

Alkemy

Q1 2023 RESULTS

15.05.2023

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Alkemy was founded in 2012 with the aim of supporting the **top management** of large companies in the **process of digitizing** their business model.

The market in which Alkemy insists is the **digital transformation market** which today is worth over **6 billion euros** in Italy and **grows** at a rate of about **9% per year**.

In this market, Alkemy has developed a **differentiated positioning** that has allowed it to grow with a **CAGR of 30%** (>3x the market), to move from the 23 starting resources to a team of over **900 people** and a turnover of **107M€** in 2022.

Alkemy has **successfully** used the **M&A lever** (10 acquisitions) using the IPO proceeds in less than nine months, and the **EBITDA growth** of the four acquisitions made in Italy from 2013 to 2020 was up to **+500%**.

With a **new organization** and a dedicated Go-to-Market team Alkemy is now focusing on the **industrialization** and expansion of the business scale, resulting in **strong organic growth and higher marginality**.

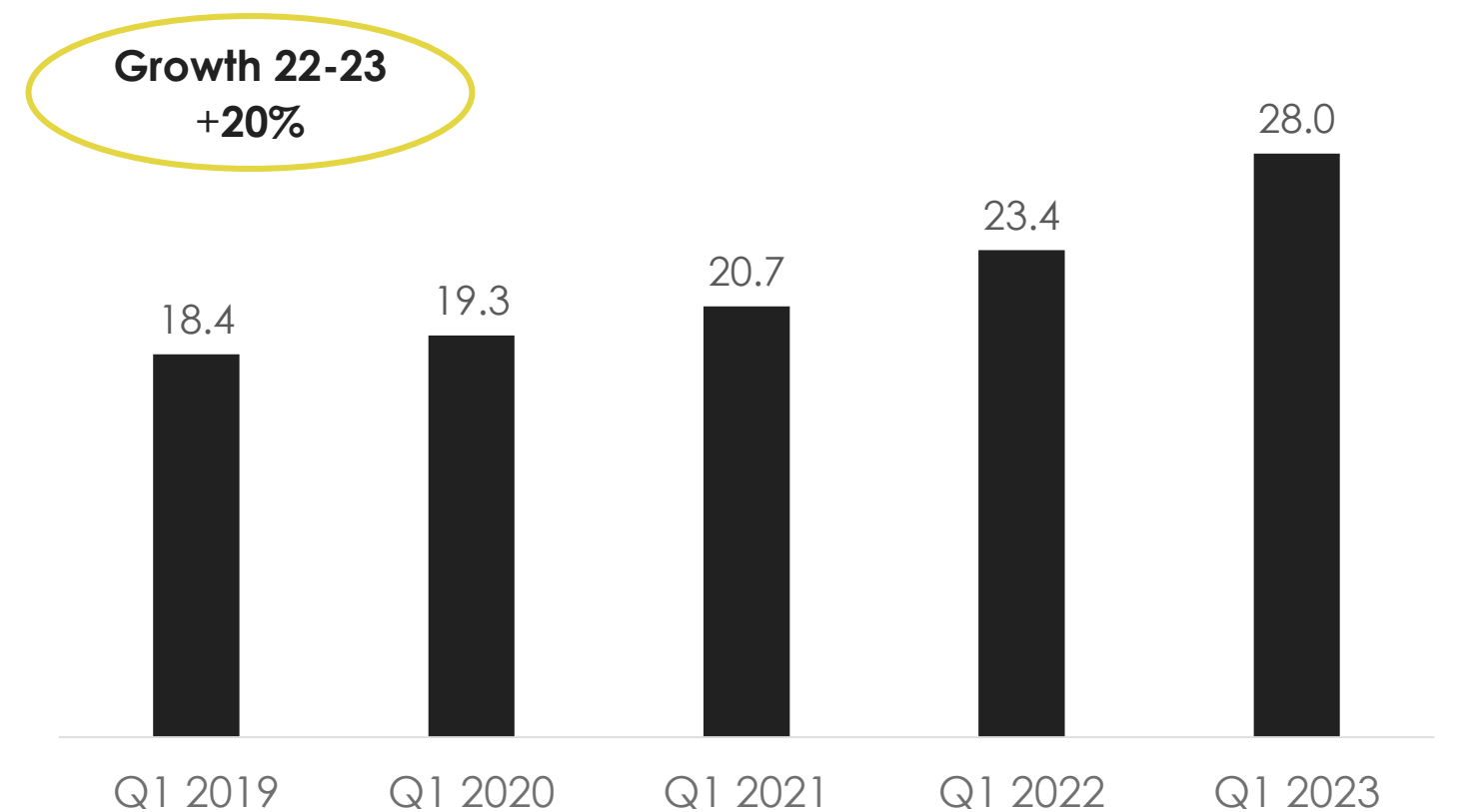
We help companies to
evolve their business in the
post-digital scenario

