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Oggetto : Alkemy SpA - The Board of Directors today
approved the Half-Year Financial Report at
June 30th, 2021

Testo del comunicato

Vedi allegato.



ALKEMY S.P.A.

**IN THE FIRST HALF OF 2021 GROWTH IN TURNOVER (+20%) AND ADJ. EBITDA (+72%)
PROFIT OF € 1.5 MILLION (+145%), POSITIVE OPERATING CASH FLOW AT € 3.9 MILLION**

In 1H 2021, the recovery of new business and the focus on main customers support the return to organic growth at Group level (+16%).

With the industrialization of the business model, the optimization of margins continues (Adj. EBITDA + 72%, EBITDA margin at 11%).

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

Expected a booming market.

The Board of Directors today approved the Half-Year Financial Report at June 30th, 2021

- **1H 2021 Consolidated Turnover** is equal to **Euro 44.5 million, +20%** compared to Euro 37.1 million in 1H 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.
- **1H 2021 Adjusted EBITDA¹** is equal to **Euro 5.0 million, an increase of 72%** compared to Euro 2.9 million in 1H 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 1H 2021 is equal to **11%, +3 percentage points** compared to 1H 2020 (8%).
- **1H 2021 EBIT** is equal to **Euro 3.2 million, an increase of 85%** compared to Euro 1.7 million in 1H 2020, an improvement mainly due to the better operating result.
- **1H 2021 EBT** is equal to **Euro 2.6 million, +124%** compared to Euro 1.2 million in 1H 2021, thanks to the Group's better operating performance.
- **1H 2021 Net Result** is equal to **Euro 1.6 million, +145%** compared to Euro 1.6 million in 1H 2020.
- **1H 2021 Operating Cash Flow** is positive for **Euro 3.9 million**, compared to Euro 3.4 million in 1H 2020, the increase of Euro 0.5 million in the flow is mainly due to the better operating result and cash release from Net Trade Working Capital.
- **Net Financial Position** of the Group at June 30th, 2021 it is negative for **Euro -24.1 million**, with a change of Euro -11.7 million compared to the negative NFP of Euro -12.4 million at December 31st, 2020. The decrease is mainly due to items not inherent to ordinary activities and related to the change in the Group's perimeter.

Milan, September 13th, 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 Half-Year Financial Report at June 30th, 2021.

The first semester 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 **organic growth (+16%)**, and of a substantial **increase**

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



in margin (Adj. EBITDA +72%), resulting in a **profit for the period of Euro 1.6 million** (compared to Euro 0.6 million in 1H 2020) and in an **important operating cash flow**, positive for **Euro 3.9 million** (compared to Euro 3.4 million in 1H 2020).

In the first six months of 2021, indeed, Alkemy recorded **turnover growth of 20%** compared to 1H 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 semester of the year, continued in the **optimization of marginality**, which led to a consistent **growth in Adjusted EBITDA**, up by +72% compared to 1H 2020 and an **EBITDA Margin of 11%**, up by 3 percentage points compared to June 30th, 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.

"During the first half of 2021, Alkemy returned to organic growth, at a rate consistent with those that have historically characterized the business. The growth was supported by the resumption of new business activity in Italy, also thanks to our new Go-to-Market strategy, and by the strong recovery in turnover recorded in Spain and Mexico. " commented **CEO Duccio Vitali**. *"We have also achieved an expansion of the operating margins, driven by the greater efficiency of the business by working on productivity, saturation of resources and synergies between the different skills, by the containment of G&A compared to the greater 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. In the half-year report we have begun to report the contribution of XCC, Salesforces Gold Partner, from which we expect strong growth in the medium term, and of DGI, with which we are embarking on an integration process on whose benefits we are focusing a lot. "*

Financial Data Analysis

Turnover growth of 20%, of which 16% organic, for the first semester of 2021 which amounted to **Euro 44.5 million**, compared to Euro 37.1 million in the first semester of 2020. This result was mainly achieved thanks to the recovery 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 revenues growth year on year equal to **10%**, amounting to **Euro 30.4 million**, compared to 27.6 in 1H 2020. The **positive result of the Italian companies** is due only to a limited extent to the inorganic growth resulting from the acquisition of the majority stake in Design Group Italia S.r.l. (DGI) (consolidated for one month) and eXperience Cloud Consulting S.r.l. (XCC) (consolidated for three months), and it is mainly the result of the new Go-to-Market strategy, the holding of current customers and the acquisition of new contracts and customers.

