requires otherwise. This document should be read in conjunction with the information contained in the Company's annual audited consolidated financial statements and accompanying notes for the years ended March 31, 2023 and 2022. The Company's MD&A, financial statements, Annual Information Form, Annual Report on Form 40-F, and additional information regarding the business of the Company, are available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and the Electronic Data Gathering, Analysis and Retrieval system ("EDGAR") at www.sec.gov.

For reporting purposes, the Company prepared the consolidated financial statements in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all dollar ("$") amounts and references in this MD&A are in Canadian dollars and references to "US$" are to US dollars. Variances, ratios and percentage changes in this MD&A are based on unrounded numbers.

This MD&A contains both IFRS and non-IFRS financial measures. See the section 5 titled "Non-IFRS and Other Financial Measures".

Unless otherwise stated, in preparing this MD&A, the Company has considered information available to it up to June 7, 2023, the date the Company's Board of Directors ("Board") approved this MD&A and the consolidated financial statements for the year ended March 31, 2023.

2. Forward-Looking Statements

This MD&A contains statements that 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"). Statements that do not exclusively relate to historical facts, as well as statements relating to management's expectations regarding the future growth, results of operations, performance and business prospects of Alithya, and other information related to Alithya's business strategy and future plans or which refer to the characterizations of future events or circumstances represent forward-looking statements. Such statements often contain the words "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "could," "would," "will," "may," "can," "continue," "potential," "should," "project," "target," and similar expressions and variations thereof, although not all forward-looking statements contain these identifying words.

Forward-looking statements in this MD&A include, among other things, information or statements about: (i) our ability to generate sufficient earnings to support our operations; (ii) our ability to take advantage of business opportunities and meet our goals set in our three-year strategic plan; (iii) 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; (iv) our strategy, future operations, and prospects, including our expectations regarding future revenue resulting from bookings and backlog; (v) our ability to service our debt and raise additional capital and our estimates regarding our future financing and capital requirements; (vi) our expectations regarding our financial performance, including our revenues, profitability, research and development, costs and expenses, gross margins, liquidity, capital resources, and capital expenditures; (vii) our ability to realize the expected synergies or cost savings relating to the integration of our business acquisitions, and (viii) the potential return to pre-COVID-19 pandemic operations.

Forward-looking statements are presented for the sole purpose of assisting investors and others in understanding Alithya's objectives, strategies and business outlook as well as its anticipated operating environment and may not be appropriate for other purposes. 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 the section titled "Risks and Uncertainties" of this MD&A, as well as in Alithya's 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. Additional risks and uncertainties not currently known to Alithya or that Alithya currently deems to be immaterial could also have a material adverse effect on its financial position, financial performance, cash flows, business or reputation.

Forward-looking statements contained in this MD&A are qualified by these cautionary statements and are made only as of the date of this MD&A. Alithya expressly disclaims any obligation to update or alter 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.

3. Business Overview

Alithya advises in strategy and digital transformation with more than 3,600 professionals in Canada, the U.S. and internationally. The Company assists its clients in their pursuit of innovation and excellence and the achievement of their business objectives through the optimal use of digital technologies.

Alithya deploys solutions, services, and expert consultants to design, build and implement innovative and efficient solutions for the complex business challenges of its clients, tailored to their business needs in the financial services, insurance, healthcare, government, renewable energy, manufacturing, telecommunications, transportation and logistics, and professional services sectors.

Business Offerings

Alithya's business offerings in each of its reportable segments include a comprehensive range of digital technology services to address client needs:

- **Business Strategy.** Alithya leads clients through essential decision-making processes regarding strategic planning, change management, systems evolution, operational processes, employee experience and transformative change enablement and more. Applying the most recurrent methodologies, we help our clients optimize efficiency and successfully navigate the digital transformation age. We achieve results by leveraging an array of Business Strategy services, including strategic consulting, digital transformation, organizational performance and enterprise architecture.

- **Application Solutions Services.** Alithya's experts guide clients through all facets of Application Solutions Services, from migration of legacy systems into future-ready digital solutions, to the development of completely new solutions using state-of-the-art technologies. Our experts assist our clients in the choice between cloud, on-premise, and hybrid hosting strategies and solutions. Alithya's Application Solutions Services include digital applications DevOps, legacy systems modernization, control and software engineering, cloud infrastructure, quality assurance and automated testing.

- **Enterprise Solutions.** Working with key industry partners, including some of the world's largest vendors of cloud-based Enterprise Solutions, Alithya's experts help clients deploy company-wide systems to improve the efficiency of their finance, human capital, operations, and marketing functions. Alithya's Enterprise Solutions services include Enterprise Resource Planning (ERP), Corporate Performance Management (CPM/EPM), Customer Relationship Management (CRM/CXM) and Human Capital Management (HCM).

- **Data and Analytics.** Data analysis plays a critical role in the optimization of business processes. Leveraging specialized IT systems and software, Alithya's data scientists help clients gain business insight and drive better decision-making through enhanced data collection, big data analytics, machine learning automation and reporting. Alithya's Data and Analytics services include business intelligence, data management, artificial intelligence and machine learning, as well as Internet of Things (IoT).

Geographically, Alithya's operations span across Canada, the U.S. and internationally, providing a full spectrum of strategy and digital technology services with deep expertise in a range of technologies and business domains.

Competitive Environment

For many companies, digital systems and infrastructures are among their most important and strategic assets. Not only do these assets require significant investments, but they increasingly serve as key differentiators and drivers of growth for customers.

Accordingly, businesses are seeking solutions that allow them to maintain their ability to differentiate themselves from competitors with proprietary business processes, combined with product customization. That is where digital transformation comes into play, inviting companies to make a shift in their approach and to evolve from traditional information technologies to flexible digital technologies.

As businesses’ technology spending continues to increase, digital technology firms such as Alithya are striving to deliver innovative thinking and in-depth vertical industry expertise, while facilitating business process transformation through the use of the most optimal technologies.

Alithya believes it is well positioned to respond to these trends in clients’ investments in digital technology. Alithya’s business model is built on a philosophy of offering flexible and creative solutions, enabling clients to realize maximum benefits from their digital technology investments. Alithya positions itself as an agile trusted advisor and consulting partner capable of delivering rapid results for its clients.

Alithya’s competitors in each of its reportable segments include systems integration firms, contract programming companies, application software companies, cloud computing service providers, large or traditional consulting firms, professional services groups of computer equipment companies, infrastructure management and outsourcing companies and boutique digital companies. In addition, Alithya competes with numerous smaller local companies in the various geographic markets in which it operates.

Alithya competes based on the following principal differentiating factors: vision and strategic advisory ability, digital services capabilities, performance and reliability, quality of technical support, training and services, responsiveness to client needs, reputation and experience, financial stability and strong corporate governance and competitive pricing of services.

Alithya also relies on the following measures to compete effectively: (a) investments to scale its services practice areas; (b) a well-developed recruiting, training and retention model; (c) a successful service delivery model; (d) intrapreneurial culture and approach; (e) a broad referral base; (f) continual investment in process improvement and knowledge capture; (g) investment in infrastructure and research and development; (h) continued focus on responsiveness to client needs, quality of services and competitive prices; and (i) project management capabilities and technical expertise.

4. Strategic Business Plan

Alithya has adopted a three-year strategic plan which sets as a goal to consolidate its position as to become a North American digital transformation leader.

According to this plan, Alithya's consolidated scale and scope should allow it to leverage its geographies, expertise, integrated offerings and position on the value chain to target the fastest growing IT services segments. Alithya's specialization in digital technologies and the flexibility to deploy enterprise solutions and deliver solutions tailored to specific business objectives responds directly to client expectations. More specifically, Alithya has established a three-pronged plan focusing on:

- Increasing scale through organic growth and strategic acquisitions by:
    - Generating profitable organic growth through innovation, higher-value offerings and client-relationships based on trust;
    - Completing value enhancing business acquisitions by way of a North American geographic expansion to complement current market presence, including geography, while progressively adding major integrated enterprise solutions offerings and selected specialized expertise;

- Achieving best-in-class employee engagement by:
    - Fostering a culture of collaboration, diversity and ownership;
    - Cultivating employee well-being and personal growth;
    - Investing in the development of its leaders and employees;
- Providing its investors, partners and stakeholders with long-term growing return on investment by:
    - Strengthening its existing relationships with clients, as a key trusted advisor, by generating long-term value;
    - Investing in innovation and higher value service offerings;
    - Acting responsibly, with a sustainable and respectful vision for its stakeholders and articulating its Environmental, Social and Governance framework and priorities.

5. Non-IFRS and Other Financial Measures

Alithya reports its financial results in accordance with IFRS. This MD&A includes certain non-IFRS and supplementary financial measures and ratios to assess Alithya's financial performance. 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.

The non-IFRS measures used by Alithya are described below:

EBITDA and EBITDA Margin

“EBITDA” refers to net income (loss) before adjusting for income tax expense (recovery), net financial expenses, amortization of intangibles, and depreciation of property and equipment and right-of-use assets.

“EBITDA Margin” refers to the percentage of total revenue that EBITDA represents for a given period.

Management believes that EBITDA and EBITDA Margin are useful measures for investors as they provide an indication of the results generated by Alithya’s main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration non-cash depreciation and amortization. For a reconciliation of net loss to EBITDA, see section 8.8 titled “EBITDA and Adjusted EBITDA”.

Adjusted Net Earnings and Adjusted Net Earnings per Share

"Adjusted Net Earnings” refers to net income (loss) before adjusting for amortization of intangibles, impairment of intangibles and goodwill, impairment of property and equipment and right-of-use assets, share-based compensation, business acquisition, integration and reorganization costs, and the income tax effects of these items.

“Adjusted Net Earnings per Share” is calculated by dividing Adjusted Net Earnings by the weighted average number of outstanding Class A Subordinate Voting Shares ("Subordinate Voting Shares") and Class B Multiple Voting Shares ("Multiple Voting Shares"), excluding potentially dilutive outstanding equity instruments, during the period.

Management believes that Adjusted Net Earnings and Adjusted Net Earnings per Share are useful measures for investors as they allow comparability of operating results from one period to another, prior to taking into consideration non-cash items and business acquisition, integration and reorganization costs, which can vary significantly from period to period. These measures provide an indication of the results generated by Alithya’s main business activities prior to taking into consideration the non-cash and other items listed above which have resulted primarily from acquisitions and their subsequent integrations. For a reconciliation of net loss to Adjusted Net Earnings, see section 8.6 titled “Adjusted Net Earnings and Adjusted Net Earnings per Share”.

Adjusted EBITDA and Adjusted EBITDA Margin

"Adjusted EBITDA” refers to net income (loss) before adjusting for income tax expense (recovery), net financial expenses, foreign exchange, amortization of intangibles, depreciation of property and equipment and right-of-use assets, impairment of intangibles and goodwill, impairment of property and equipment and right-of-use assets, share-based compensation, business acquisition, integration and reorganization costs, internal ERP systems implementation, and other redundant and non-recurring items.

“Adjusted EBITDA Margin” refers to the percentage of total revenue that Adjusted EBITDA represents for a given period.

Management believes that Adjusted EBITDA and Adjusted EBITDA Margin are useful measures for investors as they allow comparability of operating results from one period to another. These measures provide an indication of the results generated by Alithya’s main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration the non-cash and other items listed above. For a reconciliation of net loss to Adjusted EBITDA, see section 8.8 titled “EBITDA and Adjusted EBITDA”.

Constant Dollar Revenue and Constant Dollar Growth

"Constant Dollar Revenue" is a measure of revenue and revenue by geographic location before foreign currency translation impacts. This measure is calculated by translating current period revenue and revenue by geographic location in local currency using the exchange rates in the equivalent period from the prior year.

"Constant Dollar Growth" is a measure of revenue growth and revenue growth by geographic location, expressed as a percentage, before foreign currency translation impacts. This measure is calculated by dividing Constant Dollar Revenue as described above with prior period revenue.

Management believes that Constant Dollar Revenue and Constant Dollar Growth are useful measures for investors as they allow revenue to be adjusted to exclude the impact of currency fluctuations to facilitate period-to-period comparisons of business performance. For a reconciliation of revenues to Constant Dollar Revenue by geographic location, see section 8.1 titled “Revenues”.

Net Debt

“Net Debt” refers to long-term debt, including the current portion, less cash and restricted cash. For the calculation of Net Debt, see section 10.6 titled “Long-Term Debt and Net Debt”. Management believes that Net Debt is a useful measure for investors as it provides an indication of the liquidity of the Company.

Other Financial Measures

The other financial measures used by Alithya are described below:

"Gross Margin as a Percentage of Revenues" is calculated by dividing gross margin by revenues.

"Selling, General and Administrative Expenses as a Percentage of Revenues" is calculated by dividing selling, general and administrative expenses by revenues.

‘’Bookings’’ refers to the amount of signed revenue agreements during the period, which includes new contracts, including those acquired through acquisitions, as well as renewals, extensions and changes to existing contracts. Management believes information regarding bookings can provide useful trend insight to investors regarding changes in the volume of new business over time.

‘’Book-to-Bill Ratio’’ is calculated by dividing Bookings by revenues, for the same period. Management believes this measure allows for the monitoring of the Company’s backlog and offers useful insight to investors on how the business varies and evolves over time. This measure is best used over a long period as it could fluctuate significantly from one quarter to the other.

“Backlog” refers to the amount of future revenue stemming from signed revenue agreements, which includes new contracts, including those acquired through acquisitions, as well as renewals, extensions and changes to existing contracts, expressed as a number of months of trailing twelve-month revenue, as at a given date. Backlog differs from the IFRS definition of unfilled performance obligations, as disclosed in the Company's consolidated financial statements, as backlog also includes time and materials arrangements without stated ceilings and contracts with original expected durations exceeding one year. Management believes that backlog information can provide useful trend insight to investors regarding changes in management’s best estimate of future revenue stemming from signed revenue agreements.

“Days Sales Outstanding” (“DSO”) refers to the average number of days it takes for the Company to convert its accounts receivable and other receivables (net of sales taxes) and unbilled revenues, less deferred revenues, into cash. Management believes this measure provides useful insight to investors regarding the Company's liquidity.

6. Financial Highlights

Results of Operations (in $ thousands)	Three months ended March 31, 2023	2022	Year ended March 31, 2023	2022
	$	$	$	$
Revenues	136,224	119,974	522,701	437,885
Gross Margin	40,732	31,083	151,774	116,153
Gross Margin as a Percentage of Revenues [1]	29.9 %	25.9 %	29.0 %	26.5 %
Selling, General and Administrative Expenses	35,978	26,204	126,522	98,838
Selling, General and Administrative Expenses as a Percentage of Revenues [1]	26.4 %	21.8 %	24.2 %	22.6 %
Net Loss	(19,993)	(7,253)	(30,097)	(15,548)
Basic and Diluted Loss per Share	(0.21)	(0.08)	(0.32)	(0.18)
Adjusted Net Earnings [2]	4,060	2,238	14,742	10,590
Adjusted Net Earnings per Share [2]	0.04	0.02	0.16	0.12
Adjusted EBITDA [3]	10,463	6,048	36,122	22,609
Adjusted EBITDA Margin [3]	7.7 %	5.0 %	6.9 %	5.2 %

Other (in $ thousands, except Backlog and DSO)	March 31, 2023	March 31, 2022
	$	$
Total Assets	464,101	447,721
Non-Current Financial Liabilities [4]	129,025	105,113
Total Long-Term Debt	127,190	106,676
Net Debt [5]	104,607	85,767
Backlog [1]	16 months	N/A
DSO [1]	54 days	66 days

Shares, Stock Options and Share Units Outstanding	June 6, 2023
Subordinate Voting Shares	87,864,668
Multiple Voting Shares	7,324,248
Options [6]	4,411,771
Deferred Share Units ("DSUs")	666,974
Restricted Share Units ("RSUs")	181,498
Performance Share Units ("PSUs")	840,783

[1] This is an other financial measure. Refer to section 5 titled "Non-IFRS and Other Financial Measures" for an explanation of the composition of this other financial measure.

[2] This is a non-IFRS financial measure. Refer to section 5 titled "Non-IFRS and Other Financial Measures" for an explanation of the composition and usefulness of this non-IFRS financial measure and to section 8.6 titled "Adjusted Net Earnings and Adjusted Net Earnings per Share" for a quantitative reconciliation to the most directly comparable IFRS measures.

[3] This is a non-IFRS financial measure. Refer to section 5 titled "Non-IFRS and Other Financial Measures" for an explanation of the composition and usefulness of this non-IFRS financial measure and to section 8.8 titled "EBITDA and Adjusted EBITDA" for a quantitative reconciliation to the most directly comparable IFRS measures.

[4] Non-current financial liabilities include the long-term portion of the long-term debt and the long-term portion of lease liabilities.

[5] This is a non-IFRS financial measure. Refer to section 5 titled "Non-IFRS and Other Financial Measures" for an explanation of the composition and usefulness of this non-IFRS financial measure and to section 10.6 titled "Long-Term Debt and Net Debt" for a quantitative reconciliation to the most directly comparable IFRS measures.

[6] Includes 505,264 stock options to purchase Multiple Voting Shares.

For the three months ended March 31, 2023

- Revenues increased 13.5% to $136.2 million, compared to $120.0 million for the same quarter last year.
- 80.6% of revenues were generated from clients which we had in the same quarter last year.
- Gross margin increased 31.0% to $40.7 million, compared to $31.1 million for the same quarter last year.
- Gross margin as a percentage of revenues increased to 29.9%, compared to 25.9% for the same quarter last year.
- Adjusted EBITDA increased 73.0% to $10.5 million, or 7.7% of revenues, compared to $6.0 million, or 5.0% of revenues, for the same quarter last year.
- Net loss was $20.0 million, or $0.21 per share, compared to a net loss of $7.3 million, or $0.08 per share, for the same quarter last year. The increased net loss is in large part due to specific, non-cash elements, namely $9.2 million in contingent consideration relating to the acquisition of Datum Consulting, LLC and its international affiliates ("Datum") (the "Datum Acquisition") and an impairment of property and equipment and right-of use assets of $3.7 million, as part of an ongoing review of our real estate strategy following the integration of acquisitions and changes in working conditions.
- Adjusted Net Earnings increased $1.9 million, or 81.3%, to $4.1 million, compared to $2.2 million for the same quarter last year. This translated into Adjusted Net Earnings per Share of $0.04, compared to $0.02 for the same quarter last year.
- Net cash from operating activities was $4.4 million, representing an increase of $8.1 million, from $3.7 million of cash used for the same quarter last year.
- Q4 bookings[(1)] reached $124.0 million, which translated into a book-to-bill ratio[(1)] of 0.91. The book-to-bill ratio would be 1.06 if revenues from the two long-term contracts signed as part of an acquisition in the first quarter of last year were excluded.

[1] This is an other financial measure. Refer to section 5 titled "Non-IFRS and Other Financial Measures" for an explanation of the composition of this other financial measure.

For the twelve months ended March 31, 2023

- Revenues increased 19.4% to $522.7 million, compared to $437.9 million last year.
- Gross margin increased 30.7% to $151.8 million, compared to $116.2 million last year.
- Gross margin as a percentage of revenues increased to 29.0%, compared to 26.5% last year.
- Adjusted EBITDA increased 59.8% to $36.1 million, or 6.9% of revenues, from $22.6 million, or 5.2% of revenues, last year.
- Net loss was $30.1 million, or $0.32 per share, compared to a net loss of $15.5 million, or $0.18 per share last year. The increased net loss is in large part due to specific, non-cash elements, namely $9.2 million in contingent consideration relating to the Datum Acquisition and an impairment of property and equipment and right-of use assets of $3.7 million, as part of an ongoing review of our real estate strategy following the integration of acquisitions and changes in working conditions.
- Adjusted net earnings increased $4.1 million, or 39.2%, to $14.7 million, compared to $10.6 million last year. This translated into Adjusted Net Earnings per Share of $0.16, compared to $0.12 last year.
- Net cash from operating activities was $28.9 million, representing an increase of $27.0 million, or 1,461.2%, from $1.9 million last year.
- Fiscal 2023 bookings reached $525.4 million, which translated into a book-to-bill ratio of 1.01. The book-to-bill ratio would be 1.15 if revenues from the two long-term contracts signed as part of an acquisition in the first quarter of last year were excluded.
- DSO as at March 31, 2023 was 54 days, an improvement from 66 days as at March 31, 2022.
- Backlog represented approximately 16 months of trailing twelve-month revenues as at March 31, 2023.

7. Business Combinations

Business combinations realized in the fiscal year ended March 31, 2023

Datum Consulting Group, LLC and its Affiliates

Overview

On July 1, 2022, the Company acquired 100% of the issued and outstanding equity interests of Datum, a leader in IP enabled digital transformation services for data-rich insurers and other regulated entities such as governments. Management expects that its modernization practice and cloud-based software as a service (SaaS) offering will be complementary to Alithya's existing offerings and will allow for cross-selling opportunities.

The Datum Acquisition was completed for purchase consideration and other consideration of up to US$45,488,000 ($58,550,000), in aggregate.

The purchase consideration of US$27,200,000 ($35,010,000), in aggregate, consisted of: (i) US$13,542,000 ($17,430,000) paid in cash, net of working capital adjustment; (ii) US$4,313,000 ($5,552,000) paid by the issuance of 1,867,262 Subordinate Voting Shares; and (iii) US$9,345,000 ($12,028,000) of balance of sale, payable over three years on July 1, 2023, 2024 and 2025 (the "Anniversary Dates").

The other consideration of up to US$18,288,000 ($23,540,000), consisted of: (i) deferred cash consideration of US$975,000 ($1,255,000); (ii) deferred share consideration of 1,867,261 Subordinate Voting Shares with a value of US$4,313,000 ($5,552,000); and (iii) potential earn-out consideration of up to US$13,000,000 ($16,733,000), all payable over three years on the Anniversary Dates.

The deferred cash consideration will be recognized as employee compensation on business acquisition, over three years.

The deferred share consideration will be recognized as share-based compensation to an employee, over three years.

The potential earn-out consideration is payable in cash (75%) and by Subordinate Voting Shares (25%), with a maximum of 1,517,151 Subordinate Voting Shares available for issuance with a value of US$3,505,000 ($4,511,000). The potential earn-out consideration has earn-out periods ending on each of the Anniversary Dates.

On March 31, 2023, an amending agreement to the equity purchase agreement was executed wherein the condition for employment for the payment of the potential earn-out was removed (The “Earn-out Amendment”).

From the acquisition date to the Earn-out Amendment date, the potential earn-out consideration payable in cash was treated as employee compensation, and was to be expensed over three years as the related services were to be provided, at the best estimate of the payout amount required to settle the present obligation at the end of the reporting period. The potential earn-out consideration payable in shares was treated as share-based compensation, which was to be expensed over the three-year vesting period.

As a result of the Earn-out Amendment, a contingent consideration liability and expense, in the amount of $9,157,000 was recorded as at March 31, 2023, representing the present value of the expected payout amount for the potential earn-out over the next three years. The contingent consideration expense is recorded in business acquisition, integration and reorganization costs.

The portion of the contingent consideration to be settled in shares is adjusted to reflect the number of awards for which the non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the non-market performance conditions at the vesting dates.

The fair value of the assets acquired, liabilities assumed, and the purchase consideration's valuation have been completed.

For the year ended March 31, 2023, the Company incurred acquisition-related costs pertaining to the Datum Acquisition of approximately $1,369,000. These costs have been recorded in the consolidated statement of operations in business acquisition, integration and reorganization costs.

Purchase Price Allocation

The allocation of the fair value of the assets acquired and the liabilities assumed is detailed as follows:

Acquisition of Datum (in $ thousands)	**$**
Current assets	
Cash	2,798
Accounts receivable and other receivables	3,552
Unbilled revenue	1,301
Prepaids	159
	7,810
Non-current assets	
Other assets	2
Property and equipment	55
Right-of-use assets	135
Intangibles	24,070
Goodwill	13,696
Total assets acquired	**45,768**
Current liabilities	
Accounts payable and accrued liabilities	4,255
Deferred revenue	945
Current portion of lease liabilities	71
	5,271
Non-current liabilities	
Lease liabilities	64
Deferred tax liabilities	6,398
Total liabilities assumed	**11,733**
Net assets acquired	**34,035**

As at March 31, 2023, upon final determination of the fair values, the intangibles value was increased by $1,545,000, goodwill value was reduced by $1,134,000 and deferred tax liabilities value was increased by

$411,000. The effects of the adjustments to the purchase price were not material to the financial statements for the period from the acquisition date to March 31, 2023.

Goodwill

The goodwill recognized consists mainly of the future economic value attributable to the profitability of the acquired business, as well as its workforce and expected synergies from the integration of Datum into the Group's existing business. The Company does not expect the goodwill to be deductible for income tax purposes.

