



ENABLING EVOLUTION

May 2020

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WE DESIGN BUSINESS
EVOLUTION THROUGH DATA,
TECHNOLOGY & CREATIVITY

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 between **7 and 10% per year**.

In this market, Alkemy has developed a **differentiated positioning** that has allowed it to grow with a **CAGR of 42%** (>3x the market), to move from the 23 starting resources to a team of over **650 people** and a turnover over **80M€**.

In these 7 years, Alkemy has **successfully** used the **M&A lever** (7 acquisitions) using the IPO proceeds in less than nine months, and the **EBITDA growth** of the four acquisitions made in Italy from 2013 to 2018 was between **150 and 440%**.

Alkemy has developed a **new organization** and a new Go-to-Market strategy that have laid the foundations for 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

ALKEMY OVER THE YEARS – A STORY OF GROWTH

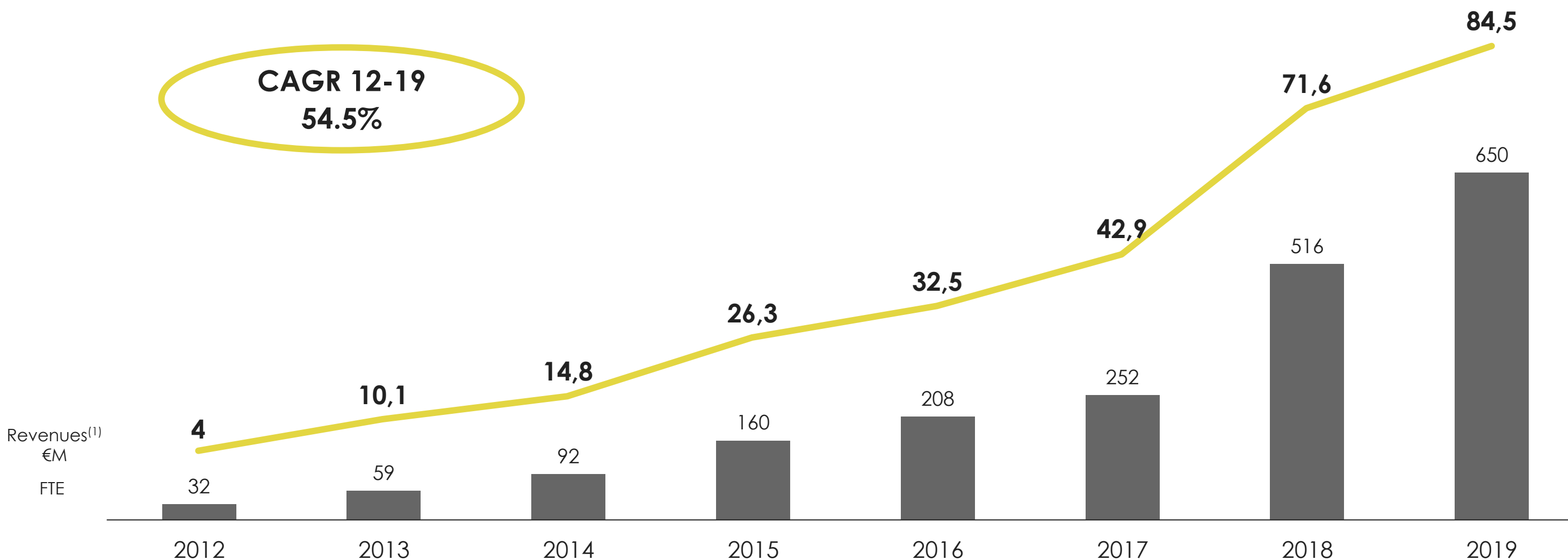
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A STORY OF PEOPLE, ACQUISITIONS, GEOGRAPHY EXPANSION AND GROWING REVENUES



Industrialization of Business Model

- › **7 acquisitions** completed since our foundation, aggregating new skills and capabilities
- › Over the course of just 7 years, we have reached the **industrial scale** to capture the opportunities of our evolving market
- › Alkemy is best positioned player in the **Digital Transformation Market**, expected to **accelerate** in the post-COVID-19 scenario.



