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Interim Financial Report at March 31, 2021

<i>Testo del comunicato</i>
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Vedi allegato.



## ALKEMY S.P.A.

### IN THE FIRST QUARTER 2021 GROWTH IN TURNOVER (7%) AND ADJ. EBITDA (+532%) PROFIT OF € 0.5 MILLION, OPERATING CASH FLOW AT € 1.9 MILLION NFP AT € 12.4 MILLION

*In 1Q 2021, the recovery of new business and the focus on main customers support the return to organic growth at Group level (+ 7%).*

*With the industrialization of the business model, the optimization of margins continues (Adj. EBITDA + 532%, EBITDA margin at 9.6%).*

*In 2021, confirmed focus on development of top line and on increasing operating margins.*

*Expected a booming market.*

### The Board of Directors today approves the Interim Financial Report at March 31<sup>st</sup>, 2021

- **1Q 2021 Consolidated Turnover** is equal to **Euro 20.7 million, +7%** compared to Euro 19.3 million in 1Q 2020, thanks to the resumption of new business activity and the increase in average turnover per customer of main customers, supported by the new strategy of Go-to-Market.
- **1Q 2021 Adjusted EBITDA<sup>1</sup>** is equal to **Euro 2.0 million**, an increase of 532% compared to Euro 0.3 million in 1Q 2020, as a result of the efficiencies deriving from the industrialization of the business model and the Group's focus on higher value-added projects. The **EBITDA margin** of 1Q 2021 is equal to **9.6%, +8 percentage points** compared to 1Q 2020 (1.6%).
- **1Q 2021 EBIT** is equal to **Euro 1.1 million**, a strong increase compared to Euro -0.1 million in 1Q 2020, an improvement mainly due to the better operating result.
- **1Q 2021 EBT** is equal to **Euro 0.8 million**, compared to Euro -0.5 million in Q1 2020, thanks to the Group's better operating performance and lower financial charges.
- **1Q 2021 Net Result** is equal to **Euro 0.5 million**, compared to Euro -0.6 million in 1Q 2020.
- **1Q 2021 Operating Cash Flow** is positive for **Euro 1.9 million**, compared to Euro -0.4 million in 1Q 2020, the increase in the flow is mainly due to the better operating result.
- **Net Financial Position** of the Group at March 31<sup>st</sup>, 2021 it is negative for **Euro -12.4 million**, substantially unchanged compared to the negative NFP of Euro -12.4 million at December 31<sup>st</sup>, 2020. The change of Euro -0.01 million is mainly due to the increase in cash and cash equivalents, lower bank loans and the increase in financial payables for leasing (IFRS16).

**Milan, May 14<sup>th</sup>, 2021** – The Board of Directors of Alkemy S.p.A., a leading company in the business model evolution of large and medium-sized companies listed on the Mercato Telematico Azionario (MTA) – STAR Segment of Borsa Italiana, today approved the Interim Financial Report at March 31<sup>st</sup>, 2021.

The first quarter of 2021, in the complexity and uncertainty of the context linked to the Covid-19 emergency, thanks to the **industrialization** process undertaken by the Group, saw for Alkemy a **highly positive business trend**, both in terms of return to **growth** that of a substantial **increase in margins**,

<sup>1</sup> Adjusted EBITDA: Net operating revenues minus operating costs excluding non-recurring expenses and income.



resulting in a **profit for the period of Euro 0.5 million** (compared to the negative result of Euro -0.6 million in 1Q 2020) and in an **important operating cash flow**, positive for **Euro 1.9 million** (compared to Euro -0.4 million in 1Q 2020).

In the first three months of 2021, indeed, Alkemy recorded **organic growth of 7%** compared to 1Q 2020, as a positive effect of an initial recovery of **new business** activities, and of the **strong focus on the current main customers** of the Group, who have continued projects in continuity, **increasing the average turnover per customer**.

The industrialization process, undertaken by Alkemy also during the first quarter of the year, continued in the **optimization of marginality**, which led to a consistent **growth in Adjusted EBITDA**, equal to more than 6 times that of 1Q 2020 and an **EBITDA Margin of 9.6%**, up 8 percentage points compared to March 31, 2020, thanks to the **greater efficiency** of the business and the new **Go-to-Market** strategy, focused on the development of **large projects with greater added value and greater profitability**.