Consideration paid

The following table summarizes the acquisition date fair value of each class of consideration as follows:

Acquisition of Datum (in $ thousands)	$
Consideration transferred settled in cash	17,430
Issuance of 1,867,262 Subordinate Voting Shares	5,552
Balance of purchase payable with a nominal value of US$9,345,000 ($12,028,000)	11,053
Total consideration transferred	**34,035**

Datum's contribution to the Group results

For the year ended March 31, 2023, the Datum business contributed revenues of approximately $16,326,000 and a loss before income taxes in the amount of $15,762,000, including amortization, primarily related to the acquired customer relationships, of $5,658,000, contingent consideration of $9,157,000, share-based compensation granted on business acquisitions of $2,644,000, and acquisition and integration costs of $2,099,000.

If the acquisition had occurred on April 1, 2022, pro-forma consolidated revenues and loss before income taxes for the year ended March 31, 2023 would have been $526,492,000 and $38,991,000, respectively. These amounts have been calculated using Datum's results and adjusting for:

- differences in accounting policies between the Group and Datum;
- the removal of transaction costs incurred by Datum from April 1, 2022 to June 30, 2022; and
- the additional amortization that would have been charged assuming the fair value adjustments to intangibles had been applied from April 1, 2022.

Trafic 3W inc.

On April 1, 2022, the Company acquired all of the issued and outstanding shares of Trafic 3W inc. (the "Trafic3W Acquisition") for total consideration of $2,005,000, comprised of cash, in the amount of $900,000, and a balance of purchase price payable in the amount of $1,105,000.

The actual amount paid at acquisition, net of the cash acquired in the amount of $86,000, was $814,000, for a total consideration transferred of $1,919,000. The purchase price was mostly allocated to intangible assets and goodwill, in the amount of $455,000 and $1,270,000 respectively. Intangible assets acquired at the date of acquisition consisted of customer relationships and goodwill, allocated to the Canada CGU.

The balance of purchase price payable was settled in October 2022 with the issuance of 83,449 Subordinate Voting Shares, for a total value of $281,000, and the balance, in the amount of $824,000, was paid cash.

8. Results of Operations

	For the three months ended March 31,		For the year ended March 31,	
(in $ thousands, except for per share data)	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Revenues	136,224	119,974	522,701	437,885
Cost of revenues	95,492	88,891	370,927	321,732
Gross margin	40,732	31,083	151,774	116,153
Operating expenses				
Selling, general and administrative expenses	35,978	26,204	126,522	98,838
Business acquisition, integration and reorganization costs	12,166	6,128	18,079	11,617
Depreciation	1,721	1,235	6,536	5,435
Amortization of intangibles	8,693	4,017	27,497	14,285
Foreign exchange loss (gain)	96	(25)	159	(26)
	58,654	37,559	178,793	130,149
Operating loss	(17,922)	(6,476)	(27,019)	(13,996)
Net financial expenses	2,577	1,352	9,335	4,579
Loss before income taxes	**(20,499)**	**(7,828)**	**(36,354)**	**(18,575)**
Income tax expense (recovery)				
Current	362	114	569	(20)
Deferred	(868)	(689)	(6,826)	(3,007)
	(506)	(575)	(6,257)	(3,027)
Net loss	**(19,993)**	**(7,253)**	**(30,097)**	**(15,548)**
Basic and diluted loss per share	(0.21)	(0.08)	(0.32)	(0.18)

8.1 Revenues

The following table reconciles Constant Dollar Revenue[1] to revenues by geographic location:

(in $ thousands, except for percentages)	For the three months ended March 31, 2023	2022	% [2]	For the twelve months ended March 31, 2023	2022	%
Total Alithya revenue as reported	**136,224**	**119,974**	**13.5 %**	**522,701**	**437,885**	**19.4 %**
Variation prior to foreign currency impact	**10.9 %**			**17.4 %**		
Foreign currency impact	**2.6 %**			**2.0 %**		
Variation over previous period	**13.5 %**			**19.4 %**		
Canada						
Constant dollar revenue	81,158	75,484	**7.5 %**	312,349	284,614	**9.7 %**
Foreign currency impact	—			—		
Canada revenue as reported	**81,158**	**75,484**	**7.5 %**	**312,349**	**284,614**	**9.7 %**
U.S.						
Constant dollar revenue	46,193	40,417	**14.3 %**	180,037	139,519	**29.0 %**
Foreign currency impact	3,096			9,846		
U.S. revenue as reported	**49,289**	**40,417**	**22.0 %**	**189,883**	**139,519**	**36.1 %**
International						
Constant dollar revenue	5,663	4,073	**39.0 %**	21,649	13,752	**57.4 %**
Foreign currency impact	114			(1,180)		
International revenue as reported	**5,777**	**4,073**	**41.8 %**	**20,469**	**13,752**	**48.8 %**

1 Non-IFRS measure. See section 5 titled “Non-IFRS and Other Financial Measures” for an explanation of the composition and usefulness of this non-IFRS financial measure.

2 Constant Dollar Growth, which is a Non-IFRS measure. See section 5 titled “Non-IFRS and Other Financial Measures” for an explanation of the composition and usefulness of this non-IFRS financial measure.

Revenues amounted to $136.2 million for the three months ended March 31, 2023, of which 80.6% was generated from clients which we had in the same quarter last year, and including $11.9 million from Vitalyst, LLC ("Vitalyst") (the "Vitalyst Acquisition") and Datum, following their acquisitions by the Company on January 31, 2022 and July 1, 2022, respectively, representing an increase of $16.2 million, or 13.5%, from $120.0 million for the three months ended March 31, 2022. On a sequential basis, revenues also increased by $5.4 million, or 4.2%, from $130.8 million for the third quarter of this year.

Revenues in Canada increased by $5.7 million, or 7.5%, to $81.2 million for the three months ended March 31, 2023, from $75.5 million for the three months ended March 31, 2022. The increase in revenues was due to organic growth in all areas.

U.S. revenues increased by $8.9 million, or 22.0%, to $49.3 million for the three months ended March 31, 2023, from $40.4 million for the three months ended March 31, 2022, due primarily to increased revenues of $6.1 million from the acquisitions of Vitalyst, which contributed an additional month of revenues in the fourth quarter compared to the prior year, and Datum's U.S. business, and organic growth in all areas. The increased revenues include a favorable US$ exchange rate impact of $3.1 million between the two periods.

International revenues increased by $1.7 million, or 41.8%, to $5.8 million for the three months ended March 31, 2023, from $4.1 million for the three months ended March 31, 2022, due to revenues of $0.9 million from the acquisition of Datum's international business and organic growth in activity levels. The increased revenues include a favorable foreign exchange rate impact of $0.1 million between the two periods.

Revenues amounted to $522.7 million for the twelve months ended March 31, 2023, including $45.9 million from the acquisitions of Vitalyst and Datum, representing an increase of $84.8 million, or 19.4%, from $437.9 million for the twelve months ended March 31, 2022.

Revenues in Canada increased by $27.7 million, or 9.7%, to $312.3 million for the twelve months ended March 31, 2023, from $284.6 million for the twelve months ended March 31, 2022. The increase in revenues was due to organic growth in all areas, including growth from the two long-term contracts signed as part of an acquisition in the first quarter of last year.

U.S. revenues increased by $50.4 million, or 36.1%, to $189.9 million for the twelve months ended March 31, 2023, from $139.5 million for the twelve months ended March 31, 2022, due primarily to increased revenues of $38.0 million from the acquisitions of Vitalyst, which provided an additional ten months of revenues in fiscal 2023 compared to the prior year, and Datum's U.S. business, and organic growth in all areas. The increased revenues include a favorable US$ exchange rate impact of $9.8 million,

International revenues increased by $6.7 million, or 48.8%, to $20.5 million for the twelve months ended March 31, 2023, from $13.8 million for the twelve months ended March 31, 2022, due to revenues of $3.2 million from the acquisition of Datum's international business, which had been recorded in the U.S. segment in previous quarters, and organic growth in activity levels, partially offset by an unfavorable foreign exchange rate impact of $1.2 million between the two periods.

8.2 Gross Margin

Gross margin increased by $9.6 million, or 31.0%, to $40.7 million for the three months ended March 31, 2023, from $31.1 million for the three months ended March 31, 2022. Gross margin as a percentage of revenues increased to 29.9% for the three months ended March 31, 2023, from 25.9% for the three months ended March 31, 2022.

In Canada, gross margin as a percentage of revenues increased, compared to the same quarter last year, due to increased revenues from permanent employees relative to subcontractors and higher margin offerings. Gross margin as a percentage of revenues also increased on a sequential basis, mainly due to increased revenues from permanent employees relative to subcontractors compared to the third quarter of this year.

In the U.S., gross margin as a percentage of revenues increased, compared to the same quarter last year, as a result of a positive margin impact from the acquisition of Datum's U.S. business, higher average revenue per employee, improved project performance in other areas of the business, and a favorable US$ exchange rate impact between the two periods. Gross margin as a percentage of revenues also increased on a sequential basis, mainly due to improved project performance in certain areas of the business, compared to the third quarter of this year.

International gross margin as a percentage of revenues decreased compared to the same quarter last year, mainly as a result of inflationary pressures on salary costs and more non-billable hours.

Gross margin increased by $35.6 million, or 30.7%, to $151.8 million for the twelve months ended March 31, 2023, from $116.2 million for the twelve months ended March 31, 2022. Gross margin as a percentage of revenues increased to 29.0% for the twelve months ended March 31, 2023, from 26.5% for the twelve months ended March 31, 2022, despite annual salary increases which came into effect in the first quarter of this year and the non-recurrence of the forgiveness of the $4.6 million in Paycheck Protection Program (“PPP”) loans recorded to cost of revenues in the first quarter of last year.

In Canada, gross margin as a percentage of revenues increased for the twelve months ended March 31, 2023, compared to the same period last year, due to increased revenues from permanent employees relative to subcontractors, higher average revenue per employee, and increased subscription, software and other revenues, which carry higher margins, partially offset by inflationary pressures on salary costs.

In the U.S., gross margin as a percentage of revenues increased for the twelve months ended March 31, 2023, compared to the same period last year, as a result of the positive margin impact from the acquisitions of Vitalyst and Datum's U.S. business, higher average revenue per employee, improved project performance in other areas of the business, and a favorable US$ exchange rate impact between the two periods. This increase was partially offset by reduced governmental wage subsidies, mainly the forgiveness of the PPP loans recorded in the first quarter of last year, as explained above, and market pressures on salary costs.

International gross margin as a percentage of revenues increased for the twelve months ended March 31, 2023, compared to the same period last year, mainly as a result of the positive margin impact from the acquisition of Datum's international business, which had been recorded in the U.S. segment in previous quarters.

8.3 Operating Expenses

8.3.1 Selling, General and Administrative Expenses

Selling, general and administrative expenses include salary, wages and other benefits for selling and administrative employees, occupancy costs, information technology and communications costs, share-based compensation, professional fees, public listing and investor fees, and other administrative expenses.

Selling, general and administrative expenses totaled $36.0 million for the three months ended March 31, 2023, representing an increase of $9.8 million, or 37.3%, from $26.2 million for the three months ended March 31, 2022. Selling, general and administrative expenses, as a percentage of revenues, amounted to 26.4% for the three months ended March 31, 2023, compared to 21.8% for the same period last year, driven mostly by the higher historical selling, general and administrative expense percentage of Vitalyst, a $2.8 million impairment of property and equipment and right-of-use assets, as part of Alithya's ongoing review of its real estate strategy following the integration of acquisitions and changes in working conditions in order to reduce the Company's footprint, realize synergies and improve the cost structure of the combined business, and an unfavorable US$ exchange rate impact of $0.9 million, partially offset by reductions in other expense categories. On a sequential basis, expenses increased by $4.8 million, from $31.2 million for the third quarter, driven mainly by the impairment charge described above and sequential increases in employee compensation costs in the U.S., non-cash share-based compensation, and professional fees, partially offset by reductions in other expense categories.

In Canada, expenses increased by $5.5 million, or 37.3%, to $20.2 million for the three months ended March 31, 2023, from $14.7 million for the three months ended March 31, 2022, due primarily to a $2.8 million impairment of property and equipment and right-of-use assets, as discussed above, and increases of $1.3 million in non-cash share-based compensation, $1.1 million in employee training costs, $0.5 million in information technology and communications costs, $0.4 million in employee compensation costs, and $0.4 million in professional fees. These increases were partially offset by decreases of $0.5 million in occupancy costs and $0.3 million in recruiting fees.

U.S. expenses increased by $4.2 million, or 39.9%, to $14.8 million for the three months ended March 31, 2023, from $10.6 million for the three months ended March 31, 2022. The increase was due primarily to increased expenses of $1.5 million from Vitalyst and Datum, and increases of $1.2 million in employee compensation costs, $0.4 million in information technology and communications costs, $0.7 million in non-cash share-based compensation, $0.2 million in professional fees, and $0.2 million in travel costs, partially offset by reductions in other expense categories. The increased expenses include an unfavorable US$ exchange rate impact of $0.9 million.

International expenses amounted to $0.9 million for the three and twelve months ended March 31, 2023.

Selling, general and administrative expenses totaled $126.5 million for the twelve months ended March 31, 2023, representing an increase of $27.7 million, or 28.0%, from $98.8 million for the twelve months ended March 31, 2022. Selling, general and administrative expenses, as a percentage of revenues, amounted to 24.2% for the twelve months ended March 31, 2023, compared to 22.6% for the twelve months ended March 31, 2022 driven mostly by the higher historical selling, general and administrative expense percentage of Vitalyst, a $2.8 million impairment of property and equipment and right-of-use assets, as discussed above,and an unfavorable US$ exchange rate impact of $2.7 million, partially offset by reductions in other expense categories.

In Canada, expenses increased by $9.3 million, or 15.0%, to $70.9 million for the twelve months ended March 31, 2023, from $61.6 million for the twelve months ended March 31, 2022, due primarily to a $2.8 million impairment of property and equipment and right-of-use assets, as discussed above, and increases of $2.7 million in information technology and communications costs, including $2.4 million related to specific discretionary projects, $2.6 million in non-cash share-based compensation, $1.9 million in employee training costs, $0.6 million in professional fees, $0.6 million in travel costs and $0.6 million in business development costs, as these activities are returning to pre-Covid-19 levels. These increases were partially offset by decreases of $1.4 million in occupancy costs and $0.4 million in employee compensation costs.

U.S. expenses increased by $18.0 million, or 52.2%, to $52.4 million for the twelve months ended March 31, 2023, from $34.4 million for the twelve months ended March 31, 2022. The increase was due primarily to increased expenses of $11.5 million from Vitalyst and Datum, and increases of $4.4 million in employee compensation costs, as salaries and variable compensation increased with revenues, and as governmental wage subsidies decreased, mainly the forgiveness of $1.3 million in PPP loans recorded in the first quarter of last year, $0.6 million in travel costs, $0.5 million in information technology and communications costs, $0.9 million in non-cash share-based compensation, and $0.4 million in professional fees, partially offset by a $0.4 million decrease in recruiting fees. The increased expenses include an unfavorable US$ exchange rate impact of $2.7 million.

International expenses increased by $0.5 million, or 14.8%, to $3.3 million for the twelve months ended March 31, 2023, from $2.8 million for the twelve months ended March 31, 2022, primarily due to increased travel and occupancy costs.

8.3.2 Share-Based Compensation

Share-based compensation is included in cost of revenues and selling, general and administrative expenses and is detailed in the table below:

	For the three months ended March 31,		For the year ended March 31,	
(in $ thousands)	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Stock options	525	217	1,262	851
Share purchase plan – employer contribution	347	313	1,372	1,138
Share-based compensation granted on business acquisitions	734	181	2,995	1,524
DSUs	818	135	1,250	576
RSUs	—	—	—	92
PSUs	527	91	1,233	273
	2,951	**937**	**8,112**	**4,454**

Share-based compensation amounted to $3.0 million for the three months ended March 31, 2023, representing an increase of $2.1 million, from $0.9 million for the three months ended March 31, 2022. The increase in share-based compensation was driven primarily by increased expenses related to share-based compensation granted on business acquisitions and increased expenses related to DSUs.

Share-based compensation amounted to $8.1 million for the twelve months ended March 31, 2023, representing an increase of $3.6 million, from $4.5 million for the twelve months ended March 31, 2022. The increase in share-based compensation was driven primarily by increased expenses related to share-based compensation granted on business acquisitions, increased expenses related to DSUs and PSUs, and increased employer contributions to the share purchase plan.

8.3.3 Business Acquisition, Integration and Reorganization Costs

Having reached a certain critical mass through acquisitions and continued organic growth, Alithya initiated a review of its cost structure in the fourth quarter of last year and has incurred certain reorganization costs in the current year.

Business acquisition, integration and reorganization costs amounted to $12.2 million for the three months ended March 31, 2023, representing an increase of $6.1 million, from $6.1 million for the three months ended March 31, 2022, driven primarily by an increase of $9.2 million in employee compensation on business acquisition, consisting mainly of contingent consideration related to the Datum Acquisition as a result of the amending agreement, as described in section 7 titled “Business Combinations”, an increase of $1.0 million in reorganization costs related to modifications to Alithya's cost structure during the three months ended March 31, 2023, consisting entirely of employee termination and benefits costs, and an impairment charge of $0.9 million on property and equipment and right-of-use assets, recorded under integration costs. These increases were partially offset by $2.4 million in decreased acquisition costs, related mainly to professional fees in connection with the acquisitions of Vitalyst and Datum, and $1.7 million in decreased integration costs, related mainly to the integration of R3D Consulting Inc. (“R3D”) (the “R3D Acquisition”) in the fourth quarter of last year.

Business acquisition, integration and reorganization costs amounted to $18.1 million for the twelve months ended March 31, 2023, representing an increase of $6.5 million, from $11.6 million for the twelve months ended March 31, 2022, driven primarily by an increase of $9.8 million in employee compensation on business acquisition, consisting mainly of $9.2 million of contingent consideration related to the Datum Acquisition as a result of the amending agreement, as described in section 7 titled “Business Combinations”, an increase of $3.8 million in reorganization costs related to modifications to Alithya's cost structure during the twelve months ended March 31, 2023, consisting entirely of employee termination and benefits costs, and an impairment charge of $0.9 million on property and equipment and right-of-use assets, included in integration costs. These increases were partially offset by $4.6 million in decreased integration costs, related mainly to the integration of R3D last year, and $2.4 million in decreased acquisition costs, related mainly to professional fees in connection with the acquisitions of Vitalyst and Datum.

8.3.4 Depreciation

Depreciation totaled $1.7 million for the three months ended March 31, 2023, compared to $1.2 million for the three months ended March 31, 2022. These costs consisted primarily of depreciation of Alithya’s property and equipment, which increased by $0.1 million, and right-of-use assets, which increased by $0.4 million.

Depreciation totaled $6.5 million for the twelve months ended March 31, 2023, compared to $5.4 million for the twelve months ended March 31, 2022. These costs consisted primarily of depreciation of Alithya’s property and equipment, which increased by $0.2 million, and right-of-use assets, which increased by $0.9 million.

8.3.5 Amortization of Intangibles

Amortization of intangibles totaled $8.7 million for the three months ended March 31, 2023, compared to $4.0 million for the three months ended March 31, 2022. These costs consisted primarily of amortization of customer relationships recognized on acquisitions, which increased by $3.5 million, and amortization of software, which increased by $1.2 million. The increases resulted primarily from the amortization of intangibles recognized on the acquisitions of Vitalyst and Datum.

Amortization of intangibles totaled $27.5 million for the twelve months ended March 31, 2023, compared to $14.3 million for the twelve months ended March 31, 2022. These costs consisted primarily of amortization of customer relationships recognized on acquisitions, which increased by $10.3 million, and amortization of software, which increased by $2.7 million. The increases resulted primarily from the amortization of intangibles recognized on the acquisitions of Vitalyst and Datum.

8.3.6 Foreign Exchange Loss (Gain)

Foreign exchange gain amounted to $0.1 million for the three months ended March 31, 2023, compared to a gain of $0.02 million for the three months ended March 31, 2022.

Foreign exchange loss amounted to $0.2 million for the twelve months ended March 31, 2023, compared to a gain of $0.03 million for the twelve months ended March 31, 2022.

8.4 Other Income and Expenses

8.4.1 Net Financial Expenses

Net financial expenses are summarized in the table below:

	For the three months ended March 31,		For the year ended March 31,	
(in $ thousands)	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Interest on long-term debt	2,127	741	7,087	2,402
Interest and financing charges	96	158	558	432
Interest on lease liabilities	194	208	825	725
Amortization of finance costs	149	66	430	277
Interest accretion on balances of purchase payable	127	188	784	823
Interest income	(116)	(9)	(349)	(80)
	2,577	**1,352**	**9,335**	**4,579**

Net financial expenses amounted to $2.6 million for the three months ended March 31, 2023, representing an increase of $1.2 million, or 91.1%, from $1.4 million for the three months ended March 31, 2022, driven mainly by the increase in long-term debt, as described in section 10.6, and increased variable interest rates, which accounted for the increase in interest on long-term debt.

Net financial expenses amounted to $9.3 million for the twelve months ended March 31, 2023, representing an increase of $4.7 million, or 103.8%, from $4.6 million for the twelve months ended March 31, 2022, driven mainly by the increase in long-term debt, as described in section 10.6, and increased variable interest rates, which accounted for the increase in interest on long-term debt.

8.4.2 Income Taxes

Income tax recovery was $0.5 million for the three months ended March 31, 2023, representing a decrease of $0.1 million, from a recovery of $0.6 million for the three months ended March 31, 2022, due primarily to increased current tax expense, as a result of increased taxable income in certain jurisdictions, and increased deferred tax recovery.

Income tax recovery was $6.3 million for the twelve months ended March 31, 2023, representing an increase of $3.3 million, from $3.0 million for the twelve months ended March 31, 2022, due primarily to an increase in deferred tax recovery, partially offset by an increase in current tax expense, as a result of increased taxable income in certain jurisdictions. During the twelve months ended March 31, 2022, the Group recognized a deferred tax asset in the amount of $6.0 million that was probable of being realized as a result of the deferred tax liability recognized pursuant to the Datum Acquisition. The recognized deferred tax asset relates to previous years' net operating losses of the Group in the U.S. available for carryforwards as at July 1, 2022 in the amount of approximately $22.8 million that was previously not recognized.

8.5 Net Loss and Loss per Share

Net loss for the three months ended March 31, 2023 was $20.0 million, representing an increase of $12.7 million, from $7.3 million for the three months ended March 31, 2022. The increased loss was driven by increased selling, general and administrative expenses, including an impairment charge of $2.8 million on property and equipment and right-of-use assets, increased business acquisition, integration and reorganization costs, including contingent consideration of $9.2 million related to the Datum Acquisition and an impairment charge of $0.9 million on property and equipment and right-of-use assets, increased depreciation and amortization, increased net financial expenses, and decreased income tax recovery, partially offset by increased gross margin in the three months ended March 31, 2023, compared to the three months ended March 31, 2022. On a per share basis, this translated into a basic and diluted net loss per share of $0.21 for the three months ended March 31, 2023, compared to a net loss of $0.08 per share for the three months ended March 31, 2022.

Net loss for the twelve months ended March 31, 2023 was $30.1 million, representing an increase of $14.6 million, from $15.5 million, including the forgiveness of $5.9 million in PPP loans, for the twelve months ended March 31, 2022. The increased loss was driven by increased selling, general and administrative expenses, including an impairment charge of $2.8 million on property and equipment and right-of-use assets, increased business acquisition, integration and reorganization costs, including contingent consideration of $9.2 million related to the Datum Acquisition and an impairment charge of $0.9 million on property and equipment and right-of-use assets, increased depreciation and amortization, decreased governmental wage subsidies, mainly the forgiveness of the PPP loans recorded in the first quarter of last year, and increased net financial expenses, partially offset by increased gross margin and increased income tax recovery in the twelve months ended March 31, 2023, compared to the twelve months ended March 31, 2022. On a per share basis, this translated into a basic and diluted net loss per share of $0.32 for the twelve months ended March 31, 2023, compared to a net loss of $0.18 per share for the twelve months ended March 31, 2022.

