



FY2020 RESULTS

22.03.2021

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WE DESIGN BUSINESS
EVOLUTION THROUGH DATA,
TECHNOLOGY & CREATIVITY

Alkemy was founded in 2012 with the aim of supporting the **top management** of large companies in the **process of digitizing** their business model.

The market in which Alkemy insists is the **digital transformation market** which today is worth over **6 billion euros** in Italy and **grows** at a rate of between **7 and 10% per year**.

In this market, Alkemy has developed a **differentiated positioning** that has allowed it to grow with a **CAGR of 33%** (>2x the market), to move from the 23 starting resources to a team of over **650 people** and a turnover of about **74.8M€**.

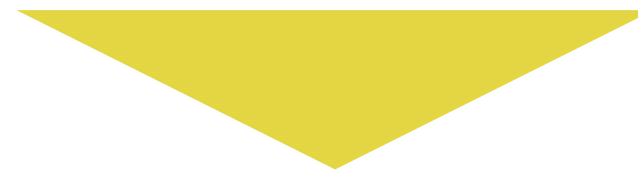
In these 8 years, Alkemy has **successfully** used the **M&A lever** (7 acquisitions) using the IPO proceeds in less than nine months, and the **EBITDA growth** of the four acquisitions made in Italy from 2013 to 2018 was between **150 and 440%**.

Alkemy has developed a **new organization** and a new Go-to-Market strategy that have laid the foundations for the **industrialization** and expansion of the business scale, resulting in **strong organic growth and higher marginality**.

We help companies to
evolve their business in the
post-digital scenario

FY 2020 – RESILIENCY OF BUSINESS MODEL

Focus on the **industrialization** of its business model to strengthen **marginality** and **business resiliency**



FY 2020 MAIN ACHIEVEMENTS

- > **Adj. EBITDA** up >23% compared to FY 2019
- > **Improvement in marginality** compared to FY 2019 (EBITDA margin 8.3% vs 6.0%)
- > **Resiliency** of TIER 1 and TIER 2 customers (+10% ARPC)
- > **Positive group result** of €M 1.8
- > Strong **cash generation** over the period (€M 9.6 operative cash flow)
- > **Improvement of NFP** of €M +6.7