FINANCIAL HIGHLIGHTS

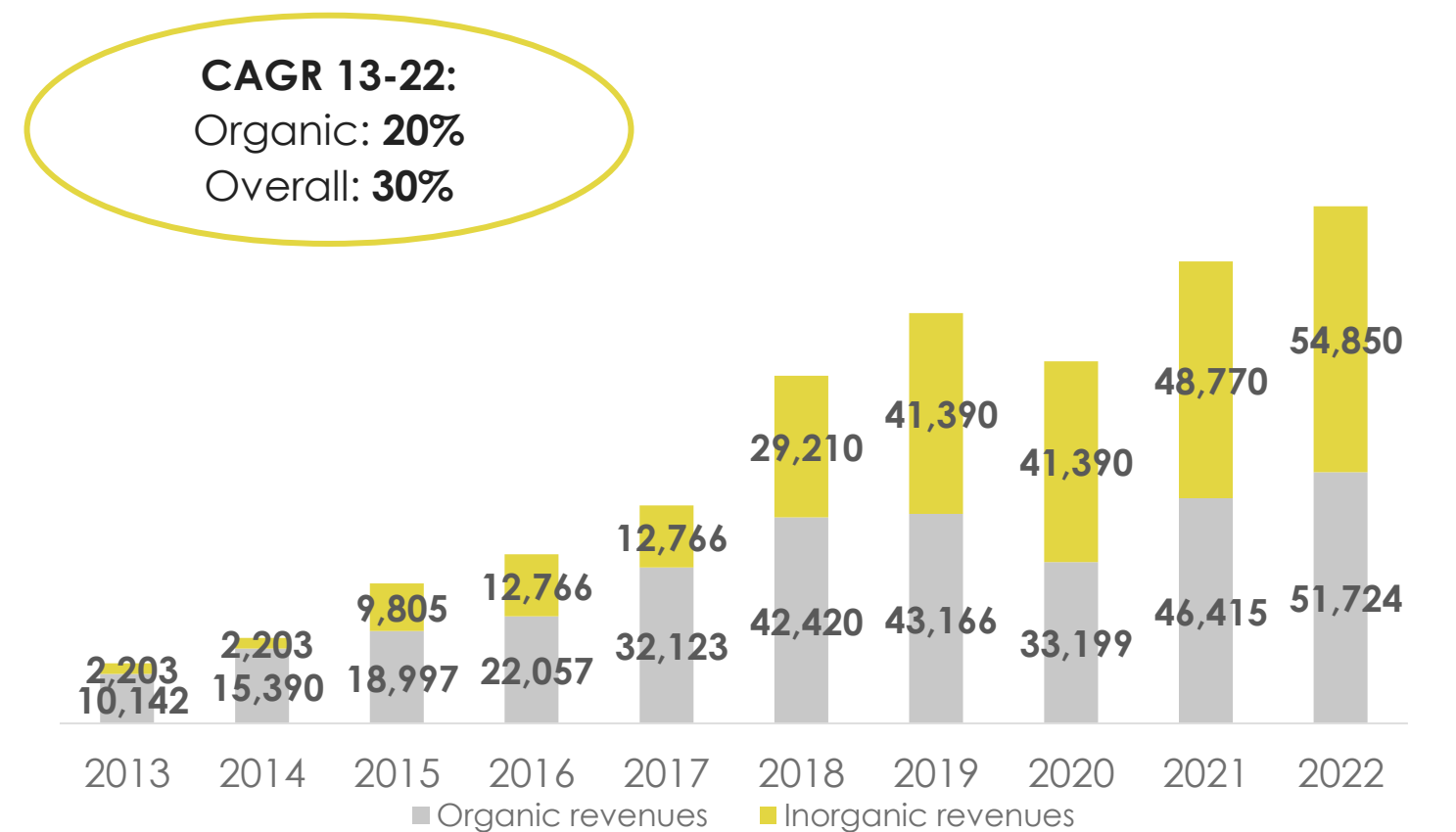
€M	Q1 2023	Q1 2022	
Turnover	28.0	23.4	> +20% vs. Q1 2022, mainly due to change in Group perimeter, and to the strong focus on top clients, supported by the Go-to-Market.
Adj. EBITDA	2.5	2.3	> +10% vs. Q1 2022. EBITDA Adj. margin at 9.0%, -0,8 pps vs. Q1 2022 mainly due to higher operating costs.
EBIT	1.3	1.6	> -20% vs. Q1 2022, due to higher amortization costs following higher investments made starting from Q2 '22. EBIT margin at 4.7%, down from 7.0% in Q1 2022.
EBT	0.8	1.6	> -49% vs. Q1 2022, due to higher financial charges following additional financial debt and higher interest rates.
Group Net Income	0.7	1.1	> -40% vs. Q1 2022, with lower tax rate mainly due to lower EBT for the period.
Net Operating Cash Flow	2.3	5.1	> -2.8 €M vs. Q1 2022 mainly due to NWC dynamics.
NFP	-34.8	FY 2022 -34.1	> €M -0.7 since 31 December 2022 as a consequence of the recognition of leasing payables.

