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Oggetto : Alkemy SpA - The Board of Directors today
approved the Half-Year Financial Report at
June 30th, 2022

Testo del comunicato

Vedi allegato.



ALKEMY S.P.A.

IN THE FIRST HALF OF 2022 TURNOVER (+10.0%) AND ADJ. EBITDA (+7.6%) GROWTH

NET PROFIT INCREASED AT € 2.5 MILLION (+57.3%), OPERATING CASH FLOW AT €4.0 MILLION

*In 1H 2022 acquisitions and focus on key clients drive turnover growth while
Adjusted EBITDA increased also because of a better selling mix*

2022 focus is still on top-line growth and on Adj. EBITDA margin improvement.

The Board of Directors today approved the Half-Year Financial Report at June 30th, 2022

- **1H 2022 Consolidated Turnover was Euro 49.0 million, +10.0%** compared to Euro 44.5 million in 1H 2021, mainly because of the **change in the Group perimeter** and of the focus on key clients supported by the Go-to-Market division.
- **1H 2022 Adjusted EBITDA¹ at Euro 5.4 million, +7.6%** compared to Euro 5.0 million in 1H 2021. The **Adjusted EBITDA margin² in 1H 2022 stood at 11.1%**, -0.2 percentage points lower than 1H 2021 (11.3%), as a consequence of the increase of the operating costs in line with the turnover growth and with the change in Group perimeter.
- **1H 2022 EBIT at Euro 3.7 million, +16.4%** compared to Euro 3.2 million in the same period of 2021, mainly due to the change in Group perimeter.
- **1H 2022 EBT at Euro 3.6 million, +39.1%** compared to Euro 2.6 million in 1H 2021, due to the improved Group performance, the lower non-recurring costs and to the lower financial charges.
- **1H 2022 Net Result at Euro 2.5 million, +57.3%** compared to Euro 1.6 million in 1H 2021.
- **1H 2022 Operating Cash Flow is positive at Euro 4.0 million**, compared to Euro 3.9 million in 1H 2021. The increase is mainly due to the higher Net Result and to the cash release by the Net Trade Working Capital, generated by the better payment terms applied.
- **Group Net Financial Position (NFP) on June 30th, 2022, negative at Euro -20.1 million**, with a Euro 1.1 million improvement compared to the negative Net Financial Position at Euro -21.2 million at December 31st, 2021. The change is mainly due to the cash generation linked to the operating activities.

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

² Adjusted EBITDA Margin ratio between Adjusted EBITDA and consolidated turnover.





Milan, September 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 the Euronext Milan – STAR Segment of Borsa Italiana (ALK), today approved the Half-Year financial Report at June 30th, 2022.

Alkemy, in the first semester of 2022, despite the complexity and uncertainty of the context, recorded a **positive business trend**, in terms of **turnover growth**, that brought to a **Net Profit** for the period at **Euro 2.5 million** (+57.3% if compared to Euro 1.6 million in 1H 2021), to a **good operating cash flow at Euro 4.0 million** (compared to Euro 3.9 million in 1H 2021) and to a **Net Financial Position at Euro -20.1 million**, Euro +1.1 million compared to year-end 2021.

In the first six months of 2022, Alkemy indeed recorded a **+10.0% turnover growth** if compared to 1H 2021, due to the change in Group perimeter, and to the **focus on the management of key clients**, supported by the Go-to-Market division.

Adjusted EBITDA grew +7.6% compared to 1H 2021, whereas the **Adjusted EBITDA Margin, at 11.1%**, is -0.2 percentage points lower if compared to the same period of 2021, due to the increase in operating costs in line with the higher turnover and due to the change in Group perimeter.

Alkemy, a leading independent company in the digital transformation market in its geographies, offers the range of services needed by companies that want to overcome the crisis as winners and be competitive in the market of tomorrow. The recent developments related to the COVID-19 emergency have created a need in the companies to develop a faster ability to adapt and transform, substantially rethinking their business models through digital while redesigning their relationship with new customers.

The CEO of Alkemy, Duccio Vitali, commented: *“The first six months of 2022 showed a polarization in the top line development. On the one hand the existing clients kept investing in projects, on the other, the current worldwide situation has led to a slow down in the new business activities, due to a widespread wait-and-see approach of new potential clients. Additionally, we recorded two different growth trends: the data & analytics, technology and consulting projects’ growth accelerated with a double-digit growth, while the communication and digital marketing projects are more subject to the uncertainties that we are living these days”.*

“In 2022 the M&A activity resumed at full speed. After the closing of the deal in Serbia, in the past months, we carried on our industrialization process in Spain, where we appointed our new CEO, and then we closed the acquisition of InnoCV. This strengthens our strategic portfolio of data and tech competences in the area. The Spanish team is now counting more than 200 people, making us one of the bigger digital transformation players in the country,” added Alessandro Mattiacci, Chairman of the Board of Directors.





Financial data analysis

Group Turnover growth at 10.0% in 1H 2022, at Euro 49.0 million compared to Euro 44.5 million in 1H 2021. Such trend is mainly due to the change in Group perimeter and to the strong management of the key clients, supported by the dedicated Go-to-Market division.

