



ALKEMY S.P.A.: THE NEW ORGANIZATION PUSHES MARGINALITY AND REVENUES

Q1 2020 records positive results in terms of organic growth (+ 12.1% in Italy) and margins (+6 percentage points at Group level)

In 2020, confirmed focus on the industrialization of the business model

Expected rapidly expanding digital transformation market in light of the current post-COVID-19 situation

The Board of Directors today approved the Interim Report at March 31, 2020

- **Q1 2020 Turnover** is equal to **Euro 19.33 million, + 5.1%** compared to Euro 18.39 million in Q1 2019, thanks to the new Go-to-Market strategy and management of the main customers generating a relative increase in average revenues per customer.
- **Q1 2020 EBITDA** is equal to **Euro 0.31 million, (EBITDA margin +6 percentage points)** up on the negative figure of Euro - 0.81 million in Q1 2019, mainly thanks to the Group's focus on projects with greater value added and to the efficiencies from the new organization implementation.
- **Q1 2020 EBIT** is equal to Euro - 0.10 million compared to Euro -1.24 million of Q1 2019, an improvement of **92%** mainly due to the better operating result.
- **Q1 2020 EBT** is equal to Euro - 0.53 million, an improvement of **64%** compared to Euro - 1.49 million in Q1 2019.
- **Q1 2020 Net Result** is equal to Euro - 0.59 million with an improvement of **55%** compared to Euro - 1.30 million in Q1 2019.
- **Q1 2020 Gross cash flow** was positive for Euro 0.49 million, compared to Euro - 0.68 million in Q1 2019, the increase in the flow is mainly due to the better operating result.
- **The Group's Net Financial Position** at 31 March 2020 was negative for Euro -20.14 million, compared to the negative NFP for Euro -19.21 million at 31 December 2019. The change is mainly due to new bank loans for Euro -1 million, additional factoring payables of Euro -1.6 million, partially offset by the greater liquidity available for Euro 1.45 million.

Milan, May 14th 2020 – The Board of Director of **Alkemy S.p.A.** (“Alkemy” or “the Company”), a leading company in the business model evolution of large and medium-sized companies and listed on the Mercato Telematico Azionario (MTA) – STAR Segment of Borsa Italiana (ticker: ALK), today approved the Interim Report at March 31, 2020.

The first quarter of 2020 saw Alkemy record positive results in terms of organic growth (+ 12.1% in Italy) and margins (positive Ebitda Margin and growing by 6 percentage points compared to Q1 2019), deriving from the strong coverage of customers and the greater efficiency of the business model. In fact, the Company has defined a new organization and a new Go-to-Market strategy, focused on the development of large projects with greater value added and greater profitability, on 50 main customers. This way, Alkemy laid the foundations for the industrialization of its business model in order to capture the expansion and acceleration of growth of the digital transformation market, expanding its offer of services and integrating the new skills acquired.

Alkemy, as a leading independent company in the digital transformation sector in the geographies of reference, offers the range of services necessary for companies that want to emerge from the crisis and be competitive in tomorrow's market. The recent developments related to the COVID-19 emergency have in fact imposed on companies an even faster ability to adapt and transform, digitalizing and rethinking their business models.

CEO Duccio Vitali commented: *"Thanks to the new organization, operative since February 2020 and the new strategy of primary customer management, it has started for Alkemy the process of*





industrialization and expansion of the scale of the business model. In the first quarter of 2020, we saw the results of the initial implementation phase, which were particularly positive in terms of organic growth and margins. Furthermore, having enriched our offer with skills in design and data analytics, we are able to enable the evolution of our customers' business, integrating digital channels with physical touch-points and spaces, helping them to improve resilience and competitiveness of their business, the only valid strategy in a context of great uncertainty, anticipating market trends".

"The digitalization and transformation of business models has always been a compulsory path for companies, that COVID-19 emergency and the consequent containment measures have made more urgent" **added the Chairman of the BoD Alessandro Mattiacci**. "The moment we are experiencing could result in a great opportunity for innovation of the economic system of the geographies in which we operate, where companies are relatively late in the process of digitalization. Companies will not only have to evolve the relationship with customers, investing in the omnichannel marketing and sales, but they will also have to digitalize internal processes, innovating their whole business model. Over the months, the cycles of change become faster and faster, to stay on the market and increase competitiveness it becomes critical for companies to push the speed of evolution beyond their limits and comfort zone. Alkemy in the last months has confirmed that it is the right partner to enable this transformation".