8.6 Adjusted Net Earnings and Adjusted Net Earnings per Share

The following table reconciles net loss to Adjusted Net Earnings:

	For the three months ended March 31,		For the year ended March 31,	
(in $ thousands)	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Net loss	**(19,993)**	**(7,253)**	**(30,097)**	**(15,548)**
Business acquisition, integration and reorganization costs	12,166	6,128	18,079	11,617
Amortization of intangibles	8,693	4,017	27,497	14,285
Share-based compensation	2,951	937	8,112	4,454
Impairment of property and equipment and right-of-use assets	2,758	—	2,758	—
Income tax related to deferred tax asset recognized on purchase price allocation	—	—	(6,026)	—
Income tax expense related to above items	(2,515)	(1,591)	(5,581)	(4,218)
Adjusted Net Earnings (1)	**4,060**	**2,238**	**14,742**	**10,590**
Basic and diluted loss per share	(0.21)	(0.08)	(0.32)	(0.18)
Adjusted Net Earnings per Share (1)	0.04	0.02	0.16	0.12

[1] Non-IFRS measure. See section 5 titled "Non-IFRS and Other Financial Measures" for an explanation of the composition and usefulness of this non-IFRS financial measure.

Adjusted Net Earnings amounted to $4.1 million for the three months ended March 31, 2023, representing an increase of $1.9 million, or 81.3%, from $2.2 million for the three months ended March 31, 2022. As explained above, increased gross margin and the contribution from the acquisition of Datum were partially offset by increased selling, general and administrative expenses, increased depreciation of property and equipment and right-of-use assets, increased net financial expenses, and decreased income tax recovery. This translated into Adjusted Net Earnings per Share of $0.04 for the three months ended March 31, 2023, compared to $0.02 for the three months ended March 31, 2022.

Adjusted Net Earnings amounted to $14.7 million for the twelve months ended March 31, 2023, representing an increase of $4.1 million, or 39.2%, from $10.6 million for the twelve months ended March 31, 2022. As explained above, increased gross margin, the contributions from the acquisitions of Vitalyst and Datum, and increased income tax recovery were partially offset by increased selling, general and administrative expenses, decreased governmental wage subsidies, mainly the forgiveness of the PPP loans recorded in the first quarter of last year, increased depreciation of property and equipment and right-of-use assets, and increased net financial expenses. This translated into Adjusted Net Earnings per Share of $0.16 for the twelve months ended March 31, 2023, compared to $0.12 for the twelve months ended March 31, 2022.

8.7 Segment Reporting

As at April 1, 2022, as a result of organic growth and the integration of recent business acquisitions, the Group determined that it has three reportable segments based on geography: Canada, U.S. and International. Information for the comparative period has been restated to also present segment information for the three reportable segments.

Operating income by segment refers to operating income before head office general and administrative expenses and business acquisition, integration and reorganization costs, which are not considered when assessing the underlying financial performance of the reportable segments. Head office general and administrative expenses are expenses and salaries related to centralized functions, such as global finance, legal, human resources and technology teams, which are not allocated to segments. This measure also excludes the effects of depreciation, amortization and foreign exchange loss (gain).

The following tables present the Group's operations based on reportable segments:

	For the three months ended March 31, 2023			
(in $ thousands)	**Canada**	**U.S.**	**International**	**Total**
	$	**$**	**$**	**$**
Revenues	81,158	49,289	5,777	136,224
Operating income by segment	10,490	7,572	688	18,750
Head office general and administrative expenses				13,996
Business acquisition, integration and reorganization costs				12,166
Foreign exchange loss (gain)				96
Operating income before depreciation and amortization				(7,508)
Depreciation and amortization				10,414
Operating loss				**(17,922)**

(in $ thousands)	For the three months ended March 31, 2022 Canada	U.S.	International	Total
	$	$	$	$
Revenues	75,484	40,417	4,073	119,974
Operating income by segment	7,684	3,714	472	11,870
Head office general and administrative expenses				6,991
Business acquisition, integration and reorganization costs				6,128
Foreign exchange loss (gain)				(25)
Operating income before depreciation and amortization				(1,224)
Depreciation and amortization				5,252
Operating loss				**(6,476)**

(in $ thousands)	For year ended March 31, 2023 Canada	U.S.	International	Total
	$	$	$	$
Revenues	312,349	189,883	20,469	522,701
Operating income by segment	35,964	26,736	2,953	65,653
Head office general and administrative expenses				40,401
Business acquisition, integration and reorganization costs				18,079
Foreign exchange loss (gain)				159
Operating income before depreciation and amortization				7,014
Depreciation and amortization				34,033
Operating loss				**(27,019)**

(in $ thousands)	For year ended March 31, 2022 Canada	U.S.	International	Total
	$	$	$	$
Revenues	284,614	139,519	13,752	437,885
Operating income by segment	25,420	18,996	1,253	45,669
Head office general and administrative expenses				28,354
Business acquisition, integration and reorganization costs				11,617
Foreign exchange loss (gain)				(26)
Operating income before depreciation and amortization				5,724
Depreciation and amortization				19,720
Operating loss				**(13,996)**

For a discussion of revenue variances by segment, refer to section 8.1 titled “Revenues”.

Operating income by segment in Canada increased by $2.8 million, or 36.5%, to $10.5 million for the three months ended March 31, 2023, from $7.7 million for the three months ended March 31, 2022. The increase in operating income by segment was due to increased revenues and gross margin, partially offset by increased selling, general and administrative expenses, as described above.

Operating income by segment in the U.S. increased by $3.9 million, or 103.9%, to $7.6 million for the three months ended March 31, 2023, from $3.7 million for the three months ended March 31, 2022. The increase in operating income by segment was due to increased revenues and gross margin, partially offset by increased selling, general and administrative expenses, all stemming primarily from the acquisitions of Vitalyst and Datum's U.S. business, as described above.

Operating income by segment internationally increased by $0.2 million, or 45.8%, to $0.7 million for the three months ended March 31, 2023, from $0.5 million for the three months ended March 31, 2022. The increase in operating income by segment was due to increased revenues and gross margin, stemming primarily from the acquisition of Datum's international business, as described above.

Operating income by segment in Canada increased by $10.6 million, or 41.5%, to $36.0 million for the twelve months ended March 31, 2023, from $25.4 million for the twelve months ended March 31, 2022. The increase in operating income by segment was due to increased revenues and gross margin, partially offset by increased selling, general and administrative expenses, as described above.

Operating income by segment in the U.S. increased by $7.7 million, or 40.7%, to $26.7 million for the twelve months ended March 31, 2023, from $19.0 million for the twelve months ended March 31, 2022. The increase in operating income by segment was due to increased revenues and gross margin, partially offset by increased selling, general and administrative expenses, all stemming primarily from the acquisitions of Vitalyst and Datum's U.S. business, as described above.

Operating income by segment internationally increased by $1.7 million, or 135.7%, to $3.0 million for the twelve months ended March 31, 2023, from $1.3 million for the twelve months ended March 31, 2022. The increase in operating income by segment was due to increased revenues and gross margin, partially offset by increased selling, general and administrative expenses, stemming primarily from the acquisition of Datum's international business, as described above.

8.8 EBITDA and Adjusted EBITDA

The following table reconciles net loss to EBITDA and Adjusted EBITDA:

	For the three months ended March 31,		For the year ended March 31,	
(in $ thousands)	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Revenues	**136,224**	**119,974**	**522,701**	**437,885**
Net loss	**(19,993)**	**(7,253)**	**(30,097)**	**(15,548)**
Net financial expenses	2,577	1,352	9,335	4,579
Income tax recovery	(506)	(575)	(6,257)	(3,027)
Depreciation	1,721	1,235	6,536	5,435
Amortization of intangibles	8,693	4,017	27,497	14,285
EBITDA (1)	**(7,508)**	**(1,224)**	**7,014**	**5,724**
EBITDA Margin (1)	**(5.5)%**	**(1.0)%**	**1.3 %**	**1.3 %**
Adjusted for:				
Foreign exchange loss (gain)	96	(25)	159	(26)
Share-based compensation	2,951	937	8,112	4,454
Business acquisition, integration and reorganization costs	12,166	6,128	18,079	11,617
Impairment of property and equipment and right-of-use assets	2,758	—	2,758	—
Internal ERP systems implementation	—	232	—	840
Adjusted EBITDA (1)	**10,463**	**6,048**	**36,122**	**22,609**
Adjusted EBITDA Margin (1)	**7.7 %**	**5.0 %**	**6.9 %**	**5.2 %**

[1] Non-IFRS measure. See section 5 titled “Non-IFRS and Other Financial Measures” for an explanation of the composition and usefulness of this non-IFRS financial measure.

EBITDA amounted to a loss of $7.5 million for the three months ended March 31, 2023, representing an increase of $6.3 million, from a loss of $1.2 million for the three months ended March 31, 2022. EBITDA Margin was equal to (5.5)% for the three months ended March 31, 2023, compared to (1.0)% for the three months ended March 31, 2022.

Adjusted EBITDA amounted to $10.5 million for the three months ended March 31, 2023, representing an increase of $4.5 million, or 73.0%, from $6.0 million for the three months ended March 31, 2022. As explained above, increased gross margin and the contribution from the acquisition of Datum were partially offset by increased selling, general and administrative expenses. Adjusted EBITDA Margin was 7.7% for the three months ended March 31, 2023, compared to 5.0% for the three months ended March 31, 2022.

EBITDA amounted to $7.0 million for the twelve months ended March 31, 2023, representing an increase of $1.3 million, from $5.7 million for the twelve months ended March 31, 2022. EBITDA Margin was equal to 1.3% for the twelve months ended March 31, 2023, compared to 1.3% for the twelve months ended March 31, 2022.

Adjusted EBITDA amounted to $36.1 million for the twelve months ended March 31, 2023, representing an increase of $13.5 million, or 59.8%, from $22.6 million, which included the forgiveness of $5.9 million in PPP loans, for the twelve months ended March 31, 2022. As explained above, increased gross margin and the contributions from the acquisitions of Vitalyst and Datum were partially offset by increased selling, general and administrative expenses and decreased governmental wage subsidies, mainly the forgiveness of the PPP loans recorded in the first quarter of last year. Adjusted EBITDA Margin was 6.9% for the twelve months ended March 31, 2023, compared to 5.2% for the twelve months ended March 31, 2022.

9. Bookings and Backlog

Bookings during the three months ended March 31, 2023 were $124.0 million, which translated into a book-to-bill ratio of 0.91 for the quarter. The book-to-bill ratio would be 1.06 if revenues from the two long-term contracts signed as part of an acquisition in the first quarter of last year were excluded.

For the twelve months ended March 31, 2023, bookings were $525.4 million, which translated into a book-to-bill ratio of 1.01. The book-to-bill ratio would be 1.15 if revenues from the two long-term contracts signed as part of an acquisition in the first quarter of last year were excluded.

Management believes information regarding bookings can provide useful trend insight to investors regarding changes in the volume of new business over time. However, contracts typically provide termination clauses at the option of the customer. Furthermore, modifications of the scope of work and demand-driven usage may occur. As such, the amount of the contract actually realized could materially differ from the initial bookings amount.

As at March 31, 2023, backlog represented approximately 16 months of trailing twelve-month revenues. The backlog includes revenue agreements for projects which may extend beyond twelve months.

Management believes that backlog information can provide useful trend insight to investors regarding changes in management's best estimate of future revenue stemming from signed revenue agreements. However, contracts typically provide termination clauses at the option of the customer. Furthermore, modifications of the scope of work and demand-driven usage may occur. There can be no assurance that subsequent cancellations or scope adjustments will not occur, that the backlog will ultimately result in earnings, or when the related revenues and earnings from such backlog will be recognized. As such, the amount of the contract actually realized could materially differ from the amount included in backlog at a given date.

10. Liquidity and Capital Resources

10.1 Consolidated Statements of Cash Flows

Alithya's ongoing operations and growth are financed through a combination of operating cash flows, borrowings under its existing credit facility, secured loans and a subordinated unsecured loan, and the issuance of equity. Alithya seeks to maintain an optimal level of liquidity through the active management of its assets and liabilities, as well as its cash flows. The following table summarizes Alithya's cash flow activities for the three and twelve months ended March 31, 2023 and 2022:

	For the three months ended March 31,		For the year ended March 31,	
(in $ thousands)	**2023**	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Net cash from (used in) operating activities	4,431	(3,682)	28,882	1,850
Net cash used in investing activities	(326)	(17,336)	(13,728)	(18,938)
Net cash (used in) from financing activities	(5,633)	30,042	(11,326)	27,917
Effect of exchange rate changes	92	(48)	1,100	(77)
Net change in cash	**(1,436)**	**8,976**	**4,928**	**10,752**
Cash at the beginning of the period	24,019	8,679	17,655	6,903
Cash at the end of the period	**22,583**	**17,655**	**22,583**	**17,655**

10.2 Cash Flows - Operating Activities

For the three months ended March 31, 2023, net cash from operating activities was $4.4 million, representing an increase of $8.1 million, from $3.7 million of cash used for the three months ended March 31, 2022. The cash flows for the three months ended March 31, 2023 resulted primarily from the net loss of $20.0 million, plus $28.0 million of non-cash adjustments to the net loss, consisting primarily of depreciation and amortization, contingent consideration, impairment of property and equipment and right-of-use assets, net financial expenses, and share-based compensation, partially offset by deferred taxes, and $3.6 million in unfavorable changes in non-cash working capital items. In comparison, the cash flows for the three months ended March 31, 2022 resulted primarily from the net loss of $7.3 million, plus $6.1 million of non-cash adjustments to the net loss, consisting primarily of depreciation and amortization, net financial expenses, and share-based compensation, partially offset by deferred taxes and other items, and $2.5 million in unfavorable changes in non-cash working capital items.

Unfavorable changes in non-cash working capital items of $3.6 million during the three months ended March 31, 2023 consisted primarily of a $4.5 million increase in unbilled revenues, a $1.3 million increase in prepaids, a $0.5 million increase in tax credits receivable, and a $0.4 million decrease in deferred revenues, partially offset by a $2.8 million increase in accounts payable and accrued liabilities and a $0.5 million decrease in accounts receivable and other receivables. For the three months ended March 31, 2022, unfavorable changes in non-cash working capital items of $2.5 million consisted primarily of a $3.1 million increase in tax credits receivable, a $2.5 million decrease in deferred revenues, a $2.3 million increase in unbilled revenues, a $2.1 million increase in accounts receivable and other receivables, and a $2.1 million increase in prepaids, partially offset by a $9.6 million increase in accounts payable and accrued liabilities.

For the twelve months ended March 31, 2023, net cash from operating activities was $28.9 million, representing an increase of $27.0 million, or 1,461.2%, from $1.9 million for the twelve months ended March 31, 2022. The cash flows for the twelve months ended March 31, 2023 resulted primarily from the net loss of $30.1 million, plus $56.7 million of non-cash adjustments to the net loss, consisting primarily of depreciation and amortization, net financial expenses, contingent consideration, share-based compensation, impairment of property and equipment and right-of-use assets, and foreign exchange loss on repayment of long-term debt, partially offset by deferred taxes and unrealized foreign exchange gain, and $2.3 million in favorable changes in non-cash working capital items. In comparison, the cash flows for the twelve months ended March 31, 2022 resulted primarily from the net loss of $15.5 million, plus $18.5 million of non-cash adjustments to the net loss, consisting primarily of depreciation and amortization, net financial expenses, and share-based compensation, partially offset by the forgiveness of PPP loans and deferred taxes, and $1.1 million in unfavorable changes in non-cash working capital items.

Favorable changes in non-cash working capital items of $2.3 million during the twelve months ended March 31, 2023 consisted primarily of a $15.8 million decrease in accounts receivable and other receivables and a $0.1 million decrease in other assets, partially offset by a $6.2 million decrease in accounts payable and accrued liabilities, a $4.5 million increase in unbilled revenues, a $1.6 million increase in tax credits receivable, a $0.9 million increase in prepaids, and a $0.4 million decrease in deferred revenues. For the twelve months ended March 31, 2022, unfavorable changes in non-cash working capital items of $1.1 million consisted primarily of a $15.9 million increase in accounts receivable and other receivables, a $5.7 million increase in tax credits receivable, and a $0.8 million increase in prepaids, partially offset by a $17.7 million increase in accounts payable and accrued liabilities, a $2.1 million increase in deferred revenues, a $0.9 million decrease in unbilled revenues, and a $0.6 million decrease in income taxes receivable.

10.3 Cash Flows - Investing Activities

For the three months ended March 31, 2023, net cash used in investing activities was $0.3 million, representing a decrease of $17.0 million, from $17.3 million for the three months ended March 31, 2022. The cash used in the three months ended March 31, 2023 resulted primarily from purchases of property and equipment and intangibles as part of the ordinary course of business. In comparison, the cash used in the three months ended March 31, 2022 resulted primarily from the Vitalyst Acquisition and purchases of property and equipment and intangibles as part of the ordinary course of business.

For the twelve months ended March 31, 2023, net cash used in investing activities was $13.7 million, representing a decrease of $5.2 million, from $18.9 million for the twelve months ended March 31, 2022. The cash used in the twelve months ended March 31, 2023 resulted primarily from the Datum Acquisition, net of the working capital adjustment, and purchases of property and equipment and intangibles as part of the ordinary course of business, partially offset by a decrease in restricted cash. In comparison, the cash used in the twelve months ended March 31, 2022 resulted primarily from the Vitalyst Acquisition and purchases of property and equipment as part of the ordinary course of business.

10.4 Cash Flows - Financing Activities

For the three months ended March 31, 2023, net cash used in financing activities was $5.6 million, representing an increase of $35.6 million, from $30.0 million of cash generated for the three months ended March 31, 2022. The cash flows for the three months ended March 31, 2023 resulted primarily from $30.9 million in long-term debt repayments, $2.3 million in net financial expenses paid, and $0.9 million in repayments of lease liabilities, partially offset by $28.2 million in proceeds from long-term debt, net of related transaction costs, as described in section 10.6, and $0.3 million from the exercise of stock options. In comparison, the cash flows for the three months ended March 31, 2022 resulted primarily from $95.1 million in proceeds from long-term debt, net of related transaction costs, $24.7 million from the issuance of shares, net of share issue costs, and $0.3 million from the exercise of stock options, partially offset by $87.7 million in long-term debt repayments, $1.1 million in net financial expenses paid, $0.9 million in repayments of lease liabilities, and $0.4 million in shares purchased for cancellation.

For the twelve months ended March 31, 2023, net cash used in financing activities was $11.3 million, representing an increase of $39.2 million, from $27.9 million of cash generated for the twelve months ended March 31, 2022. The cash flows for the twelve months ended March 31, 2023 resulted primarily from $97.5 million in long-term debt repayments, $8.1 million in net financial expenses paid, $3.7 million in repayments of lease liabilities, and $1.0 million in shares purchased for cancellation, partially offset by $98.7 million in proceeds from long-term debt, net of related transaction costs, and $0.3 million from the exercise of stock options. In comparison, the cash flows for the twelve months ended March 31, 2022 resulted primarily from $156.8 million in proceeds from long-term debt, net of related transaction costs, $24.7 million from the issuance of shares, net of share issue costs, and $0.3 million from the exercise of stock options, partially offset by $146.5 million in long-term debt repayments, $3.5 million in net financial expenses paid, $2.7 million in repayments of lease liabilities, and $1.2 million in shares purchased for cancellation.

10.5 Capital Resources

Alithya’s capital consists of cash, long-term debt and total equity. Alithya’s main objectives when managing capital are to provide a strong capital base in order to maintain shareholders’, creditors’ and other stakeholders’ confidence and to sustain future growth and development of the business, to maintain a flexible capital structure that optimizes the cost of capital at an acceptable risk level and preserves the ability to meet its financial obligations, to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions, and to provide returns on investment to shareholders.

In managing its capital structure, Alithya monitors performance throughout the year to ensure anticipated working capital requirements and maintenance capital expenditures are funded from operations, available cash and, where applicable, bank borrowings.

10.6 Long-Term Debt and Net Debt

The following table summarizes the Group's long-term debt:

As at (in $ thousands)	March 31, 2023	March 31, 2022
	$	$
Senior secured revolving credit facility (the "Credit Facility") [(a)]	82,512	66,631
Secured loans [(b)]	13,192	8,596
Subordinated unsecured loans [(c)]	20,000	17,500
Balance of purchase payable with a nominal value of $3,100,000, non-interest bearing (5.8% effective interest rate), paid in April 2022	—	3,100
Balance of purchase payable with a nominal value of $1,800,000, non-interest bearing (6.0% effective interest rate), paid in October 2022	—	1,748
Balance of purchase payable with a nominal value of $8,519,000 ($6,825,000 US), non-interest bearing (6.0% effective interest rate), paid in December 2022	—	8,178
Balance of purchase price payable with a nominal value of $12,641,000 (US$9,345,000), non-interest bearing (4.4% effective interest rate), payable in annual installments of $4,214,000 (US$3,115,000), maturing on July 1, 2025	11,993	—
Deferral of employment tax payments (March 31, 2022 - US$1,219,000)	—	1,521
Other	—	120
Unamortized transaction costs (net of accumulated amortization of $1,184,000 and $754,000)	(507)	(718)
	127,190	**106,676**
Current portion of long-term debt	12,808	19,316
	114,382	**87,360**

[a)] The Credit Facility is available to a maximum amount of $125,000,000 which can be increased under an accordion provision to $140,000,000, under certain conditions, and can be drawn in Canadian and the equivalent amount in U.S. dollars. It is available in prime rate advances, SOFR advances, bankers' acceptances and letters of credit up to $2,500,000.

The advances bear interest at the Canadian or U.S. prime rate, plus an applicable margin ranging from 0.25% to 1.00%, or bankers' acceptances or SOFR rates, plus an applicable margin ranging from 1.50% to 2.25%, as applicable for Canadian and U.S. advances, respectively. The applicable margin is determined based on threshold limits for certain financial ratios.

As security for the Credit Facility, Alithya provided a first ranking hypothec on the universality of its assets excluding any leased equipment and Investissement Québec's first ranking lien on tax credits receivable for the financing related to refundable tax credits. Under the terms of the agreement, the Group is required to maintain certain financial covenants which are measured on a quarterly basis. The Credit Facility matures on April 1, 2024 and is renewable for additional one-year periods at the lender's discretion.

As at March 31, 2023, the amount outstanding under the Credit Facility includes $82,512,000 (March 31, 2022 - $48,377,000) payable in U.S. dollars (US$61,000,000; March 31, 2022 - US$38,755,000).

On October 27, 2022, the Group entered into an additional operating credit facility available to a maximum amount of $2,705,000 (US$2,000,000), bearing interest at U.S. prime rate plus 1.00%, with the same security and financial covenants as the Credit Facility. This operating credit facility can be terminated by the lender at any time. There was no amount outstanding under this additional operating credit facility as at March 31, 2023.

[b] The secured loans issued by Investissement Québec to finance the Group's refundable tax credits have the following terms and conditions:

As at (in $ thousands)			March 31, 2023	March 31, 2022
			$	$
Year of related Refundable Tax Credit	Repayable on the earlier of the date of receipt of the refundable tax credits receivable and	Bearing interest at		
2021	March 31, 2023	Prime rate + 1,00%	—	4,670
2022	March 31, 2024	Prime rate + 1,00%	8,719	3,926
2023	March 31, 2025	Prime rate + 1,25%	4,473	—
			13,192	**8,596**

The maximum amount that can be financed for the 2022 and 2023 refundable tax credits is the lesser of 90% of the eligible refundable tax credits and $8,776,000 for 2022 and $10,670,000 for 2023. The loans are secured by a first ranking hypothec on the universality of the Group's financed refundable tax credits receivable and a subordinated ranking hypothec on accounts receivable and other receivables.

[c] The subordinated unsecured loans are with Investissement Québec, in the amount of $20,000,000, mature on October 1, 2025. The first $10,000,000 bears fixed interest rates ranging between 6.00% and 7.25% and the additional $10,000,000 bears interest ranging between 7.10% and 8.35%, determined and payable quarterly, based on threshold limits for certain financial ratios. Under the terms of the loans, the Group is required to maintain compliance with certain financial covenants which are measured on a quarterly basis.

[a][c] The Group was in compliance with all of its financial covenants as at March 31, 2023 and 2022.

Total long-term debt as at March 31, 2023 increased by $20.5 million, to $127.2 million, from $106.7 million as at March 31, 2022, due primarily to an increase of $15.9 million in drawings under the Credit Facility in order to fund the Datum Acquisition and to fund operations, the addition of a $12.0 million balance of purchase price payable as part of the Datum Acquisition, an increase of $2.5 million in the subordinated unsecured loan, an increase of $4.6 million in the secured loans, and a general increase due to the foreign exchange rate impact on long-term debt denominated in U.S. dollars, partially offset by payments of $13.0 million in balances of sale related to previous acquisitions and $1.5 million in deferred employment taxes. The increase in total long-term debt resulted in a $4.9 million increase in cash as at March 31, 2023 compared to March 31, 2022.

