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Oggetto : Alkemy SpA - The BoD approved the
Interim Financial Report at March 31st,
2022

Testo del comunicato

Vedi allegato.



ALKEMY S.P.A.

IN THE FIRST QUARTER 2021 GROWTH IN TURNOVER (+13%) AND ADJ. EBITDA (+15%) PROFIT OF € 1.1 MILLION (+124%), OPERATING CASH FLOW AT € 5.1 MILLION NFP AT € 17.1 MILLION

In 1Q 2022, turnover growth driven by M&A and strong focus on main customers.

Operating margin grows thanks to the better sales mix

(Adj. EBITDA + 15%, EBITDA margin at 9.8%).

In 2022, confirmed focus on top line development and increasing operating margins.

The Board of Directors today approves the Interim Financial Report at March 31st, 2022

- **1Q 2022 Consolidated Turnover** is equal to **Euro 23.4 million, +13%** compared to Euro 20.7 million in 1Q 2021, mainly thanks to the expansion of the Group's perimeter, and strong focus on the main customers supported by the Go-to-Market.
- **1Q 2022 Adjusted EBITDA¹** is equal to **Euro 2.3 million**, an increase of **+15%** compared to Euro 2.0 million in 1Q 2021, thanks to the Group's focus on higher value-added projects. The **EBITDA margin** of 1Q 2021 is equal to **9.8%, +0.2 percentage points** compared to 1Q 2021 (9.6%).
- **1Q 2022 EBIT** is equal to **Euro 1.6 million, up by +56%** compared to Euro 1.1 million in 1Q 2021, an improvement mainly due to the better operating result.
- **1Q 2022 EBT** is equal to **Euro 1.5 million, +85%** compared to Euro 0.8 million in Q1 2021, thanks to the Group's better operating performance and lower financial charges.
- **1Q 2022 Net Result** is equal to **Euro 1.1 million, up by +124%** compared to Euro 0.5 million in 1Q 2021.
- **1Q 2022 Operating Cash Flow** is positive for **Euro 5.1 million**, compared to Euro 1.9 million in 1Q 2021, the flow increase is mainly due to the better Net Result of the period and to the lower absorption by net trade working capital.
- **Net Financial Position** of the Group at March 31st, 2022 it is negative for **Euro -17.1 million**, compared to the NFP of Euro -21.2 million at December 31st, 2021. The **positive change of Euro 4.1 million** is mainly due to the increase in cash, lower bank loans, the payment of put liability and the decrease in financial payables for leasing (IFRS16).

Milan, May 13th, 2022 – 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 Euronext STAR Milan of Borsa Italiana, today approved the Interim Financial Report at March 31st, 2022.

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



The first quarter of 2022, in the complexity and uncertainty of the context, albeit with initial signs of recovery, saw for Alkemy a **positive general business trend**, both in terms of **turnover growth** and an **increase in marginality**, resulting in a Net Profit for the period equal to Euro 1.1 million (+124% compared to Euro 0.5 million in 1Q 2021), an **important generation of operating cash flow**, positive for **Euro 5.1 million** (compared to Euro 1.9 million in 1Q 2021) and a Net Financial Position of Euro -17.1 million, reporting an improvement of over Euro 4 million.

In the first three months of 2022, indeed, Alkemy recorded **revenues growth of 13%** compared to 1Q 2021, as a positive effect of the **expansion of the Group's perimeter**, and the **strong focus on Group's main clients** supported by the Go-to-Market.

The **improvement in the sales mix**, focused on larger projects, with greater added value and greater profitability, led to an **increase in Adjusted EBITDA of 15%** compared to the figure of 1Q 2021 and an **EBITDA Margin of 9.8%**, up by 0.2 percentage points compared to March 31, 2021, thanks to the greater efficiency of the business and the careful management of operating costs.

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.

"In the first three months of the year, Alkemy continued the positive trend of growth and strengthening of margins started in 2021, which we expect to pursue in continuity also in FY 2022. Despite the first signs of caution with respect to the geopolitical and macroeconomic context, expectations for an explosion in demand linked to the introduction of the Recovery Fund have temporarily slowed down, however, in the next 24 months we expect to see the full potential of the sector unleashed" **commented CEO Duccio Vitali.**

"The first quarter of 2022 saw the resumption of M&A activity for Alkemy, which has always characterized part of the Group's growth and which we expect to continue further in the future. We have, in fact, signed a strategic partnership in Serbia which over the next few months will allow us to double the workforce in a region strategically contiguous to our main geographies, also in a nearshoring perspective" added the **Chairman of the Board of Directors Alessandro Mattiacci.**

Financial Data Analysis

Growth of 13% in Group revenues for the first quarter of 2022 which amounted to **Euro 23.4 million**, compared to Euro 20.7 million in the first quarter of 2021. This result was mainly achieved thanks to the **expansion of the Group's perimeter**, and the **strong focus on main customers** supported by the Go-to-Market structure.