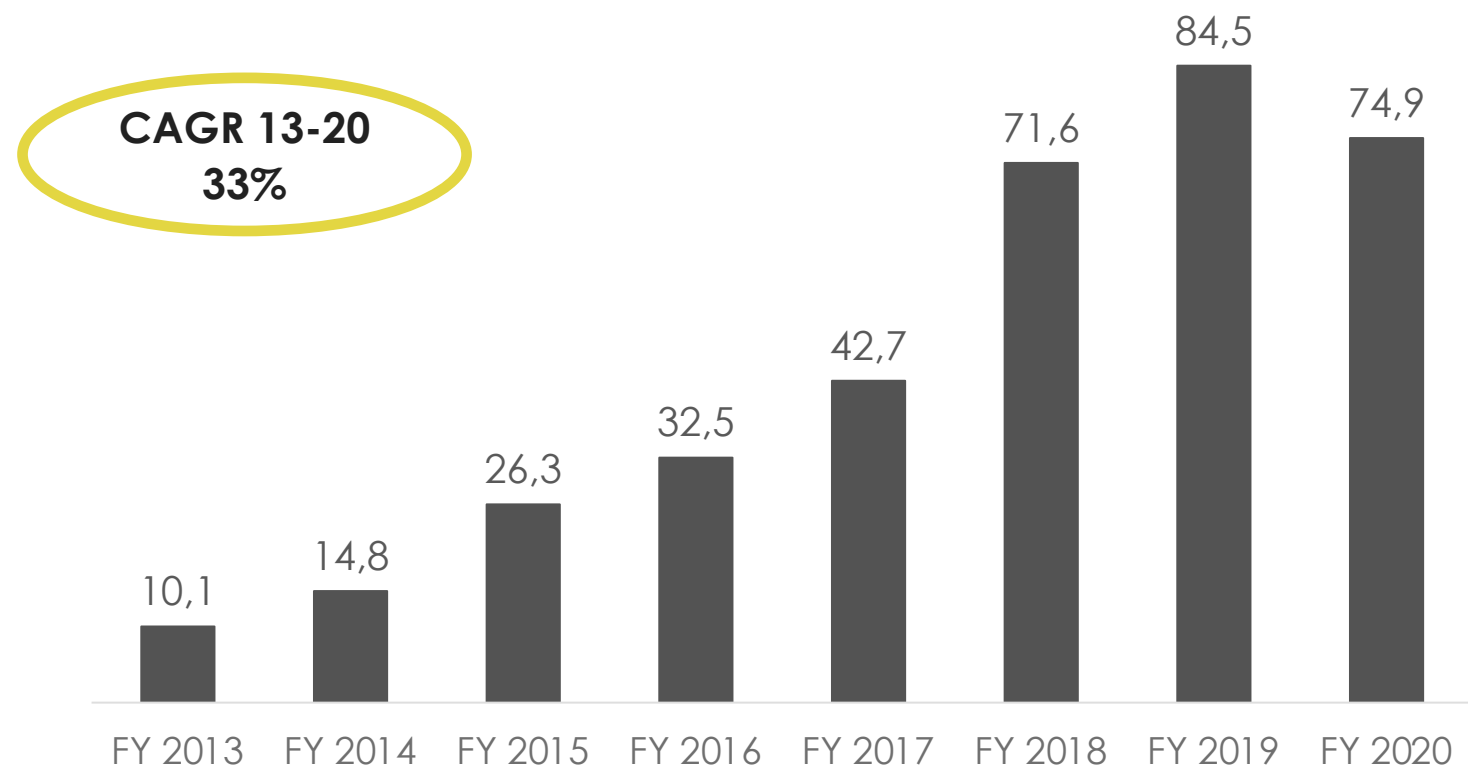
FINANCIAL HIGHLIGHTS



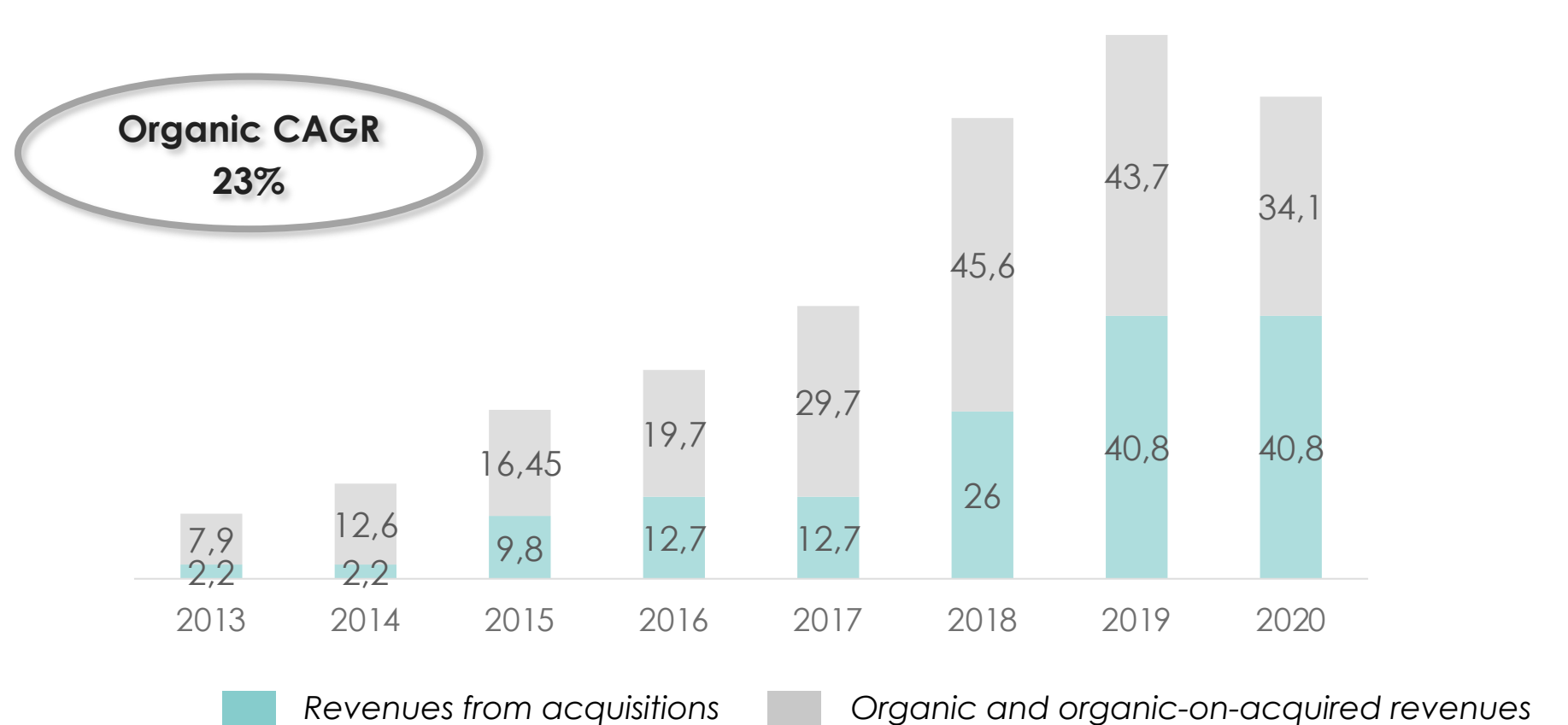
€M	FY 2020	FY 2019	
Turnover	74.9	84.5	> -11% compared to FY 2019, mostly due to the Mexican company, exposed to travel and leisure sector, highly effected by COVID-19
Adj. EBITDA	6.2	5.0	> + 23% compared to FY 2019, thanks to the better mix and efficiencies arising from the new organization. Adj. EBITDA margin up by + 2.3 pps
EBIT	3.1	1.4	> +123% compared to FY 2019, thanks to the better operating result. EBIT margin up by +2.5 pps
EBT	2.5	0.2	> More than 10x compared to FY 2019, thanks to the better performance over the period. EBT margin up by +3 pps
Group Net Income	1.8	(0.1)	> Thanks to better operating results, mostly of Italian companies
Operating Cash Flow	9.6	1.6	> Increase of €M 8 compared to FY 2019 mainly due to the better operating result and the lower absorption of NWC
NFP	-12.5	-19.2	> Positive variation since 31 December 2019 of €M 6.7 mostly due to: €M +9.3 increase in cash liquidity, €M +1.3 decrease in put options, €M -3.8 increase in financial debt

REVENUES

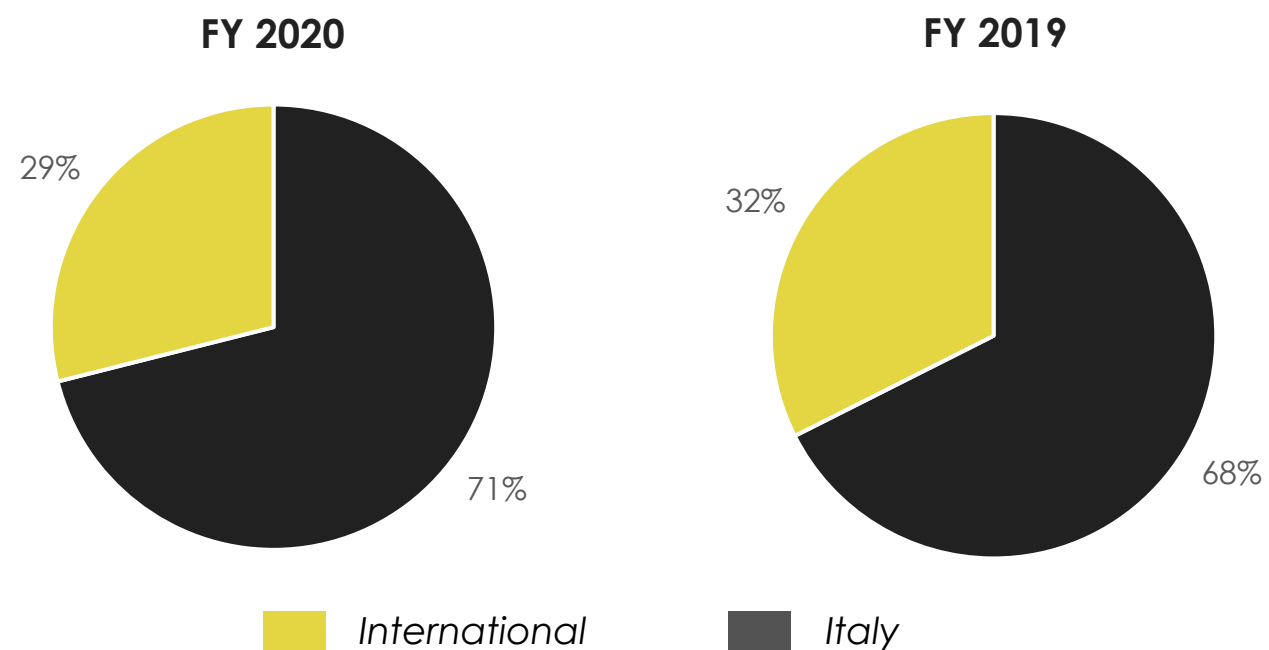
ALKEMY REVENUES (€M) – IAS /IFRS⁽¹⁾



ORGANIC VS. ACQUISITIONS REVENUES (€M) – IAS /IFRS⁽¹⁾



ALKEMY INTERNATIONAL TURNOVER (%)