REVENUES

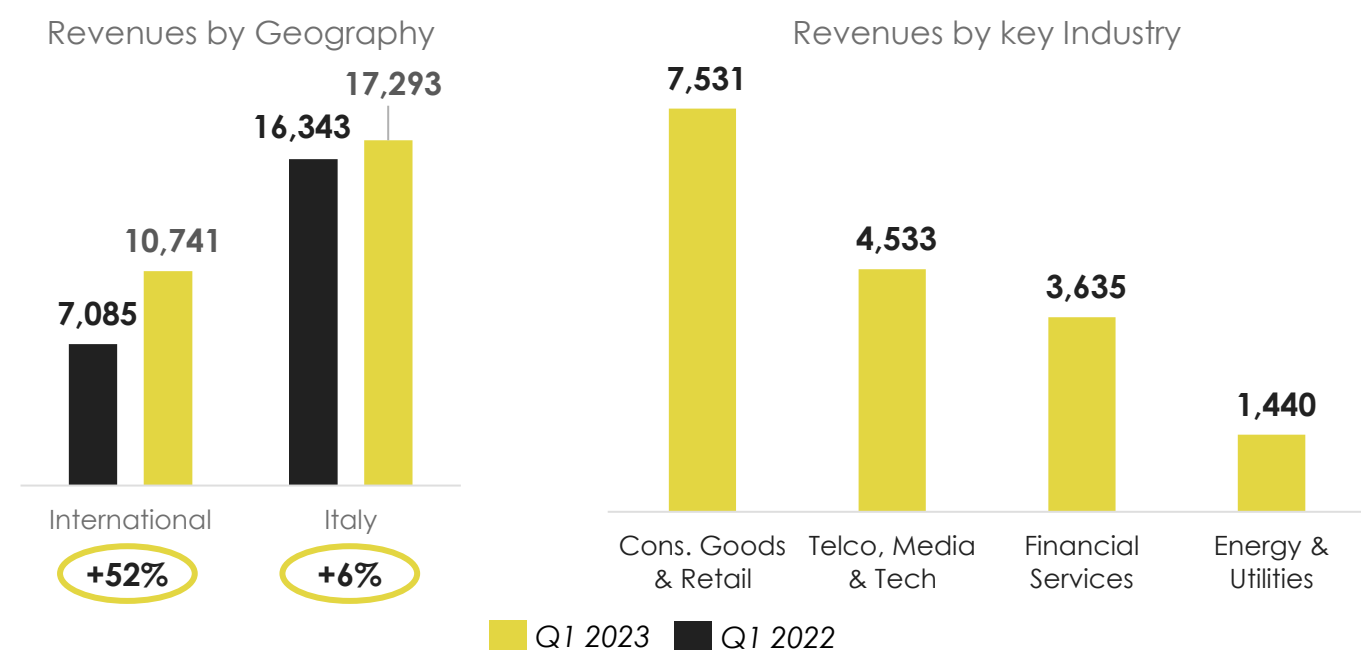
Q1 REVENUES (€M) – IAS /IFRS



ALKEMY GROWTH EVOLUTION (€000) – IAS /IFRS



ALKEMY TURNOVER DEEP DIVE

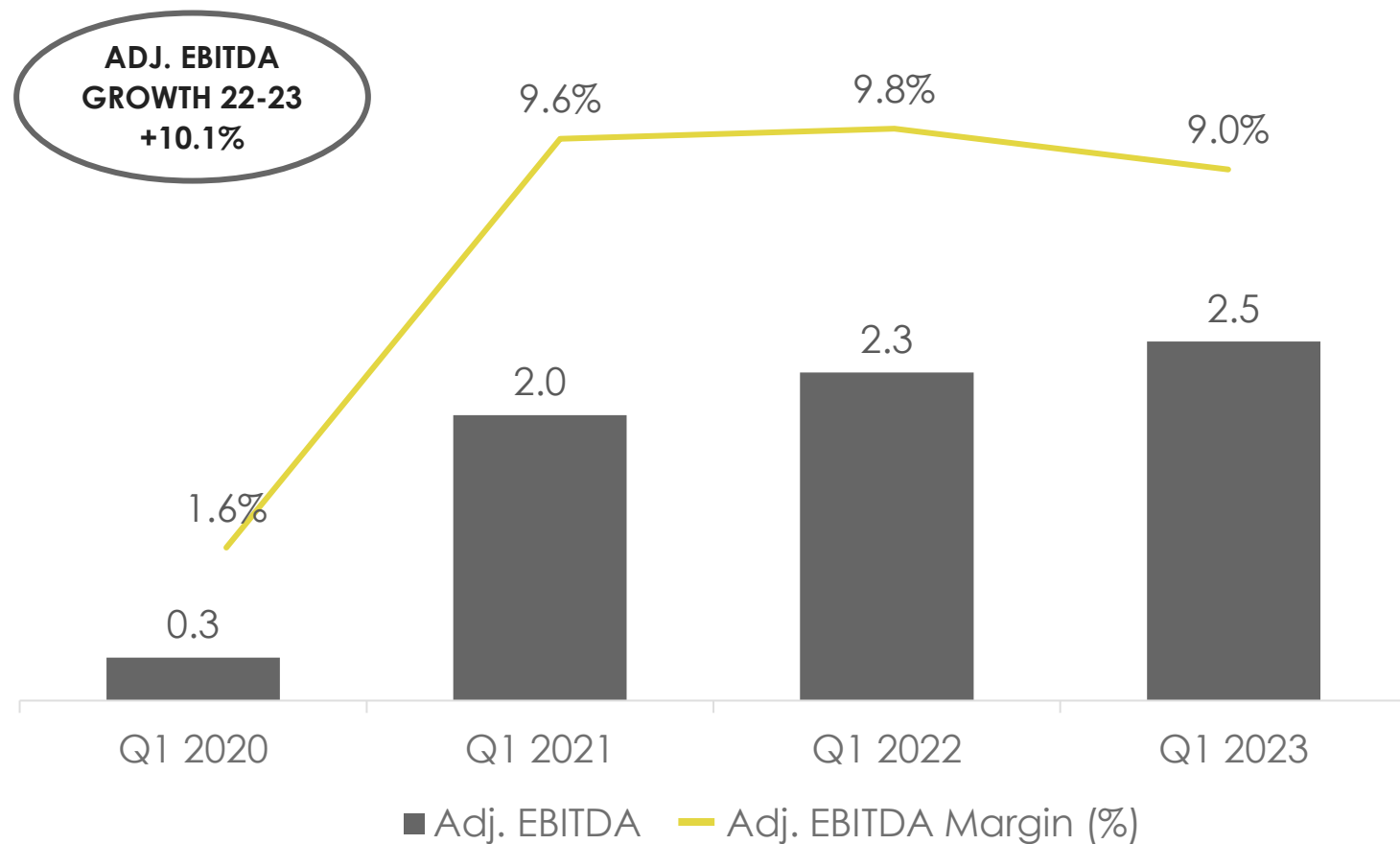


- Q1 2023 **revenues at €M 28.0**, +20% vs. Q1 2022 (€M 23.4). The result is due to the change in Group perimeter and to the recovery of organic growth.
- Q1 2023 **Italian turnover at €M 17.3**, +6% vs. €M 16.3 in Q1 2022. The growth is mainly due to the focus on existing clients.
- International revenues** in Q1 2023 **at €M 10.7**, up by 52% vs. €M 7.1 in Q1 2022, mainly due to change in Group perimeter and supported by organic growth.
- Revenues generated by clients in the **Consumer Goods & Retail, TMT** and **Financial Services** in the quarter generated more than 50% of the total Group turnover.

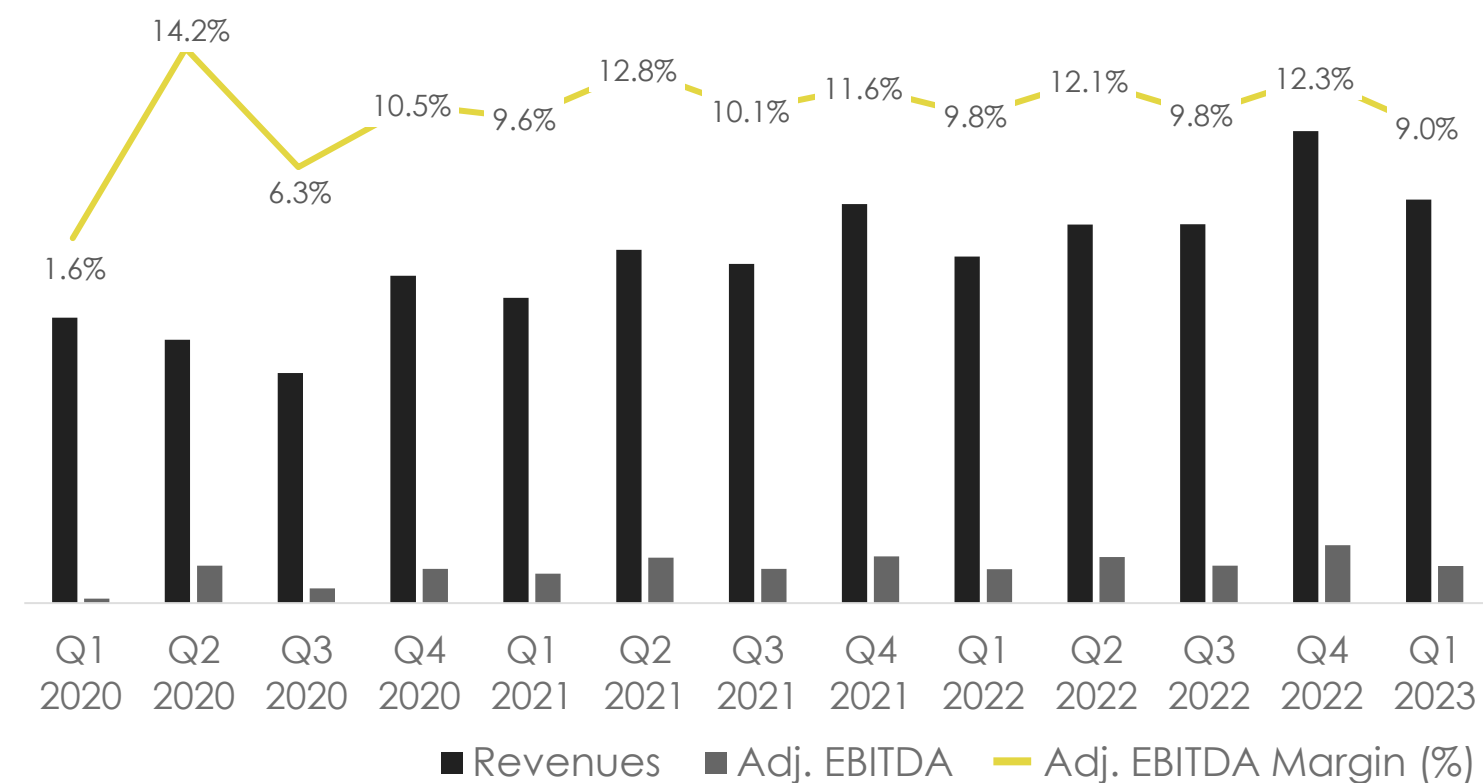
⁽¹⁾Revenues 2013-14-15-16 are Management estimates and are not audited, following the introductions of IFRS in 2018.