Revenues in Italy, which represent over 70% of the Group's turnover, **recorded year-on-year growth of 18%**, reaching **Euro 16.5 million** (Euro 14.0 million in 1Q 2021). The positive result of the Italian companies is mainly due to the acquisition, which took place in the second quarter of 2021, of the majority shares of Design Group Italia S.r.l. ("DGI") and eXperience Cloud Consulting S.r.l. (XCC), whose consolidated revenues in the period totaled Euro 2.5 million.



Foreign companies in the first three months of 2022 recorded a growth in **turnover of 3.5%**, mainly thanks to the **positive results of the Mexican subsidiaries**.

Adjusted EBITDA in the first quarter of 2022 stood at **Euro 2.3 million, up by 15%** compared to the figure of Euro 2.0 million in the first quarter of the previous year, mainly thanks to the increase in the average turnover of the main customers and the focus on projects with higher added value.

EBITDA Margin for the first quarter of 2022 was **9.8%, up 0.2 percentage points** compared to the first quarter of 2021 (9.6%), thanks to the careful management of operating costs. In particular, the internalization of some activities, which were previously outsourced to external suppliers, led to a 4% reduction in costs for services compared to the first quarter of 2021, and more than offset the 36% increase in labor costs, net of non-recurring costs, as a consequence of the increase in the average number of employees which went from 557 units in 1Q 2021 to 750 in 1Q 2022.

Operating Result (EBIT) for the first quarter of 2022 was equal to **Euro 1.6 million, up by 56%** compared to Euro 1.1 million in the first quarter of 2021, mainly thanks to the improved operating result. The **Pre-tax Result** for the first quarter of 2022 was equal to **Euro 1.5 million, + 85%** compared to the Euro 0.8 million of the first quarter of 2021, thanks to the better operating result and lower net financial charges, down by 34% compared to to 1Q 2021.

Net Result for the Period of the first quarter of 2022 is equal to **Euro 1.1 million, up by +124%** compared to Euro 0.5 million in the first quarter of 2021.

Operating cash flow at March 31st, 2022 was positive for **Euro 5.1 million, up by Euro 3.2 million** compared to Euro 1.9 million in the first quarter of 2021, mainly thanks to the better result of the period and the lower absorption from part of the net working capital and at the best payment terms.

Net Financial Position of the Group as at March 31st, 2022 is negative for **Euro -17.1 million**, marking a strong improvement compared to the negative NFP for Euro - 21.2 million at December 31st, 2021.

The positive change equal to Euro 4.1 million is mainly attributable:

- for Euro +2.0 million, to the increase in cash and cash equivalents;
- for Euro +1.6 million, to the decrease in payables for put options, as combined (i) of the exercise of the option on the company Alkemy Iberia S.L. for Euro +2.2 million (ii) of the registration of the new put liability attributable to the company Alkemy Play S.r.l. for Euro -0.5 million and (iii) interest accrued in the period for Euro -0.03 million;
- for Euro +0.3 million, to the decrease in financial payables for leasing (IFRS 16), mainly due to the payment of rents during the period;
- for + € 0.2 million to the decrease in bank loans in place, mainly as a combination of (i) the advance invoice transactions entered into in the period for a total of € 0.9 million, (ii) obtaining a new loan relating to a facilitated finance project for Euro 0.1 million and (iii) the repayment of the installments provided for in the amortization plans for Euro +1.2 million.



Outlook

At the date of approval of this Interim Financial Report at 31 March 2022, the vast majority of all Italian and foreign companies of the Group continue their work remotely, in compliance with the instructions given by the various local governments on the prevention of the pandemic. Starting from the second quarter, following the gradual elimination of restrictions, both the progressive return to the offices was started and presence at customer businesses, to different extents depending on the geographic areas.

The evolution of operations in 2022 will mainly depend on exogenous factors that are still related, in the minority, to the real conclusion of the pandemic emergency with an effective return to “normality” and, mainly, to the evolution of the war in Ukraine. The economic effects deriving from the war are further supporting the inflation brought about by the widespread increase in the price of commodities and above all energy products, with significant impacts on a great many economic sectors and, in general, on companies' expectations, which are not always positive due to the generalised uncertainty of the markets. At present, no significant effects have been seen on Alkemy Group customers, except that some may suffer more and indirectly the difficulties generated by the war, with possible fallout on the purchase of the services proposed by the Group.