Data analysis

5.1% growth of Group revenues in the first quarter of 2020 amounting to **Euro 19.33 million**, compared to Euro 18.39 million in Q1 2019. This result was mainly achieved thanks to the implementation of the new organization and the new Go-to-Market strategy, focused on the strong presence of Alkemy's main customers which has allowed to increase the average turnover per customer.

It is highlighted a particularly **positive** performance in the **Italian sector**, recording an **organic growth** in revenues of **12.1%** year on year. Furthermore, it is noteworthy the **23% increase in revenues** compared to Q1 2019 of **Nunatac**, the data and analytics company part of the Alkemy group starting from March 2018. This figure once again shows Alkemy's ability and success in integrating the companies and skills acquired.

EBITDA for the first quarter of 2020 stood at **Euro 0.31 million**, an important increase compared to the negative figure of Euro - 0.81 million in the first quarter of the previous year, mainly thanks to the new Go-to-Market strategy focused on the development of projects with greater value added 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 Margin¹ in the first quarter of 2020 is positive and equal to **1.6%**, up **6 percentage points** compared to the first quarter of 2019 (-4.4%), thanks to the lower impact of costs on turnover deriving from the new organization efficiencies.

EBIT for the first quarter of 2020 is equal to Euro - 0.10 million compared to Euro - 1.24 million in the first quarter of 2019, with an **improvement of 92%** mainly due to the better result of the operating activities. **The pre-tax result** for the first quarter of 2020 is equal to Euro - 0.53 million, an improvement of 64% compared to Euro - 1.49 million in the first quarter of 2019.

Net Result for the period of Q1 2020 is equal to Euro - 0.59 million with an **improvement of 55%** compared to Euro - 1.30 million in the first quarter of 2019.

¹ EBITDA Margin: it is calculated by relating EBITDA to total revenues.



The Gross Cash Flow at March 31, 2020 was **positive for Euro 0.49 million**, an increase of Euro 1.17 million compared to Euro - 0.68 million in the first quarter of 2019, mainly thanks to the better operating result.

The Net Financial Position of the Group at March 31, 2020 was negative for Euro - 20.14 million, compared to the negative NFP for Euro - 19.21 million at December 31, 2020, with a change in the quarter of Euro - 0.93 million. This change is mainly attributable to:

- for Euro 1.45 million, to the greater liquidity available on bank deposits;
- for Euro - 1.6 million, upon registration of recourse factoring;
- for Euro - 0.8 million, to the increase in amounts due to banks, mainly relating to bank loans contracted in the period.

The Interim Report at March 31 2020 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 at the date on which this interim report is approved, all Group companies continue to apply smart working solutions, despite the fact that a return to offices is now permitted, in different ways and with different procedures depending on location. More generally, considering the effective organisational and logistical difficulties connected with the emergency, for now, internal regulations are being prepared to allow for the safe return to business, the sanitisation of the premises and the preparation of the necessary measures to allow for their use. It is expected that this return will take place in stages, starting no earlier than June.

Alkemy will continue to pursue its strategy of focussing on key accounts, leveraging the new operative organisation starting mid-February 2020, in support of the Group structure in industrialising the business model and which has contributed towards the positive results achieved during the first quarter of 2020, both in terms of organic growth of revenues (+5.1% on the previous year) and of margins (positive EBITDA, up 6% on 2019).

Alkemy will continue to ensure the evolution of its offer, integrating the new competences acquired with the 2018 entrance into the Group of Nunatac (data and analytics) and the 2019 joining of Design Group Italia (design of products and spaces). The services offered by Alkemy in regard to the digital transformation and innovation of the business models of medium and large enterprises, will be structurally necessary for our current and future customers, both when leaving the emergency behind us and to ensure they are competitive and a winning option on the new recovery scenario.

The COVID-19 emergency and lock-down measures adopted in all the main geographic areas in which the Company operates, have led to a slow-down of part of the business, in particular in Spain and Mexico, in connection with certain customers expecting greater visibility over the year, which may impact the Group's short-term results. The business pipeline, in particular in Italy, in any case





remains very promising indeed. The management continues to monitor the evolution of the entrepreneurial and economic context very closely, keeping a constant eye on the positions with its customers and network and will take all steps necessary to limit costs.

As a leader in the transformation of the business models on the reference markets, Alkemy has the positioning able to capture development and acceleration of growth on the digital transformation market that the COVID-19 emergency will bring about in the medium-term. The crisis has made corporate investments in digitising internal processes and businesses absolutely essential, particularly in Italy, Spain and Mexico, where digital penetration still lags behind the northern European countries and the United States of America, thus speeding up growth in the segment, consistently with the health emergency and the related containment measures.