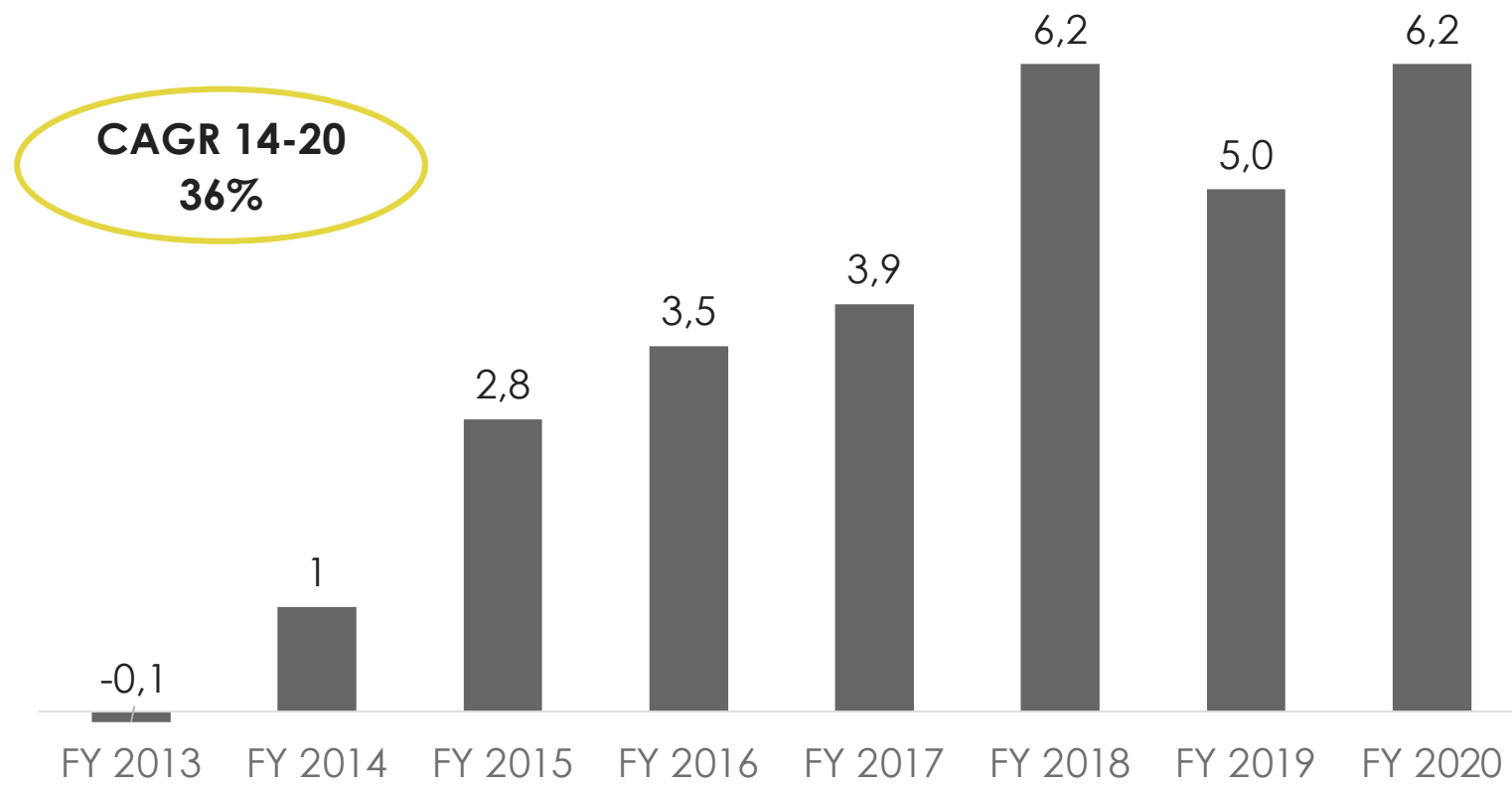


- › FY 2020 revenues are €M 74.9 -11.4% vs. €M 84.5 in FY 2019, mostly due to the Mexican subsidiary, exposed to travel & leisure sector, highly effected by COVID-19 emergency
- › FY 2020 Italian turnover is 71% of total vs. 68% in FY 2019, showing more resiliency compared to foreign subsidiaries, thanks to the new Go-to-Market strategy, strongly focused on main clients, which over performed over the period: Top 50 clients increased ARPC by 10%

⁽¹⁾Revenues 2013-14-15-16 are Management estimates and are not audited, following the introductions of IFRS in 2018.

Adj. EBITDA

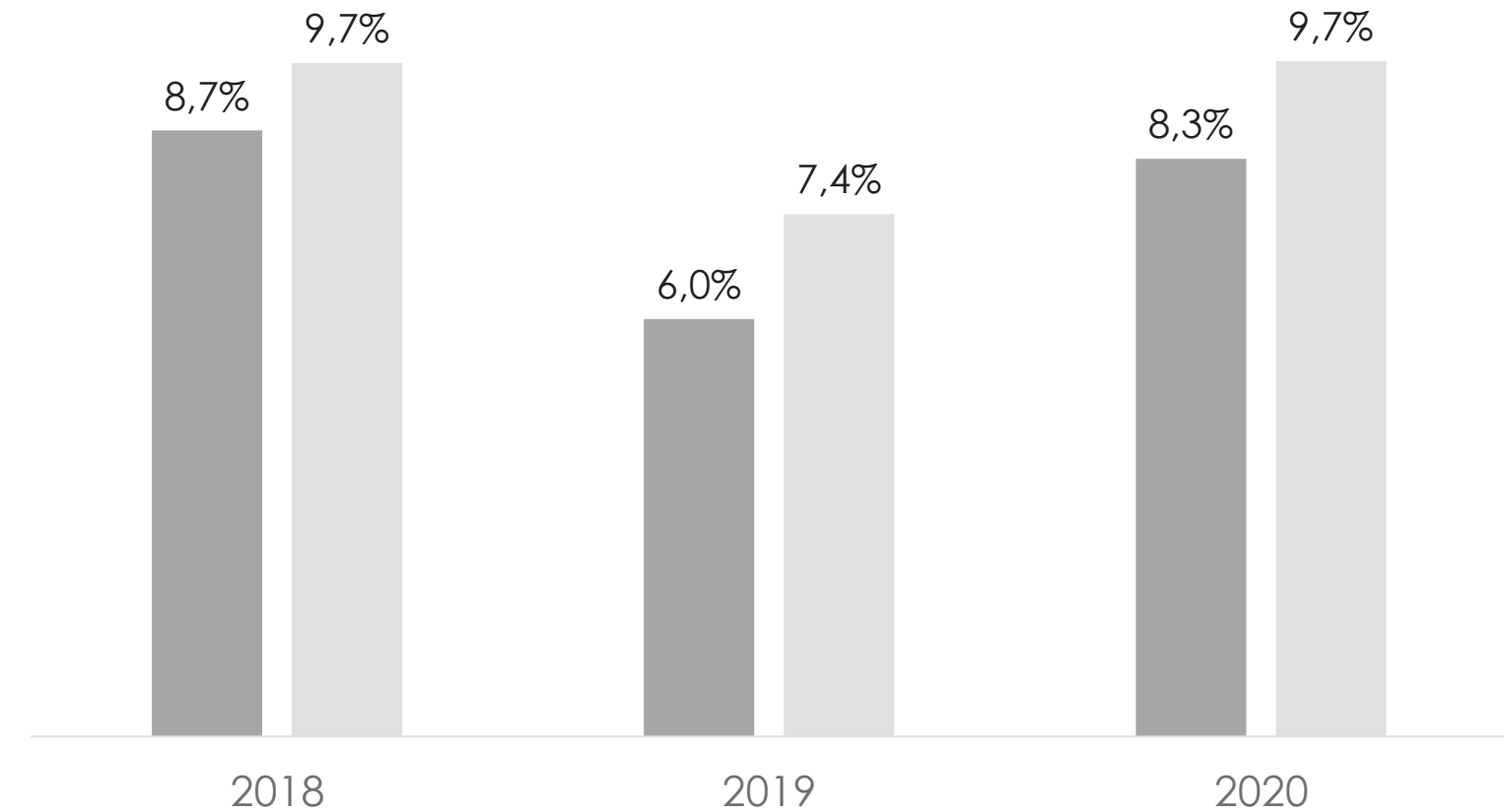
ALKEMY ADJ. EBITDA (€M) – IAS/IFRS⁽¹⁾



EBITDA%	-	6.7%	10.7%	10.8%	9.2%	8.7%	6.0%	8.3%
EBITDA% Ex Media	-	-	-	-	-	9.7%	7.4%	-