Alkemy, as a **leading independent company in the digital transformation market** in the reference geographies, has the range of services needed by companies that want to emerge from the crisis as a winner and be competitive in the market of tomorrow. The recent developments related to the COVID-19 emergency have imposed on companies an increasingly rapid ability to adapt and transform, drastically rethinking, through digital, their business models and reinventing the relationship with new consumers.

*"The first quarter of 2021 saw a first turnaround for Alkemy. With the restart of the new business activity, Alkemy has returned to grow organically, also thanks to our new Go-to-Market strategy"* commented **CEO Duccio Vitali**. *"Over the course of 2021 and over the business plan period, we expect the growth in turnover to be accompanied by a further expansion of the operating margin, driven by the greater efficiency achievable by the business by working on productivity, saturation of resources and synergies between the different skills, by the lower incidence of SG&A on turnover thanks to the larger size of the Group, and by the focus on large customers and on projects with greater added value"*.

*"Thanks to its fully integrated offer, able to accompany companies through the entire digital transformation process, Alkemy has developed a unique positioning within a market that is worth 6 billion in Italy alone and that is growing more and more rapidly, generating over half billion of new business every year"* added the **Chairman of the Board of Directors Alessandro Mattiacci**. *"Over the years Alkemy has also acted as an aggregator in the market, which despite its size is very fragmented, presenting various local excellences that can still be integrated in value"*.

## Financial Data Analysis

**Organic growth of 7% in Group revenues** for the first quarter of 2021 which amounted to **Euro 20.7 million**, compared to Euro 19.3 million in the first quarter of 2020. This result was mainly achieved thanks to the initial resumption of **new business activities** and the new **Go-to-Market** strategy, focused on the strong focus of the main customers of Alkemy which allowed to **increase the average turnover per customer**.

**Italian companies** recorded a return to organic revenues growth year on year equal to **4%**, amounting to **Euro 14.0 million**. The positive result of the Italian companies is mainly the effect of the new Go-to-Market strategy, the holding of current customers and the acquisition of new contracts and clients.



**Foreign companies** in the first three months of 2021 recorded a turnover **organic growth of 14%**, mainly thanks to Spain which continued to recover the top line, that began as early as the last quarter of 2020.

**Adjusted EBITDA** in the first quarter of 2021 stood at **Euro 2.0 million, up 532%** compared to the figure of Euro 0.3 million in the first quarter of the previous year, mainly thanks to the new Go-to- Market focused on the development of projects with **greater added value** and thanks to the **efficiencies deriving from the implementation of the new organization**, which supports the Group in the **industrialization** of its business model.

**EBITDA Margin** for the first quarter of 2021 was **9.6%**, an **increase of 8 percentage points** compared to the first quarter of 2020 (1.6%), thanks to the **efficiencies of the reorganization** which led to a reduction in the incidence of operating costs on revenues by 6%. In particular, the **internalization of some activities**, mainly in the technological area and which were previously entrusted to external suppliers, led to a **10% decrease in costs for services** compared to the first quarter of 2020, reducing the incidence on revenues of the 10%. The incidence of labor costs, net of non-recurring costs, on the other hand, increased by 4 percentage points, as a consequence of the increase in the average number of employees which went from 536 units in 1Q 2020 to 557 in 1Q 2021.

**The Operating Result (EBIT)** for the first quarter of 2021 was equal to **Euro 1.1 million**, a strong increase compared to the negative figure of Euro - 0.1 million in the first quarter of 2020, mainly thanks to the better result from operations.

**Pre-tax Result** for the first quarter of 2021 was equal to **Euro 0.8 million**, compared to the negative figure of Euro - 0.5 million in the first quarter of 2020, thanks to the better operating result and lower financial charges, down by 50% compared to 1Q 2020.

**Net Result for the Period** of the first quarter of 2021 is equal to **Euro 0.5 million**, compared to Euro - 0.6 million in the first quarter of 2020.

**Operating cash flow** as at March 31<sup>st</sup>, 2021 was positive for **Euro 1.9 million**, up by Euro 2.3 million compared to the negative figure of Euro -0.4 million in the first quarter of 2020, mainly thanks to the better operating result.