⁽¹⁾Revenues 2012-13-14--15-16 are Management estimates and are not audited because of introduction of IFRS in 2017

OUR OFFICES



- › Milan
- › Turin
- › Rome
- › Cagliari
- › Cosenza
- › Belgrade
- › Madrid
- › Mexico City
- › New York

WE OWN ALL COMPETENCIES COMPANIES NEED IN POST COVID-19 WORLD

S

STRATEGY

Digital check-up
Digital_enabling strategy
Omnichannel strategy
eCommerce entry strategy & full potential
CRM Strategy
Advanced Business Analytics & Big data
Industry 4.0 diagnostic & accelerator
Industrial plan and Due Diligence in digital industry
Innovation Gateway
Digital Organization & Governance

C

COMMUNICATION

Brand strategy & Creativity
Brand planning
Communication plans
Off-online campaigns
Video Strategy and Production
Branded Magazines
Native Advertising
Corporate Content

Social Media
Social Media strategy & management
Influencer marketing
Digital Reputation strategy

D

DESIGN

User Experience (UX) & User Interface (UI)
Websites and Apps
Service innovation
Product
Experiential Spaces
Brand activations
Product engineering
Prototyping

P

PERFORMANCE

Media Strategy & Planning
Integrated channel planning
Digital Marketing Mix
Media Strategy Optimization
Programmatic Buying
Media Buying across channel

Performance Marketing
SEO
Link Acquisition
Paid Search
Retargeting
Content Distribution & Optimization
Social Ads
Conversion Rate Optimization (CRO)

T

TECH

Omnichannel solutions
Internet of Things
CRMs
CMSs
Portals
eCommerce
Apps
AI

A

DATA & ANALYTICS

Advanced Analytics & Predictive Modeling
Real-time next best action
Digital Customer Intelligence
Customer Experience optimization
Data Environment design & implementation
Integrated Customer Value Management
Forecasting and Survival Data Mining

THE COVID-19 EMERGENCY IS FORCING ITALIAN COMPANIES TO EVOLVE THEIR BUSINESS MODELS TOWARD DIGITAL CHANNELS AND PROCESSES, INCREASING DEMAND