Foreign companies in the first six months of 2021 recorded a **turnover growth of 49%**, mainly thanks to Mexico and Spain, recording an important recovery of the top-line, heavily impacted by the Covid-19 emergency over the course of 2020.

Adjusted EBITDA in the first semester of 2021 stood at **Euro 5.0 million, up 72%** compared to the figure of Euro 2.9 million in the semester 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 semester of 2021 is **11%**, an **increase of 3 percentage points** compared to the first semester of 2020 (1.6%), thanks to the **efficiencies of the reorganization** which led to a **reduction in the incidence of operating costs** on revenues of 3.4 percentage points. In particular, the **internalization of some activities**, mainly in the technological area and which were previously outsourced to external suppliers, led to a 10% increase in costs for services compared to the first semester of 2020, recording an increase less than proportional to the growth in turnover, **reducing the incidence on revenues of the 4 percentage points**. The incidence of labor costs, net of non-recurring costs, on the other hand, increased by 1 percentage point, as a consequence of the increase in the average number of employees which recorded an increase of 14%, going from 518 units in 1H 2020 to 590 in 1H 2021, **confirming the positive expectations of management on the performance of the business in future periods**.

The Operating Result (EBIT) for the first semester of 2021 is equal to **Euro 3.2 million, up by 85%** compared to Euro 1.7 million in the first semester of 2020, mainly thanks to the better result from operations.

Pre-tax Result (EBT) for the first semester of 2021 was equal to **Euro 2.6 million, up by 124%** compared to Euro 1.2 million in the first semester of 2020, thanks to the better operating result.

Net Result for the Period of the first semester of 2021 is equal to **Euro 1.6 million**, compared to Euro 0.6 million in the first semester of 2020.

Operating cash flow as at June 30th, 2021 was positive for **Euro 3.9 million**, up by Euro 0.5 million compared to the Euro 3.4 million in the first semester of 2020, mainly thanks to the better operating result and cash release from Net Trade Working Capital.

Net Financial Position of the Group as at June 30th, 2021 is negative for **Euro - 24.1 million**, line compared to the negative NFP of - 12.4 million at December 31st, 2020.

The change of Euro - 11.7 million is mainly attributable:

- for Euro -7.3 million, to the registration of the new put liabilities attributable to the companies DGI S.r.l. and XCC S.r.l.;



- for Euro +1.8 million, the decrease in bank loans, as a result of the repayment of the installments provided for in the amortization plans, and the expansion of the consolidation perimeter following the acquisition, in particular, of the majority stake in DGI S.r.l.;
- for Euro -3.4 million, to the decrease in cash and equivalents, mainly related to (i) the acquisitions of the majority stake in DGI S.r.l. and XCC S.r.l, (ii) treasury shares buyback, (iii) dividends paid to minorities;
- for Euro -2.9 million, to the increase in financial payables for the application of IFRS 16, mainly due to the signing of two new rental contracts for properties located in Milan and Rome, the extension of the duration of further contracts relating to the Milan office, and, finally, the expansion of the Group perimeter following the acquisition, in particular, of the majority stake in DGI S.r.l..

The Half-Year Financial Report at June 30th, 2021 is available to the public on the Alkemy website www.alkemy.com in the Investor Relations section and at the authorized storage mechanism emarketstorage.com.

Outlook

As of the date of approval of this Half-Year financial report at June 30th 2021, all the Italian and foreign companies of the Group still continue their work almost entirely remotely, also in line with the provisions of the various local governments on 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. The Group's management continuously monitors the developments of the events related to the pandemic, in order to be able to promptly implement all the actions deemed necessary to limit any further impacts on the health and safety of workers and on the business.

The evolution of business expected during the second half of 2021 will mainly depend on exogenous factors related, as a priority, to the completion of the vaccination plan, as the only effective solution to overcome the difficulties generated by the pandemic and confirm the economic recovery of the country, and therefore the resilience of client companies, government support in support of the economy in general and investments in the digitalization of companies.

Taking into account the results achieved in the first half of 2021, business current trading in the following two months, except for the occurrence of further aggravating events that are not always foreseeable (ie resumption of infections with spread of further pandemic variants, with possible new lockdowns, delays in the vaccination plan), it is confirmed that the Group's expectation is to continue the path of organic growth, both in terms of revenues and above all margins, benefiting both from the rationalization and efficiency work carried out in the previous year, and from the new organization of national companies that the Group has already been active for a few months.