As at March 31, 2023, cash amounted to $22.6 million and $82.5 million was drawn under the Credit Facility and classified as long-term debt. In comparison, as at March 31, 2022, cash amounted to $17.7 million, restricted cash held in trust as required by contractual obligations arising from business acquisitions was $3.3 million, and $66.6 million was drawn under the Credit Facility and classified as long-term debt.

The following table reconciles long-term debt to Net Debt(1):

As at (in $ thousands)	March 31, 2023	March 31, 2022
	$	$
Current portion of long-term debt	12,808	19,316
Non-current portion of long-term debt	114,382	87,360
Total long-term debt	**127,190**	**106,676**
Less:		
Cash	22,583	17,655
Restricted cash	—	3,254
	22,583	**20,909**
Net Debt	**104,607**	**85,767**

[1] Non-IFRS measure. See section 5 titled "Non-IFRS and Other Financial Measures" for an explanation of the composition and usefulness of this non-IFRS financial measure.

During the twelve months ended March 31, 2023, Alithya's Net Debt increased primarily as a result of the increased borrowing under the Credit Facility, as explained above, and the decrease in restricted cash, partially offset by the increase in cash.

10.7 Contractual Obligations

The following table summarizes the carrying amounts and the contractual maturities of both the interest and principal portions of significant financial liabilities and contracted expenditures for operating commitments:

As at	March 31, 2023					
(in $ thousands)	Carrying amount	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
	$	$	$	$	$	$
Trade payable	53,145	53,145	53,145	—	—	—
Contingent consideration	9,157	9,565	—	8,826	739	—
Credit Facility	82,512	88,436	5,924	82,512	—	—
Secured loans	13,192	14,226	9,398	4,828	—	—
Subordinated unsecured loans	20,000	23,275	1,310	1,310	20,655	—
Balance of purchase price payable	11,993	12,642	4,214	4,214	4,214	—
Lease liabilities	18,516	20,499	4,545	5,219	7,197	3,538
Operating commitments	—	19,316	9,176	3,299	6,841	—
	208,515	**241,104**	**87,712**	**110,208**	**39,646**	**3,538**

10.8 Off-Balance Sheet Arrangements

Alithya uses off-balance sheet financing for operating commitments for technology licenses and infrastructure, as disclosed in the section above titled "Contractual Obligations". Other than as disclosed in the section above and Note 14 of the consolidated financial statements, there have been no material changes with respect to off-balance sheet arrangements since March 31, 2022 outside of Alithya's ordinary course of business.

11. Share Capital

In the context of the discussion on share capital, Alithya Group inc. will be referred to as the “Company”. The details of Alithya's share capital are fully described in Note 12 of Alithya's annual audited consolidated financial statements.

11.1 Normal Course Issuer Bid

On September 14, 2021, the Company’s Board of Directors authorized and subsequently the TSX approved the implementation of a NCIB. Under the NCIB, the Company was allowed to purchase for cancellation up to 5,462,572 Subordinate Voting Shares, representing 10% of the Company’s public float as of the close of markets on September 8, 2021.

The NCIB plan authorized the Company to make purchases for cancellation during the period between September 20, 2021 and the earlier of September 19, 2022 and the date on which the Company would have acquired the maximum number of Subordinate Voting Shares allowable under the NCIB or would otherwise have decided not to make any further purchases.

On September 14, 2022, the Company’s Board of Directors authorized and subsequently the TSX approved the renewal of its NCIB. Under the NCIB, the Company is allowed to purchase for cancellation up to 2,491,128 Subordinate Voting Shares, representing 5% of the Company’s public float as of the close of markets on September 8, 2022.

The NCIB plan commenced on September 20, 2022 and will end on the earlier of September 19, 2023 and the date on which the Company will have acquired the maximum number of Subordinate Voting Shares allowable under the NCIB or will otherwise decide not to make any further purchases. All purchases of Subordinate Voting Shares are made by means of open market transactions at their market price at the time of acquisition.

In connection with the NCIB, the Company entered into an automatic share purchase plan (“ASPP”) with a designated broker. The ASPP allows for the designated broker, to purchase for cancellation Subordinate Voting Shares, on behalf of the Company, subject to certain trading parameters established, from time to time, by the Company.

12. Related Parties

Ultimate controlling party

As at March 31, 2023, the holders of Multiple Voting Shares, directly or indirectly, collectively owned or exercised control over Subordinate Voting Shares and Multiple Voting Shares representing approximately 45.84% of the total voting rights of Alithya. The holders entered into a voting agreement on November 1, 2018, pursuant to which they agreed to, among other things, vote all of the Subordinate Voting Shares and Multiple Voting Shares under their control in accordance with decisions made by a majority of them, subject to certain exceptions.

Transactions with directors and key management personnel

Key management includes members of the Group's Executive Committee. Certain key management of Alithya participate in the share purchase plan and the stock options plan. The compensation paid or payable to directors and to key management for services is shown below:

Year ended (in $ thousands)	March 31, 2023	March 31, 2022
	$	$
Director compensation, and key management salaries and benefits*	4,101	4,312
Share-based compensation	3,081	1,325
Termination benefits	—	317
	7,182	**5,954**

[a] *Salaries and benefits include short-term incentive compensation.*

In addition to the above amounts, the Group is committed to pay incremental benefits to certain members of key management up to $6,624,000 (2022 - $5,122,000) in the event of change of control and/or termination without cause.

Operating transactions with key management personnel

In the normal course of operations, the Group incurred the following transactions with an entity controlled by a director. The transactions have been recorded at the contractual amount of the consideration established, which represents market rates, as agreed by the related parties. As at March 31, 2023, the entity was no longer a related party as its controlling shareholder ceased to be a director of the Group on September 14, 2022.

Year ended (in $ thousands)	March 31, 2023	March 31, 2022
	$	$
Revenues*	6,811	21,100

** Under a ten-year commercial agreement, ending in April 2031, an entity controlled by a director has committed to minimum annual gross margin, resulting from the procurement of consulting services, with annual surpluses and/or deficiencies thereof eligible to certain carryover provisions. Should the minimum contracted amounts not be met, the entity will make compensating payments based on a formula as defined in the commercial agreement. The commercial agreement may be extended to April 2034, however the minimum annual gross margin requirements will not be applicable to the extension period.*

As at March 31, 2023, trade accounts receivable in the amount of nil (March 31, 2022 - $4,287,000) were receivable from an entity controlled by a director that ceased to be a director of the Group on September 14, 2022.

13. Selected Annual Information

	For the years ended March 31,		
(in $ thousands)	2023	2022	2021
	$	$	$
Revenues	522,701	437,885	287,643
Net loss	(30,097)	(15,548)	(17,338)
Basic and diluted loss per share	(0.32)	(0.18)	(0.30)
Total assets	464,101	447,721	243,261
Non-current long-term debt and lease liabilities	129,025	105,113	33,353

Revenues increased from March 31, 2022 to March 31, 2023 primarily due to the acquisitions of Vitalyst, which provided an additional ten months of revenues in fiscal 2023 compared to the prior year, and Datum, as well as organic growth in all areas and the positive impact of foreign exchange variations between the periods. Revenue growth from March 31, 2021 to March 31, 2022 was primarily due to the acquisitions of R3D and Vitalyst, as well as organic growth in all areas, partially offset by the negative impact of foreign exchange variations between the periods.

Net loss and basic and diluted loss per share increased from March 31, 2022 to March 31, 2023 primarily due to increased selling, general and administrative expenses, including decreased governmental wage subsidies, increased business acquisition, integration and reorganization costs, including the potential earn-out consideration related to the Datum Acquisition, increased depreciation and amortization, and increased net financial expenses, partially offset by increased gross margin and increased income tax recovery. Net loss and basic and diluted loss per share decreased from March 31, 2021 to March 31, 2022 primarily due to the increased gross margin, partially offset by increased selling, general and administrative expenses, increased business acquisition, integration and reorganization costs related to the acquisitions of R3D and Vitalyst, and decreased income tax recovery.

The increase in total assets from March 31, 2022 to March 31, 2023 was due primarily to the acquisition of Datum, which resulted in the recognition of intangible assets and goodwill, partially offset by the amortization of intangible assets that occurred during the year ended March 31, 2023. The increase in total assets from March 31, 2021 to March 31, 2022 was due primarily to the acquisitions of R3D and Vitalyst, which resulted in increased trade accounts receivable and unbilled revenues and the recognition of intangible assets and goodwill.

Non-current long-term debt and lease liabilities increased from March 31, 2022 to March 31, 2023 primarily due to the increase in long-term debt, as described in section 10.6. Non-current long-term debt and lease liabilities increased from March 31, 2021 to March 31, 2022 primarily due to the increase in long-term debt, in order to fund the Vitalyst Acquisition, and lease liabilities recognized on the acquisitions of R3D and Vitalyst.

14. Eight Quarter Summary

(in $ thousands, except for per share data)	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022	Jun 30, 2022	Sep 30, 2022	Dec 31, 2022	Mar 31, 2023
	For the three months ended							
Revenues	102,921	105,277	109,713	119,974	126,764	128,933	130,780	136,224
Cost of revenues	74,581	76,804	81,456	88,891	92,700	91,173	91,562	95,492
Gross margin	28,340	28,473	28,257	31,083	34,064	37,760	39,218	40,732
	27.5 %	27.0 %	25.8 %	25.9 %	26.9 %	29.3 %	30.0 %	29.9 %
Operating expenses								
Selling, general and administrative expenses	22,747	24,885	25,002	26,204	28,927	30,421	31,196	35,978
Business acquisition, integration and reorganization costs	3,943	689	857	6,128	1,882	2,741	1,290	12,166
Depreciation	1,553	1,247	1,400	1,235	1,579	1,602	1,634	1,721
Amortization of intangibles	3,380	3,450	3,438	4,017	4,699	6,708	7,397	8,693
Foreign exchange loss (gain)	68	(42)	(27)	(25)	(164)	64	163	96
	31,691	30,229	30,670	37,559	36,923	41,536	41,680	58,654
Operating loss	(3,351)	(1,756)	(2,413)	(6,476)	(2,859)	(3,776)	(2,462)	(17,922)
Net financial expenses	949	1,075	1,203	1,352	1,793	2,301	2,664	2,577
Loss before income taxes	**(4,300)**	**(2,831)**	**(3,616)**	**(7,828)**	**(4,652)**	**(6,077)**	**(5,126)**	**(20,499)**
Income tax recovery	(2,268)	(54)	(130)	(575)	(488)	(5,642)	379	(506)
Net loss	**(2,032)**	**(2,777)**	**(3,486)**	**(7,253)**	**(4,164)**	**(435)**	**(5,505)**	**(19,993)**
Basic and diluted loss per share	(0.02)	(0.03)	(0.04)	(0.08)	(0.04)	—	(0.06)	(0.21)

Quarterly variances in Alithya's results are due primarily to the timing of acquisitions. Quarterly variations can also be attributed to seasonality. The revenues generated by Alithya's consultants are impacted by the number of working days in a particular quarter, which can vary as a result of vacations and other paid time off and statutory holidays. Similarly, customer information technology investment cycles are also affected by the seasonality of their own operations.

Over the eight-quarter period, revenues have increased mainly due to business acquisitions, and organic growth in most areas of the Company’s business. Fluctuations in gross margin over the previous eight quarters can be attributed to a steady migration towards higher value-added services and the acquisitions of Vitalyst and Datum on January 31, 2022 and July 1, 2022, respectively, offset by the negative impacts of the COVID-19 pandemic, net of government subsidies received, and the April 1, 2021 acquisition of R3D, whose revenues historically show a higher proportion from billable subcontractors. Selling, general and administrative expenses have increased mainly from business acquisitions, net of synergies, and additional costs associated with carrying out the strategic business plan and increased recruiting in order to grow revenues. As a percentage of consolidated revenues, total selling, general and administrative expenses have increased moderately as certain business activities return to pre-Covid-19 levels and due to the higher historical selling, general and administrative expense percentage of Vitalyst. Other expenses, such as business acquisition, integration and reorganization costs, depreciation, amortization of intangibles, and income tax recovery, have also varied as a result of business acquisitions and the subsequent integration activities and requirements.

15. Critical Accounting Estimates

The preparation of Alithya’s consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported as assets, liabilities, income and expenses in the consolidated financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which they occur and in any future periods affected. Alithya's significant accounting policies are fully described in Note 2 of Alithya's annual audited consolidated financial statements.

The following are critical judgements that management has made in applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Determination of cash generating units – The identification of CGUs and grouping of assets into the respective CGUs is based on currently available information about actual utilization experience and expected future business plans. Management has taken into consideration various factors in identifying its CGUs. These factors include how the Group manages and monitors its operations, the nature of each CGU’s operations, and the major customer markets they serve. As such, the Group has identified its CGUs for purposes of testing the recoverability and impairment of non-financial assets to be: Canada, France, EPM, ERP and Data Solutions.

Determination of the aggregation of operating segments – The Group uses judgment in the aggregation of operating segments for financial reporting and disclosure purposes. The Group has examined its activities and has determined that it has three reportable segments based on geography: Canada, U.S. and International.

Grants, loans and tax credits – The Group is eligible for government assistance programs, in different jurisdictions, which are recorded as a reduction in the cost of the related item when there is reasonable assurance that the assistance will be received and that the Group will comply with all relevant conditions. The Group interprets the regulations related to these programs, determines if the operations of the Group qualify and identifies and quantifies eligible expenses. These claims are subject to examination and audit by local authorities, who may disagree with interpretations made by the Group. These interpretations are used to determine the amounts to be received or forgiven under the programs and are subject to examinations and audits which could reach conclusions that are materially different from amounts recorded by the Group.

The following are assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments within the next year:

Revenue recognition of fixed-fee arrangements – The Group recognizes revenues from fixed-fee arrangements which can extend over more than one reporting period. Revenue from these fixed-fee arrangements is recognized over time based on a measure of progress using generally the Group’s best estimate of the total expected labour costs or total expected labour hours, and the related risks associated with completing the projects. In addition, the determination of anticipated costs for completing a contract is based on estimates that can be affected by a variety of factors, including the cost of materials and labour, as well as potential claims from customers. As risks and uncertainties are different for each project, the sources of variations between anticipated costs and actual costs incurred will also vary by project. The determination of estimates is based on the Group's business practices as well as its historical experience, and is tightly linked to detailed project management processes and controls. The information provided by the project managers combined with a knowledgeable assessment of technical complexities and risks are used in estimating the percentage complete.

Impairment of long-lived assets – The Group's impairment test for goodwill is based on internal estimates of either the value-in-use calculations using valuation models such as the discounted cash flow model or the fair value less costs of disposal calculations using valuation models such as a multiple applied to Adjusted EBITDA. Key assumptions on which the Group has based its determination of the individual CGUs' value-in-use include discounted future expected net operating cash flows, estimated long-term growth rates of net operating cash flows and pre-tax value weighted average cost of capital ("WACC"). Key assumptions used in the fair value less cost of disposal calculations include estimated revenues and EBITDA margin in determining forecasted Adjusted EBITDA, as well as the multiple applied to forecasted Adjusted EBITDA. Changes in these estimates can have a material impact on the recoverable amount calculations and ultimately the amount of any goodwill impairment recognized.

Business combinations – The Group accounts for business combinations using the acquisition method. The consideration transferred and the acquiree's identifiable assets, liabilities and contingent liabilities are measured at their fair value. The Group develops the fair value by using appropriate valuation techniques which are generally based on discounted future expected cash flows. These evaluations are linked closely to the assumptions made by the Group and can consist of the future performance of the related assets, the discount rate and the attrition rate. Contingent consideration is measured at fair value using a discounted cash flow model.

16. Change in Accounting Policy

IAS 7 Statement of Cash Flows

IAS 7 prescribes that interest paid is to be classified as operating cash flows (the Group's previous classification), or alternatively, interest paid may be classified as financing cash flows. As at October 1, 2022, as a result of recent business acquisitions financed through its senior revolving credit facility and balance of purchase price payable, the Group changed its cash flow presentation to present interest paid as financing cash flows instead of operating cash flows. This presentation provides more relevant information regarding the cash flows of the Group.

This change in accounting policy has been applied retrospectively. Changes to the comparative amounts in the Group's consolidated statements of cash flows are as follows:

	For the three months ended March 31, 2022			For the year ended March 31, 2022		
(in $ thousands)	**As previously reported**	**Adjustment**	**Restated amount**	**As previously reported**	**Adjustment**	**Restated amount**
	$	**$**	**$**	**$**	**$**	**$**
Net cash (used in) from operating activities	(4,780)	1,097	(3,683)	(1,629)	3,479	1,850
Net cash from (used in) financing activities	31,140	(1,097)	30,043	31,396	(3,479)	27,917

17. Accounting Standard Amendments Effective for the Year Ending March 31, 2023

The following amendment to existing standards was adopted by the Group on April 1, 2022 and had no significant impact on the Group's consolidated financial statements.

Onerous Contracts, Cost of Fulfilling a Contract

In May 2020, the IASB issued Onerous Contracts - Cost of Fulfilling a Contract, which includes amendments to IAS 37. The amendments specify which costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The full cost approach considers that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract include incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

18. New Standards and Interpretations Issued but Not Yet Effective

At the date of authorization of the consolidated financial statements, certain new standards, amendments and interpretations, and improvements to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Group. Management anticipates that all the relevant pronouncements will be adopted in the first reporting period following the date of application. Information on new standards, amendments and interpretations, and improvements to existing standards, which could potentially impact the Group's consolidated financial statements, are detailed as follows:

IAS 1 - Presentation of Financial Statements

On January 23, 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. After reconsidering certain aspects of the 2020 amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Additional disclosure will be required to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that: settlement of a liability includes transferring a company's own equity instruments to the counterparty; and when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity. The amendments to IAS 1 apply retrospectively and are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. Management is currently evaluating the impact of the amendment on its consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policy Information

In February 2021, the IASB issued amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements. The amendments help entities provide accounting policy disclosures that are more useful to primary users of financial statements by:

- Replacing the requirement to disclose “significant” accounting policies under IAS 1 with a requirement to disclose “material” accounting policies. Under this, an accounting policy would be material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that primary users of general purpose financial statements make on the basis of those financial statements.

- Providing guidance in IFRS Practice Statement 2 to explain and demonstrate the application of the four-step materiality process to accounting policy disclosures.

The amendments shall be applied prospectively. The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Once an entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2. Management is currently evaluating the impact of the amendment on its consolidated financial statements.

Amendments to IAS 8, Definition of Accounting Estimates

In February 2021, the IASB amended IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition of “accounting estimates” to replace the definition of “change in accounting estimates” and also include clarifications intended to help entities distinguish changes in accounting policies from changes in accounting estimates. This distinction is important because changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively. The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. Management is currently evaluating the impact of the amendment on its consolidated financial statements.

Amendments to IAS 12 - Income Taxes

On May 7, 2021, the IASB issued amendments to IAS 12 - Income Taxes to narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will be required to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. Management is currently evaluating the impact of this standard on its consolidated financial statements.

19. Risks and Uncertainties

19.1 Risks Related to the Market

19.1.1 Economic risks and political uncertainty

Alithya's results of operations are affected by the level of business activity of its customers, which in turn is affected by the level of economic activity in the industries and markets that they serve as well as political uncertainty, including armed conflict, labor or social unrest, rising inflation, recession, climate change, and diseases or health emergencies. Economic conditions and political uncertainty could cause some customers to reduce or defer their expenditures for digital technology consulting services and a significant prolonged decline in the level of business activity of Alithya's customers could have a material adverse effect on its revenues and profit margin. Alithya has implemented and will continue to implement cost-savings initiatives to manage its expenses as a percentage of revenues, but there is no assurance that such initiatives would be successful.

With the current high levels of inflation, Alithya may become subject to significant cost pressures, which may result in market volatility. Governments of countries, states or provinces where Alithya has direct or indirect business activities may adopt initiatives to combat inflation, such as raising interest rate, thus increasing the Company's cost of borrowing and decreasing the liquidity of capital markets. High levels of inflation may also lead to increased costs of labor and the Company's employee compensation expenses. If Alithya's costs were to become subject to significant inflationary pressures, there is no assurance that Alithya would be able to fully offset such higher costs through price increases, which could have a material adverse effect on its business financial condition or results of operations.

Also, although the Company has no operations in the Ukraine, the current armed conflict in the Ukraine could affect its customers and therefore indirectly affect Alithya. Similarly, as the Company continues to expand its operations in North America and internationally, in particular through acquisitions, the level of economic activity in such other jurisdictions, in which it may expand and develop more business with time, and the political uncertainty that could affect such jurisdictions could have a more significant footprint on Alithya's operations and business, financial condition and results of operations.

Additionally, the potential impacts of climate change are unpredictable and natural disasters, sea-level rise, floods, droughts or other weather-related events present additional risks, as they could disrupt Alithya's internal operations or its client's operations, impact our professional's health and safety and increase insurance and other operating costs. Climate risks can arise from physical risks (risks related to the physical effects of climate change), transition risks (risks related to regulatory, legal, technological and market changes from a transition to a low-carbon economy), as well as reputational risks related to the Company's management of climate-related issue and our level of disclosure related to such matters. Such risks could affect the Company or affect the financial viability of its customers, leading to a reduction of demand and loss of business from such customers and each of these risks could negatively impact Alithya's business, results of operation and financial condition.

19.1.2 Pandemics

A pandemic, such as the COVID-19 pandemic, can create significant volatility and uncertainty and disrupt the industries and markets in which Alithya operates and poses the risk that our professionals, customers, subcontractors and business partners may be prevented from, or restricted in, conducting business activities as per pact practice or as expected for an indefinite period, including due to the virus itself or as a result of emergency measures and restrictions that may be recommended or imposed by governmental authorities to combat any such pandemic. Such governmental emergency measures may include travel bans and restrictions, border closures, self-imposed quarantine or isolation periods, mandated business closures, vaccine mandates or passports, social distancing, testing requirements, stay-at-home and work-from-home policies, curfews, social distancing measures and the temporary closure of non-essential businesses, all of which may cause material disruptions and significant pressure on businesses in general and have an adversely impact Alithya's business and results of operations.

While most of the restrictions adopted by governments and businesses to combat the COVID-19 pandemic have now been lifted, the COVID-19 pandemic still raises uncertainties and there is no assurance that there will be no resurgences of a new strain of COVID-19 or outbreak of another virus. The resurgence of the COVID-19 pandemic or the emergence of a new pandemic could result in: (i) reduced customer demand for Alithya's services and solutions; (ii) customer pressure on pricing and payment terms; (iii) difficulty in invoice collection; (iv) demands from customers to change or terminate existing contracts or work orders; (v) the non-renewal of expiring customer contracts; (vi) reduction in budgets for government programs that may be used by Alithya to support its research and growth; (vii) delays and disruptions in services from Alithya's third party service providers; and (viii) devotion of substantial amount of management time and resources and increased operating costs to mitigate the impact of the pandemic. Also, while Alithya may experience an increase in demand for digital technologies and services in certain industry segments during a pandemic, which could ultimately benefit Alithya, there is no assurance that Alithya would experience such a demand or that, if it does, it would be able to respond to such demand while observing government recommendations.

As a result of the COVID-19 pandemic, the Company adopted a hybrid work program. While this new reality provides professionals the benefit from both remote and on-premises working environments, it exposes the Company to increased risks of cybersecurity incidents, which if materialized could affect Alithya's business, financial condition and results of operations. Also, with the COVID-19 pandemic, to ensure business continuity and retain existing highly trained and experienced technical consultants on which Alithya's success depends in large part, certain subsidiaries of the Company benefited from governmental financial assistance programs in Canada, the U.S. and France, including PPP loans in the U.S. for which the Company received forgiveness. While Alithya successfully benefitted from such fundings and loans, should a pandemic arise and the global economy be affected, there is no assurance that governments would put in place similar programs nor that the Company would qualify and be able to successfully benefit from them. Although Alithya has a business continuity plan, there is no assurance that the implementation of such business continuity plan would be successful. The COVID-19 pandemic has shown us that no one can predict the duration or scope of a pandemic or emergence or resurgence of a pandemic and, although some impacts may materialize themselves, it remains challenging for the Company to accurately estimate or quantify the severity of a pandemic and the full scope and magnitude of its impacts and consequences on the Company, its business, financial condition and prospects.

19.2 Risks Related to Alithya's Industry

19.2.1 Competition in the digital technology consulting services market

Competition in the digital technology consulting services market is intense and Alithya may lose projects to, or face pricing pressure from, its competitors or prospective customers' internal IT departments. In many cases, Alithya competes for specialty digital technology consulting services work with in-house technical staff, and other international digital technology consulting firms. In addition, there are many small, boutique digital technology consulting firms that have developed services similar to those offered by Alithya. Alithya believes that competition will continue to be strong and may increase in the future, especially if Alithya's competitors continue to reduce their price for digital technology consulting services. Any pricing pressure could have a material adverse impact on Alithya's revenues and margins and limit its ability to provide competitive services.