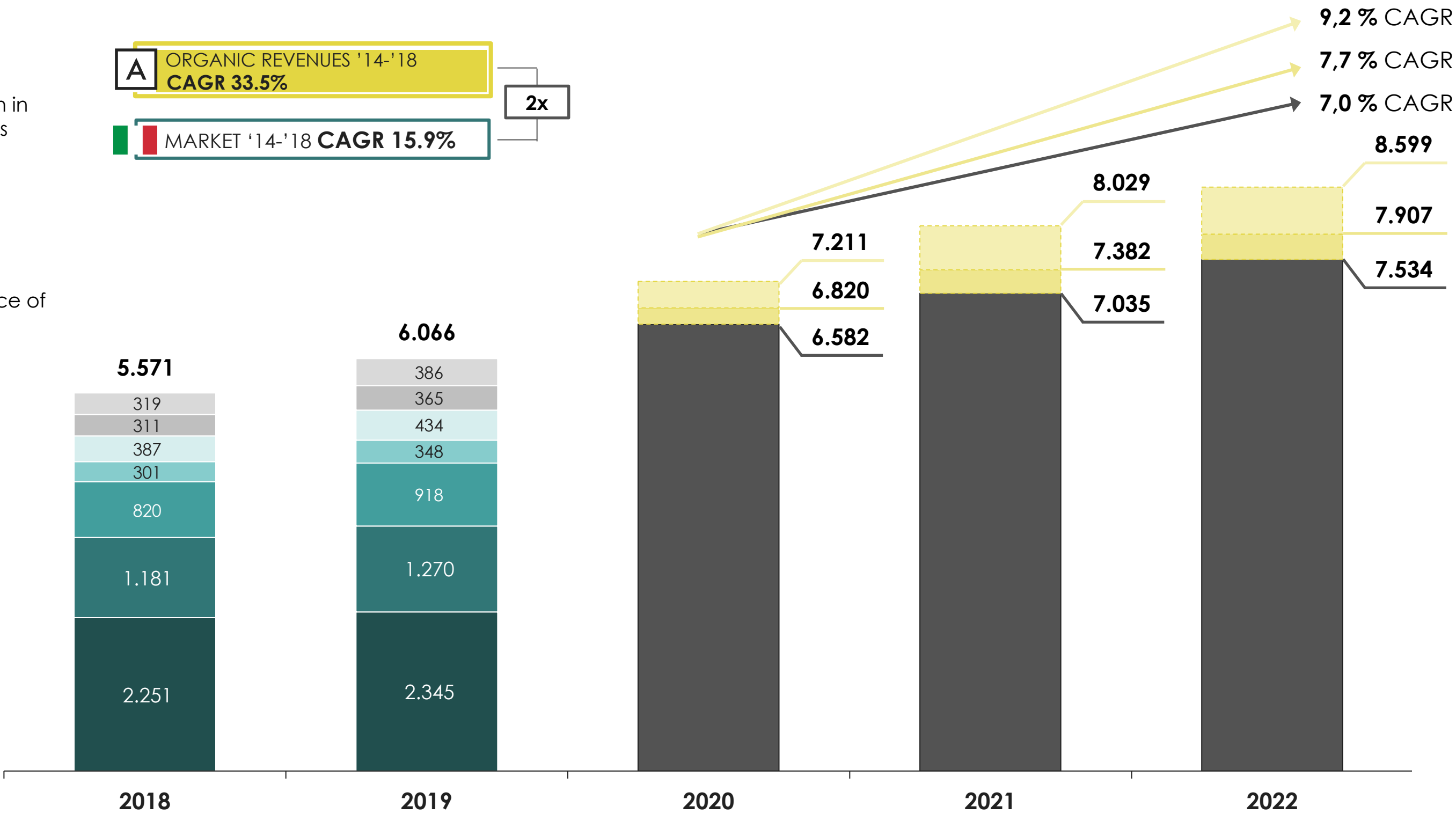
Digital Transformation and Business Evolution market: Alkemy reference market size in Italy (2018-2022, €M)

FORECAST SCENARIOS

- LONG COVID-19 EMERGENCY SCENARIO**
End of emergency in August 2020, growth in all digital transformation market segments
- SHORT COVID-19 EMERGENCY SCENARIO**
End of emergency in May 2020, growth limited to eCommerce segment
- ORIGINAL HYPOTHESIS**
Growth hypothesis formulated in absence of Covid-19 emergency