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 PROFIT & LOSS OF ALKEMY GROUP

Value expressed in thousands of euros

	30 jun. 2021	3 jun. 2020
Revenues from sales and services	43.750	36.667
Other Revenues	799	448
Total operating revenues	44.549	37.115
Costs for services, goods and other operating costs	(22.211)	(20.036)
- of which non recurrent	(14)	0
Personnel expenses	(18.152)	(14.154)
- of which non recurrent	(841)	0
Total operating costs	(40.363)	(34.190)
Gross operating result (EBITDA)	4.186	2.925
Adj. EBITDA	5.041	2.925
D&A	(1.005)	(858)
Provisions and write-downs	(3)	(348)
Operating result	3.178	1.719
	7,1%	4,6%
Income (charges) from equity investments	(308)	17
Financial income	143	447
Financial charges	(415)	(1.021)
Profit (Loss) before taxes	2.598	1.162
Income taxes	(1.022)	(518)
Profit (loss) for the period	1.576	644
Attributable to		
- Group	1.588	655
- Minorities	18	(11)
Earning (loss) per share		
Base	0,282	0,119
Diluted	0,282	0,119



CONSOLIDATED BALANCE SHEET OF ALKEMY GROUP

Values expressed in thousands of euros

Assets	Mar. 31, 2021	Dec. 31, 2020
Non current assets		
Tangible assets	1.208	855
Rights of use	6.007	3.122
Goodwill	41.250	31.755
Defined life intangible assets	693	650
Minorities	5	1.174
Non current financial assets	2.287	1.646
Deferred tax assets	1.214	1.470
Other non current assets	254	205
Total non current assets	52.918	40.877
Current assets		
Inventories	0	0
Trade receivables	30.937	31.044
Current financial assets	82	82
Tax credits	1.610	1.441
Other current assets	2.974	2.766
Cash and cash equivalents	15.389	18.840
Total current assets	50.992	54.173
Total assets	103.910	95.050
Liabilities and Group equity	31 Mar. 2020	31 Dec. 2020
Group Equity		
Equity	588	588
Reserves	30.162	28.762
Net Income (Loss)	1.558	1.792
Group Equity	32.308	31.142
Minorities	272	254
Total Equity	32.580	31.396
Non current liabilities		
Financial debts	10.241	11.439
Rights of use liabilities	4.659	2.415
Put & option debts	7.440	3.115
Employee's leaving entitlement	6.248	5.087
Provisions	222	222
Deferred Tax liabilities	91	84
Total non current liabilities	28.901	22.362
Current liabilities		
Financial debts	4.303	4.632
Rights of use liabilities	1.449	776
Put & option debts	11.876	8.923
Trade payables	13.437	14.688
Fiscal liabilities	2.739	1.688
Other liabilities	8.625	10.585
Total current liabilities	42.429	41.292
Total liabilities	71.330	63.654
Total liabilities and Total Equity	103.910	95.050



CONSOLIDATED CASH FLOW STATEMENT OF ALKEMY GROUP

	Values expressed in thousand of euros	
	30 jun. 2021	30 jun. 2020
Operating activities		
Net Income (Loss)	1.576	644
Financial Income	308	(17)
Loss (Income) from equity investments	(143)	(447)
Financial Charges	415	1.021
Income Taxes	1.022	518
D&A	1.005	858
Provisions and write-downs	3	348
Share-based compensation	390	360
Change in inventories	0	31
Change in trade receivables	3.565	3.868
Change in trade payables	(1.443)	(4.233)
Change in other current assets	(310)	3.817
Change in other current liabilities	(2.144)	(3.137)
Financial interests paid	(163)	(136)
Paid income taxes	(216)	(109)
Net cash flow generated (absorbed) by operating activities	3.865	3.386
Investments		
Capex	(562)	(115)
Change in financial assets	(226)	(126)
Change in acquisitions	(1.949)	0
Net cash flow generated (absorbed) by investment activity	(2.737)	(241)
Financing activities		
Change in financial debt	(2.479)	2.051
Change IFRS 16 financial liabilities	(600)	(480)
Change in treasury shares	(456)	0
Dividends to minorities	(1.023)	(334)
Other changes in equity	0	0
Capital increase	0	0
Exercise of put options	0	(90)
Other change in financing activities	(21)	0
Net cash flow generated (absorbed) by financing activities	-4.579	1.147
Increase (decrease) of net cash position for the period	-3.451	4.292
Cash at beginning of period	18.840	9.581
Cash at end of period	15.389	13.873



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

Investor Relations & Corporate Communication

Matilde Cucuzza | matilde.cucuzza@alkemy.com | +39 340 0645496

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