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Interim financial report at September 30th,
2022

Testo del comunicato

Vedi allegato.



ALKEMY S.P.A.

IN THE FIRST 9 MONTHS OF 2022 TURNOVER (+10.6%) AND ADJ. EBITDA (+7.4%) GROWTH

NET PROFIT INCREASED AT € 3.6 MILLION (+38.7%)

In 9M 2022 acquisitions and focus on key clients drive turnover growth while the focus on improving the selling mix drives Adj. EBITDA improvement

The Board of Directors today approved the Interim Financial Report at September 30th, 2022

- **9M 2022 Consolidated Turnover was Euro 74.7 million, +10.6%** compared to Euro 67.5 million in 9M 2021, mainly because of the **change in the Group perimeter** and of the focus on key clients.
- **9M 2022 Adjusted EBITDA¹ at Euro 7.9 million, +7.4%** compared to Euro 7.4 million in 9M 2021. The **Adjusted EBITDA margin² in 9M 2022 stood at 10.6%**, -0.3 percentage points lower than 9M 2021 (10.9%), as a consequence of the increase of the operating costs in line with the turnover growth and with the change in Group perimeter.
- **9M 2022 EBIT at Euro 5.1 million, +8.4%** compared to Euro 4.7 million in the same period of 2021, mainly due to the change in Group perimeter.
- **9M 2022 EBT at Euro 5.0 million, +23.0%** compared to Euro 4.1 million in 9M 2021, due to the improved Group performance, the lower non-recurring costs and to the lower net financial charges.
- **9M 2022 Net Result at Euro 3.6 million, +38.7%** compared to Euro 2.6 million in 9M 2021.
- **9M 2022 Operating Cash Flow is positive at Euro 3.7 million**, compared to Euro 6.5 million in 9M 2021. The decline is mainly due to the cash absorption by the Net Trade Working Capital and the higher income tax paid.
- **Group Net Financial Position (NFP)** on September 30th, 2022, negative at Euro -36.2 million, with a Euro 15.0 million decline compared to the negative Net Financial Position at Euro -21.2 million at December 31st, 2021. The change is mainly due to the extraordinary transactions carried out in Q3 2022.

Milan, November 14th, 2022 – The Board of Directors of **Alkemy S.p.A.** (“Alkemy” or “the Company”), 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 Interim Financial Report at September 30th, 2022.

Despite the complex macroeconomic context and the widespread uncertainty in the market, in the first 9 months of 2022 Alkemy recorded a general quite **positive business trend**, in terms of **turnover**

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.





and Adjusted EBITDA growth, that brought to a **Net Profit** for the period at **Euro 3.6 million** (+38.7% if compared to Euro 2.6 million in 9M 2021) and to an **operating cash flow at Euro 3.7 million**.

In the first 9 months of 2022, Alkemy indeed recorded a **+10.6% turnover growth** if compared to 9M 2021, due to the change in Group perimeter, and to the **focus on the management of key clients**.

Adjusted EBITDA grew +7.4% compared to 9M 2021, whereas the **Adjusted EBITDA Margin, at 10.6%**, is -0.3 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 the upcoming future. 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: *"2022 has been so far characterized by a general wait-and-see attitude of customers, mainly driven by national and international dynamics. As a result, the first 9 months of Alkemy recorded a slowdown in the launch of new projects, while the activity on our current customers was further consolidated. At the same time, we have continued the activity of engagement of new customers, which we expect will start to have an impact already in 2023. The strategic transformation through digital tools is in fact something that many companies find necessary for the very survival of their business."*

"In 2022, the M&A activity allowed us to strengthen our presence in Spain and to integrate new competences. During the third quarter we completed the acquisition of InnoCV, an important step in the path of consolidation in the Spanish market. The acquisition of 100% of the company is strategic as it allows us to bolster two important business areas such as Data Analytics and Tech and to further increase our portfolio of competences with new skills, including process mining, a new entry in the Alkemy offering aimed at customers who want to use digitization not only to improve their front-end but also to optimize their internal processes." added **Alessandro Mattiacci, Chairman of the Board of Directors**.