- › FY 2020 Adj. EBITDA is €M 6.2 +23% compared to €M 5.0 in FY 2019. The strong increase is mainly achieved thanks to the efficiency arising from the new organization and the better mix, and the new Go-to-Market strategy focused on more profitable projects
- › FY 2020 Adj. EBITDA is about 8.3% vs. 6.0% in FY 2019 with an increase of 2.3 pps, due to structural lower costs impact on revenues, thanks to the industrialization process started in 2020

ADJ. EBITDA MARGIN ex Media (Spain & Latam)⁽²⁾



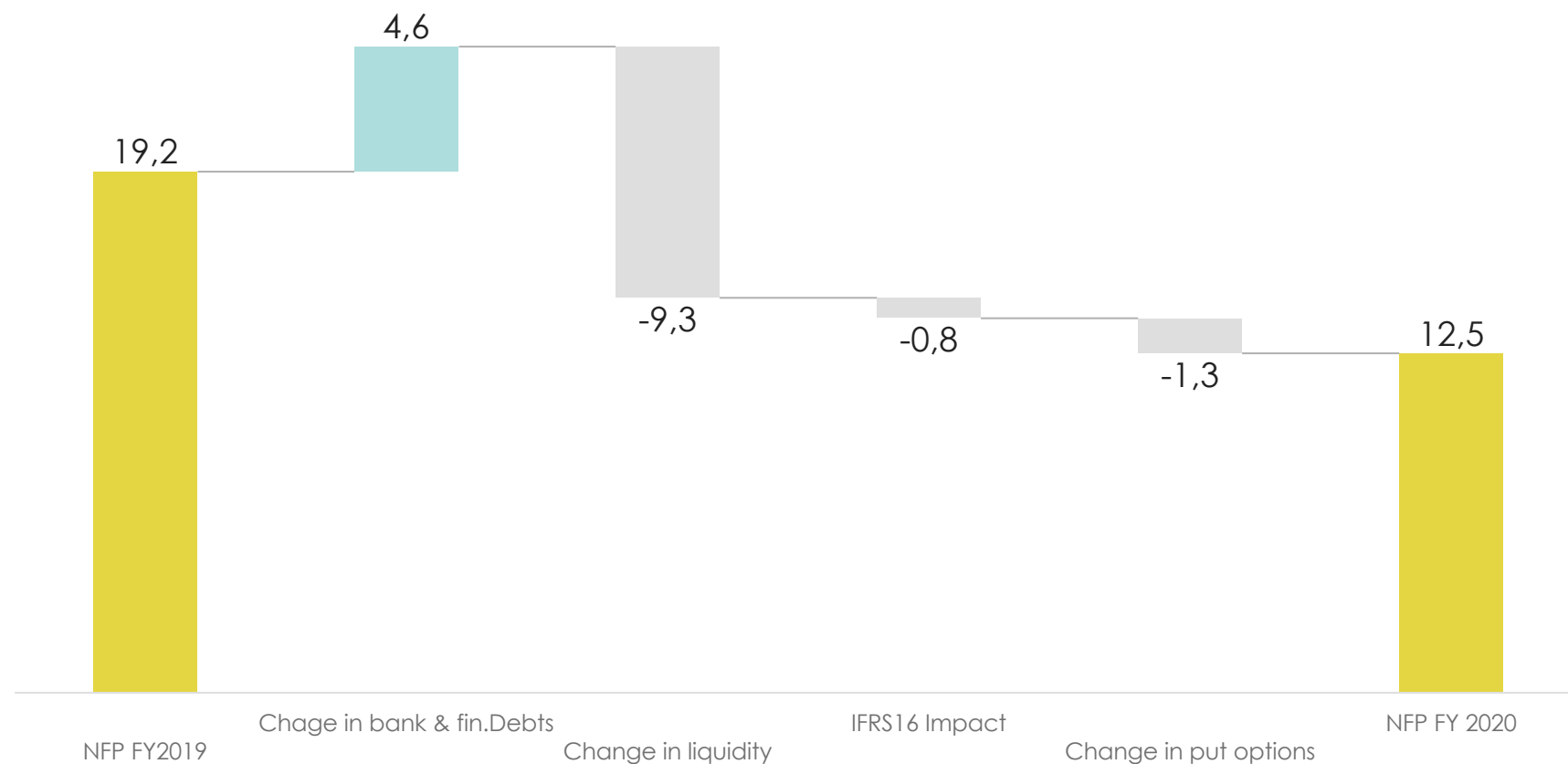
- › Part of revenues coming from the integration of Ontwice Group (Spanish and Mexican markets, consolidated since H2 2018) is related to Media (i.e. purchase and sale of Digital media spaces) which is structurally a pass through business
- › This effect had a negative impact on EBITDA margin of 1.4 pps. EBITDA margin ex Media is estimated to be 9.7%⁽²⁾ in FY 2020 compared to 7.4%⁽²⁾ in FY 2019

⁽¹⁾Ebitda 2014-15-16 are Management estimates and are not audited because of introduction of 2017 IFRS. 2017 Ebitda is net of AIM listing costs

⁽²⁾Adj. Ebitda margin ex media is calculated relating adj ebitda to total revenues minus those related to media intermediation in Mexico and Spain.

NET FINANCIAL POSITION BRIDGE AND BREAK DOWN

Net Financial Position Bridge FY2020 (€M)