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 income statement

	Figures in thousands of euros	
	Mar. 2020	Mar. 2019
Revenue from sales and services	19.116	17.991
Other revenue and income	210	396
Total operating revenue and income	19,326	18,387
Services, goods and other operating cos	(11.885)	(12.016)
Personnel expense	(7.128)	(7.181)
Total costs and other operating costs	(19.013)	(19.197)
Gross operating profit	313	(810)
Depreciation	(413)	(409)
Provisions and impairment	(3)	(24)
Operating profit	(103)	(1.243)
Net gains (losses on) equity investments	(10)	0
Financial income	417	72
Financial expense	(830)	(316)
Pre-tax profit (loss)	(526)	(1.487)
Income taxes	(62)	188
Profit/(loss) for the period	(588)	(1.299)
Attributable to:		
- Owners of the parent	(574)	(1.277)
- Non-controlling interests	(14)	(22)



Consolidated statement of financial position

	Figures in thousands of euros	
Assets	Mar. 2020	Dec. 2019
Non-current assets		
Property, plant and equipment	964	980
Right-of-use assets	3,855	3,907
Goodwill	31,759	31,752
Intangible assets with a finite useful life	901	971
Equity investments	1,079	1,078
Non-current financial assets	1,518	1,555
Deferred tax assets	1,241	1,203
Other non-current receivables and assets	163	165
Total non-current assets	41,48	41,611
Current assets		
Inventories	30	61
Trade receivables	30,061	31,791
Current financial assets	82	115
Tax assets	3,464	3,663
Other current assets	5,155	5,153
Cash and cash equivalents	11,029	9,581
Total current assets	49,821	50,364
Total assets	91,301	91,975
Equity		
Share capital	588	588
Reserves	31,093	31,274
Profit/(loss) for the period	(574)	(139)
Equity attributable to owners of the parent	31,107	31,723
Equity attributable to non-controlling interests	160	174
Total net equity	31,267	31,897
Non-current liabilities		
Financial liabilities	9,389	8,968
Lease liabilities from right of use	3,024	3,103
Put option liabilities	11,088	10,973
Employee benefits	4,442	4,356
Provisions for risks and charges	44	44
Deferred tax liabilities	16	17
Total non-current liabilities	28,003	27,461
Current liabilities		
Financial liabilities	4,496	2,533
Lease liabilities from right of use	876	844
Put option liabilities	2,301	2,369
Trade payables	16,419	17,142
Tax liabilities	1,485	1,617
Other liabilities	6,454	8,112
Total current liabilities	32,031	32,617
Total liabilities	60,034	60,078
Total liabilities and equity	91,301	91,975



Consolidated statement of cash flows

	Figures in thousands of euros	
	Mar. 2020	Mar. 2019
Cash flow from operating activities		
Profit/(loss) for the period	(588)	(1)
Financial income	(417)	(71)
Expense on (income from) equity investments	10	0
Financial expense	830	315
Income taxes	62	(188)
Depreciation	413	409
Provisions and impairment	3	24
Cost for share-based payments	178	130
Decrease (increase) in inventories	31	49
Decrease (increase) in trade receivables	1.951	7.317
Increase (decrease) in trade payables	(1.127)	(3.188)
Decrease (increase) in other assets	263	(1.154)
Increase (decrease) in other liabilities	(1.903)	(1.053)
Financial expenses paid	(96)	(44)
Net cash from (used in) operating activities	(390)	1.247
Investments		
(Investments) divestments of tangible and intangible assets	(103)	(112)
Decrease (increase) in financial assets	37	(56)
Net cash used in investing activities	(66)	(168)
Cash flows from financing activities		
Change in financial liabilities	2.386	35
Change in financial liabilities pursuant to IFRS 16	(230)	(221)
Change in treasury shares	0	(228)
Dividends paid to non-controlling interests	(162)	0
Payment of put option liabilities	(90)	0
Net cash flow used in financing activities	1.904	(414)
Net increase/(decrease) in cash and cash equivalents	1.448	665
Opening net liquid funds	9.581	10.098
Closing net liquid funds	11.029	10.763



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

IR & Communication

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



Alkemy S.p.A.
Via San Gregorio 34 20124 Milano
C.F. e P.I.: 05619950966 Reg. delle imprese di Milano
Cap. Soc. 587.589,00 euro i.v.