Financial data analysis

Group Turnover growth at 10.6% in 9M 2022, at Euro 74.7 million compared to Euro 67.5 million in 9M 2021. Such trend is mainly due to the change in Group perimeter and to the strong management of the key clients.

The **Italian companies generated 67.9% of the Group turnover** and recorded a **+12.0% turnover growth** at Euro 50.8 million, compared to 9M 2021 (Euro 45.3 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").

Foreign companies in the first 9 months of 2022, recorded a +7.7% turnover growth, mainly thanks to the inclusion of InnoCV in the Group perimeter and to the positive results recorded by the Mexican subsidiaries that more-than-offset the turnover decrease recorded by the Spanish ones.

The **9M 2022 Adjusted EBITDA, at Euro 7.9 million, grew by 7.4%** if compared to 9M 2021 (Euro 7.4 million), mainly as a consequence of the higher average turnover generated by the key clients.

The **9M 2022 Adjusted EBITDA Margin was 10.6%, down by 0.3 percentage points** if compared to the same period of 2021 (10.9%). 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 4.1% if compared to 9M 2021, thanks to the internalization process of some activities that were once externalized, while personnel costs, net of non-recurring costs, increased by 19.4% as a consequence of the headcount growth, from 613 in 9M 2021 to 783 in 9M 2022, also due to the change in Group perimeter.

9M 2022 Operating Result (EBIT) was Euro 5.1 million, +8.4% compared to 9M 2021 (Euro 4.7 million), mainly as a result of the better result from operations.

9M 2022 Pre-tax Result (EBT), at Euro 5.0 million, grew by 23.0% compared to Euro 4.1 million in 9M 2021, due to better operating result and higher financial income (more than 3x compared to 9M 2021).

9M 2022 Group Net Profit stood at Euro 3.6 million, **+38.7%** compared to Euro 2.6 million in 9M 2021.

Operating Cash Flow on September 30th, 2022 was **positive at Euro 3.7 million**, Euro -2.8 million if compared to Euro 6.5 million in 9M 2021, mainly thanks to the better Net Profit for the period, more than offset by the cash absorption from Net Trade Working Capital and the higher income taxes paid in the period.

Net Financial Position of the Group as of June 30th, 2022 was negative at Euro -36.2 million, and registered a decline if compared to December 31st, 2021 (Euro -21.2 million). The Euro 15.0 million negative change is mainly attributable:

- for Euro -9.0 million, to the increase of put liabilities and earn-out mainly as a combination of (i) the earn-out booked for the ex-owners of InnoCV Solutions S.L. (Euro -10.1 million), (ii) the exercise of the option on Alkemy Iberia S.L. in February 2022 (Euro +2.9 million), (iii) the registration of new put liabilities attributable to Alkemy Play S.r.l. and Kreativa D.o.o. (Euro -1.7 million), and (iv) interests accrued in the period (Euro -0.1 million);
- for Euro -5.8 million, to the increase in bank loans, mainly as a result of (i) the advance invoice transactions carried out in the period (Euro -4.0 million), (ii) the 3 new loans obtained





(Euro -6.4 million), (iii) the reimbursement of the installments of the amortization plans (Euro +5.8 million) and (iv) the change in Group perimeter (Euro -1.0 million);

- for Euro +0.5 million, to the decline of financial payables for the IFRS 16 application, mainly due to the payment of fees in the first 9 months of 2022;
- for Euro -0.9 million, to the decrease of cash and equivalents in the period.

Outlook

As of the date of approval of the Interim Financial Report at September 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. The Company now expects some further increase in the work from office, but also acknowledges that there will be no return to a pre-pandemic state, as the smart working is now part of the consolidated habit of many workers.

The evolution of the business in the last quarter of 2022 will mainly depend 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.

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 9 months of 2022, the progress of the orders in portfolio and the contracts activated in the first months of the fourth 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 Interim Financial Report at September 30th, 2022, approved today by the Board of Directors.

The Interim Financial Report at September 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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9M 2022 results will be presented to the financial community in a dedicated conference call that will be hosted on Tuesday November 15th, 2022, at 9:30 a.m. CET.