The **Italian companies generated more than 70% of the Group turnover** and recorded a **+13.6% turnover growth** at Euro 34.6 million, compared to 1H 2021 (Euro 30.4 million). The positive trend is mainly due to the acquisition in Q2 2021, of the majority stakes in Design Group Italia S.r.l. ("DGI") and in eXperience Cloud Consulting S.r.l. ("XCC"), whose combined revenues in the period were Euro 5.5 million.

Foreign companies in the first six months of 2022, recorded a +2.4% turnover growth, mainly thanks to the positive results recorded by the Mexican subsidiaries that more-than-offset the turnover decrease recorded by the Spanish ones.

The **1H 2022 Adjusted EBITDA, at Euro 5.4 million, grew by approx. 8%** if compared to 1H 2021 (Euro 5.0 million), mainly as a consequence of the average turnover generated by the key clients and to the focus on higher value-added projects.

The **1H 2022 Adjusted EBITDA Margin was 11.1%, down by 0.2 percentage points** if compared to the same period of 2021 (11.3%). This is a combined effect of the higher operating costs, in line with the turnover growth, and the change in Group perimeter. In particular, the service costs, net of the non-recurring costs, grew by less than 1% if compared to 1H 2021, thanks to the internalization process of some activities that were once externalized, while personnel costs, net of non-recurring costs, increased by 22.8% as a consequence of the headcount growth, from 590 in 1H 2021 to 765 in 1H 2022, also due to the change in Group perimeter.

1H 2022 Operating Result (EBIT) was Euro 3.7 million, +16.4% compared to 1H 2021 (Euro 3.2 million), mainly as a result of the better result from operations.

1H 2022 Pre-tax Result (EBT), at Euro 3.6 million, grew by 39.1% compared to Euro 2.6 million in 1H 2021, due to better operating result and lower financial charges (-68.8% compared to 1H 2021).

1H 2022 Group Net Profit stood at Euro 2.5 million, **+57.3%** compared to Euro 1.6 million in 1H 2021.

Operating Cash Flow on June 30th, 2022 was **positive at Euro 4.0 million**, Euro +0.1 million higher than Euro 3.9 million in 1H 2021, mainly thanks to the better Net Profit for the period, to the cash release from Net Trade Working Capital and to the better payment terms.

Net Financial Position of the Group as of June 30th, 2022 was negative at Euro -20.1 million, and registered an improvement if compared to December 31st, 2021 (Euro -21.2 million). The Euro 1.1 million positive change is mainly attributable:

- for Euro +1.7 million, to the decrease of put liabilities as a combination of (i) the exercise of the option on Alkemy Iberia S.L. in February 2022 (Euro +2.2 million), (ii) the registration of new put liabilities attributable to Alkemy Play S.r.l. (Euro -0.5 million), (iii) to the adjustment of the remainder debt linked to the 10% of stakes in Alkemy Iberia S.L., based on the price paid in July (Euro +0.1 million), and (iv) interests accrued in the period (Euro -0.1 million);
- for Euro +1.1 million, to the decline in bank loans, mainly as a result of (i) the advance invoice transactions carried out in the period (Euro 3.0 million), (ii) the obtaining a new loan relating





to a subsidized finance project (Euro 0.1 million), and (iii) the reimbursement of the installments of the amortization plans (Euro +4.2 million);

- for Euro +0.3 million, to the decline of financial payables for the IFRS 16 application, mainly due to the payment of fees in the semester;
- for Euro -2.1 million, to the decrease of cash and equivalents in the period.

Outlook

As of the date of approval of the Group Half-Year Financial Report at June 30th, 2022, despite the ending of the government emergency measures linked to the COVID-19 pandemic, the employees of the Group located in the Italian and foreign countries are still mainly working from remote. A progressive return to the offices and to the physical presence at our customers' offices is ongoing, even if the rate depends based on geographies. After the summer break, the Company expects a further increase in the work from office with a gradual return to a semi-pre-pandemic state.

The evolution of the business in the second half of 2022 will depend mainly on exogenous factors that are unrelated to the pandemic, which now appears under control and almost over, but have to do with the war in Ukraine.

The economic impacts deriving from such event have fostered the inflation growth (specifically related to the energy cost increase): there are therefore significant negative impacts on many economic sectors and, in general, on the Companies' expectations for the future, in Italy now also burdened by the unexpected political elections' impact.

At present, no significant evidence has emerged on the Alkemy Group's clients. Some of them could suffer higher direct and indirect impacts from the cost inflation and this could mirror in their propensity to buy the Group's services.

Considering the results achieved in the first half of 2022, the progress of the orders in portfolio and the contracts activated in the first months of the third quarter, barring the occurrence of further aggravating events, currently not foreseeable, it is confirmed that the Group expects to continue organic growth, both at turnover and at margin levels.

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

The financial schemes in annex are in line with the contents of the Half Year Consolidated Report at June 30th, 2022, approved today by the Board of Directors and subject to legal audit.