Adj. EBITDA

Q1 ALKEMY Adj. EBITDA (€M) – IAS/IFRS⁽¹⁾ & MARGIN (%)

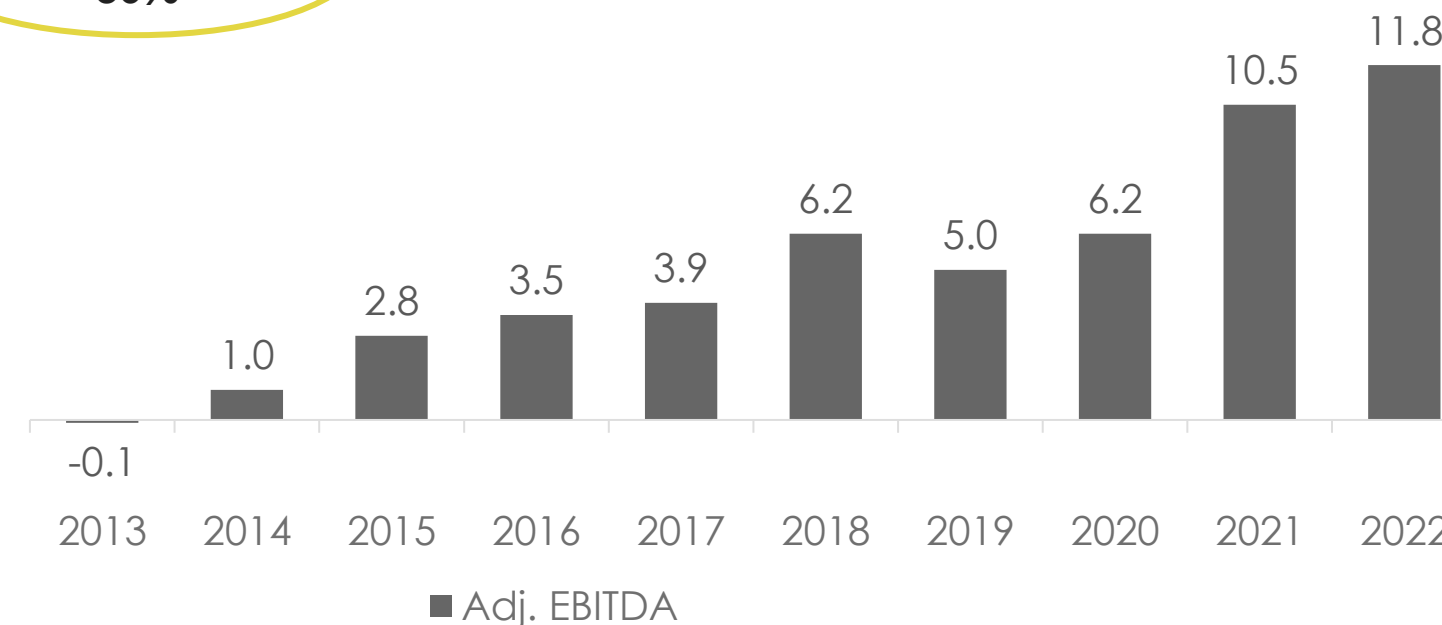


EBITDA MARGIN – Adj. EBITDA MARGIN (%) QUARTERLY TREND



FY ALKEMY Adj. EBITDA (€M) – IAS/IFRS

**CAGR 14-22
36%**



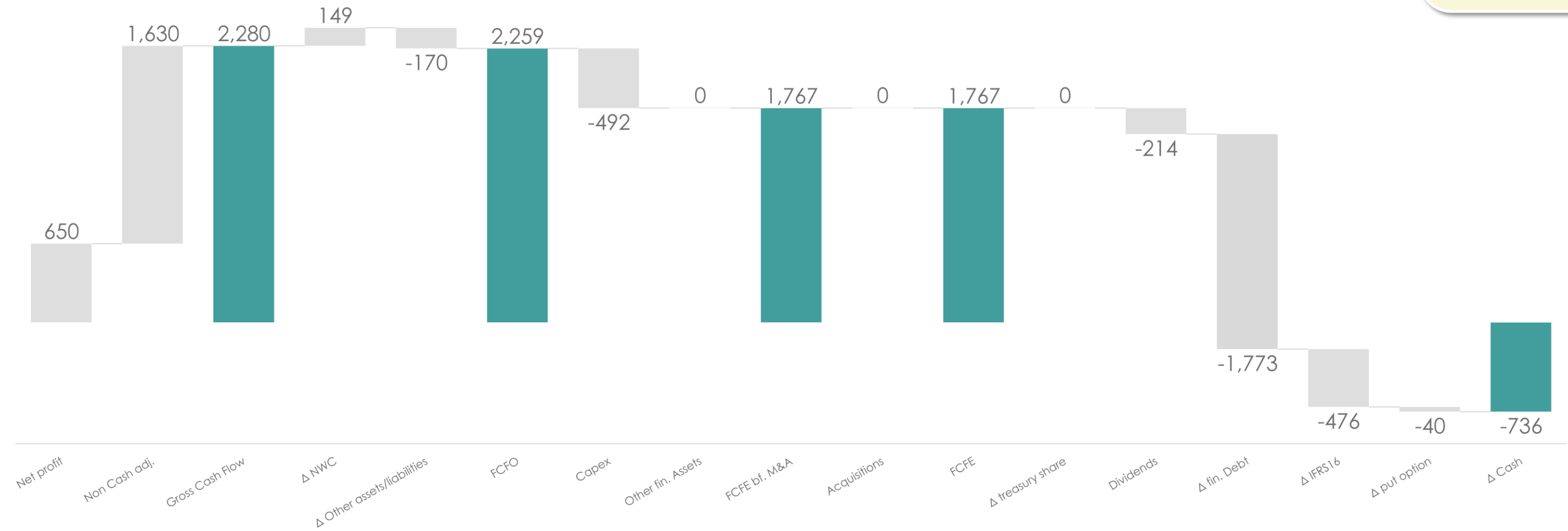
- › Q1 2023 Adjusted EBITDA is €M 2.5, +10% compared to Q1 2022 (€M 2.3).
- › Q1 2023 Adjusted EBITDA margin is 9.0%, -0.8 pps compared to Q1 2022 (9.8%), mainly due to the increase of personnel cost for FTE expansion following change in Group perimeter.

⁽¹⁾EBITDA Adj. margin is calculated relating the Adj. EBITDA to the revenues of the period

Q1 2023 CASH FLOW

Q1 2023 Cash Flow generation - (€000)

Initial Cash	9.1 €M
Delta Cash	-0.7 €M
Final Cash	8.4 €M



- › **Q1 2023 Gross Cash Flow at €M 2.3**, -5% YoY mainly due to **lower net profit for the period**.
- › **FCFO at €M 2.3**, equal to **90% of Adj. EBITDA**, -56% compared to Q1 2022.
- › **Capex -24%** compared to Q1 2022 and equal to **2% of revenues**.
- › **Change in cash over Q1 2023 is €M -0.7**, mostly related to the **change in financial debt and IFRS** occurred over the period.