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 Sep. 2022	30 Sep. 2021
Revenues from sales and services	73,593	66,506
Other Revenues	1,067	991
Total operating revenues	74,660	67,497
Costs for services, goods and other operating costs	(34,449)	(32,944)
- of which non recurrent	(169)	(14)
Personnel expenses	(32,732)	(28,153)
- of which non recurrent	(256)	(944)
Total operating costs	(67,181)	(61,097)
EBITDA	7,479	6,400
Adjusted EBITDA	7,904	7,358
D&A	(2,160)	(1,636)
Provisions and write-downs	(210)	(51)
Operating result	5,109	4,713
Income (charges) from equity investments	-	(308)
Financial income	832	324
Financial charges	(955)	(586)
Profit (Loss) before taxes	4,986	4,053
Income taxes	(1,351)	(1,432)
Profit (Loss) for the period	3,635	2,621
Attributable to:		
- Group	3,640	2,606
- Minorities	(5)	15





CONSOLIDATED BALANCE SHEET OF ALKEMY GROUP

Values in Euro/000

Assets	30 Sep. 2022	31 Dec. 2021
Non-current assets		
Tangible assets	2,258	1,809
Rights of use	4,807	5,332
Goodwill	55,989	41,249
Defined life intangible assets	1,654	863
Minorities	5	5
Non-current financial assets	382	1,789
Deferred tax assets	2,715	1,789
Other non-current assets	253	241
Total non-current assets	68,063	53,077
Current assets		
Trade receivables	36,507	36,040
Current financial assets	303	84
Tax credits	2,116	1,274
Other current assets	2,159	2,885
Cash and cash equivalents	9,546	10,458
Total current assets	50,631	50,741
Total assets	118,694	103,818
Liabilities and Group Equity	30 Sep. 2022	31 Dec. 2021
Group Equity		
Equity	596	596
Reserves	35,441	31,517
Net Income (Loss)	3,640	4,263
Group Equity	39,677	36,376
Minorities	321	323
Total Equity	39,998	36,699
Non-current liabilities		
Financial debts	15,061	11,269
Rights of use liabilities	3,634	4,009
Put option debts and earn-out	15,460	6,575
Employee's leaving entitlement	6,017	6,361
Provisions	222	222
Deferred Tax liabilities	18	18
Total non-current liabilities	40,412	28,454
Current liabilities		
Financial debts	7,543	5,502
Rights of use liabilities	1,335	1,473
Put option debts and earn-out	3,029	2,906
Trade payables	14,253	14,184
Fiscal liabilities	2,501	2,281
Other liabilities	9,623	12,319
Total current liabilities	38,284	38,665
Total liabilities	78,696	67,119
Total liabilities and Total Equity	118,694	103,818



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CONSOLIDATED CASH FLOW STATEMENT OF ALKEMY GROUP

Values in Euro/000

	30 Sep. 2022	30 Sep. 2021
Operating activities		
Net Income (Loss)	3,635	2,621
Loss (Income) from equity investments	(832)	(234)
Financial Income	-	308
Financial Charges	955	586
Income Taxes	1,351	1,432
D&A	2,160	1,636
Provisions and write-downs	210	51
Share-based compensation	275	593
Change in trade receivables	1,507	6,295
Change in trade payables	183	(2,599)
Change in other current assets	(134)	(408)
Change in other current liabilities	(4,366)	(3,142)
Paid financial charges	(145)	(171)
Paid income taxes	(1,147)	(413)
Net cash flow generated (absorbed) by operating activities	3,652	6,555
Investments		
Capex	(1,690)	(1,052)
Change in financial assets	1,735	(167)
Change in acquisitions	(4,361)	(1,949)
Net cash flow generated (absorbed) by investment activity	(4,316)	(3,168)
Financing activities		
Change in financial debt	4,644	313
Change IFRS 16 financial liabilities	(1,244)	(973)
Change in treasury shares	(435)	(759)
Dividends to minorities	(542)	(1,023)
Other changes in Equity	-	883
Capital increase	-	8
Exercise of put options	(2,672)	(4,916)
Other change in financing activities	-	(36)
Net cash flow generated (absorbed) by financing activities	(249)	(6,503)
Increase (decrease) of net cash position for the period	(912)	(3,115)
Cash at beginning of period	10,458	18,840
Cash at end of period	9,546	15,725





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.20116-35

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