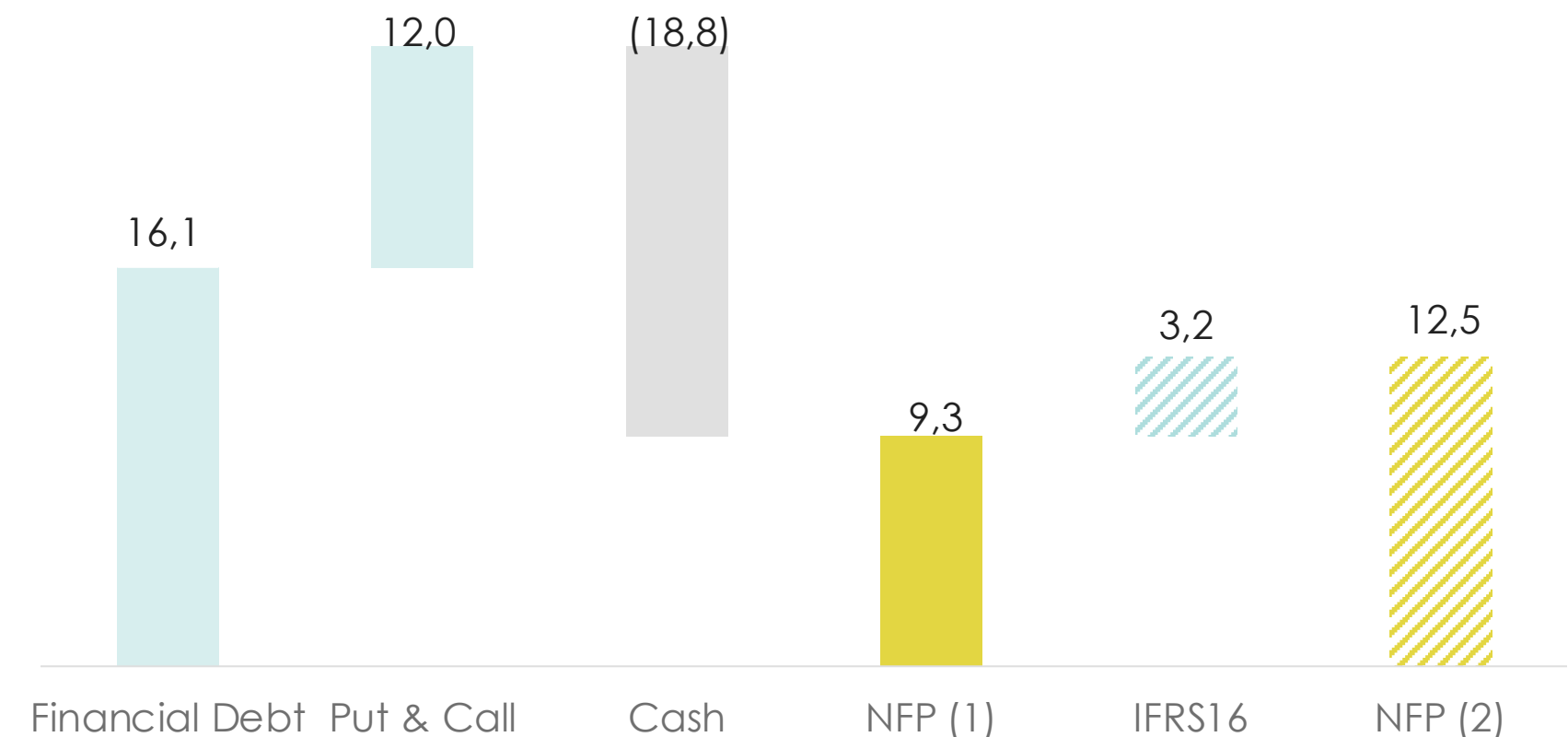


› **Net Financial Position** NFP (2) at December 31st 2020 was €M -12.5 with an improvement of €M 6.7 compared to €M -19.2 at December 31st, 2019

› **Variation** mainly due to: increase in liquidity on bank accounts (€M +9.3), increase in non current bank loans (€M -2.5), increase in current bank loans (€M -2.1), re-determination of put options value (€M +1.3), decrease of leasing financial debt (IFRS 16) (€M +0.8).

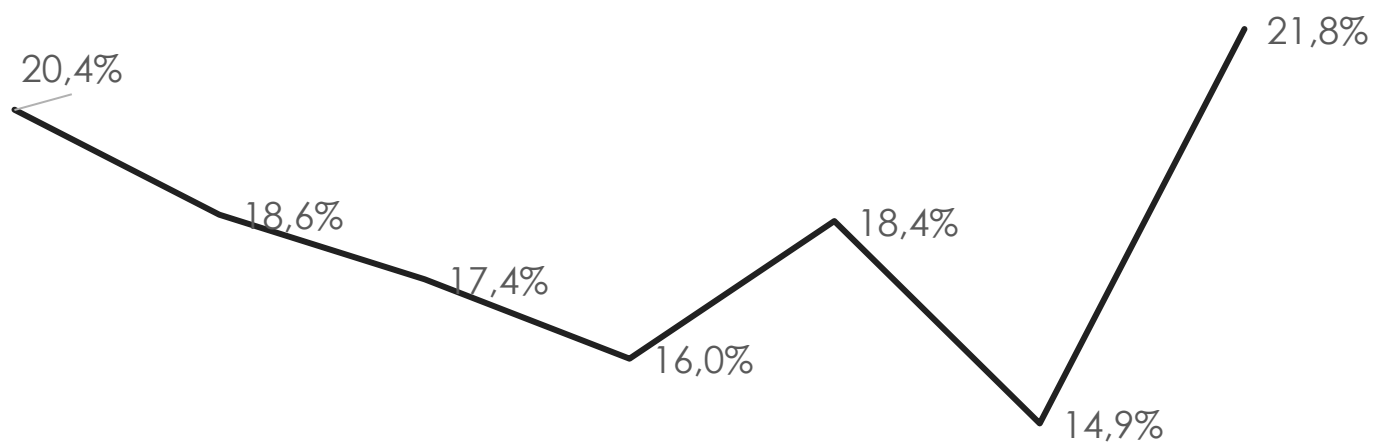
- › **Gross debt** is composed by €M 16.1 of financial debt (of which €M 11.4 non current, €M4.6 current), €M 12.0 put options deriving from M&A (of which €M 3.1 non current) and €M 3.2 IFRS16 financial leases
- › FY 2020 NFP (1) ex IFRS16 is €M 9.3
- › FY 2020 cash is €M 18.8

Net Financial Position Break Down FY 2020 (€M)



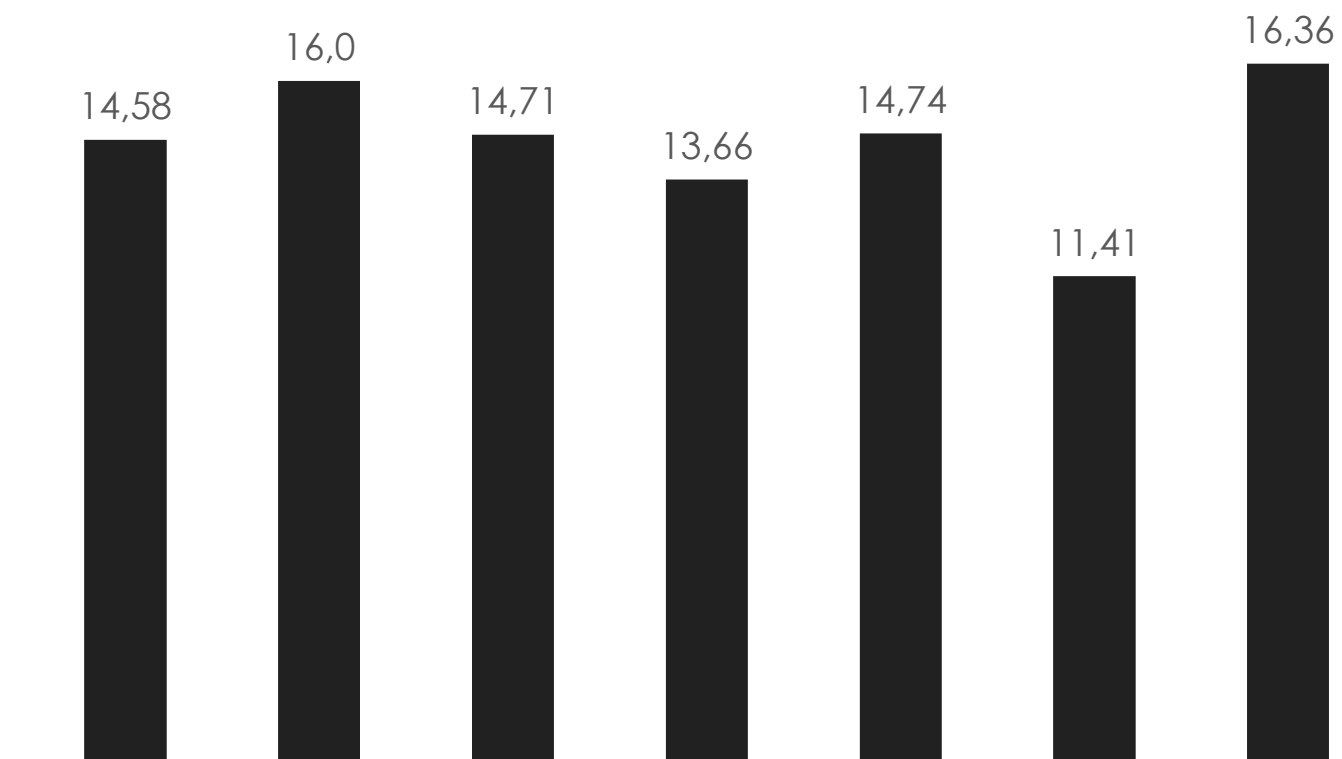
NET TRADE WORKING CAPITAL DYNAMICS

Net Trade Working Capital over Last 12 Months Revenues (%)