NET FINANCIAL POSITION BRIDGE AND DETAILS

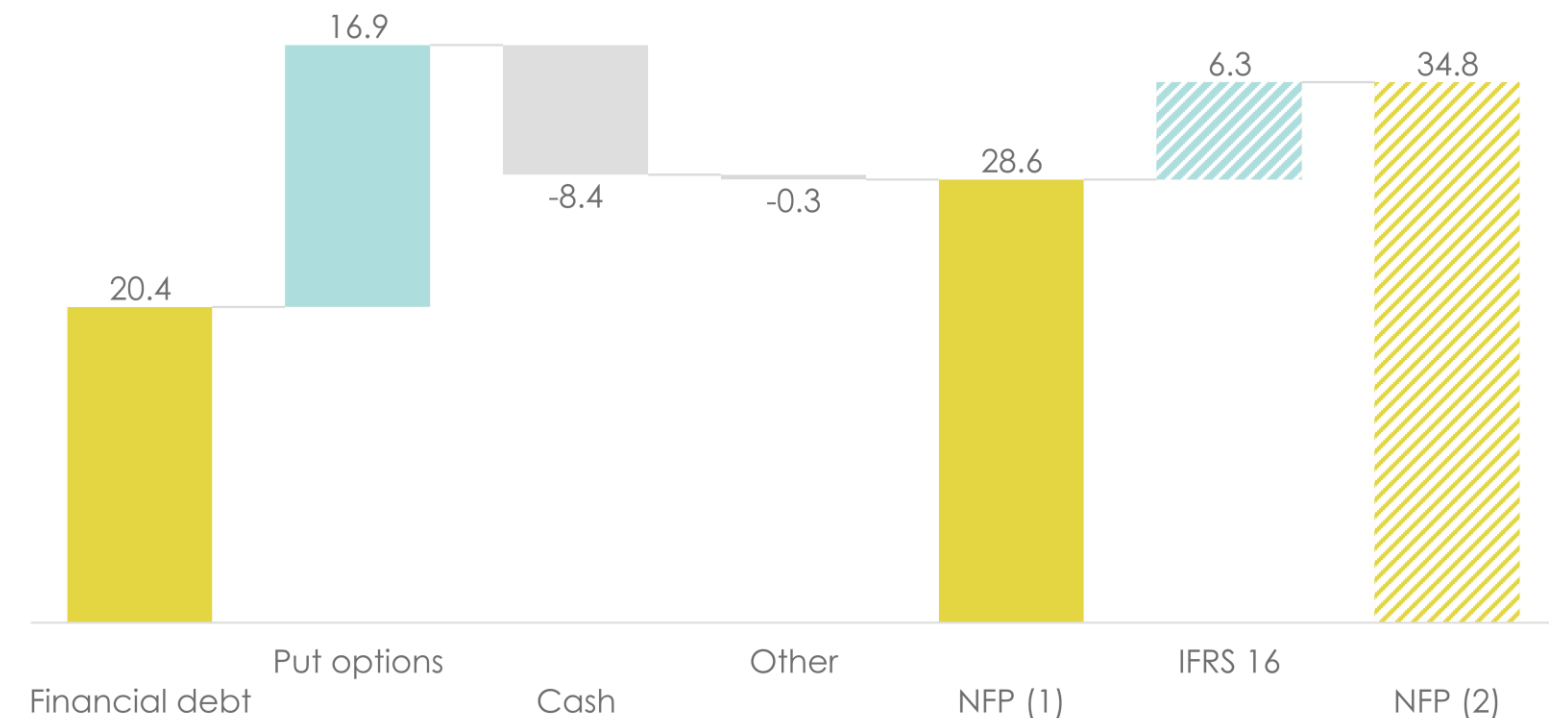
Net Financial Position Bridge Q1 2023 (€M)



- > **Gross debt** is composed by **€M 20.4 of financial debt** (of which €M 12.2 LT, €M 8.2 ST), **€M 16.9 put options and earn-out liabilities** deriving from M&A (of which €M 3.3 ST) and €M 6.3 IFRS 16 financial leases.
- > **Q1 2023 NFP (1) ex IFRS16 is €M 28.6.**
- > **Q1 2023 cash and equivalents is €M 8.4.**

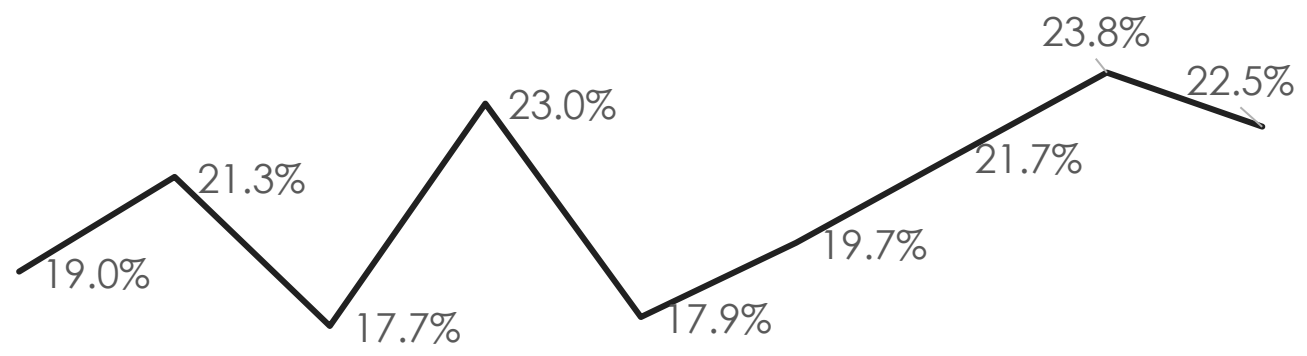
- > **Net Financial Position** NFP (2) at March 31st 2023 declined by €M -0,7 compared to €M -34.1 at December 31st, 2022.
- > **Variation** is mainly due to: (i) decrease in bank loans (€M 1.7), (ii) IFRS 16 impact (€M -1.5), (iii) decrease in liquidity on bank accounts (€M -0.7), (iv) increase in put option and earn-out liabilities (€M -0.2).

Net Financial Position Break Down Q1 2023 (€M)