Alithya's target market is rapidly evolving and is subject to continuous technological change. While Alithya strives to remain competitive, Alithya's competitors may be better positioned to address technological changes or may react more favorably to these changes, which could have a material adverse effect on Alithya's business. Alithya competes on the basis of a number of factors, many of which may be beyond its control. Existing or future competitors may develop or offer digital technology consulting services that provide significant technological, creative, performance, price or other advantages over the services Alithya offers.

Some of Alithya's competitors have longer operating histories and benefit from significantly greater financial, technical, marketing and managerial resources than Alithya. There are relatively low barriers to entry in the digital technology consulting services market. Alithya currently has no patented technology that would preclude or inhibit competitors from entering its digital technology consulting services market. Therefore, Alithya must rely on the skill of its personnel and the quality of its customer service. In addition, as the costs to start a digital technology consulting services firm are relatively low and the general use of professionals located internationally at lower costs continues to increase, Alithya expects that it will continue to face additional competition from new entrants into the market in the future, international providers and larger integrators and that it is subject to the risk that its employees may leave and start competing businesses. Any one or more of these factors could have a material adverse impact on Alithya's business, financial condition and results of operations.

19.2.2 Reliance on highly-trained and experienced personnel

Alithya's success depends in large part on its ability to attract new qualified employees and retain existing highly-trained and experienced technical consultants, project management consultants, business analysts and sales and marketing professionals of various experience levels. The markets that Alithya serves are highly competitive and competition for skilled employees in the digital technology consulting industry is intense. The demand for qualified employees and inflation continues to be high, resulting in upward pressure on remuneration. While Alithya's management believes its measures to attract and retain qualified employees are competitive, if such measures prove to be insufficient and Alithya fails to retain its existing employees and attract new employees, Alithya may be unable to complete existing projects or bid on new projects, which could adversely affect its revenues. Even if Alithya is able to grow and expand its employee base, the resources required to attract new employees and retain existing employees may adversely affect its operating margins.

19.2.3 Failure to enhance existing services and solutions and to develop new services and solutions

The markets for technology, digital and outsourcing services are characterized by rapid technological change, evolving industry standards, changing customer preferences and new services and solutions introductions. Alithya's future success depends on its ability to develop digital and other services and solutions that keep pace with changes in the markets in which it operates. Although Alithya strives at developing digital and other new services and solutions addressing evolving technologies and client needs, there is no assurance that it will be successful in developing any such services and solutions, that it will be able to do it in a timely or cost-effective manner or that any such services and solutions it develops will be successful once offered in the marketplace. Alithya's failure to address the demands of the rapidly evolving technological environment could have a material adverse effect on its ability to retain and attract customers and on its competitive position, which could in turn have a material adverse effect on its business, financial condition and results of operations.

19.2.4 Intellectual property rights

Our success depends in part on our ability to protect our proprietary methodologies, processes, know-how, techniques, tools and other intellectual property that we use to provide our services. Alithya actively protects its intellectual rights and maintains relevant intellectual property protection measures, which include the registration, and application for the registration of, relevant intellectual property rights, including trademarks and domain names. Alithya also holds licenses in a number of trademarks, copyrights, and other intellectual property rights relating to its solutions and services, which vary in duration. Existing trade secret and copyright laws, however, only afford Alithya limited protection. Third parties may directly or indirectly attempt to disclose, obtain or use Alithya's solutions or technologies. Others may also independently develop and obtain patents or copyrights for technologies that are similar or superior to Alithya's technologies and, should that happen, there is no assurance that Alithya's intellectual property protection measures would be sufficient to allow it to take action against such third parties, nor be successful in any litigation undertaken to protect its intellectual property rights. If Alithya is unsuccessful in any intellectual property litigation, it may be forced to do one or more of the following: (i) cease selling or using technology that incorporates the challenged intellectual property; (ii) obtain a license, which may not be available on reasonable terms or at all, to use the relevant technology; (iii) rebrand Alithya's services and solutions, which could result in a loss of brand recognition and require Alithya to devote additional resources to, among others, create, roll-out, advertise and market its new brands; (iv) configure services to avoid infringement; and (v) refund license fees or other payments that were previously received.

As Alithya develops software applications for specific customer engagements, issues relating to the ownership of, and the rights to use of, software applications and frameworks could arise. Alithya relies on a combination of copyright, trademark, unfair competition and trade secret laws, as well as intellectual property assignment and confidentiality agreements and other methods to protect Alithya's intellectual property rights. Protection of intellectual property rights and confidentiality in some countries in which Alithya operates may not be as effective as in Canada, the U.S. or other countries with more developed intellectual property protection rights. Also, Alithya may have to pay economic damages in the event of lost disputes or to prevent litigation relating to intellectual property rights, which could adversely affect its results of operations and financial condition. Furthermore, there is no assurance that competitors will not infringe Alithya's intellectual property rights, or that Alithya will have the necessary resources to enforce its intellectual property rights. If Alithya attempts to enforce its intellectual property rights through litigation, there is no assurance that Alithya would be successful and such legal proceedings could result in substantial costs and diversion of resources and management attention.

Our solutions may also incorporate and be dependent to a certain extent on the use and development of open source code. Such open source code is generally licensed by its authors or other third parties under open source licenses and is typically freely accessible, usable and modifiable. Pursuant to such open source licenses, we may be subject to certain conditions, including requirements that we offer our proprietary software that incorporates the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source code and that we license such modifications or derivative works under the terms of the particular open source license. If an author or other third party that uses or distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations, to pay significant damage awards and to dispose of our solutions that contained or are dependent upon the open source code which could disrupt the distribution and sale of some of our solutions. Litigation, if any, could be onerous, have a negative effect on our financial condition and results or operation or require us to devote additional research and development resources to implement any required changes to our solutions. Any requirement to disclose our proprietary source code, termination of open source license rights or payments of damages for breach of contract could have a material adverse effect on our business, financial condition and results of operations, and could help our competitors develop products and services that are similar to or better than ours. Although we believe that we comply with our obligations under the licenses for open source code that we use, it is possible that we may not be aware of all instances where open source code has been incorporated into our solutions or used in connection with our solutions.

19.2.5 Infringing on the intellectual property rights of others

When developing solutions and providing services for its customers, Alithya utilizes its own, and may also enter into licensing agreements with third parties for the right to use patents, trademarks, copyrights, trade secrets and other intellectual property rights. Alithya may also develop intellectual property rights on its own or together with its customers when developing solutions and providing services for such customers. Although Alithya uses reasonable efforts to ensure that no intellectual property rights of others are infringed, third parties or even Alithya's customers may assert claims against Alithya. In addition, certain agreements to which Alithya is a party may contain indemnity clauses pursuant to which Alithya would be required to indemnify its customers against liability and damages arising from third-party claims of intellectual property right infringement as part of its service contracts with its customers and, in some instances, the amount of these indemnity claims could exceed the revenues Alithya generates under the contracts or the coverage provided by Alithya's insurance policies.

Intellectual property claims or litigation against Alithya could incur substantial costs, divert management's attention, harm Alithya's reputation, require Alithya to enter into additional licensing arrangements or even restrict Alithya from providing its services and solutions as it has in the past or as it intended to. Any limitation on Alithya's ability to offer or use solutions or services that utilize intellectual property rights that are the subject of a claim could cause Alithya to lose revenues or incur additional expenses to modify its solutions and services for future projects.

19.2.6 Government sponsored programs

Alithya benefits from government sponsored programs designed to support research and development, labor and economic growth. Government programs reflect government policies and depend on various political and economic factors. There can be no assurance that such government programs will continue to be available to Alithya in the future, or that such programs will not be reduced, amended or eliminated. Any future government program reduction, elimination or other amendment to the government sponsored programs from which Alithya benefits could increase operating or capital expenditures incurred by Alithya and have a material adverse effect on its net earnings or cash flow.

19.2.7 Regulatory, ethical and ESG risks

Alithya's global operations require compliance with laws and regulations in several jurisdictions on many matters of increasing levels of complexity, including anti-corruption, intellectual property, trade restrictions, immigration, taxation, antitrust, data privacy, labor relations, environment and securities. Complying with these diverse requirements is a challenge and consumes significant resources, especially as it relates to the laws of jurisdictions other than Canada and the U.S. Laws and regulations frequently change and some may also impose conflicting requirements as well as restrictions on the movement of cash, currency fluctuation and other assets and on the repatriation of Alithya's net earnings.

Our professionals, officers, directors and subcontractors are expected to comply with applicable laws, regulations and ethical standards and Alithya has put in place measures and controls to ensure compliance therewith, including through the adoption a Code of Business Conduct that sets out uniform foundations for the way such persons are expected to conduct themselves. Despite Alithya's best efforts, there is, however, no assurance that such measures and controls will be sufficient to prevent violations and failure to do so could expose Alithya to significant penalties, harm its reputation or even disqualify it from bidding on contracts. This risk also increases as we continue to expand our business internationally.

Furthermore, over the past few years, stakeholders have started to voice their expectations with respect to environmental, social and governance ("ESG") matters and certain customers may have criteria to observe when selecting a service provider. The ESG initiatives that we choose to implement, and our ability to achieve and report on such initiatives, could therefore have an impact on our growth and results of operations. Failure to effectively manage and sufficiently and accurately report on ESG matters could also lead to legal and regulatory consequences for the Company.

19.2.8 Foreign private issuer pursuant to U.S. securities laws and rules

Alithya is a "foreign private issuer" as such term is defined in Rule 405 under the Securities Act of 1933, as amended and, as a result, is not subject to the same requirements that are imposed upon U.S. domestic issuers by the SEC. Under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company is exempt from certain rules and regulations under the U.S. securities laws related to the furnishing and content of proxy statements and, as such, its reporting obligations are, in certain respects, less detailed and less frequent than those of U.S. domestic reporting companies. As a result, we do not file the same reports that a U.S. domestic issuer would file with the SEC, despite the fact that we are required to file or furnish to the SEC the continuous disclosure documents that we are required to file in Canada under Canadian securities laws. In addition, our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. Accordingly, these exemptions and regulatory reliefs may reduce the frequency and scope of information that the Company, its officers, directors and principal shareholders disclose relative to the information generally provided by U.S. domestic companies.

19.2.9 Enforcement of civil liabilities under U.S. securities laws and rules

Although we do business in the U.S., the Company is governed by the Business Corporations Act (Quebec), our headquarters are located in Canada, the majority of our directors and officers are based principally in Canada, and a substantial portion of our assets are located outside of the United States. It may therefore be difficult for investors who reside in the U.S. to effect service of process in the U.S., or to enforce court judgments predicated upon the civil liability provisions of the U.S. federal securities laws against Alithya or any such persons. There is also substantial doubt regarding whether an action could be brought in Canada in the first instance predicated solely upon U.S. federal securities laws. Canadian courts may refuse to hear a claim based on an alleged violation of U.S. securities laws against us or such persons on the grounds that Canada is not the most appropriate forum in which to bring such a claim. Even if a Canadian court agrees to hear a claim, it may determine that Canadian law and not U.S. law is applicable to the claim.

19.3 Risks Related to Alithya's Business

19.3.1 Changes in the nature of revenues

Alithya generates revenues principally through the provision of consulting services in the areas of digital technology. These services are provided under arrangements with varying pricing mechanisms. Alithya's revenues-generating customer contracts generally fall into one of the following three categories: (i) time and materials arrangements, which includes service-based arrangements (typically support), (ii) fixed-fee arrangements, and (iii) subscription, software and other revenues. Alithya also sometimes enters into arrangements with multiple performance obligations as well as payrolling service to certain customers through which contractor candidates recruited and selected by customers are hired by Alithya and then assigned to client projects. Any change in the mix of Alithya's arrangements with its customers could have an impact upon its periodic operating performance, including gross margin.

19.3.2 Customer concentration

Alithya derives a significant portion of its revenues from certain major customers and expects this to continue in the foreseeable future. The increased breadth of Alithya’s services and solutions offerings has also resulted and may continue to result in larger and more complex projects and contracts with these major customers. Retaining these customers requires Alithya to foster close relationships with them and achieve a thorough understanding of their operations and needs in order to continue to provide high-quality services. Such major customers may not be easily replaced, and Alithya’s ability to maintain such relationships depends on a number of factors, including the proficiency of its professionals and its management personnel. There can be no assurance that each such customer will continue to be satisfied with Alithya’s services and utilize Alithya on the same terms, or at all, in the future. Failure to maintain close relationships with these customers or to keep providing high-quality services that meet their expectations could result in termination of customer contracts and potential liability for significant penalties or damages, any of which could have a material adverse effect on Alithya’s business, financial condition and results of operations.

19.3.3 Fluctuation of business and financial results

Alithya’s ability to maintain and increase its revenues is affected not only by its success in implementing its strategy, but also by a number of other factors, which could cause Alithya’s financial results to fluctuate. These factors include: (i) its ability to introduce and deliver new services and business solutions; (ii) its potential exposure to a lengthened sales cycle; (iii) the cyclicality of the purchases of its technology services; and (iv) the nature of its customer’s business (for example, if a customer encounters financial difficulty, it may be forced to cancel, reduce or defer existing contracts with Alithya). These, and other factors, make it difficult to predict financial results for any given period.

19.3.4 Commitment of substantial resources for growth

Growing the Alithya business over the longer-term may require commitment of continued investment in the operations of Alithya. Alithya's future capital requirements will depend on many factors, including many of those discussed above, such as: (i) the results of Alithya's operations and the rate of its revenues growth; (ii) the development of new service offerings; (iii) the successful integration of its acquisitions; (iv) hiring and retaining key personnel; (v) maintaining customer relationships; and (vi) the identification of suitable future acquisition opportunities.

Alithya's cash on hand and available financing may not be sufficient to fund these activities if opportunities arise, and Alithya may be unable to expand its business if it does not have sufficient capital or cannot borrow or raise additional capital on attractive terms.

19.3.5 Growth through acquisitions

Alithya's ability to grow through acquisitions requires that it identifies suitable acquisition targets that meet Alithya's financial and operational objectives and fit Alithya's culture and strategy. There can be no assurance that Alithya will be able to identify suitable acquisition candidates and consummate additional acquisitions that meet its economic thresholds and create value for shareholders, or that future acquisitions will be successfully integrated into its operations and yield the tangible accretive value that had been expected. If Alithya is unable to implement its strategy, it will likely be unable to maintain its historic or expected growth rates.

The successful integration of new operations arising from Alithya's acquisition strategy requires that a substantial amount of management time and attention be focused on integration activities and management time that is devoted to integration activities may divert management's normal operations focus on growing the business organically with possible resulting pressure on the revenues and net earnings from its existing operations. In addition, Alithya may face complex and potentially time-consuming challenges in implementing its uniform standards, controls, procedures and policies across new operations when harmonizing their activities with those of its existing business units. Integration activities can result in unanticipated operational problems, expenses and liabilities. If Alithya is not successful in executing its integration strategies in a smooth, timely and cost-effective manner, it could have difficulty achieving expected synergies, which could as a result affect its growth and profitability objectives. Additional risks and uncertainties relating to acquisitions and other strategic transactions include: (i) difficulties in retaining key employees and integrating new professionals joining from acquired businesses into Alithya's team and culture, (ii) difficulties in maintaining and building on relationships with present and potential customers, subcontractors and business partners of an acquired business or the Company; (iii) difficulties managing and integrating operations in geographically dispersed locations; (iv) the risk that the targeted markets do not evolve as anticipated and that technologies acquired prove to be inferior to Alithya's expectations; (v) potential deficiencies in the internal controls and procedures at acquired companies; (vi) cybersecurity and compliance related issues; and (vii) exposure to unanticipated liabilities.

In connection with acquisitions, Alithya may incur debt, issue equity securities, assume contingent liabilities or have amortization expenses and write-downs of acquired assets, which could cause Alithya's earnings to decline.

Alithya's growth depends on its ability to achieve its three-year strategic plan which focuses on increasing through organic growth, but also through strategic acquisitions. If Alithya expands into new jurisdictions, it will face risks associated with entering into such new markets in which it has limited or no experience. Such new markets may also present additional complexity and Alithya may have limited or no brand recognition in such markets. It could be costly to establish, develop and maintain international operations, as well as promoting Alithya's brand internationally. Furthermore, expanding into new jurisdictions, including where the main language is not English or French, may require substantial expenditures and take considerable time and attention, and there is no assurance that Alithya would be successful enough in these new markets to build on its investments in a timely manner, or at all.

19.3.6 International operations

We operate in several jurisdictions around the world. As such, the scope of our operations subjects us to a variety of financial, regulatory, political, cultural and social challenges. These include: (i) currency fluctuations, (ii) risks related to, and the burden of, complying with a wide variety of local, national and international laws, regulations and policies; (iii) changes in regulatory practices and taxes, (iv) difficulties or expenses in enforcing contractual rights or intellectual property rights in certain jurisdictions; (v) exchange controls and other funding restrictions and limitations on the Company's ability to repatriate cash, funds or capital invested or held in certain jurisdictions in which the Company operates, (vi) cultural, logistical and communications challenges; (vii) general social, economic and political conditions or instability in one or more specific jurisdictions and/or globally, including recessions, political changes or disruptions and other economic crises in one or more jurisdictions in which Alithya operates, and (viii) the risks that foreign ownership restrictions with respect to operations in certain jurisdictions could be adopted. Any one or more of these factors could have a material adverse impact on Alithya's business, financial condition and results of operations.

19.3.7 Dependence on certain key personnel

Alithya believes that its success depends on the continued employment of its senior management team and other key personnel, the loss of which could have a material adverse effect on its business and results of operations, in addition to resulting in increased expenses to cover such persons' functions until a successor is appointed and is fully operational. This dependence is particularly important to Alithya's business because personal relationships are a critical element in obtaining and maintaining customer engagements. As our business grows, including through acquisitions, we may also implement changes in our management structure, which we believe to be appropriate in the circumstances at the time they are implemented, but which could differ from the views or expectations of some. While management and the Board has established and regularly review a succession plan for Alithya's senior management team, if one or more members of Alithya's senior management team or other key personnel were unable or unwilling to continue in their present positions, Alithya's business could be adversely affected. Furthermore, other companies seeking to develop in-house business capabilities could attempt and successfully hire away certain of Alithya's key personnel.

19.3.8 History of losses

Alithya generated a net loss of $30.1 million and $15.5 million for the fiscal years ended March 31, 2023 and 2022, respectively. Alithya expects to continue to record significant depreciation and amortization expenses, and to expend significant funds to increase its capability to win new contracts, expand and improve its existing operations and make additional acquisitions. As it continues to grow, Alithya expects the aggregate amount of these expenses will also continue to grow. Alithya's efforts to grow its business may, however, be more costly than expected and Alithya may not be able to increase its revenues enough to offset higher operating expenses. Alithya may also incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described herein and other unknown events. The amount of future net losses, if any, will depend, in part, on the growth of Alithya's future expenses and its ability to generate revenue. Any future net losses of Alithya or its inability to maintain profitability and positive cash flows from operating activities, among other things, may have an adverse effect on Alithya's shareholders' equity and working capital.

19.3.9 Early termination, modification, delay and suspension risks

Most of Alithya's customer contracts contain "termination for convenience" or termination upon short notice provisions, which permit the client to terminate or cancel the contract at its convenience upon providing Alithya with notice of a specified period of time before the termination date and/or paying a penalty, depending on the specific contract terms. Customers may elect to terminate their contracts before their agreed expiry date, or even modify, delay or suspend it, for a variety of reasons, including a failure by Alithya to deliver its services in accordance with the terms and conditions of its contractual agreements, a slow-down in business activity or any other reason whatsoever, which could result in a reduction of Alithya's net earnings and cash flow and may impact the value of its backlog. In cases of early termination, Alithya may also not be able to eliminate ongoing costs incurred to support the contract.

19.3.10 Changes to Backlog

As Alithya's revenues depends on the level of activities of its customers, Alithya cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits. Projects may remain in the backlog for an extended period of time. Also, in the event a significant number of customers were to avail themselves of such "termination for convenience" provisions, or if one or more significant customer contracts were terminated for convenience, Alithya's reported backlog would be adversely affected with a corresponding adverse impact on Alithya's expected financial conditions and results of operations.

19.3.11 Utilization rates

In order to maintain and grow revenues levels, Alithya has to maintain an appropriate level of availability of professional resources by having a high utilization rate while still being able to assign additional resources to new work.

Maintaining an efficient utilization rate, however, requires Alithya to forecast its need for professional resources accurately and to manage recruitment activities, professional training programs, attrition rates and restructuring activities appropriately. To the extent that it fails to do so, Alithya's utilization rates may be reduced and thereby adversely affect its revenues and profitability. In addition, Alithya may find that it does not have sufficient resources to deploy against new business opportunities, in which case its ability to grow its revenues would suffer.

19.3.12 Costs of services

In order to generate acceptable margins, Alithya's pricing for services depends on its ability to accurately estimate the costs and timing for completing projects, which can be based on a customer's bid specification, sometimes in advance of the final determination of the full scope and design of the contract. In addition, a portion of Alithya's project-oriented contracts are performed on a fixed-fee basis. Billing for fixed-fee arrangements is carried out in accordance with the contractual terms agreed upon with Alithya's customers, and revenues are recognized based on the percentage of effort incurred to date in relation to the total estimated efforts to be incurred over the duration of the respective contract. These estimates reflect Alithya's best judgment regarding the efficiencies of its methodologies and professionals as it plans to apply them to the contracts in accordance with Alithya's standards of contract management. Although fixed-fee arrangements still represent a minority of Alithya's revenues, Alithya is increasingly contracting under a fixed-fee basis. If Alithya is unsuccessful in accurately estimating its labour costs or labour hours required to fulfill its obligations under a contract, or if unexpected factors, including those outside of its control, arise, there may be an impact on costs or the delivery schedule which could have a material adverse effect on Alithya's expected net earnings.

19.3.13 Teaming agreements and subcontracts

Alithya derives revenues from contracts where it enters into teaming agreements with other providers. In some teaming agreements, Alithya is the primary contractor, whereas in others, Alithya acts as a subcontractor. In both cases, Alithya relies upon its relationships with other providers to generate business and expects to continue to do so in the foreseeable future. Where Alithya acts as the primary contractor, if it fails to maintain its relationships with other providers, Alithya may have difficulty attracting suitable participants in its teaming agreements. Similarly, where it acts as subcontractor, if its relationships are impaired, other providers might reduce the work they award to Alithya, award that work to competitors or choose to offer the services themselves directly to the customers in order to compete with Alithya's business. In either case, if Alithya fails to maintain its relationship with these providers or if its relationship with these providers is otherwise impaired, Alithya's business, prospects, financial condition and results of operations could be materially adversely affected.

19.3.14 Business partners' ability to deliver on their commitments

Increasingly large and complex contracts may require Alithya to rely upon third party subcontractors, including software and hardware suppliers, to help Alithya fulfill its commitments. Under such circumstances, Alithya's success depends on the ability of third parties to perform their obligations within agreed upon budgets and time frames. If Alithya's business partners fail to deliver, Alithya's ability to complete ongoing contracts may be adversely affected, which could have an unfavorable impact on its profitability. In addition, Alithya may not be able to replace the functions provided by these third parties if their software components or solutions become obsolete, defective or incompatible with future versions of Alithya's solutions and services, or if they are not adequately maintained or updated. Third-party suppliers of software or other intellectual property assets could also be unwilling to permit Alithya to use or to continue to use their intellectual property and this could impede or disrupt the use of their solutions or services by Alithya's customers and Alithya.

19.3.15 Guarantee and indemnification risks

In the normal course of business, Alithya enters into agreements that may provide for indemnification and guarantees to counterparties in transactions such as consulting services, business divestitures, lease agreements and financial obligations. These indemnification undertakings and guarantees may require Alithya to compensate counterparties for costs and losses incurred as a result of various events, including breaches of representations and warranties, intellectual property right infringement, claims that may arise while providing services or as a result of litigation that may be suffered by counterparties. If Alithya is required to compensate counterparties due to such arrangements and its insurance does not provide adequate coverage, its business, prospects, financial condition and results of operations could be materially adversely affected.