**Net Financial Position** of the Group as at March 31<sup>st</sup>, 2021 is negative for **Euro - 12.4 million**, substantially in line compared to the negative NFP of - 12.4 million at December 31<sup>st</sup>,2020.

The change of Euro - 0.01 million is mainly attributable:

- for + Euro 0.7 million, to the greater liquidity available on bank deposits;
- for + Euro 0.7 million, to the decrease in bank loans;
- for Euro -1.4 million to the increase in financial payables for leasing (IFRS 16).



## Outlook

As of the date of approval of the Interim Financial Report as of March 31<sup>st</sup>, 2021, all the Italian and foreign companies of the Group, in continuity with the previous year, continue their work still largely remotely, also in line with the provisions of the various governments local areas regarding the prevention of the spread of the pandemic, different in the different countries and regions where the offices of the various Group companies are located.

Management continuously monitors developments related to COVID-19, in order to be able to promptly implement all actions deemed necessary to limit any further impacts on the health and safety of workers and on the business. Likewise, as a preventive measure, the subsequent actions necessary to bring all the personnel back to work in presence have already been defined, if conditions make it possible, with expected benefits both in operational and efficiency terms.

The evolution of business expected for 2021 will depend, as a matter of priority, on the completion of the vaccination plan in progress capable of triggering the economic recovery of the country, and therefore on the resilience of client companies, on government support in support of the economy in general, and investments in the digital sector of companies.

In light of the positive trend of results achieved in the last months of 2020 and confirmed in the first quarter of 2021, considering the current size of orders and contracts portfolio and the general favorable progress of the business, barring the occurrence of further unforeseeable negative events related to the pandemic, management's expectation of a resumption of organic growth is confirmed, both in terms of revenues and above all margins.

It is expected, indeed, to further benefit both from the rationalization work carried out in the previous year, and from the effectiveness and efficiency resulting from the new organization in Italy which has now become operational.

The new organization was assessed as the most suitable, on the one hand, to best respond to the expected evolution of the domestic market, and on the other, to strengthen business integration with both the new companies included in the Group such as XCC S.r.l. and Design Group Italia Srl. It should be remembered that the latter, with an annual turnover of over 6 million euros, will enter the consolidation perimeter of Alkemy by the end of the first half of 2021, following the exercise of the put & call options provided for in the contract.

*The Manager in charge of preparing the corporate accounting documents, Claudio Benasso, pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance, declares that the accounting information contained in this press release corresponds to the documentary results, books and records accounting.*



## ANNEX

### CONSOLIDATED P&L OF ALKEMY GROUP

Value expressed in thousands of euros

	31 mar. 2021	31 mar. 2020
Revenues from sales and services	20.474	19.116
Other Revenues	181	210
<b>Total operating revenues</b>	<b>20.655</b>	<b>19.326</b>
Costs for services, goods and other operating costs	(10.677)	(11.885)
- of which non recurrent	(10)	0
Personnel expenses	(8.423)	(7.128)
- of which non recurrent	(414)	0
<b>Total operating costs</b>	<b>(19.100)</b>	<b>(19.013)</b>
<b>Gross operating result (EBITDA)</b>	<b>1.555</b>	<b>313</b>
<b>Adj. EBITDA</b>	<b>1.979</b>	<b>313</b>
D&A	(445)	(413)
Provisions and write-downs	(59)	(3)
<b>Operating result</b>	<b>1.051</b>	<b>(103)</b>
	<b>5,1%</b>	<b>-0,5%</b>
Income (charges) from equity investments	(79)	(10)
Finacial income	65	417
Financial charges	(196)	(830)
<b>Profit (Loss) before taxes</b>	<b>841</b>	<b>(526)</b>
Income taxes	(356)	(62)
<b>Profit (loss) for the period</b>	<b>485</b>	<b>(588)</b>
<b>Attributable to</b>		
- Group	488	(139)
- Minorities	(3)	(14)