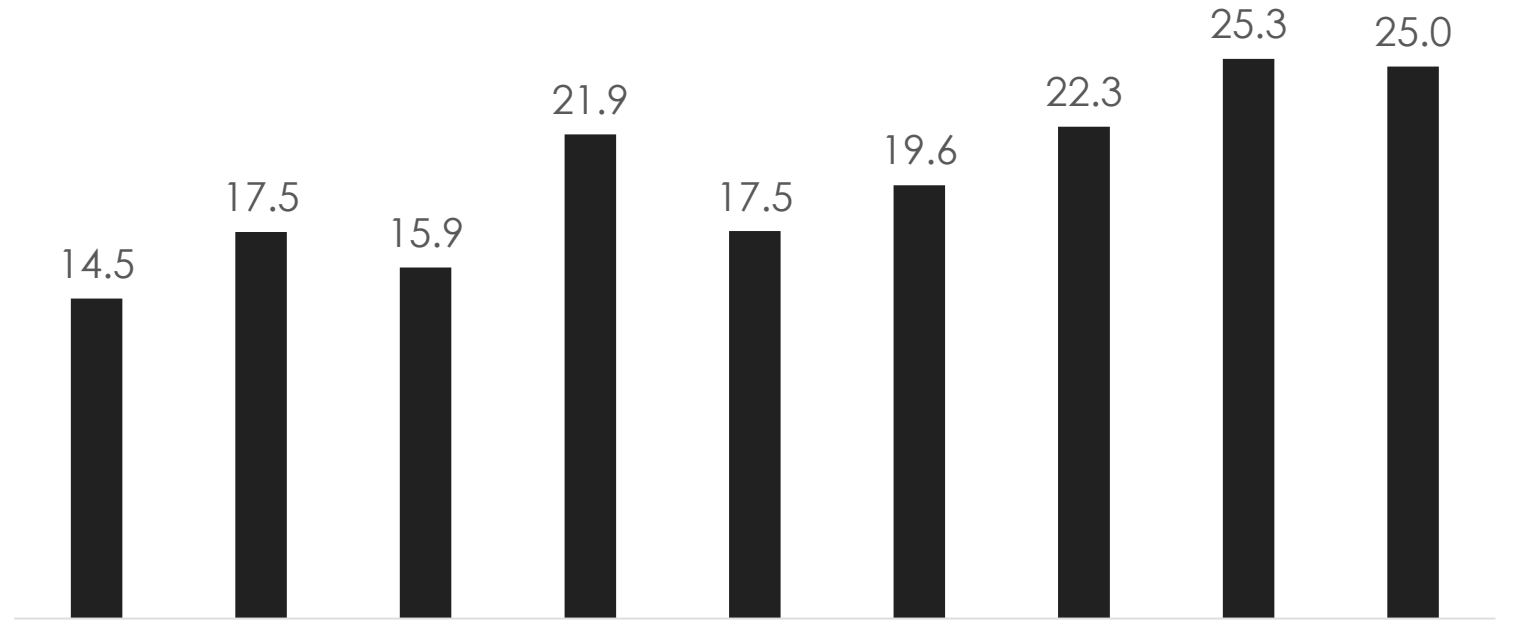
NET TRADE WORKING CAPITAL DYNAMICS

Net Trade Working Capital over Last 12 Months' Revenues (%)



1Q 2021 1H 2021 9M 2021 FY 2021 1Q 2022 1H 2022 9M 2022 FY 2022 Q1 2023

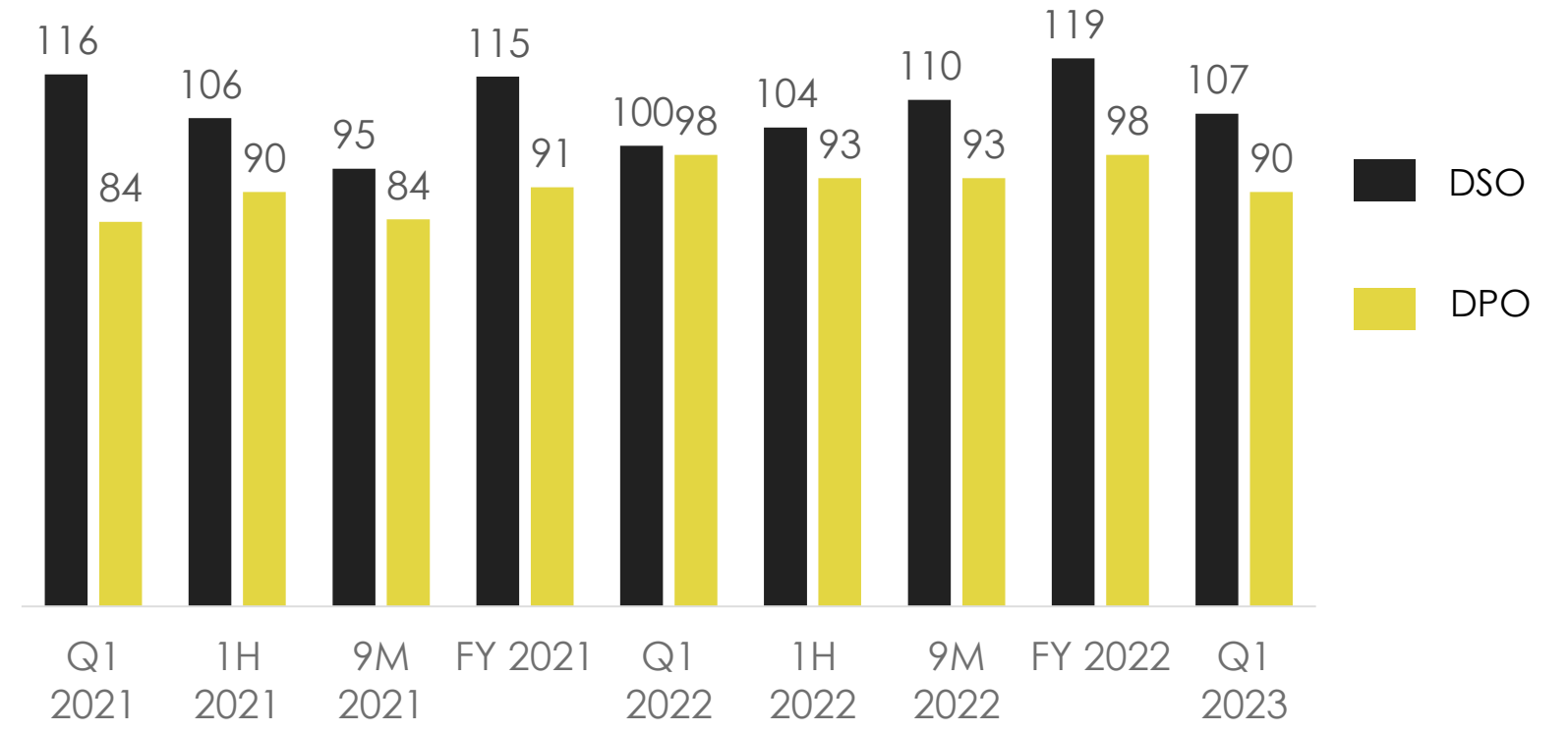
Net Trade Working Capital (€M)



1Q 2021 1H 2021 9M 2021 FY 2021 1Q 2022 1H 2022 9M 2022 FY 2022 Q1 2023

- > **Q1 2023 Net Trade Working capital is 43% higher than Q1 2022**, and its incidence over last 12 months' revenues increased by 4.6 pps.
- > Q1 2023 cash generation from **Net Trade Working Capital** decrease (€M 0.1 million compared to €M 4.3 in Q1 2022), due to payables and receivables dynamics.
- > **Q1 2023 DSO at 107**, +7% vs. Q1 2022; **Q1 2023 DPO -8%** vs. Q1 2022.

Cash Conversion Cycle Details (days)



Q1 2023 P&L – IAS/IFRS

Consolidated Profit & Loss

Profit and Loss (€000) - IAS/IFRS	Q1 2022	Q1 2023
Revenues	23,428	28,034
Service costs, consum. & goods	(10,256)	(11,792)
Personnel	(10,887)	(14,002)
EBITDA	2,285	2,240
% Revenues	9.8%	8.0%
Non recurrent costs	-	(276)
Adj. EBITDA	2,285	2,516
% Revenues	9.8%	9.0%
D&A	(648)	(923)
Bad debts/ claims/ provisions	-	(13)
EBIT	1,637	1,304
% Revenues	7.0%	4.7%
Financial charges	(87)	(520)
EBT	1,550	784
Taxes	(465)	(134)
% Tax rate	30.0%	17.1%
Net Profit (Loss)	1,085	650
% Revenues	4.6%	2.3%
o/w Minorities	1	5
o/w Group Net Profit (Loss)	1,084	645