19.3.16 Insurance Limits

The Company maintains comprehensive insurance coverage to provide indemnity for its losses and liabilities in connection with various aspects of its business and operations. The Company's insurance programs are, however, subject to varying coverage limits as well as retentions and exclusions that are customary or reasonable given the cost of procuring insurance, current operating conditions, and other relevant considerations. As a result, the Company may be subject to future liability for which it is only partially insured, or completely uninsured. The Company believes that its insurance programs address all material insurable risks and provides coverage that is in accordance with what would be maintained by a prudent operator of a similar business (including in terms of retentions, limits and exclusions). However, there can be no assurance that such insurance will continue to be offered on economically feasible terms, that all events that could give rise to a loss or liability are or will be insurable, or that the amounts of insurance will be sufficient to cover every loss or claim that may arise.

19.3.17 IT systems and infrastructure and use of the cloud

To deliver its services and solutions to its customers and to provide reliable communications between its operating offices and other locations, other global delivery centers and the offices of its customers and other collaborators worldwide, Alithya relies upon high speed networks, including, but not limited to, satellite, fiber optic and land lines operated by third parties. Any systems failure or outage or a significant disruption in such communications or in Alithya's IT systems and infrastructure could result in curtailed operations, a loss of customers and reputational damage, which would have an adverse effect on Alithya's business, financial condition and results of operations. Alithya delivers its solutions and services to customers through the use of third-party cloud computing services, such as AWS cloud services. If, for any reason, such services were discontinued or we were required to migrate Alithya's computing towards other cloud service providers, such a transition could require significant time and expense and Alithya's business could be adversely impacted. Although contractual agreements with such third-party cloud computing services contain minimum service levels, there is no assurance that Alithya's business will not be affected by an interruption of service or incidents. Any damage to, or failure of, our providers' systems could result in interruptions of our services, which could have an impact on Alithya's revenues, subject Alithya to potential liability and adversely affect its ability to retain our customers or attract new customer. The performance, reliability and availability of Alithya's services is critical to its reputation and ability to attract and retain customers.

In addition, the costs for our cloud services have increased over time, and may increase further as Alithya's business grows and as it continues to require more computing or storage capacity. There is also no assurance that such capacity will be available on the same terms or with the same costs or at all. These costs could therefore adversely impact its business, financial condition and results of operations.

19.3.18 Security and cybersecurity risks

In the current environment, there are numerous and evolving security risks, especially from cybersecurity threats, including criminal hackers, ransomware, denial of service and other form of malicious attacks, computer viruses, phishing, hacktivists, state sponsored organizations, industrial espionage, insider or employee misconduct or negligence and human or technological error, all of which may be increased as a result of Alithya's professionals working remotely. Alithya's business could be negatively impacted by these physical and cybersecurity threats, which could affect its current contracts and future sales, financial position and competitive position in the market or increase its costs and expenses. Geopolitical instability and tension could also exacerbate these threats, which could lead to increased risk and frequency of security and cybersecurity incidents. These security threats to Alithya include potential attacks not only on its own solutions, services and systems, but also those of its customers, subcontractors, business partners, suppliers and other third parties.

Alithya seeks to detect and investigate all security incidents and to prevent their occurrence or recurrence by continuously investing in security infrastructure, data security and privacy controls, threat protections, detection and mitigation policies, procedures and controls, and employee security awareness and trainings. However, because of the ever evolving nature and sophistication of these security threats, Alithya may be unable to detect or prevent all of these threats. Techniques used to obtain unauthorized access to, or to sabotage, systems or networks, are constantly evolving and are generally not recognized until launched against a target. Therefore, Alithya may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures, and may face delays in the detection or remediation of, or other responses to, security breaches and other security-related incidents. Additionally, with advances in computer capabilities and data protection requirements to address ongoing threats, Alithya may be required to expend significant capital and other resources to protect itself against potential security breaches or to alleviate problems caused by security breaches. Any failure by Alithya to adequately maintain and enhance its systems and networks could require Alithya to incur substantial remediation costs, including costs associated with repairing its information systems, implementing further data protection measures, engaging third-party experts and consultants, and increased insurance premiums.

Alithya's Chief Information Security Officer is responsible for overseeing its security measures, the prevention of security incidents and the detection and investigation of incidents in the event of the occurrence of threats by implementing security measures to ensure an appropriate level of control based on the nature of the information and the inherent risks attached thereto. Alithya's security management framework provides a foundation for a risk-based approach to the development, review and regular improvements of policies, processes, standards and controls related to information security, data privacy, physical security and business continuity.

In addition, while Alithya selects third-party suppliers carefully and includes safeguards in its contractual terms, it does not control their actions. Any security breaches caused by the negligence or misconduct of these third parties could adversely affect Alithya's ability to safeguard its information technology infrastructure and deliver solutions and services to its customers and otherwise conduct business. Furthermore, while Alithya's liability insurance policy covers cyber risks, there is no assurance that such insurance coverage will be sufficient in type or amount to cover the costs, damages, liabilities or losses that could result from security breaches, cyber-attacks and other related breaches, that insurance will continue to be available to Alithya on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The occurrence of any of the aforementioned security threats could expose Alithya, its customers or other third parties to potential liability, litigation, and regulatory action, could materially compromise or disrupt Alithya's business operations, and could cause the loss of customer confidence, loss of existing or potential customers, loss of sensitive government contracts, damage to brand and reputation and other financial loss.

The Company and certain of its customers, subcontractors and business partners may also use open source code, which can entail security risks. Vulnerabilities discovered in open source code could be exploited by attackers, which could compromise our system infrastructure and/or lead to a loss or breach of personal and proprietary information, financial loss, and other irreversible harm.

19.3.19 Risks from security breaches or disclosure of sensitive data or failure to comply with data protection laws and regulations

Alithya is dependent on IT networks and systems to process, transmit, host and securely store electronic information and to communicate among its locations around the world and with its customers, subcontractors and business partners. Security breaches, employee negligence or malfeasance or human or technological error could lead to shutdowns or disruptions of Alithya's operations and potential unauthorized disclosure of sensitive data, which in turn could jeopardize projects that are critical to the operations of Alithya's customers' businesses. The theft and/or unauthorized use or disclosure of Alithya's or its customers' and their customers' confidential information or other proprietary business information as a result of such an incident could adversely affect Alithya's competitive position and reduce marketplace acceptance of its services. Any failure in the networks or computer systems used by Alithya or its customers could also result in a claim for substantial damages against Alithya and significant reputational harm, and may cause Alithya's current and prospective customers to lose confidence in the effectiveness of our data security measures, regardless of Alithya's responsibility for the failure.

In addition, as a global service provider with customers in a broad range of industries, Alithya often has access to or is required to collect, process and store personal data and sensitive data, subject to various regulatory regimes, including but not limited to U.S. (federal and state), or Canadian (federal and provincial) laws governing the protection of personal information and the European Union's General Data Protection Regulation (GDPR). Alithya's Privacy Officer oversees its compliance with the laws that protect the privacy of personal information. If unauthorized access to or disclosure of personal information in Alithya's possession or control occurs or it otherwise fails to comply with applicable laws and regulations in this regard, Alithya could be exposed to civil or criminal enforcement actions and penalties, as well as lawsuits brought by its customers, its customers' customers, or third parties for breaching contractual confidentiality and security provisions or data protection laws. Laws and expectations relating to data protections continue to evolve in ways that may limit Alithya's access, use and disclosure of sensitive data, and may require increased expenditures by Alithya or may dictate that it no longer continues to offer certain types of services.

19.3.20 Services for government departments and agencies

Changes in government spending policies or budget priorities could directly affect Alithya's financial performance. Among the factors that could harm Alithya's government contracting business are: (i) the curtailment of governments' use of consulting and IT services firms; (ii) a significant decline in spending by governments in general, or by specific departments or agencies in particular; (iii) the adoption of new legislation and/or actions affecting companies that provide services to governments; (iv) delays by governments in the payment of its invoices; and (v) general economic and political conditions.

These and other factors could cause government departments and agencies to reduce their purchases under contracts, to exercise their right to terminate contracts, to issue temporary stop work orders, or not to exercise options to renew contracts, any of which would cause Alithya to lose future revenues. Government spending reductions or budget cutbacks at departments or agencies to which Alithya provides services or expects to provide services could materially harm Alithya's continued performance or limit the award of additional contracts.

19.3.21 Tax obligations

In estimating its income tax payable, Alithya uses accounting principles to determine income tax positions that are likely to be sustained by applicable tax authorities. However, there is no assurance that Alithya's tax benefits or tax liability will not materially differ from its estimates or expectations. The tax legislation, regulation and interpretation that apply to Alithya's operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which Alithya operates. Moreover, Alithya's tax returns are continually subject to review by applicable tax authorities, which determine the actual amounts of taxes payable or receivable, of any future tax benefits or liabilities and of income tax expense that Alithya may ultimately recognize and such determinations may become final and binding on Alithya.

Any of the aforementioned factors could have a material adverse effect on Alithya's net income or cash flow by affecting its operations and profitability, the availability of tax credits, the cost of the services it provides, and the availability of deductions for operating losses as it develops its international service delivery capabilities.

19.3.22 Foreign exchange

Foreign exchange risk is the risk that the fair value of assets or liabilities, or future cash flows, will fluctuate because of changes in foreign exchange rates. Alithya's functional and reporting currency is the Canadian dollar. As a significant portion of Alithya's revenues, net earnings and net assets is denominated in foreign currencies, including in U.S. dollars, Euros, British pounds and Australian dollars, fluctuations in exchange rates between the Canadian dollar and such currencies could have an adverse effect on its financial condition and results of operations. This risk is partially mitigated by a natural hedge in matching Alithya's costs with revenues denominated in the same currency.

Future events that may significantly increase or decrease the risk of future movement in the exchange rates for these currencies cannot be predicted. Although Alithya does not currently have an exchange rate risk policy that would materially affect its results of operations, it is still subject to foreign exchange risk.

19.3.23 Legal claims

During the ordinary course of conducting its business, Alithya may be threatened with or become subject to legal proceedings initiated by Alithya's customers or other third parties. For instance, Alithya's solutions may suffer from defects that adversely affect their performance, may not meet its customers' requirements or may fail to perform in accordance with applicable service levels. Such problems could subject Alithya to legal liability. Alithya uses reasonable efforts to include provisions in its contracts which are designed to limit its exposure to legal claims relating to its services and the applications it develops and obtain adequate liability insurance coverage. However, Alithya may not always be able to include such provisions or obtain sufficient insurance coverage and, where it is successful in doing so, they may not protect Alithya adequately or may not be enforceable under some circumstances or under the laws of some jurisdictions. Defending lawsuits against Alithya could require substantial amounts of management's attention and require Alithya to incur significant attorney fees or pay damage awards and fines or penalties for which Alithya may not be fully insured and which could harm its reputation and adversely affect its business, financial condition and results of operations.

19.3.24 Reputational risks

Alithya's reputation as a capable and trustworthy service provider and long-term business partner is key to its ability to compete effectively in the market for IT services. The nature of Alithya's operations exposes it to the potential loss, unauthorized access to, or destruction of its customers' information, as well as temporary service interruptions. Depending on the nature of the information or services, such events may have a negative impact on how Alithya is perceived in the marketplace. Under such circumstances, Alithya's ability to obtain new customers and retain existing customers could suffer with a resulting impact on its revenues and net earnings.

19.3.25 Operational, financial and other internal controls and systems

Alithya's historic and anticipated growth places significant demands on its management and other resources, and requires Alithya to continue to develop and improve its operational, financial and other internal controls. In particular, Alithya's growth has presented and will continue to present challenges with respect to: (i) recruiting, training and retaining technical, finance, marketing and management personnel with the knowledge, skills and experience that its business model requires; (ii) maintaining high levels of customer satisfaction; (iii) developing and improving its internal administrative infrastructure, particularly its operational, financial and other internal control systems; (iv) preserving its culture, values and entrepreneurial environment; and (v) effectively managing its personnel and operations and effectively communicating to its personnel worldwide its vision, core values, strategies and goals.

In addition, the increasing size and scope of Alithya's operations increases the possibility that a member of its personnel will engage in unlawful or fraudulent activity, breach its contractual obligations, or otherwise expose Alithya to unacceptable business risks, despite its efforts to train its personnel and maintain internal controls to prevent such instances. If Alithya does not continue to develop and implement the right processes and tools to manage its enterprise, its business, results of operations and financial condition could be adversely affected.

Due to the inherent limitations of internal controls including the circumvention or overriding of controls or fraud, there can, however, only be reasonable assurance that Alithya's internal controls will detect and prevent a misstatement. If Alithya is unable to design, implement, monitor and maintain effective internal controls throughout its different business environments, the efficiency of its operations might suffer, resulting in a decline in revenues and profitability, and the accuracy of its financial reporting could be impaired.

19.3.26 Goodwill

Alithya recognizes an accounting value for goodwill and other intangible assets in connection with its acquisitions. Under IFRS, goodwill must be assessed at least annually and potentially more frequently, in the event the value of goodwill and other indefinite-lived intangible assets has been impaired. Amortizing intangible assets will be assessed for impairment in the event of an impairment indicator. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against net earnings, which could materially adversely affect Alithya's results of operations and shareholders' equity in future periods.

19.4 Risks Related to Subordinate Voting Shares and Liquidity

19.4.1 Limited voting rights

Alithya's Multiple Voting Shares are similar to its Subordinate Voting Shares except that each Multiple Voting Share has ten times the voting rights of each Subordinate Voting Share. As a result, holders of Multiple Voting Shares have a disproportionate level of control over matters submitted to Alithya shareholders for approval, which may reduce the ability of holders of Subordinate Voting Shares to influence corporate matters and, as a result, Alithya may take actions that they do not view as beneficial.

19.4.2 Market price of Subordinate Voting Shares

Alithya cannot predict the price of Subordinate Voting Shares. The stock market may experience significant price and volume fluctuations that are often unrelated or disproportionate to the operating performance of companies. These broad market and industry factors, together with other economical circumstances, may materially harm the market price of Alithya's Subordinate Voting Shares, regardless of Alithya's operating performance. In addition, the price of Alithya's Subordinate Voting Share may be dependent upon the valuations and recommendations of the analysts who cover Alithya's business, and if Alithya's results do not meet the analysts' forecasts and expectations, Alithya's share price could decline as a result of analysts lowering their valuations and recommendations or otherwise. In the past, following periods of volatility in the market, securities class-action litigations have often been instituted against companies. Such litigations, if instituted against Alithya, could result in substantial costs and divert management's attention and resources.

19.4.3 Inability to service debt

Alithya uses its Credit Facility and other debt arrangements to fund its activities, including acquisitions. Accordingly, depending on its level of indebtedness, which may, from time to time, be substantial and involve significant interest payment requirements, Alithya may be required to dedicate an important part of its cash flow to make interest and capital payments on its debt. Alithya's ability to generate sufficient cash flow to service its debt depends upon future performance, which is subject to prevailing economic conditions as well as financial, competitive and other factors, many of which are outside of its control. There is no assurance that Alithya will be able to generate sufficient cash flow to meet its obligations under its outstanding debt. If Alithya is unable to do so, Alithya may be required to refinance, restructure or otherwise amend some or all of its obligations, sell assets, raise additional cash through issuances of equity or convertible debt securities, or be forced to reduce or delay investments that are important to Alithya's growth, thereby placing it at a disadvantage compared to competitors that may have less debt or making it more vulnerable in a downturn in general economic conditions.

In addition, Alithya's Credit Facility and other debt arrangements contain financial and other covenants, including covenants that require that certain financial ratios and/or other financial or other covenants be maintained. If Alithya were to breach these covenants, it could be required to repay or refinance its existing debt obligations prior to their scheduled maturity and its ability to do so could be restricted or limited by prevailing economic conditions, available liquidity and other factors. Alithya's inability to service its debt or its inability to fulfill its financial or other covenants in its Credit Facility and other debt arrangements could have an adverse effect on Alithya's business, financial condition and results of operations.

Also, a significant portion of Alithya's debt bears interest at variable interest rates and is therefore subject to interest rate fluctuations. Although Alithya enters into derivative financial instruments to reduce its exposure to interest rate risks, there is no assurance that such instruments will be sufficient to adequately protect Alithya against this risk. If interest rates increase, debt service obligations would increase even though the amount borrowed would remain the same, and net income and cash flows would decrease accordingly, which could have an adverse effect on Alithya's business, financial condition and results of operations.

19.4.4 Raising additional capital and maintaining credit

Alithya's future growth is contingent on the execution of its business strategy, which, in turn, is dependent on its ability to grow the business organically as well as through acquisitions. In the event Alithya would need to fund any currently unidentified or unplanned future acquisitions and other growth opportunities, Alithya may have to raise additional capital through a combination of public and private equity offerings and debt financings and there can be no assurance that such funding will be available in amounts and on terms acceptable to Alithya. Alithya's ability to raise the required funding depends on the capacity of the capital markets to meet Alithya's equity and/or debt financing needs in a timely fashion and on the basis of interest rates and/or share prices that are reasonable in the context of Alithya's commercial objectives. Interest rate fluctuations, financial market volatility, including volatility in Alithya's share price, credit market disruptions and the capacity of Alithya's current lenders to meet Alithya's additional liquidity requirements are all factors that may have a material adverse effect on any acquisitions or growth activities that Alithya may, in the future, identify or plan. If Alithya is unable to obtain necessary funding, it may be unable to achieve its growth objectives. Alithya's financial condition and results of operation is also contingent on its ability to maintain the credit it requires. Should Alithya have to obtain additional credit or renew its outstanding credit, there is no assurance that Alithya will be able to obtain such additional credit or renew its outstanding credit upon the same, or more advantageous, terms.

To the extent that Alithya raises additional capital through the sale of equity or convertible debt securities, the ownership interests of Alithya's shareholders will be diluted, and the terms may include liquidation or other preferences that could adversely affect the rights of Alithya's shareholders. The incurrence of additional indebtedness would result in increased payment obligations and could involve additional or increased financial and other covenants, such as limitations on Alithya's ability to incur additional debt and other operating restrictions that could adversely impact its ability to conduct its business.

19.4.5 Active market

If an active market for Alithya's Subordinate Voting Shares is not sustained, holders of Subordinate Voting Shares may be unable to sell their investments on satisfactory terms. Declines in the value of Subordinate Voting Shares may adversely affect the liquidity of the market for Subordinate Voting Shares. Factors unrelated to Alithya's performance may also have an effect on the price and liquidity of Subordinate Voting Shares including the extent of analyst coverage of Alithya, lower trading volume and general market interest in Subordinate Voting Shares, the size of Alithya's public float and any event resulting in a delisting of Subordinate Voting Shares from the TSX or NASDAQ.

19.4.6 Dividends

Alithya does not expect to pay dividends in the immediate future and anticipates that it will retain all earnings, if any, to support its operations. Any future determination as to the payment of dividends will, subject to Canadian legal requirements and Alithya's articles of incorporation, be at the sole discretion of Alithya's Board and will depend on Alithya's financial condition, results of operations, capital requirements and other factors the Board deems relevant. Holders of Subordinate Voting Shares must therefore rely on potential increases in the trading price of their shares for returns on their investment in the foreseeable future.

20. Management's Evaluation of Our Disclosure Controls and Procedures

Disclosure Controls and Procedures

The Company has established and maintains disclosure controls and procedures designed to provide reasonable assurance that the material information relating to the Company is made known to the Chief Executive Officer and Chief Financial Officer by others, particularly during the period in which annual and interim filings are prepared and that information required to be disclosed by the Company in its annual, interim filings or other reports filed or submitted by the Company under Canadian and U.S. securities laws is recorded, processed, summarized and reported within the time periods specified under those laws and the related rules. The effectiveness of these disclosure controls and procedures, as defined under National Instrument 52-109 – Issuers' annual and interim filings ("NI 52-109") adopted by Canadian securities regulators and in Rule 13a-15(e) and 15d-15(e) under the U.S. Securities Exchange Act of 1934, as amended, was evaluated under the supervision of and with the participation of the Company's Chief Executive Officer and Chief Financial Officer as at the end of the Company's most recently completed financial year ended March 31, 2023. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as at March 31, 2023.

Internal Control over Financial Reporting

The Company has also established and maintains adequate internal control over financial reporting, as defined under NI 52-109 adopted by Canadian securities regulators and in Rule 13a-15(f) and 15d-15(f) under the U.S. Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, and effected by management and other key employees, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the IASB. The effectiveness of the Company's internal control over financial reporting was evaluated under the supervision of and with the participation of the Company's Chief Executive Officer and Chief Financial Officer as at the end of the Company's most recently completed financial year ended March 31, 2023 based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on such evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's internal control over financial reporting was effective as at March 31, 2023.

Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the year ended March 31, 2023, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Auditor's Report on Internal Control over Financial Reporting

This report does not include an attestation report on the effectiveness of the Company's internal controls over financial reporting from an independent registered public accounting firm as the Company is an emerging growth company under the rules of the US Securities and Exchange Commission.

Limitations on Effectiveness of Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Company's management recognizes that any disclosure controls and procedures and internal control over financial reporting, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Because of their inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent or detect all errors or misstatements on a timely basis.

Exhibit 99.4

SECTION 302 CERTIFICATION

I, Paul Raymond, certify that:

1. I have reviewed this annual report on Form 40-F of Alithya Group inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: June 8, 2023

/s/ Paul Raymond
Paul Raymond
President and Chief Executive Officer

Exhibit 99.5

SECTION 302 CERTIFICATION

I, Claude Thibault, certify that:

1. I have reviewed this annual report on Form 40-F of Alithya Group inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: June 8, 2023

/s/ Claude Thibault

Claude Thibault

Chief Financial Officer

Exhibit 99.6

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Annual Report on Form 40-F for the fiscal year ended March 31, 2023 (the “Report”) by Alithya Group inc. (the “Company”), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 8, 2023

/s/ Paul Raymond
Paul Raymond
President and Chief Executive Officer

Exhibit 99.7

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Annual Report on Form 40-F for the fiscal year ended March 31, 2023 (the "Report") by Alithya Group inc. (the "Company"), the undersigned, as the Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 8, 2023

/s/ Claude Thibault
Claude Thibault
Chief Financial Officer

Exhibit 99.8

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Alithya Group inc.

We consent to the use of our report dated June 7, 2023 on the consolidated financial statements of Alithya Group inc. (the "Entity"), which comprise the consolidated statements of financial position as of March 31, 2023 and March 31, 2022, the related consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years ended March 31, 2023 and March 31, 2022, and the related notes, which are included in the Annual Report on Form 40-F of the Entity for the year ended March 31, 2023.

We also consent to the incorporation by reference of such reports in the Registration Statements (Nos. 333-228487 and 333-265666) on Form S-8 of the Entity.

/s/ KPMG LLP
Montréal, Canada
June 8, 2023

Alithya

Code of Business Conduct

Acting responsibly and with integrity

May 1st, 2023

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Message from our President and CEO

At Alithya, our mission is to advise, guide and support our clients in their pursuit of innovation, excellence and the achievement of their business objectives through the optimal use of technologies.

We will achieve this by leveraging our reputation as a trusted advisor in consulting and digital technology services, by employing skilled people who demonstrate integrity and deliver extraordinary performance, and by developing long-standing partnerships.

Critical to maintaining and enhancing our reputation as a trusted advisor is our commitment to six core values which drive how we work together and conduct our business: trust, respect, well-being, passion, integrity and creativity. These principles underpin our behaviours and guide us to act responsibly and with integrity in everything that we do.

Reflecting our core values, this Code of Business Conduct sets the behaviours that we expect of all Alithya employees and subcontractors, who form an integral part of acting as trusted advisors to our clients. We also want to provide support to anyone who is faced with a situation which may affect their time at work, or the reputation of our company. As such, we expect everyone to foster an ethical, respectful and collaborative work environment.

Our core values have guided our decisions and actions so far. Together, let's continue to make a positive difference in support to our long-term success.

Paul Raymond

About this Code of Business Conduct

In this document, the expressions “Alithya”, “the/this company”, “we”, “us”, “our” or “ours” refer to Alithya Group inc. and any and all of its subsidiaries worldwide. Alithya employees, directors and subcontractors are sometimes referred to as “you”.

Who is subject to this Code of Business Conduct

This Code of Business Conduct applies to you if you are:

- A member of the board of directors;
- An officer
- An employee; or
- A subcontractor.

This Code of Business Conduct has no borders: it applies at all times and in all contexts, worldwide. Even after your employment, mandate or contract with Alithya ends, you must remain committed to preserving the integrity of Alithya’s information, assets and resources.

How to use this Code of Business Conduct

This Code of Business Conduct sets out the foundations for the way you should conduct yourself in your day-to-day life at Alithya. You must read this Code of Business Conduct in its entirety to better understand Alithya's expectations and standards regarding ethics and business practices. This document is meant to be used as a general guidance and it cannot anticipate every type of situation that you may encounter. Whenever you are about to make a decision, you should ask yourself the following questions:

Is it Legal?

Does it comply with our values, our policies and the Code of Business Conduct?