FY 2018 1H 2019 FY 2019 1Q 2020 1H 2020 9M 2019 FY 2020

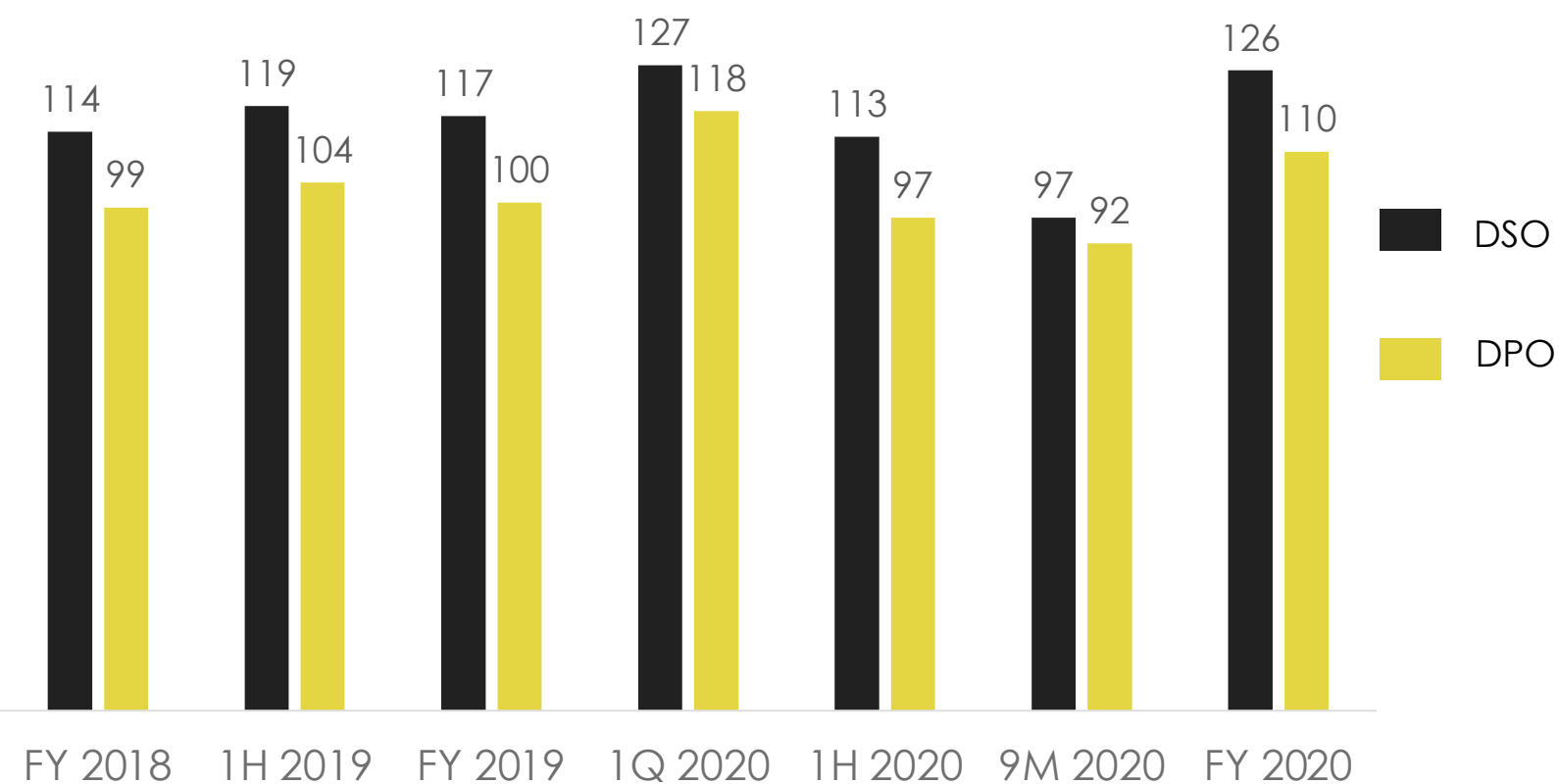
Net Trade Working Capital (€M)



FY 2018 1H 2019 FY 2019 1Q 2020 1H 2020 9M 2020 FY 2020

- > FY 2020 Trade working capital over revenues was higher compared to history
- > The cash outflow from **Net Trade Working Capital** increase (€ -2.2 million) was more than 4 times higher in comparison to FY 2019, due to payables dynamics
- > Strong improvement in other **current assets** contributes to NWC inflow in FY 2020. The driver of this improvement was inflow from 2019 public financing and 2019 tax credit

Cash Conversion Cycle Details (days)



FY 2018 1H 2019 FY 2019 1Q 2020 1H 2020 9M 2020 FY 2020

FY 2020 P&L – IAS/IFRS



Consolidated Profit & Loss

Profit and Loss (€000) - IAS/IFRS	FY 2019	FY 2020
Revenues	84.520	74.932
Service costs, consum. & goods	(51.404)	(40.100)
Personnel	(29.635)	(28.861)
EBITDA	3.481	5.971
% Revenues	4,1%	8,0%
Non recurrent costs	(1.549)	(224)
Adj. EBITDA	5.030	6.195
% Revenues	6,0%	8,3%
D&A	(1.738)	(1.749)
Bad debts/ claims/ provisions	(336)	(1.077)
EBIT	1.407	3.145
% Revenues	1,7%	4,2%
Financial charges	(1.161)	(601)
EBT	246	2.544
Taxes	(486)	(722)
% Tax rate	197,6%	28,4%
Net Profit (Loss)	(240)	1.822
o/w Minorities	(101)	30
o/w Group Net Profit (Loss)	(139)	1.792

- FY 2020 **Revenues** at €M 74.9, down by 11% compared to €M 85.2 of FY 2019. The decrease is mostly attributable to **the foreign subsidiaries** who **underperformed** in the period (-21%), especially in Mexico where the contraction of revenues is due to high exposure to travel & leisure customers, while in Spain turnover completely recovered by the end of 2020. **Italian turnover** is down by 7%, mostly due to lower tax credit and incentives for R&D projects over the period. **Italian core business** mostly stable, with an increase in top 50 clients' ARPC of 10%.
- Operative costs** decreased by -13.5% yoy, reducing the impact on revenues by 2.3% compared to FY 2019. **Services costs** decreased by 20% yoy. This **efficiency** is mostly achieved thanks to the actions taken to internalize tech activities. **Personnel costs** is mostly stable, with a decrease of 2.2% compared to FY 2019, attributable to the rationalization of the **new organization** in the Italian companies, while there has not been use of any temporary layoffs nor other unemployment benefits.
- FY 2020 **Adj. EBITDA** at €M 6.2 +23% compared to €M 5.0 in FY 2019, with a margin increase of 2.3 pps (**EBITDA margin 8.3%**). **EBIT** is equal to €M 3.1 +123% higher than €M 1.4 in FY 2019, with an increase of 2.5 pps in EBIT margin.
- Financial charges** decreased from €M 1.2 in FY 2019 to €M 0.7 in FY 2020. **EBT** €M 2.5 vs. €M 0.2 in FY 2019. **Group Net Profit** is €M 1.8 vs €M -0.1 in FY 2019.