- › Q1 2023 **Revenues** at **€M 28.0**, up by 20% compared to €M 23.4 of Q1 2022. The increase is mostly related to the change in the Group perimeter. **Italian revenues up by 6%** YoY, mainly related to the focus on the existing client base. **Foreign turnover up by 52%**, thanks to the inclusion of InnoCV in the Group perimeter and to the performance of all foreign subsidiaries.
- › **Adj. Operative costs** increased (impact on revenues at 92% from 90% in Q1 2022). **Services costs** increased by 15% yoy, but **reduced the impact on revenues by 1.7 pps**. **Personnel costs** increased incidence on revenues by 3.4 pps compared to Q1 2022, due to the higher average FTE for the period (from 750 in Q1 2022 to 926 in Q1 2023), due also to the Group perimeter change.
- › Q1 2023 **Adj. EBITDA** at €M 2.5 +10% compared to €M 2.3 in Q1 2022, with Adj. EBITDA margin at 9.0%, -0,8 pps compared to Q1 2022 (9.8%).
- › Q1 2023 **EBIT** is equal to €M 1.3 -20% compared to €M 1.6 in Q1 2022, mostly due to higher investments made starting from Q2 2022.
- › Q1 2023 **EBT** at €M 0.8, -49% compared to €M 1.6 in Q1 2022, mainly due to higher financial charges due to higher financial debts and higher interest rates.
- › **Group Net Profit** is €M 0.7 -40% vs €M 1.1 in Q1 2022. Taxes for the period declined due to €M 0.1 due to lower net profit for the period.

Q1 2023 BALANCE SHEET – IAS/ IFRS

Consolidated Balance Sheet

Balance Sheet (€000) - IAS/IFRS	FY 2022	Q1 2023
Tangible assets	2,209	2,207
Intangible assets	6,567	8,100
<i>o/w rights of use (IFRS16)</i>	4,633	6,117
Goodwill	54,868	54,870
Financial assets	3,066	3,070
Fixed Assets	66,710	68,247
Inventories	-	-
Trade Receivables	41,541	39,143
Trade Payables	(16,217)	(14,159)
Net Trade Working Capital	25,324	24,984
Other Current Assets	4,076	4,727
Other Current Liabilities	(13,032)	(13,152)
Employees' leaving entitlement	(5,543)	(5,779)
Total Capital Invested	77,535	79,027
Total Equity	43,406	44,180
o/w Group Equity	43,007	43,774
o/w Minorities	399	406
Cash & current financial assets	(9,406)	(8,670)
Bank Debts	22,104	20,374
Put Option Liabilities	16,661	16,887
Other Financial Debts (IFRS16)	4,770	6,256
Net Debt (Cash)	34,129	34,847
Total Funds	77,535	79,027

- › **Net Invested Capital** at €M 79.0 (€M 77.5 in FY 2022) consisted of approx. € 25.0 million of **Net Trade Working Capital** (€M 25.3 FY 2022), €M 68.2 of fixed assets (€M 66.7 FY 2022) of which €M 54.9 of **Goodwill** (in line with FY 2022) and €M 6.1 of IFRS 16 **rights of use** (€M 4.6 in FY 2022).
- › **Shareholders' equity** increased in the period by €M 0.8 since 31 Dec. 2022 (+2%), mainly due to the positive result of the period (€M +0.6).
- › **Net Financial Position** at March 31st, 2023, negative by €M -34.8 (ante-IFRS 16 at €M -28.6) declining by €M -0.7 compared to FY 2022. The **variation** is mainly due to: (i) decrease in **bank loans** (€M -1.7); (ii) **IFRS 16** impact (€M 1.5); (iii) decrease in **cash and cash equivalents**(€M -0.7); (iv) increase in **put options liabilities and earn-out** linked to acquisitions (€M -0.2).

Q1 2023 CASH FLOW GENERATION – IAS/IFRS

Consolidated Cash Flow

Cash Flow Statement (€000) - IAS/IFRS	Q1 2022	Q1 2023
Net Profit (Loss)	1,085	650
Adjustments (cash tax, interest and other)	552	654
Non-cash items	759	976
Gross Cash Flow	2,396	2,280
Change in inventories	-	-
Change in trade receivables	4,989	2,384
Change in trade payables	(664)	(2,235)
Total change in NTWC	4,325	149
Total change in other asset/liabilities	(1,633)	(170)
Operating Cash Flow	5,088	2,259
Capex	(646)	(492)
Other non-current assets	(45)	-
Free Cash Flow before Acquisition	4,397	1,767
Acquisitions	-	-
Free Cash Flow	4,397	1,767
Change in treasury shares	-	-
Dividends to minorities	(101)	(214)
Change in bank & fin. Debts	(206)	(1,773)
IFRS 16 effect	(394)	(476)
Changes in Equity	-	-
Changes on other financial assets	-	-
Change in put/options	(1,730)	(40)
Change in Cash	1,966	(736)
Initial Cash	10,458	9,115
Final Cash	12,424	8,379

- › Q1 2023 **Gross Cash Flow** at **€M 2.3**, mostly in line with €M 2.4 in Q1 2022.
- › Q1 2023 **Operating cash flow** at **€M 2.3** compared to €M 5.1 of Q1 2022. The decrease of €M 2.8 is mainly related to Net Working Capital dynamics.
- › Q1 2023 Ordinary **Capex** of the period is €M 0.6 compared to €M 0.5 of Q1 2022. Q1 2023 **Free Cash Flow** is equal to **€M 1.8**, declining vs. €M 4.4 in Q1 2022.
- › **Total change in cash** for the period was **€M -0.7** compared to +€M 2.0 in Q1 2022.

OUTLOOK

- > The war in Ukraine, the inflation trends and the following monetary policy are having a direct impact on many economic sectors and on the expectations of companies. Such expectations are affected by the uncertainty that is troubling the markets.
- > **At present, limited impact has been recorded on Alkemy Group clients**, except that some may be more indirectly influenced by the difficulties generated by the cost and interest rates inflation, with possible repercussions on the purchase of the services offered by the Group.
- > Considering the results achieved in Q1 2023, barring the occurrence of further aggravating events, currently not foreseeable, **it is confirmed that the Group's expectation is to continue growing organically and increasing margins.**