Would I be comfortable if this situation was reported to my manager or the Company's leadership, or if it was made public? Would I be able to justify my actions?

If the answer to any of these questions is "no", "maybe not" or "I don't know", do not proceed without **asking us for advice** (see the "Ask for Advice" section of this Code of Business Conduct). The same goes if you have any concern or doubt regarding the application of this Code of Business Conduct.

Non-exhaustive guidelines

While this Code of Business Conduct applies in all circumstances, it is not meant to replace any of Alithya's policies. It is important that you read and understand each policy individually, which may be amended by Alithya from time to time. Alithya's policies are accessible on the company's intranet (see the "Policies" section at the end of this Code of Business Conduct).

In addition, this Code of Business Conduct does not replace other provisions and obligations otherwise applicable under individual contracts, local laws or regulations.

Client Code of Conduct

If you are working at a client site, there may be a client code of conduct or other client policies and procedures which you must adhere to, in addition to this Alithya Code of Conduct and Alithya's policies. Make sure you carefully review and understand all of them. If one is more restrictive than the other, always obey the more restrictive one.

An evolving document

Alithya's business standards and practices are constantly evolving. So does this Code of Business Conduct. It is periodically reviewed by the Corporate Governance and Nominating Committee and changes are approved by the board of directors on recommendation by the Corporate Governance and Nominating Committee. You are expected to be familiar with the current version of this Code of Business Conduct. The latest version can be found on Alithya's intranet and in the Governance section of Alithya's website.

Our trusted way of working

Alithya's blueprint is based on six core values:

Trust

We do everything in our power to build long-term trusted relationships with our clients, employees and stakeholders.

Respect

We are committed to treating all our stakeholders with respect. This also includes our communities and the environment in which we work and live.

Passion

We believe that to succeed, our employees have to be passionate about what they do. Strong motivation and quality projects make work enjoyable, leading to success on an individual and group basis.

Well-being

We are committed to using organizational practices that promote healthy work environments and communities.

Integrity

Alithya is Ancient Greek for truth, and that is reflected in our relationships, our engagements, and our commitment. We believe integrity, transparency, and straightforward communications are paramount.

Creativity

Our approach is evolving all the time. We constantly pursue excellence and work to innovate and improve every part of our business to better meet our clients' needs.

Act responsibly and with integrity

Everyone has a role to play. Alithya's six core values guide Alithya's actions and the way we operate in the workplace and with others. These values provide the framework to ensure we maintain and enhance Alithya's reputation as a trusted advisor. Act Responsibly and With Integrity is all about dealing professionally with issues as they arise, ensuring we make the right choices and bringing integrity in all aspects of Alithya's business.

Our trusted way of working

Whether you are a director, an officer, an employee, a director or a subcontractor, you are expected to:

/ Read, understand and comply with Alithya's policies and this Code of Business Conduct;

/ Comply with all applicable laws, rules and regulations;

/ Not allow any personal interest to compromise Alithya's or your own integrity;

/ Strive to create a diverse, safe and supportive work environment;

/ Treat others with respect and dignity;

/ Seek advice and guidance when in doubt (see "Ask for Advice" section of this Code of Business Conduct);

/ Report promptly and in good faith, any actual or potential violation of this Code of Business Conduct or any other Alithya policy that you may become aware of, including any illegal or unethical behaviour (see the "Reporting all Violations or Concerns" section of this Code of Business Conduct);

/ Cooperate in internal investigations; and

/ Support others in doing the right thing and in making the right choices.

If you manage and lead others, you are also expected to act as a role-model. You are responsible for creating and maintaining an environment that encourages compliance with this Code of Business Conduct within your team. Managers must accommodate ethical considerations in business planning and decision-making, empowering employees to make responsible decisions, and creating a safe environment to speak up when ethical challenges arise.

This means that you are expected to:

- Lead by example by demonstrating your commitment to Alithya's policies and this Code of Business Conduct. Show what it means to act with integrity in your everyday decisions and actions. Take responsibility and be accountable for your conduct and that of your team.
- Help your peers understand their responsibilities under Alithya's policies and this Code of Business Conduct;
- Create an environment where everyone feels they can voice their opinions or concerns. This means listening, supporting and responding to anyone who has questions or wishes to report an actual or potential violation of this Code of Business Conduct;
- Monitor compliance of the people you manage.
- Enforce Alithya's standards and rules of conduct consistently and fairly; and
- Report and follow up with management whenever appropriate.

Ask for advice

While you are responsible for putting Alithya's rules and business practices to work, you are never alone. This Code of Business Conduct provides useful guidelines to help you make the right decisions. But grey areas will always exist. When you find yourself in a difficult or ambiguous situation, you should always seek the necessary advice before taking action.

If you have any doubt about a situation or if you wish to obtain further guidance on Alithya's expectations, policies and/or this Code of Business Conduct, you should promptly consult the person who best understands your work: your manager. You can also contact Alithya's Human Capital Department or the other departments or individuals specifically referred to in a given section of this Code of Business Conduct using the contact information provided for in the "How to Reach Out" section at the end of this Code of Business Conduct.

Speak up

You will never be penalized for seeking guidance on this Code of Business Conduct, or any of Alithya's policies. Alithya encourages a culture of openness and dialogue where you can raise any concern you may have. If you have questions or concerns, raise them.

Report all violations or concerns

It is everyone's duty to protect the reputation, people and assets of Alithya by promptly reporting any violation or potential violation to this Code of Business Conduct to their manager or Alithya's Human Capital Department or Legal Department. See the "How to Reach Out" section at the end of this Code of Business Conduct and Alithya's Whistleblower Policy. Potential violations include any activity by a director, an officer, an employee or a subcontractor that may constitute:

- A violation of laws, rules or regulations, or of this Code of Conduct or an Alithya policy;
- Theft or fraud;
- An accounting irregularity;
- A conflict of interest;
- A risk to health and safety;
- Workplace violence.

Speak up

If something does not feel right, speak up.

Your reports, complaints and discussions will remain confidential unless disclosure is authorized by you, required by law or necessary to conduct a review or investigation.

Alithya will investigate every potential violation of this Code of Business Conduct with care and discretion. Your cooperation may also be requested as part of the investigation, in which case you will be expected to cooperate.

No retaliation

Anyone who comes forward with concerns plays an essential role in helping us address problems early. You will never be penalized for reporting in good faith a potential violation of this Code of Business Conduct. In fact, it is Alithya's promise that we will not tolerate retaliation against any person for reporting in good faith any misconduct, or for filing a complaint, testifying, assisting, or participating in any internal or external investigation, proceeding or hearing.

If you believe you have experienced retaliation, you must report this just as any other violation of this Code of Business Conduct would be reported.

Non-compliance

Compliance with this Code of Business Conduct is mandatory. Failing to comply with this Code of Business Conduct can lead to serious consequences for Alithya, your peers and yourself. If you contravene the rules contained in this Code of Business Conduct, you expose yourself to administrative and disciplinary measures, which can include termination of employment, mandate or contract. Some violations may also result in civil or criminal legal proceedings.

Exceptions and waivers

Any exception or waiver for directors or executive officers (as defined in securities law) may be made only by the Board of Directors of Alithya Group inc., upon recommendation from the Corporate Governance and Nominating Committee. Any exception or waiver of the provisions of this Code of Business Conduct for Alithya's employees and subcontractors may be made only by the Chief Legal Officer and Corporate Secretary.

Complying with the law

Legal compliance

Obeying the law, both in letter and in spirit, is the foundation of this Code. Our success depends upon everyone operating within legal guidelines and cooperating with local, national and international authorities. It is therefore essential that you understand the legal and regulatory requirements applicable to your business unit and area of responsibility.

We will disseminate this Code and as we deem necessary hold training sessions to ensure that all directors, officers, employees and subcontractors comply with the relevant laws, rules and regulations associated with their engagement, including laws prohibiting insider trading (which are discussed in further detail below). While we do not expect you to memorize every detail of these laws, rules and regulations, we want you to be able to determine when to seek advice from others. If you do have a question in the area of legal compliance, it is important that you not hesitate to seek answers from your manager or the Legal Department.

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules and regulations may subject an individual, as well as Alithya, to civil and/or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits, and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interests to know and comply with our legal and ethical obligations.

International laws

Our directors, officers, employees and subcontractors are expected to comply with applicable laws in all countries to which they travel relating on Alithya's behalf and where we otherwise do business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. The fact that in some countries certain laws are not enforced or that violation of those laws is not subject to public criticism will not be accepted as an excuse for non-compliance.

If you have a question as to whether an activity is restricted or prohibited, seek assistance from the Legal Department before taking any action.

Our trusted way of working

You are expected to:

/ Comply with all applicable laws, rules and regulations; and

/ Seek advice from your manager or the Legal Department if you have any question or doubt in the area of compliance with the law before taking any action.

Our workplace

Respect, inclusiveness and fairness

Alithya is committed to embracing inclusion and to providing a non-discriminatory and harassment-free work environment. The responsibility for maintaining a fair, professional, open and safe workplace free from violence, discrimination or harassment belongs to everyone at Alithya.

Diversity and inclusion are two essential pillars of the way we work. Violence, discrimination and harassment will not be tolerated at Alithya.

Harassment in the workplace can take many forms, from very obvious to more subtle. Harassment means behaviour or communications, whether written or oral, which a reasonable person would consider to cause humiliation or affect the dignity of a person and, in the context of employment, results in an intimidating, hostile or offensive environment.

Alithya is an equal opportunity employer in hiring and promoting practices, wages and benefits. We will not tolerate discrimination against any person in employment-related decisions and business dealings based on a person's race, colour, sex, gender identity or expression, pregnancy, sexual orientation, civil status, age (except as provided by law), religion, political convictions, language, ethnic or national origin, social condition, a disability or any other status protected by law.

Our trusted way of working

Remember that you are expected to:

- / Interact with your peers in a professional and respectful manner;
- / Read, understand and comply with Alithya's Prevention of Harassment in the Workplace Policy;
- / Not take part in and be on the lookout to prevent violence, discrimination or harassment in Alithya's workplace or a client's workplace; and
- / Report any such incident to your manager.

Speak up

If you believe you have been subjected to violence, harassment, or discrimination of any kind (or witness such behaviour), you should report the incident to your manager or to Alithya's Human Capital Department.

Alithya will investigate and respond to every complaint to resolve them promptly and fairly. You may also report through Alithya's Whistleblower Policy.

Situation

Your manager regularly comments about how attractive your co-worker is. Your co-worker does not seem to mind. What should you do?

What to do

This behaviour is out of place. We encourage you to tell your manager to stop. If you are uncomfortable or if your manager does not stop, you must promptly report the issue to the Human Capital Department or report through Alithya's Whistleblower Policy.

Health and safety

Alithya cares about the health and safety of its directors, officers, employees and subcontractors. Each of us shares a responsibility to promote a healthy, safe and secure working environment, whether at an Alithya workplace or a client workplace.

Our trusted way of working

You are expected to:

- Follow all applicable laws and regulations, and Alithya's policies and procedures on health, safety and security at work and, where applicable, Alithya's clients' policies and procedures;
- Take every reasonable precaution to maintain a safe working environment; and
- Report any potential safety hazard or any health or safety concern regarding our working environment or a client's working environment.

Speak up

If you have concerns about health and safety speak to your manager or to Alithya's Human Capital Department.

Situation

You work on a client's premises, and you notice what you believe is a potential safety hazard. Your work has already been delayed and you have an important deadline to meet by the end of the day. Reporting this relatively minor hazard would probably cause additional delays. Should you prioritize your work for the client?

What to do

No. However important and urgent your work is, you should always report safety issues immediately.

Drugs, alcohol and impairment

This section should be read together with Alithya's policy named: *Fit for Duty: Drugs, Prescription Drugs and/or Alcohol Use at Work Policy*.

Use of drugs or prescribed or over-the-counter medications may affect your ability to perform your duties. You must be fit to carry out your duty when you report for work and remain fit while working.

Use of drugs (including cannabis and its derivatives)

Alithya is committed to a zero-tolerance policy regarding the possession, consumption, distribution or sale of drugs in the workplace and on the client's premises. At all times when working, you must be fit to carry out your duties and must remain fit for the entire duration of your service. Intoxication or impairment due to the use of drugs will not be tolerated during work, on the clients' premises and/or during activities outside the workplace where you are representing the company.

Consuming alcohol

Being under the influence of alcohol or consuming alcohol in the workplace or on clients' premises is not permitted, except in certain circumstances approved by management, such as company or client sponsored social events. When so approved, alcohol consumption must be done responsibly to avoid misconduct.

Always remember, when working at clients' premises, you represent Alithya and must comply with the policies of the clients in addition to Alithya's. Therefore, if a client has a zero-tolerance policy for alcohol, you must comply with such policy when working on its premises.

Privacy

For a number of employment, tax and other legal reasons, Alithya collects certain information about you. We respect your privacy and have developed practices to ensure the protection of your personal data.

Personal data means any factual or subjective information about an identifiable individual (such as age, gender, province or State of residence, preferences, opinions), that can directly identify an individual (for example an individual's name), or that could identify an individual once the information is combined (for example the elements of a physical description). Examples of such are your date of birth, your social insurance number, your banking information, and your performance evaluations.

We use and share your personal data strictly for the reasons it was collected. In fact, accessing, using, or sharing your personal data is only permitted on a "need-to-know" basis and we apply this principle rigorously. If we need to access, use, or share your personal data for other purposes, we will inform you and we will not share your personal data without your consent, unless we are legally permitted to do so.

Furthermore, we will only retain your personal data for as long as it is necessary and will destroy it once it is no longer required.

For further details in this regard, please refer to Alithya's Employee Privacy Policy.

Alithya considers personal data as "confidential information". If, as part of your duties, you have access to personal data, it must be treated as confidential information. Please refer to the "Confidentiality" section of this Code of Business Conduct.

Environment

By the nature of Alithya's operations, we have a relatively limited impact on the environment. However, this should not stop us from adopting smart and responsible practices. We strive to minimize Alithya's environmental footprint.

Our trusted way of working

You are expected to:

- Comply with applicable environmental laws and regulations;
- Conserve resources and reduce use of energy resources where practical;
- Reduce or eliminate waste and recycle or reuse materials when possible; and
- Promptly report to your manager any spill or discharge of hazardous substances.

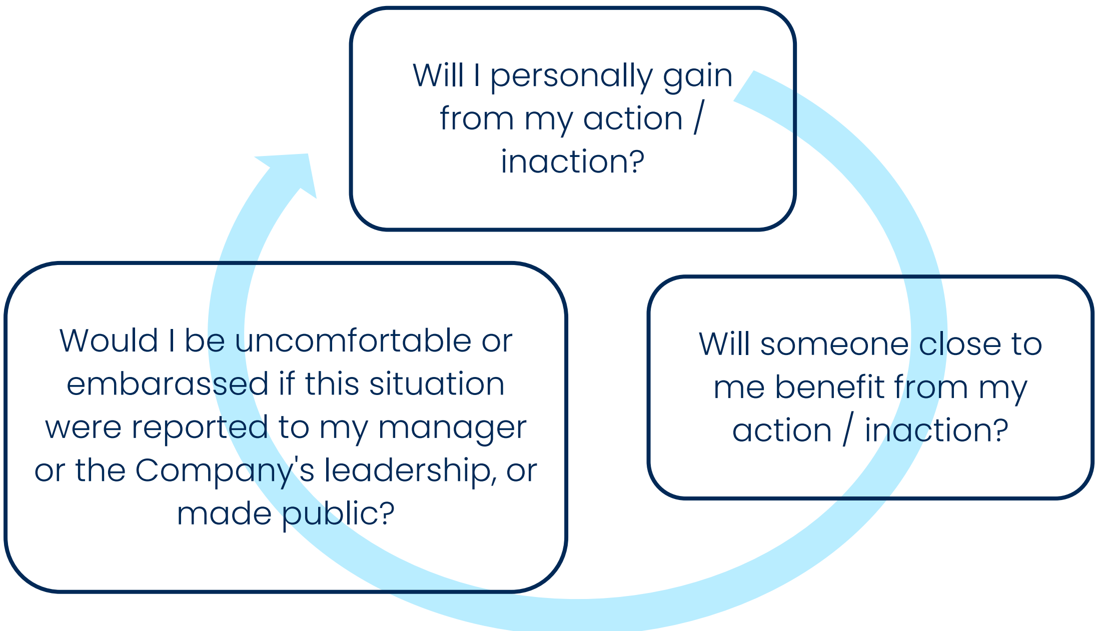
Our reputation

Conflicts of interest

Integrity is the cornerstone of Alithya's reputation. You must never allow your personal interests to compromise Alithya's or your own integrity and reputation. In other words, you must avoid placing yourself in a situation where there is a conflict between Alithya's interests and your own (or those of someone close to you). If a potential or actual conflict of interest should arise, you must report it promptly to your manager or to Alithya's Human Capital Department.

A **conflict of interest** can mean many different things. Generally, it is any situation in which your personal interests or those of someone with whom you have a family relationship (for example, a child, a sibling, parent or spouse), a proximity relationship (for example, a friend or a co-tenant) and/or a business relationship (for example, a business partner), can interfere with your professional judgment, your objectivity, your independence and your loyalty to the interests of Alithya. It is also any situation in which Alithya's interests may conflict with those of a legal person related to you (for example, a company of which you are a director, officer or relatively important shareholder). In addition, even it if is not intentional, the appearance of a conflict of interest may be just as damaging to Alithya's reputation.

You can generally identify a potential conflict of interest by asking yourself the following questions:



If the answer to any of these questions is “yes” or “maybe”, then a conflict of interest probably exists. If you have doubts, **ask for advice** before proceeding (see the “Ask for Advice” section of this Code of Business Conduct).

Here are a few examples of situations that may create conflicts of interest:

/ You work for Alithya and, at the same time, for one of Alithya's suppliers or clients.

/ You have (or a member of your family or a friend has) a financial interest in a company over which you have a direct or indirect influence in your role at Alithya (for example, you are invited to participate in the decision to mandate a company as Alithya's supplier or to bid for a new client).

/ You recruit or supervise a family member, or intervene to have a family member hired by Alithya, a client or a supplier.

/ You use non-public information for your personal advantage (or for the personal advantage of a family member or friend).

/ You have a personal relationship with a representative of a client or supplier.

Our trusted way of working

You are expected to:

/ Take all requisite measures to avoid any conflict of interest or any appearance of a conflict of interest;

/ Promptly report to your manager or to Alithya's Human Capital Department any situation of conflict of interest that arises, whether it is real, potential or apparent;

/ Be fair and impartial in all dealings with clients, suppliers and business partners;

/ Be truthful and accurate in statements made to prospective clients and suppliers and, in bids for government projects, strictly comply with the rules of any public procurement process; and

/ Disclose to your manager or to Alithya's Human Capital Department any personal relationship between yourself and someone in a direct or indirect hierarchical relationship with you, including if this relationship develops after the beginning of your employment or service at Alithya.

During your employment or mandate, you must not:

/ Participate in business discussions or decisions if this is susceptible of placing you in a situation of conflict of interest.

/ Take advantage of any corporate opportunity that becomes available to you because of your position at Alithya without Alithya's prior approval.

/ Compete with Alithya.

/ Place yourself in situations that could create personal obligations that other individuals could exploit to obtain preferential treatment from Alithya.

/ Participate in any employment or contract decision involving a person with whom you have a personal relationship.

Speak up

If you believe you or someone else may be in a potential conflict of interest, discuss the situation with your manager to ensure appropriate measures are taken to manage any concerns which may arise.

Situation

Your brother acts from time to time as a subcontractor at Alithya. Your manager is aware of this fact and measures have been put in place to ensure that your brother does not report to you when performing his mandates. Recently your brother decided to continue acting as a subcontractor for Alithya but through a corporation to be formed, and asked you to invest and become a shareholder in his business, offering you 50% of the shares. Should you discuss with your manager before accepting to invest in your brother's business?

What to do

You should disclose ahead of time and discuss this opportunity with your manager. This way, both of you will be able to implement measures, as possible and applicable, to make sure that you continue to have no direct or indirect influence over your brother's company, as a subcontractor, in your position at Alithya. Your manager and you will also be able to discuss if and how this investment could conflict with the performance of your duties at Alithya or Alithya's interests.

Outside activities and employment

Although they are, by definition, external to Alithya, outside activities such as having a secondary employment, operating a business, sitting on a board (including on the board of a not-for-profit organization), or even participating in an event, can have a major impact on Alithya's reputation. At times, your activities can be incompatible with Alithya's interests.

Our trusted way of working

You are expected to:

- / Always act in Alithya's best interest.
- / Consider the consequences of your actions before acting.
- / Prioritize your duties for Alithya during working hours.
- / Always be professional when you take part in outside activities as part of your responsibilities.
- / Obtain an authorization from your manager before accepting a job or a position outside of Alithya that could conflict with the performance of your duties or Alithya's interests.

You must not:

- / Participate in outside activities that could create a conflict of interest or prejudice Alithya's interests, reputation or image.
- / Involve Alithya's name or image in your outside activities, unless you are authorized to do so in advance.
- / Participate in outside activities that could interfere with the performance of your duties.

Situation

You open your own restaurant with a friend. At first, you only help out with accounting and, on busy weekends, with service. However, your restaurant becomes quite successful, and some weeknights are now quite busy. Your friend needs your help for a few hours every day. What should you do?

What to do

You must discuss this situation with your manager as there is no simple answer. You are generally allowed to have a job outside of Alithya, as long as it is approved by your manager and it does not affect your ability to perform your duties at Alithya. This depends on a variety of factors.

Gifts and other benefits

Offering or accepting gifts or other benefits may put Alithya and yourself in uncomfortable situations and, in some situations, may violate the law. Using your best judgment is key, but you are allowed to accept a gift or other types of benefit if it meets all of the following nine criteria:

/ It is infrequent;

/ It is worth less than Cdn$150 (or the equivalent) and is objectively reasonable in the circumstances;

/ It does not include cash, gift cards or discount coupons, regardless of their value;

/ It is offered in a neutral context, without explicit or implicit expectations from the offeror;

/ It is offered openly rather than secretly;

/ It is not the result of your solicitation;

/ It does not affect or appear to affect your ability to remain objective and independent;

/ It would not be embarrassing for you or Alithya if made public; and

/ It does not create or appear to create a situation of conflict of interest (see the "Conflict of Interest" section of this Code of Business Conduct).

Our trusted way of working

You are expected to:

/ Obtain approval from your manager before offering any gift or other benefit for business purposes;

/ Decline any gift, entertainment service, discount or any other benefit that does not meet all of the nine criteria above;

- Return and report to your manager any inappropriate gift received or accepted by mistake; and
- Not solicit or accept gifts or other benefits that are offered because of your position at Alithya.

Of course, offering or receiving any gift or advantage in the nature of a bribe is strictly prohibited (see the "Anti-corruption & anti-bribery" section of this Code of Business Conduct).

Speak up

If you have doubts on whether a gift or other benefit may be accepted, you are encouraged to ask for advice before acting (see the "Ask for Advice" section of this Code of Business Conduct).

Situation

You receive a "thank you note" and a $20 gift card from a client who is particularly satisfied with your work. Can you accept this gift?

What to do

Accepting a gift card is the equivalent of accepting cash, which is prohibited. You must return the gift card to Alithya's client and report this event to your manager.

Situation

You receive an invitation from a supplier to attend a professional tennis tournament. You do not readily know the value of the ticket. Can you accept?

What to do

Obtain more information about the invitation, and the current business relationship with the supplier, and discuss the criteria with your manager before determining whether you can accept.

Situation

You and your manager are invited with your partners to an outfitter to fish by a representative of a client, food and alcohol included. Can you accept this invitation?

What to do

No. The value of such invitation would exceed $150, which is prohibited. You and your manager must refuse such invitation, and it must be reported to your manager's manager.

Situation

You receive a food and wine basket from a client just before a Holiday. You look on-line for the value of the basket, and it is publicized at $95. Can you accept this gift?

What to do

Yes, assuming the other criteria are met, including the fact that you must not have solicited such gift.

Anti-corruption and anti-bribery

Alithya is subject to the anti-corruption and anti-bribery laws of Canada, the United States and other jurisdictions where we operate. Alithya believes in fair, free and open markets, and has no tolerance for corruption. Offering or receiving bribes (including making any “facilitation payments”) is strictly prohibited.

Bribery refers to the act of directly or indirectly offering anything of value to a third party to obtain or preserve business, or for any other corrupt purpose that is to the benefit of Alithya or yourself.

Facilitation Payments refer to payments that increase the speed at which a government official performs their function (or facilitate or alter the outcome).