The Half Year Consolidated financial report at June 30th, 2022 will be made available to the public, in accordance with the law, at the registered office, located in Via San Gregorio 34, Milan (MI), in the "Investor Relations" section of the Company's website (www.alkemy.com) and on the eMarket Storage mechanism (www.emarketstorage.com).



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1H 2022 results will be presented to the financial community in a dedicated conference call that will be hosted on Wednesday September 14th, 2022, at 10:30 a.m. CEST.

To connect to the conference call, you may use the most appropriate among the following dial-in numbers:

IT: +39 02 36213011

UK: +44 1212 818003

Switzerland: +41 225954727

France: +33 170918703

Spain: +34 917699497

US: +1 718 7058794

The supporting slides will be made available on the Company website (www.alkemy.com) in the Investor Relations section prior to the call.



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ANNEX

CONSOLIDATED PROFIT & LOSS OF ALKEMY GROUP

Values in Euro/000

	30 Jun. 2022	30 Jun. 2021
Revenues from sales and services	48,324	43,750
Other Revenues	692	799
Total operating revenues	49,016	44,549
Costs for services, goods and other operating costs	(22,401)	(22,211)
- of which non recurrent	(66)	(14)
Personnel expenses	(21,505)	(18,152)
- of which non recurrent	(249)	(841)
Total operating costs	(43,906)	(40,363)
EBITDA	5,110	4,186
Adjusted EBITDA	5,425	5,041
D&A	(1,340)	(1,005)
Provisions and write-downs	(70)	(3)
Operating result	3,700	3,178
Income (charges) from equity investments	-	(308)
Financial income	509	143
Financial charges	(594)	(415)
Profit (Loss) before taxes	3,615	2,598
Income taxes	(1,136)	(1,022)
Profit (Loss) for the period	2,479	1,576
Attributable to:		
- Group	2,469	1,558
- Minorities	10	18





CONSOLIDATED BALANCE SHEET OF ALKEMY GROUP

Values in Euro/000

Assets	30 Jun. 2022	31 Dec. 2021
Non-current assets		
Tangible assets	2,086	1,809
Rights of use	5,001	5,332
Goodwill	41,255	41,249
Defined life intangible assets	1,225	863
Minorities	5	5
Non-current financial assets	2,281	1,789
Deferred tax assets	1,369	1,789
Other non-current assets	239	241
Total non-current assets	53,461	53,077
Current assets		
Trade receivables	33,602	36,040
Current financial assets	82	84
Tax credits	1,745	1,274
Other current assets	2,836	2,885
Cash and cash equivalents	8,383	10,458
Total current assets	46,648	50,741
Total assets	100,109	103,818
Liabilities and Group Equity	30 Jun. 2022	31 Dec. 2021
Group Equity		
Equity	596	596
Reserves	35,300	31,517
Net Income (Loss)	2,469	4,263
Group Equity	38,365	36,376
Minorities	335	323
Total Equity	38,700	36,699
Non-current liabilities		
Financial debts	8,850	11,269
Rights of use liabilities	3,767	4,009
Put option debts	4,125	6,575
Employee's leaving entitlement	6,686	6,361
Provisions	222	222
Deferred Tax liabilities	18	18
Total non-current liabilities	23,668	28,454
Current liabilities		
Financial debts	6,813	5,502
Rights of use liabilities	1,388	1,473
Put & option debts	3,623	2,906
Trade payables	13,987	14,184
Fiscal liabilities	2,674	2,281
Other liabilities	9,256	12,319
Total current liabilities	37,741	38,665
Total liabilities	61,409	67,119
Total liabilities and Total Equity	100,109	103,818



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CONSOLIDATED CASH FLOW STATEMENT OF ALKEMY GROUP

Values in Euro/000

	30 Jun. 2022	30 Jun. 2021
Operating activities		
Net Income (Loss)	2,479	1,576
Loss (Income) from equity investments	-	308
Financial Income	(509)	(143)
Financial Charges	594	415
Income Taxes	1,136	1,022
D&A	1,340	1,005
Provisions and write-downs	70	3
Share-based compensation	206	390
Change in trade receivables	2,369	3,565
Change in trade payables	(74)	(1,443)
Change in other current assets	(456)	(310)
Change in other current liabilities	(2,575)	(2,144)
Paid financial charges	(157)	(163)
Paid income taxes	(428)	(216)
Net cash flow generated (absorbed) by operating activities	3,996	3,865
Investments		
Capex	(1,158)	(562)
Change in financial assets	(305)	(226)
Change in acquisitions	-	(1,949)
Net cash flow generated (absorbed) by investment activity	(1,463)	(2,737)
Financing activities		
Change in financial debt	(1,131)	(2,479)
Change IFRS 16 financial liabilities	(817)	(600)
Change in treasury shares	(435)	(456)
Dividends to minorities	(304)	(1,023)
Exercise of put options	(1,920)	-
Other change in financing activities	-	(21)
Net cash flow generated (absorbed) by financing activities	(4,607)	(4,579)
Increase (decrease) of net cash position for the period	(2,075)	(3,451)
Cash at beginning of period	10,458	18,840
Cash at end of period	8,383	15,389





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 behavior. 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.

Contacts

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Fine Comunicato n.20116-31

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