## CONSOLIDATED BALANCE SHEET OF ALKEMY GROUP

Values expressed in thousands of euros

<b>Assets</b>	<b>Mar. 31, 2021</b>	<b>Dec. 31, 2020</b>
<b>Non current assets</b>		
Tangible assets	865	855
Rights of use	4.555	3.122
Goodwill	31.754	31.755
Defined life intangible assets	615	650
Minorities	1.095	1.174
Non current financial assets	1.617	1.646
Deferred tax assets	1.384	1.470
Other non current assets	235	205
<b>Total non current assets</b>	<b>42.120</b>	<b>40.877</b>
<b>Current assets</b>		
Inventories	0	0
Trade receivables	28.411	31.044
Current financial assets	82	82
Tax credits	1.140	1.441
Other current assets	2.851	2.766
Cash and cash equivalents	19.594	18.840
<b>Total current assets</b>	<b>52.078</b>	<b>54.173</b>
<b>Total assets</b>	<b>94.198</b>	<b>95.050</b>
<b>Liabilities and Group equity</b>	<b>31 Mar. 2020</b>	<b>31 Dec. 2020</b>
<b>Group Equity</b>		
Equity	588	588
Reserves	30.569	28.762
Net Income (Loss)	488	1.792
<b>Group Equity</b>	<b>31.645</b>	<b>31.142</b>
<b>Minorities</b>	<b>250</b>	<b>254</b>
<b>Total Equity</b>	<b>31.895</b>	<b>31.396</b>
<b>Non current liabilities</b>		
Financial debts	10.841	11.439
Rights of use liabilities	3.593	2.415
Put & option debts	2.776	3.115
Employee's leaving entitlement	5.108	5.087
Provisions	222	222
Deferred Tax liabilities	86	84
<b>Total non current liabilities</b>	<b>22.626</b>	<b>22.362</b>
<b>Current liabilities</b>		
Financial debts	4.495	4.632
Rights of use liabilities	1.044	776
Put & option debts	9.317	8.923
Trade payables	13.926	14.688
Fiscal liabilities	1.687	1.688
Other liabilities	9.208	10.585
<b>Total current liabilities</b>	<b>39.677</b>	<b>41.292</b>
<b>Total liabilities</b>	<b>62.303</b>	<b>63.654</b>
<b>Total liabilities and Total Equity</b>	<b>94.198</b>	<b>95.050</b>



## CONSOLIDATED CASH FLOW STATEMENT OF ALKEMY GROUP

	Values expressed in thousand of euros	
	31 mar. 2021	31 mar. 2020
<b>Operating activities</b>		
Net Income (Loss)	485	(588)
Financial Income	(65)	(417)
Loss (Income) from equity investments	79	10
Financial Charges	196	830
Income Taxes	356	62
D&A	445	413
Provisions and write-downs	59	3
Share-based compensation	136	178
Change in inventories	0	31
Change in trade receivables	2.581	1.951
Change in trade payables	(762)	(1.127)
Change in other current assets	183	263
Change in other current liabilities	(1.733)	(1.903)
Financial interests paid	(51)	(96)
Paid income taxes	(17)	0
<b>Net cash flow generated (absorbed) by operating activities</b>	<b>1.892</b>	<b>(390)</b>
<b>Investments</b>		
Capex	(135)	(103)
Change in financial assets	56	37
Change in acquisitions	0	0
<b>Net cash flow generated (absorbed) by investment activity</b>	<b>(79)</b>	<b>(66)</b>
<b>Financing activities</b>		
Change in financial debt	(762)	2.386
Change IFRS 16 financial liabilities	(270)	(230)
Change in treasury shares	0	0
Dividends to minorities	0	(162)
Other changes in equity	0	0
Capital increase	0	0
Exercise of put options	0	(90)
Other change in financing activities	(27)	0
<b>Net cash flow generated (absorbed) by financing activities</b>	<b>-1.059</b>	<b>1.904</b>
<b>Increase (decrease) of net cash position for the period</b>	<b>754</b>	<b>1.448</b>
<b>Cash at beginning of period</b>	<b>18.840</b>	<b>9.581</b>
<b>Cash at end of period</b>	<b>19.594</b>	<b>11.029</b>





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*Alkemy S.p.A. works to improve the market positioning and competitiveness of large and medium-sized companies by stimulating the evolution of their business models in line with technological innovation and consumer behaviour. Alkemy integrates skills and expertise in the areas of Strategy, Communication, Design, Performance, Technology and Insights & Analytics, with an offering designed for our post-digital environment and covering the entire chain of value from strategy to implementation.*

**For further information**

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