A PUBLIC COMPANY LISTED ON EURONEXT STAR MILAN

Issuer & Tickers

- Alkemy S.p.A. (ALK) | ISIN: IT0005314635
- REUTERS ALK.MI | BLOOMBERG ALK.IM

Market

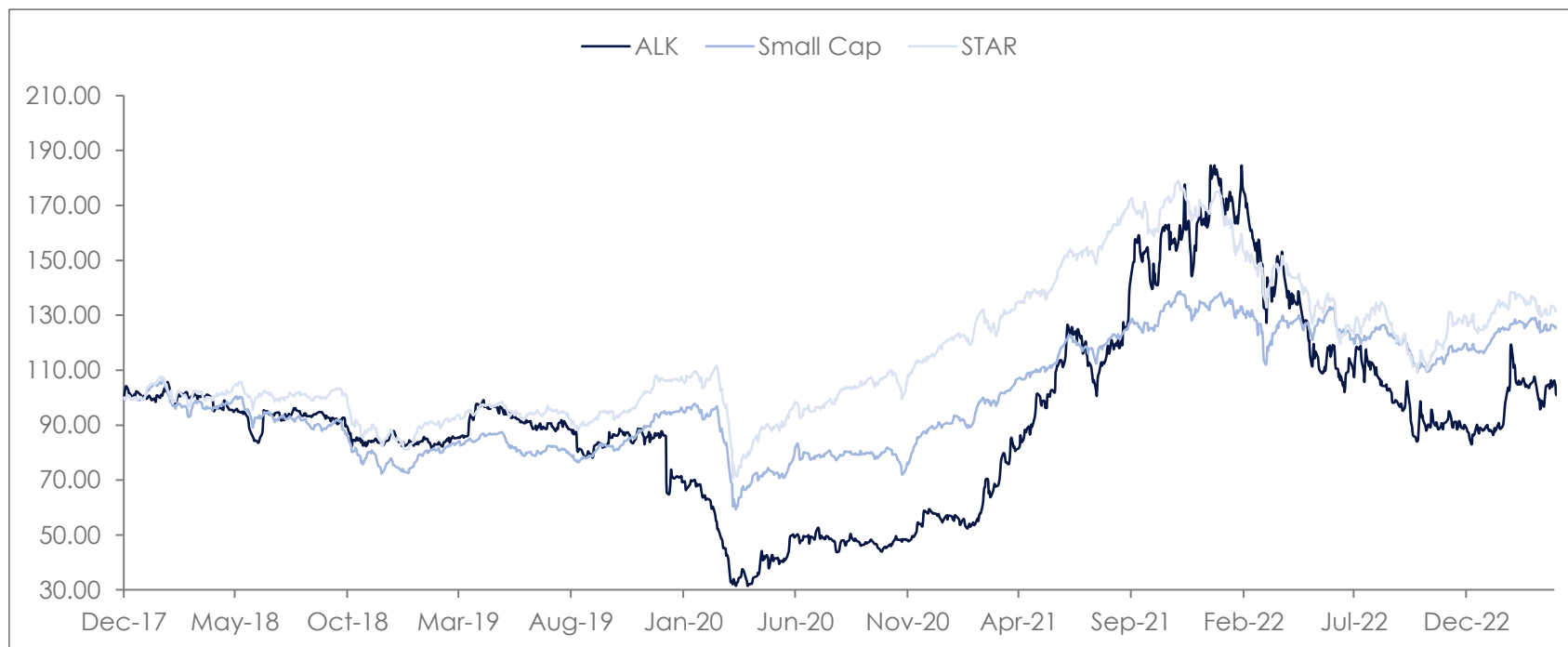
- Borsa Italiana, Euronext STAR Milan

Specialist

- Intermonte

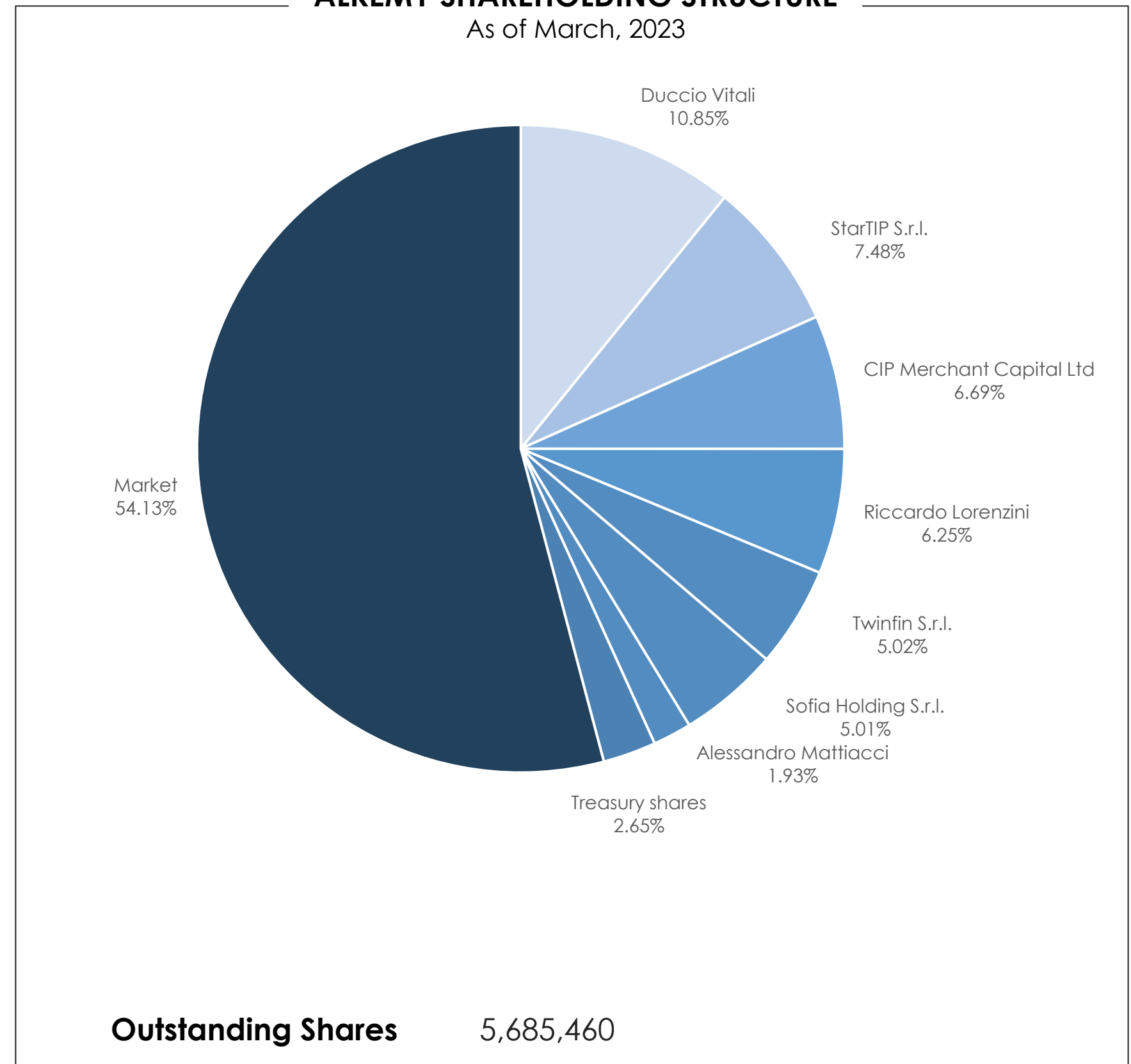
Analyst Coverage

- Intermonte
- Banca Imi
- Mediobanca



ALKEMY SHAREHOLDING STRUCTURE

As of March, 2023



Outstanding Shares 5,685,460

A SOLID CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Chairman	Alessandro Mattiacci
Chief Executive Officer	Duccio Vitali
Director	Riccardo Lorenzini
Director	Massimo Canturi
Independent Director	Giulia Bianchi Frangipane
Independent Director	Ada Villa
Independent Director	Serenella Sala

BOARD OF STATUTORY AUDITORS

Chairman	Gabriele Gualeni
Standing Auditor	Mauro Dario Bontempelli
Standing Auditor	Daniela Bruno
Alternate Auditor	Marco Garrone
Alternate Auditor	Mara Sartori



Alkemy enabling evolution
Via San Gregorio 34 20124 Milano, Italy
Tel: +39 02 92894 1 - Fax: +39 02 92894 500
info@alkemy.com

INVESTOR RELATIONS
ir@alkemy.com