FY 2020 BALANCE SHEET – IAS/ IFRS

Consolidated Balance Sheet

Balance Sheet (€000) - IAS/IFRS	FY 2019	FY 2020
Tangible assets	980	855
Intangible assets	7.801	7.093
<i>o/w rights of use (IFRS16)</i>	3.907	3.122
Goodwill	31.752	31.755
Financial assets	1.078	1.174
Fixed Assets	41.611	40.877
Inventories	61	0
Trade Receivables	31.791	31.044
Trade Payables	(17.142)	(14.688)
Net Trade Working Capital	14.710	16.356
Other Current Assets	8.931	4.289
Other Current Liabilities	(9.790)	(12.579)
Employees' leaving entitlement	(4.356)	(5.087)
Total Capital Invested	51.106	43.856
Total Equity	31.897	31.396
o/w Group Equity	31.723	31.142
o/w Minorities	174	254
Cash	(9.581)	(18.840)
Bank Debts	11.501	16.071
Put Option Liabilities	13.342	12.038
Other Financial Debts (IFRS16)	3.947	3.191
Net Debt (Cash)	19.209	12.460
Total Funds	51.106	43.856

- › **Net Invested Capital** at €M 43.9 (€M 51.1 at FY 2019) and consisted of approx. € 8.1 million of **Net Working Capital** (€M 13.8 FY2019), €M 40.9 of fixed assets (€M 41.6 FY2019) of which €M 31.8 of **Goodwill** and €M 3.1 of **rights of use** (IFRS 16), and €M 5.1 of final Employees' leaving entitlement (€M 4.3 FY2019)
- › **Shareholders' equity** decreased in the period by €M 0.5 since FY 2019 (-1.6%), mainly due to dividends to minorities and the buyback of treasury shares carried out over the course of 2020, partly compensated by the FY 2020 Net Profit
- › **Net Financial Position** at December 31st 2020 negative for €M -12.5 (ante-IFRS 16 at €M -9.3) compared to the negative Net Financial Position at 31 December 2019, which was €M -19.2. The variation is mainly due to positive cash generation over the year resulting in higher cash position and lower valuation of put options.

FY 2020 CASH FLOW GENERATION – IAS/IFRS

Consolidated Cash Flow

Cash Flow Statement (€000) - IAS/IFRS	FY 2019	FY 2020
Net Profit (Loss)	(240)	1.822
Adjustments (cash tax, interest and other)	573	462
Non cash items	2.457	3.390
Gross Cash Flow	2.790	5.674
Change in inventories	79	61
Change in trade receivables	592	244
Change in trade payables	(1.161)	(2.540)
Total change in NTWC	(490)	(2.235)
Total change in other asset/liabilities	(651)	6.145
Operating Cash Flow	1.649	9.584
Capex	(580)	(325)
Free Cash Flow before Acquisition	1.069	9.259
Other fixed assets	(1.328)	(91)
Free Cash Flow	(259)	9.168
Change in treasury shares	(581)	(181)
Dividends to minorities	(668)	(667)
Change in bank & fin. Debts	8.934	4.542
IFRS 16 effect	(1.119)	(950)
Changes in equity	969	0
Change in put/option	(7.794)	(2.652)
Change in Cash	(518)	9.260
Initial Cash	10.098	9.581
Final Cash	9.580	18.841

- › FY 2020 **Gross Cash Flow** at €M 5.7, compared to €M 2.8 of FY 2019. The increase yoy is mostly due to the higher result of the period and higher non-cash items.
- › FY 2020 **Operating cash flow** at €M 9.6 compared to €M 1.6 of FY 2019. The positive variation is mostly due to the better operating result and the lower absorption of the Working capital (other assets/liabilities referred to inflows from 2019 tax credit for R&D projects) compared to FY 2019.
- › Ordinary **Capex** of the period are 44% lower than FY 2019. FY 2020 **Free Cash Flow before Acquisitions** is equal to €M 9.3, compared to €M 1.1 of FY 2019.
- › FY 2020 **Free Cash Flow** is €M 9.2, showing a strong improvement compared to FY 2019 €M -0.3.
- › Total change in **cash** for the period was €M 9.3 compared to €M -0.5 in FY 2019.

OUTLOOK

- › Alkemy will continue the process of industrialization of the business model, which showed already the first results in terms of marginality, and the management expect to see further improvement over the course of both FY 2021 and the whole business plan period. Indeed, Alkemy will continue to work in this direction with an elevated focus on both marginality and organic growth.
- › In FY 2020 top line was impacted by an unprecedented crisis, but the management is confident that in a post COVID-19 world, the services offered by Alkemy for digital transformation and business evolution will be structurally necessary for our current and future customers to be competitive and successful.
- › Taking into account FY 2020 results (in particular in 4Q 2020), and current trading, Group's expectation is to resume the path of organic growth, both in terms of revenues and marginality, thanks to the rationalization and efficiency work carried out in the previous year and currently underway. The first positive results will be registered already in 1Q 2021.