Taking into account the results achieved during the first quarter of 2022 and the current progress made on business during the early months of the second quarter, save any further turns for the worse, which are not currently easy to predict, the Group confirms its expectation to continue organic growth, both in terms of revenues and margins.

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. 2022	31 mar. 2021
Revenues from sales and services	23.222	20.474
Other Revenues	206	181
Total operating revenues	23.428	20.655
Costs for services, goods and other operating costs	(10.256)	(10.677)
- of which non recurrent	0	(10)
Personnel expenses	(10.887)	(8.423)
- of which non recurrent	0	(414)
Total operating costs	(21.143)	(19.100)
Gross operating result (EBITDA)	2.285	1.555
Adj. EBITDA	2.285	1.979
D&A	(648)	(445)
Provisions and write-downs	0	(59)
Operating result	1.637	1.051
Income (charges) from equity investments	0	(79)
Financial income	204	65
Financial charges	(291)	(196)
Profit (Loss) before taxes	1.550	841
Income taxes	(465)	(356)
Profit (loss) for the period	1.085	485
Attributable to		
- Group	1.084	488
- Minorities	1	(3)



CONSOLIDATED BALANCE SHEET OF ALKEMY GROUP

Values expressed in
thousands of euros

Assets	31 mar. 2022	Dec. 31, 2021
Non current assets		
Tangible assets	2.087	1.809
Rights of use	5.030	5.332
Goodwill	41.252	41.249
Defined life intangible assets	979	863
Minorities	5	5
Non current financial assets	1.936	1.789
Deferred tax assets	1.574	1.789
Other non current assets	254	241
Total non current assets	53.117	53.077
Current assets		
Inventories	0	0
Trade receivables	30.985	36.040
Current financial assets	82	84
Tax credits	1.386	1.274
Other current assets	3.130	2.885
Cash and cash equivalents	12.424	10.458
Total current assets	48.007	50.741
Total assets	101.124	103.818
Liabilities and Group equity	31 mar. 2022	31 dec. 2021
Group Equity		
Equity	596	596
Reserves	35.439	31.517
Net Income (Loss)	1.084	4.263
Group Equity	37.119	36.376
Minorities	324	323
Total Equity	37.443	36.699
Non current liabilities		
Financial debts	10.960	11.269
Rights of use liabilities	3.724	4.009
Put option debts	7.120	6.575
Employee's leaving entitlement	6.558	6.361
Provisions	222	222
Deferred Tax liabilities	18	18
Total non current liabilities	28.602	28.454
Current liabilities		
Financial debts	5.628	5.502
Rights of use liabilities	1.458	1.473
Put & option debts	739	2.906
Trade payables	13.453	14.184
Fiscal liabilities	2.312	2.281
Other liabilities	11.489	12.319
Total current liabilities	35.079	38.665
Total liabilities	63.681	67.119
Total liabilities and Total Equity	101.124	103.818



CONSOLIDATED CASH FLOW STATEMENT OF ALKEMY GROUP

Values expressed in thousand of euros

	31 dec. 2021	31 dec. 2020
Operating activities		
Net Income (Loss)	1.085	485
Financial Income	(204)	(65)
Loss (Income) from equity investments	0	79
Financial Charges	291	196
Income Taxes	465	356
D&A	648	445
Provisions and write-downs	0	59
Share-based compensation	111	136
Change in inventories	0	0
Change in trade receivables	4.989	2.581
Change in trade payables	(664)	(762)
Change in other current assets	(385)	183
Change in other current liabilities	(948)	(1.733)
Paid financial charges	(54)	(51)
Paid income taxes	(247)	(17)
Net cash flow generated (absorbed) by operating activities	5.087	1.892
Investments		
Capex	(646)	(135)
Change in financial assets	(45)	56
Change in acquisitions	0	0
Net cash flow generated (absorbed) by investment activity	(691)	(79)
Financing activities		
Change in financial debt	(206)	(762)
Change IFRS 16 financial liabilities	(394)	(270)
Change in treasury shares	0	0
Dividends to minorities	(101)	0
Other changes in equity	0	0
Capital increase	0	0
Exercise of put options	(1.730)	0
Other change in financing activities	0	(27)
Net cash flow generated (absorbed) by financing activities	(2.431)	(1.059)
Increase (decrease) of net cash position for the period	1.966	754
Cash at beginning of period	10.458	18.840
Cash at end of period	12.424	19.594



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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