Our trusted way of working

You are expected to:

- Obtain approval from the Legal Department before making any payment to, or providing any gift or benefit to, a government official or hiring a former public official or a relative of a current public official; and
- Ensure amounts are properly reported and documented to record all payments made to a third party in Alithya's books and records and avoid "handshake" deals.

You must not:

- Offer, promise or authorize the giving of a bribe;
- Solicit or accept a bribe;
- Make facilitation payments (including through an intermediary) to a government official; and
- Behave in a way that could lead others to believe that you could accept or offer a bribe.

Speak up

It is never acceptable to make improper payments to obtain or preserve business. If you witness corrupt behaviour, you must promptly report it to your manager or to Alithya's Chief Legal Officer and Corporate Secretary.

Fair competition and anti-trust

Alithya is committed to engaging in fair, competitive practices that comply with competition and anti-trust legislation in Canada, the United States and other jurisdictions where Alithya does business. These laws are designed to preserve and promote fair competition in the industry and violations may lead to severe consequences, including fines and imprisonment. Understanding the requirements of anti-trust and unfair competition laws of the various jurisdictions where we do business can be difficult, and you are urged to seek assistance from your manager or the Legal Department whenever you have a question relating to these laws.

We strive to outperform our competition fairly and honestly. Advantages over our competitors are to be obtained through superior performance of our products and services, not through unethical or illegal business practices.

You are expected to deal fairly with our clients, suppliers and anyone else with whom you have contact in the course of performing your job. You may not take unfair advantage of anyone through misuse of confidential information, misrepresentation of material facts or any other unfair dealing practice.

Our trusted way of working

Except as permitted in applicable legislation and as expressly approved by your manager on a case-by-case basis, **you may not**:

/ Discuss or exchange competitively sensible information such as past, present or future prices, pricing policies, costs, profits, discounts or terms and conditions of service, or market prices or trends, with a competitor;

/ Make arrangements with a competitor to fix prices, agree not to deal with or solicit each other's clients or employees, divide clients or territories, limit output or agree to boycott a third party's products or services;

/ Share confidential information with a competitor;

- / Exchange bid information or discuss requests for proposals with a competitor;
- / Threaten a competitor of retaliation; and
- / Use language that may suggest anti-competitive practices.

Speak up

Report to your manager or to Alithya's Chief Legal Officer and Corporate Secretary any situation that creates or appears to create a situation of unfair competition practices.

Situation

You learn that your manager has obtained proprietary information about a competitor, which provides Alithya with an advantage in a bidding process. What should you do?

What to do

You must report the matter to Alithya's Chief Legal Offer and Corporate Secretary.

Money laundering, criminal activities, and economic sanctions

We must take all requisite measures to avoid being involved in money laundering or other criminal activities, as these may have a major impact on Alithya's reputation (even if we have nothing to do with them). We also must take measures to ensure that Alithya complies with any applicable economic sanctions and anti-terrorism legislation which prohibits dealing with certain countries or persons. This means that you must apply the appropriate level of diligence before entering into a relationship with a new client or other third parties.

Representing Alithya

This section should be read together with Alithya's Disclosure Policy, IS-IT Acceptable Use Policy, and Social Media Policy and Guidelines.

Whether in the course of your duties or during your own time, you are the face and voice of Alithya. You must therefore act with Alithya's best interests at heart. Alithya's reputation depends on your behaviour.

Our trusted way of working

As a general rule, your behaviour should always be guided by the following principles:

- Use Alithya's letterhead or e-mails for authorized purposes only (see the "Cybersecurity" section of this Code of Business Conduct);
- Ensure that there is no ambiguity between your personal opinions and those of Alithya; and

- Do not identify yourself as a representative or spokesperson of Alithya unless you are expressly authorized to do so (see the "Corporate Disclosure" section of this Code of Business Conduct).

When using social media platforms and tools, whether for business purposes or personal purposes, **you are expected to**:

- Obtain authorization from the Communications Department before posting or commenting anything on Alithya's behalf;
- Obtain authorization from the Communications Department before using other companies' brands, logos or symbols;
- Be honest and respectful when expressing ideas and opinions. Never insult others;
- Post appropriate content only; and
- Keep in mind that everything you post on the Internet is not secret or anonymous and is most likely permanent.

Speak up

Never engage in public discussions that could be perceived as expressing Alithya's views unless you are expressly authorized to do so.

Situation

You own a blog on new technologies and wish to publish an article on Alithya's business. Can you do it?

What to do

Only if you follow a few rules. First, you must obtain the prior permission from your manager. Second, you must not disclose any confidential or non-public information. Third, you must include a disclaimer that the views are your own and not those of Alithya. Fourth, the content of your article must be true, accurate and respectful.

Our assets

Protecting Alithya's and our client's assets

It is everyone's responsibility to protect and make proper use of Alithya's assets. Alithya's assets include your professional time, as well as documents, books, records, equipment, supplies, buildings, information technology, and intellectual property. See also the "Outside Activities & Employment", "Intellectual Property", "Cybersecurity" and "Confidentiality" sections of this Code of Business Conduct.

The nature of your duties may mean that you are often required to work on Alithya's clients' premises and/or to use their assets and resources. You must always treat Alithya's clients' property with the same respect and degree of care as you would treat Alithya's own. The trust of Alithya's clients depends on it.

Our trusted way of working

You are expected to:

- Devote your work time to carrying out your duties;
- Use Alithya's assets with care, only for the purposes for which they are intended;
- Ask for advice from your manager if you are unsure about how Alithya's assets should be used;
- Protect Alithya's assets from damage, loss, vandalism, theft and unauthorized use and disposal;
- Protect Alithya's assets from being used for improper, illegal or illicit purposes;
- Keep Alithya's physical assets on Alithya's premises unless you are authorized to do otherwise to perform your duties;

- Apply the same rules to protect Alithya's clients' assets as if they were Alithya's assets;
- Comply with Alithya's clients' practices and procedures related to the use of their resources, systems, services and infrastructures; and
- Return all company documents or other assets to Alithya when you stop working for us or earlier if requested by Alithya.

Speak up

Report to your manager any real or suspected threat to or any unauthorized use of Alithya's assets or our clients' assets.

Situation

For specific portions of a project, a client instructed you to use a software that is very similar to one that we frequently use at Alithya. You notice a slight difference when it comes to password-protecting files, but you hesitate to ask Alithya's client for guidance because, after all, you are the expert. Should you simply keep going?

What to do

No. Whenever you are unsure about how to use Alithya's clients' assets, you must promptly contact your manager, who will either be able to guide you or ask the right people for further instructions, when appropriate.

Dealing on behalf of Alithya

In the course of your duties, you may need to accomplish a variety of actions on behalf of Alithya, such as negotiating and entering into contracts, committing Alithya funds and approving various transactions.

Our trusted way of working

You are expected to:

- Ensure that you have proper authorization before dealing on behalf of Alithya or making any commitment on behalf of Alithya (whether orally or in writing, including by e-mail);
- Understand the scope of each authorization and the scope of the commitment you are making; and
- Ensure that all contracts and documents are executed/signed adequately and in accordance with your level of authorization.

Speak up

If you have doubts on whether you have the proper authorization for the commitment being made on Alithya's behalf, ask your manager or Alithya's Legal Department for advice before acting or signing any contract or document.

Situation

You are in the process of renewing a contract with a client. You have been authorized to negotiate the price, but not the duration of the contract. Alithya's standard is a one-year term, but the client is ready to offer a higher price for a six-month agreement. Considering the potential benefits for Alithya, can you accept this offer?

What to do

No. You must never make contractual commitments that exceed your delegation of authority, even if it seems to be a "good deal" for the company.

Intellectual property

Alithya has many intellectual property assets and rights, which can include ideas, copyrights, patents, trademarks, logos, computer programs, source code, creative materials, inventions, data and know-how. All intellectual property that is created by employees in the course of employment and by subcontractors in the course of their mandate is owned by Alithya. Alithya's use of licenced intellectual property is subject to the requirements of such licenses.

Our trusted way of working

You are expected to:

- Use Alithya's intellectual property rights with care, for the purposes for which they are intended;
- Protect Alithya's intellectual property from unauthorized use or disclosure;

- Discuss with your manager to obtain proper authorization before copying, altering or distributing Alithya's intellectual property or incorporating it in the intellectual property of others;
- Make sure that you have all required permissions and licenses and that you do not infringe on any third party's intellectual property rights;
- Discuss with your manager to obtain proper authorization (and ensure Alithya adheres to any restrictions) before incorporating open source software to make sure that you are not impairing Alithya's intellectual property rights;
- Protect Alithya's intellectual property by putting copyright notices on all materials intended for public circulation;
- Disclose to your manager any method, idea, design, system, improvement or invention that you discover or develop; and
- Apply the same rules to protect our clients' intellectual property as if it were Alithya's intellectual property.

Situation

You identify an open-source software you have never used before that would easily solve a client issue on a big project you are working on, with the deadline fast approaching. You look quickly at the terms of use and it looks like boilerplate you have seen before. Can you proceed to use the software?

What to do

No. Use of open-source software requires careful analysis before proceeding, and can involve navigating complex legal issues and business terms. We also need to ensure that this software does not introduce security risks. You must discuss this with your manager before proceeding, who will either be able to guide you or ask the right people for further instructions, when appropriate.

Responsible use of data and new technologies

We use data and new technologies responsibly and ethically, including when we deploy artificial intelligence. When we use artificial intelligence, we apply a governance framework to ensure that decisions and actions taken by those systems are honest and fair and consistent with our core values, this Code of Business Conduct, and any applicable law.

Cybersecurity

This section should be read together with Alithya's IS–IT Acceptable Use Policy and Teleworking Policy, if applicable.

Information technology is central to the conduct of Alithya's business. We all have a role to play in the prevention of disruptions and misuses of Alithya's information technology resources. See also the "Protecting Our Assets and Our Client's Assets", "Intellectual Property" and "Confidentiality" sections of this Code of Business Conduct.

Our trusted way of working

You are expected to:

- Read, understand and comply with Alithya's IS-IT Acceptable Use Policy and Teleworking Policy;
- Lock Alithya's electronic resources (for example, computers, tablets and phones) when unattended;
- Store confidential information in appropriate, secure locations;
- Be aware of and report cybersecurity threats (for example, "phishing" attempts);
- Promptly report to Alithya's Helpdesk or the Chief Information Security Officer any failure in the integrity of Alithya's information technology systems, including as a result of succumbing to (or receiving) phishing attempts;
- Complete all required cybersecurity trainings;
- Comply with Alithya's policies, standards, processes and procedures related to information security and privacy; and
- Comply with our clients' practices and procedures relating to the use of their systems, service and infrastructure.

You must not:

- / Share your usernames and passwords with anyone, including your colleagues or manager;
- / Use Alithya's electronic resources improperly;
- / Copy, save, store or record confidential information on any unsecured server or device that cannot be remotely wiped (such as a USB key);
- / Access or store inappropriate information on Alithya's electronic resources; and
- / Leave Alithya's electronic resources at a client's or other third party's premises, unless authorized to do so by your manager.

Remember that while you may be allowed to make limited personal use of Alithya's electronic resources on your own time and always in accordance with Alithya's IS-IT Acceptable Use Policy, it should never incur costs to Alithya, interfere with your work, or threaten the security, integrity or availability of Alithya's systems and networks. Electronic resources made available to you remain Alithya's property. In using Alithya's resources you consent to all information being monitored, inspected, checked, collected, or deleted without prior notice and no expectation of privacy is provided by Alithya.

Speak up

If you misplace your electronic resources or they are compromised in any way, contact Alithya's Helpdesk immediately.

Confidentiality

We receive and store a vast number of documents and communications on a daily basis. During the course of your duties at Alithya, you will most probably have access to personal data and confidential information which may be owned by Alithya or third parties, including clients. Inappropriate use or disclosure of personal data and confidential information can lead to serious commercial and legal consequences.

Confidential information is all non-public, confidential or proprietary information relating to the respective businesses and operations of Alithya, or any personal data of Alithya's directors, officers, employees, subcontractors, or clients, regardless of the form of disclosure and whether or not identified as confidential. Confidential information includes:

- Personal data on directors, officers, employees, subcontractors, suppliers, clients and business partners;
- Account numbers;
- Client and supplier information, including list of customers and suppliers;
- Information relating to the Company's business policies, processes and templates, strategies, operations, finances, plans or opportunities
- Sensitive commercial or financial information;
- Intellectual property; and
- Legal matters.

It is everyone's responsibility to preserve the confidentiality of confidential information. You are personally responsible for what you do with your access codes and for any access you grant to your colleagues.

Our trusted way of working

You are expected to:

/ Read, understand and comply with Alithya's Employee Privacy Policy, Information Classification Policy, the related policies, processes, standards, procedures and guidelines, as well as any Privacy or Security notices, and our clients' instructions on the processing of their personal data and confidential information, where applicable;

/ Participate in Alithya's awareness and training activities concerning the protection of privacy and security, including webinars and information sessions;

/ Use confidential information only as intended;

/ Obtain specific authorization from your manager or Alithya's Legal Department before sharing or using any confidential information, and when so authorized, on a "need-to-know" basis only;

/ Make sure that confidentiality agreements are in place when needed;

/ Inquire if specific confidentiality obligations apply with respect to a specific project, client or supplier;

/ Obtain all required consents before processing confidential information;

/ Protect confidential information from theft or unauthorized access, use or disclosure, including when using mobile devices or external networks;

/ Label confidential information assets and documents as "Confidential";

/ Promptly report to your manager or Alithya's Privacy Officer any event that threatens confidential information; and

/ Return any confidential information you may have in your possession at the end of your employment or contract with Alithya.

You must not:

- / Access confidential information unless it is necessary to carry out your duties;
- / Leave confidential information unsecured or in plain view;
- / Discuss confidential information with your colleagues in public places;
- / Discuss confidential information with your colleagues that do not need to have access to the confidential information to carry out their duties;
- / Discuss or share confidential information with anyone outside of Alithya (including family and friends), unless you are specifically authorized to do so;
- / Use confidential information for your personal gain; and
- / Use a third party's confidential information without its express authorization.

Speak up

Protecting confidential information is one of Alithya's highest priorities. If you have doubts on whether certain information is confidential or already publicly known and/or with who you can share it or not, speak with your manager or Alithya's Privacy Officer before acting.

Situation

While you are away for a long weekend, one of your colleagues is helping you on a project. Your colleague realizes after you left that he does not have access to one of the folders containing documents required for him to work, and you do not have access to Internet while away. Can you give your password to your colleague to allow him to access this specific folder?

What to do

You should never give your passwords to a colleague. By doing so your colleague would get access to all of the data you have access to which may contain information he is not authorized to have access to and/or does not need to have access to. Your colleague should contact Alithya's IT department to be granted access to the specific folder/documents.

Insider trading

It is illegal to trade in shares or other securities (e.g. buy or sell shares or exercise options) of a publicly traded corporation when you are in possession of material information that has not been publicly disclosed, and to communicate to another person (including a spouse, relative or friend) non-public material information (except in the "necessary course of business"), regardless of whether such person intends to use or trade with such information. Such illegal activities are commonly referred to as "insider tipping" and "tipping". Insider trading and insider tipping are strictly prohibited under Alithya's Insider Trading Policy.

Material information is information that, if publicly known, is likely to have an impact on the market price or value of Alithya securities or the investment decision of a reasonable investor to buy or sell Alithya securities; it generally includes changes in corporate structure, capital structure, financial results, business and operations, acquisitions and dispositions, credit arrangements, new developments, ongoing negotiations, threatened litigation against Alithya and intended reorganizations. Please refer to Schedule A of Alithya's Insider Trading Policy for a more comprehensive list of examples of events or information that may be considered material information. Please also refer to Schedule B of such policy for examples of permitted disclosure under the "necessary course of business" exception.

These prohibitions apply to Alithya securities and also extend to the securities of Alithya's clients or suppliers when you possess non-public material information about them.

Our trusted way of working

You are expected to:

- Read, understand and comply with Alithya's Disclosure Policy and Insider Trading Policy;
- Ensure that you do not use non-public material information for your personal gain, whether directly or indirectly; and
- Avoid passing along non-public material information, except to a colleague who needs to know such information and who is authorized to obtain it.

Speak up

Insider trading and tipping are serious offences that can lead to criminal prosecution and severe monetary fines. If you have any doubts as to whether you are in possession of material information, we strongly encourage you to consult the Chief Legal Officer and Corporate Secretary at secretariat@alithya.com before trading Alithya securities.

Situation

You are working on a confidential new project that you understand to be a significant growth opportunity for Alithya. During a family dinner your brother-in-law asks whether Alithya would be a good investment for him. How do you respond?

What to do

You cannot tell him anything about the project you are working on as that would be insider tipping. While you can describe your enthusiasm for Alithya, you should not make any recommendation to him on whether or not to buy or sell Alithya securities.

Corporate disclosure

This section should be read together with Alithya's Disclosure Policy.

As a public company, Alithya is required by law to file certain corporate information with Canadian and U.S. securities regulators. This information is also key to some of Alithya's stakeholders. It is essential that this information be consistently complete and accurate, while being filed in due time.

It is important that Alithya communicates with one voice. As such, Alithya has adopted a Disclosure Policy and established a Disclosure Committee. You cannot speak with the press or any third party (for example, shareholders) on behalf of Alithya, unless you are a designated spokesperson for Alithya or have obtained an authorization from a designated spokesperson. This is to ensure the accuracy, fairness and consistency of public disclosures made on Alithya's behalf.

In order to protect Alithya's and our clients' confidential information and comply with prohibitions on insider trading and tipping, you should not discuss non-public affairs outside of Alithya, except if necessary in the course of Alithya's business and by limiting the disclosed information to that information that is necessary to be disclosed.

Our trusted way of working

You are expected to:

- Read, understand and comply with Alithya's Disclosure Policy;
- Ensure that confidential information remains undisclosed unless permitted (see the "Confidentiality" section of this Code of Business Conduct);

/ Refer anyone (for example, investors or the media) who has questions regarding Alithya's affairs to Investor Relations at: investorrelations@alithya.com;

/ Report to your manager or the Disclosure Committee any new information that you believe may constitute material information regarding Alithya that has not been publicly disclosed;

/ Report to your manager or the Disclosure Committee any disclosure that you believe may have been made in violation of the Code of Business Conduct or the Disclosure Policy, so that we may determine whether prompt public disclosure is required; and

/ Verify that information Alithya proposes to disclose is complete and accurate, if you are involved in the preparation of Alithya's corporate disclosure (for example, financial statements and press releases) or are requested to do so by someone who is.

You must not:

/ Speak to anyone on Alithya's behalf unless you are properly authorized to do so; and

/ Discuss non-public company affairs with anyone outside Alithya, except if you are an authorized spokesperson.

Speak up

If you become aware of a potential wrongdoing concerning accounting or auditing matters, you must contact the Chair of the Audit and Risk Management Committee. Please refer to Alithya's Whistleblower Policy for further information on such circumstances.

Document management, and books and records

As part of our operations, we deal with a vast quantity of documents and records. As a priority, we must comply with all legal requirements that govern the recording, processing, retention and destruction of our corporate documents and records, whether electronic, digital or physical. These requirements can vary depending on the type of document and record. If you have doubts, you should consult your manager or Alithya's Legal Department or Chief Information Security Officer.

The integrity of our records and public disclosure depends on the validity, accuracy and completeness of the information supporting the entries to our books of account. Therefore, our corporate and business records should be completed accurately and honestly. The making of false or misleading entries, whether they relate to financial results or test results, is strictly prohibited. Our records serve as a basis for managing our business and are important in meeting our obligations to customers, suppliers, creditors, employees and others with whom we do business. As a result, it is important that our books, records and accounts accurately and fairly reflect, in reasonable detail, our assets, liabilities, revenues, costs and expenses, as well as all transactions and changes in assets and liabilities.

Our trusted way of working

You are expected to:

- Properly save and store documents to ensure their permanence and ease of access;
- Ensure that confidential documents and records remain confidential (see the "Confidentiality" section of this Code of Business Conduct);

- Ensure that all entries in Alithya's records are accurate, complete and recorded on time; and
- Read, understand and comply with Alithya's policies on document retention and destruction.

You must not:

- Destroy or alter any Alithya records in anticipation of a request for those documents from any government, law enforcement or regulatory agency or a court; and
- Make any misleading statements to any governmental, law enforcement or regulatory investigator.

Above and beyond

Community engagement

This section should be read together with Alithya's Charitable Giving Policy.

Alithya seeks to be an active and contributing member of each community it does business in. Alithya believes in giving back to the community in a concrete way, not only via financial support, but also through the donation of time and resources and the personal involvement of its employees.

Our trusted way of working

You are expected to:

- Transfer all requests for charitable donations to Alithya's Communications Department;
- Obtain authorization from Alithya's Communications Department before using Alithya's name in an activity or communication; and
- Obtain authorization from your manager before soliciting your colleagues or any Alithya clients and business partners for charitable donations.

Political activities

Alithya does not usually intervene in the political arena, nor make political contributions of any kind. We respect, however, your right to participate in politics, as an individual, as long as you do not suggest that your activities represent or involve Alithya, and your participation (whether you are compensated or not for such participation by a non-Alithya party) does not create a conflict of interest or prejudice Alithya's interests, reputation or image.

Our trusted way of working

If you choose to get involved in political activities, **you are expected to**:

- Be consistently clear about the fact that you are not representing Alithya in any respect;
- Comply with Alithya's rules regarding gifts, entertainment and bribery prevention (see the "Gifts & other benefits" and "Anti-corruption & Anti-bribery" sections of this Code of Business Conduct); and
- Inform your manager if you believe that your participation could interfere with your duties at Alithya and/or create conflicts of interest (see the "Outside activities & employment" and "Conflict of interest" sections of this Code of Business Conduct).

You must not:

- Use the workplace as a tribune to promote political activities or view;
- Use Alithya's assets and resources, including working hours, to work or solicit for political activities; and
- Contribute Alithya's funds to candidates or political organizations.

Lobbying

Lobbying rules are complex, constantly evolving and vary in each country, Province, State, county or municipality. They sometimes require various levels of registration and disclosure. If you have doubts, **ask Alithya's Legal department for advice before acting** (see the "Ask for Advice" section of this Code of Business Conduct).

Our trusted way of working

You must not:

- Attempt to influence any government officials or employees (legislative or executive branch government officials or agencies, whether at the federal, provincial, state or local level) through any type of communication without prior authorization from Alithya's Legal Department and, if necessary, being properly registered as a lobbyist.

Policies

This Code of Business Conduct is to be read with all of Alithya's policies including the following, which may be amended from time to time.

- Charitable Giving Policy
- Disclosure Policy
- Employee Privacy Policy
- Fit for Duty: Drugs, Prescription Drugs and /or Alcohol Use at Work Policy
- Information Classification Policy
- Information Security Policy
- Insider Trading Policy
- IS-IT Acceptable Use Policy
- Prevention of Harassment in the Workplace
- Physical Security Policy
- Social Media Policy and Guidelines
- Teleworking Policy
- Whistleblower Policy

How to reach out

Whether you are looking for guidance or want to report a concern or an actual or potential violation under this Code of Business Conduct, you can contact any one of the following resources:

Alithya's Human Capital Department

- Canada: human.capital@alithya.com
- United States: us.humancapital@alithya.com

Alithya's Privacy Officer

- +1 438-802-4983
- privacy@alithya.com

Alithya's Chief Information Security Officer

- +1 438-798-0135
- security@alithya.com

Alithya's Communications Department

- communications@alithya.com

Alithya's Investor Relations

- investorrelations@alithya.com

Alithya’s Legal Department

/ legal@alithya.com

Alithya’s Chief Legal Officer and Corporate Secretary

/ secretariat@alithya.com

Alithya’s Chair of the Audit and Risk Management Committee

/ +1 844-879-4778

/ ethics.committee@deontol.com

Acknowledgment and attestations form

As a condition of your employment or mandate at Alithya, you are required to complete this form when you begin working for us or serving on Alithya's board of directors. Thereafter, you will be asked to make periodic attestations, confirm past compliance and agree to your ongoing compliance with Alithya's Code of Business Conduct and policies.

I, the undersigned, acknowledge that I have received, read and understood the meaning and scope of Alithya's Code of Business Conduct, and undertake to comply with its requirements. I understand that my signature below entails an undertaking to comply with all policies in effect at Alithya, as they may be amended from time to time.

I also acknowledge my obligation to promptly report any actual or potential violation to Alithya's Code of Business Conduct or any other policy.

I confirm that, to the moment of signing this form, I have fully complied with Alithya's Code of Business Conduct and all policies.

Signature	**Date**

Once completed, please send this form to Alithya's Human Capital Department at human.capital@alithya.com (Canada) or us.humancapital@alithya.com (United States).