A PUBLIC COMPANY LISTED ON MTA – STAR SEGMENT



Issuer & Tickers

- Alkemy S.p.A. (ALK) | ISIN: IT0005314635
- REUTERS ALK.MI | BLOOMBERG ALK.IM

Market

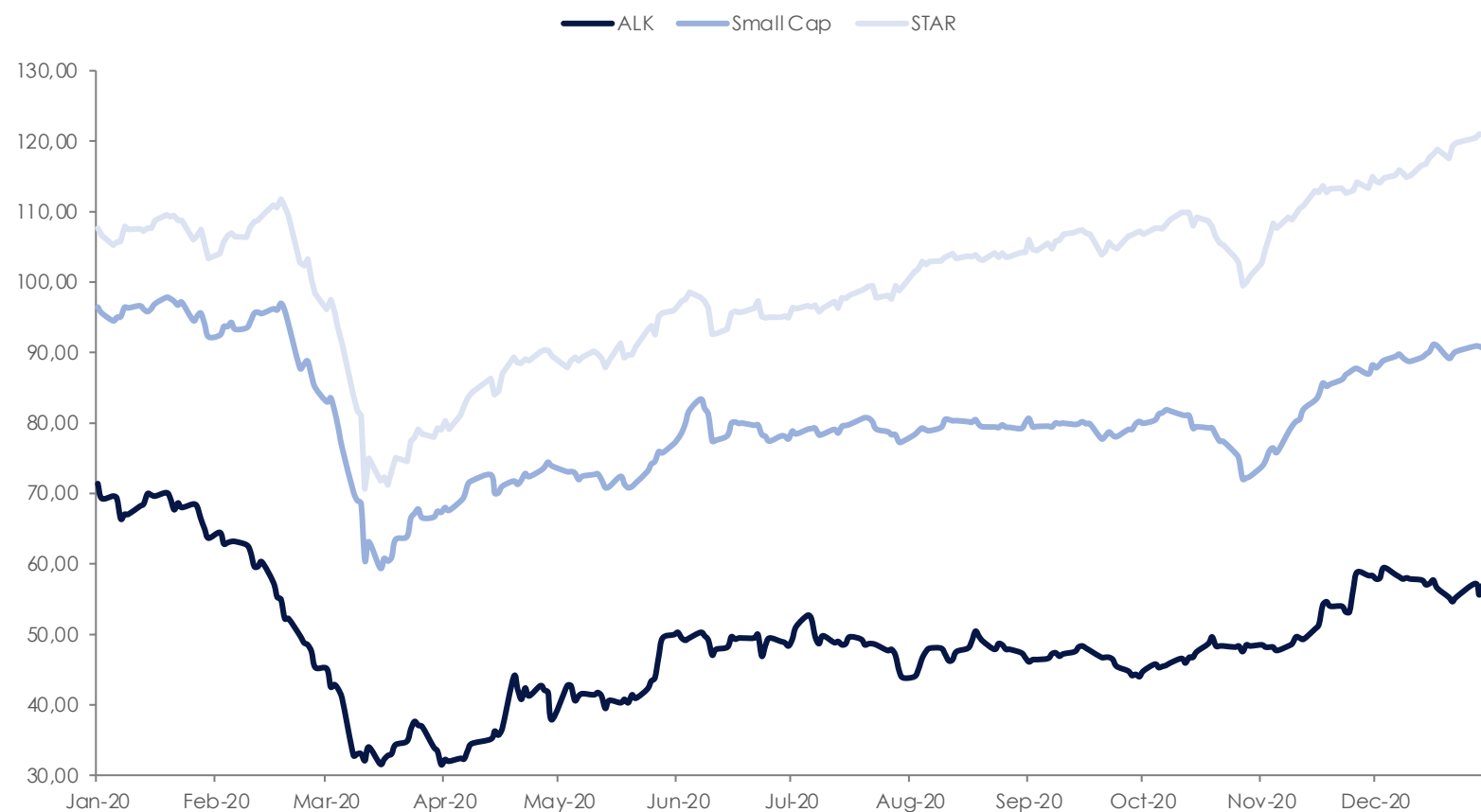
- Borsa Italiana, MTA – STAR Segment

Specialist

- Intermonte

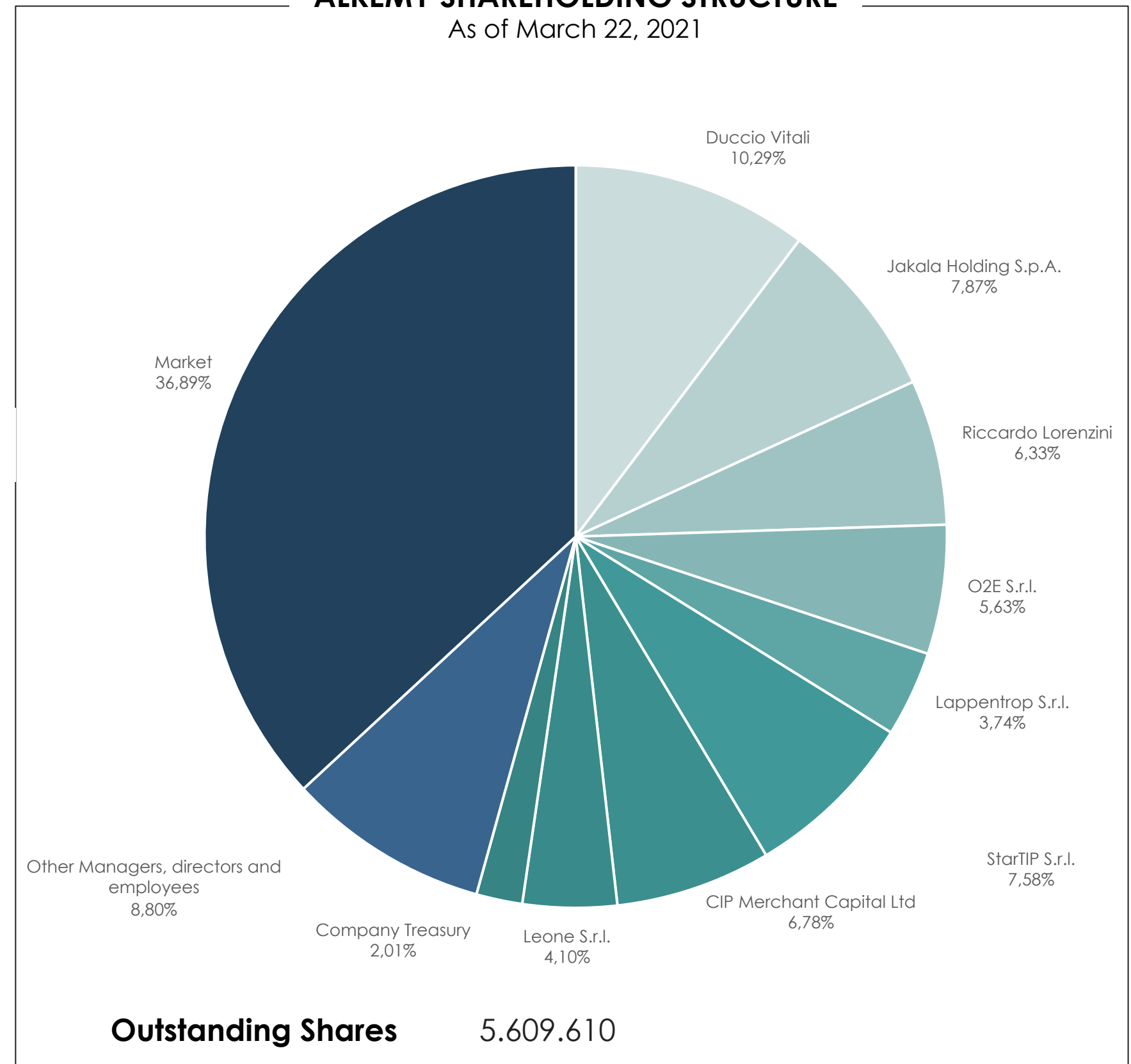
Analyst Coverage

- Intermonte
TP €8.30 | Outperform (Nov 2020)
- Banca Imi
TP €10.70 | Buy (Feb 2021)
- Mediobanca
TP €9.50 | Outperform (Feb 2020)



ALKEMY SHAREHOLDING STRUCTURE

As of March 22, 2021



(1) Lappentrop Srl belongs to Alessandro Mattiacci

(2) Other Managers: Alkemy and founders of new acquired companies

(3) Buy Back plan was in place until November 2020

A SOLID CORPORATE GOVERNANCE



BOARD OF DIRECTORS

Chairman	Alessandro Mattiacci
Chief Executive Officer	Duccio Vitali
Deputy Chairman	Vittorio Massone
Director & GM	Massimo Canturi
Director	Riccardo Lorenzini
Independent Director	Giorgia Albeltino
Independent Director	Giulia Bianchi Frangipane
Independent Director	Andrea Di Camillo
Independent Director	Serenella Sala

Independent Audit Firm: KPMG S.p.A.

BOARD OF STATUTORY AUDITORS

Chairman	Mauro Dario Bontempelli
Standing Auditor	Gabriele Gualeni
Standing Auditor	Daniela Bruno
Alternate Auditor	Marco Garrone
Alternate Auditor	Mara Sartori



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