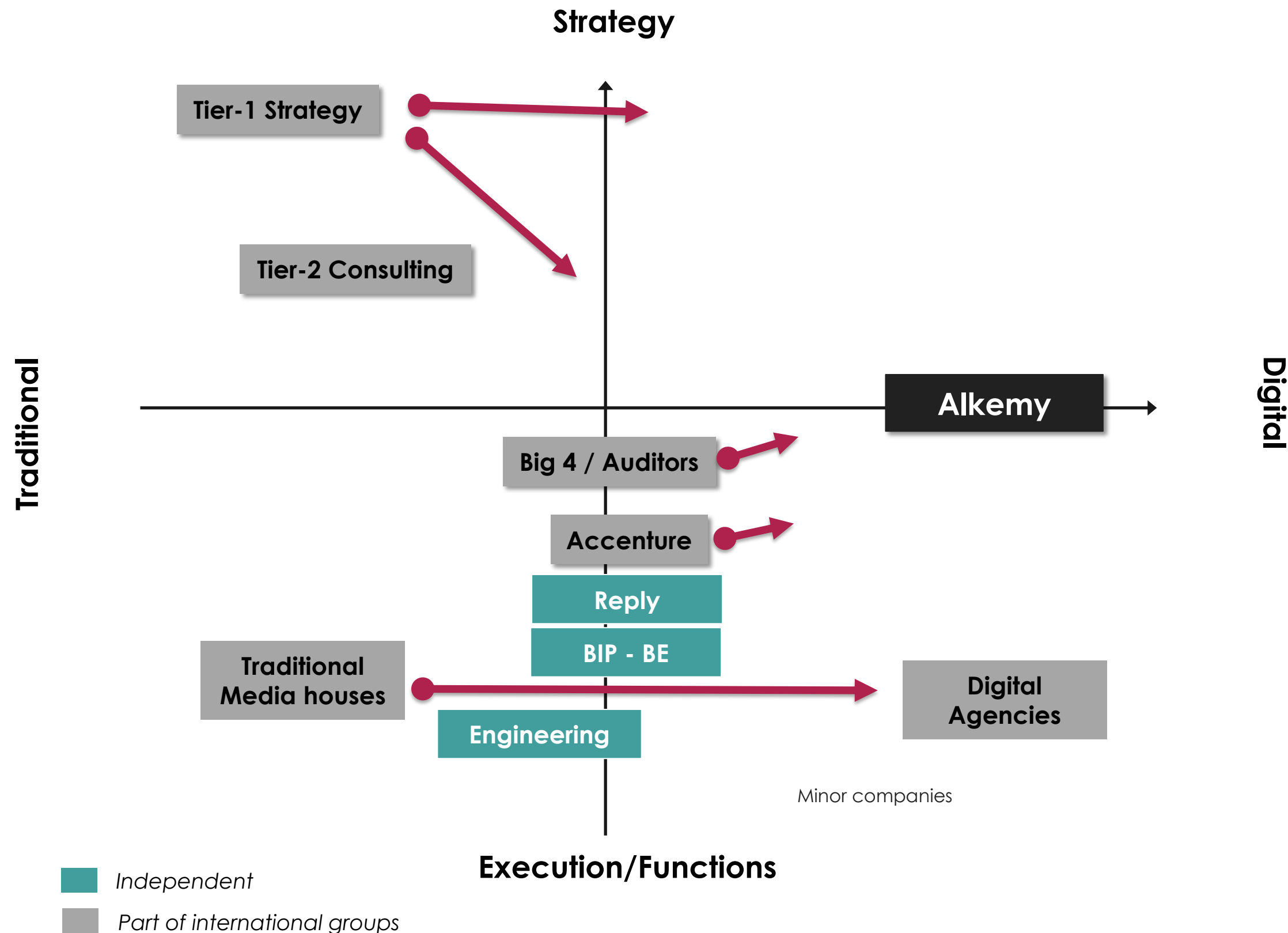
MARKET SEGMENTS

- IoT
- Digital Advisory
- Media & Performance
- Big Data
- Agency
- eCommerce
- Tech



WE ARE A TECH & DATA COMPANY, WE OWN ALL THE COMPETENCIES TO DESIGN & IMPLEMENT BUSINESS TRANSFORMATION PROJECTS

Strategic positioning of main players



Alkemy Positioning

- › Alkemy is already the local player of reference for the digital transformation.
- › Alkemy has developed a unique positioning by interlocutor (the CEO) and by breadth of offer (from strategy to execution).

Similar players in more mature markets

Player		Ownership	Turnover- M€
Accenture Interactive <small>Part of Accenture Digital</small>	US	Accenture	~8,700
Deloitte. Digital	US	Deloitte	~2,500
REPLY	IT	Reply	~1,180
Capgemini	FR	Capgemini	~17,000
IPG	US	Interpublic Group of Companies	~7,900
R/GA	US	R/GA	~350
razorfish.	US	Razorfish (Publicis)	~800

OUR AMBITION AND STRATEGIC GUIDELINES

Becoming the most important and respected
innovation partner of private and public corporate
Companies in Italy (and then SEMEA), through integrated offering,
high dimensional scale and the best concentration of specialized talent

Strategic pillars

Strengthen Strategic advisory DNA

- Some examples might be
- > Leading go-to-market and customer management
 - > Recruiting of advisory partners with specialization for key industries (FS, TLC, CG, Retail, ..)

Acquire scale on Tech and Processes

- Some examples might be
- > Acquisition of medium-large Tech targets
 - > Strengthening and verticalization of processes

Focus on high value added Tech Services

- Some examples might be
- > Analytics/Machine learning
 - > Cybersecurity
 - > Payment systems
 - > VR/AR, IOT...

Creation of "scalable" and high multiplier models

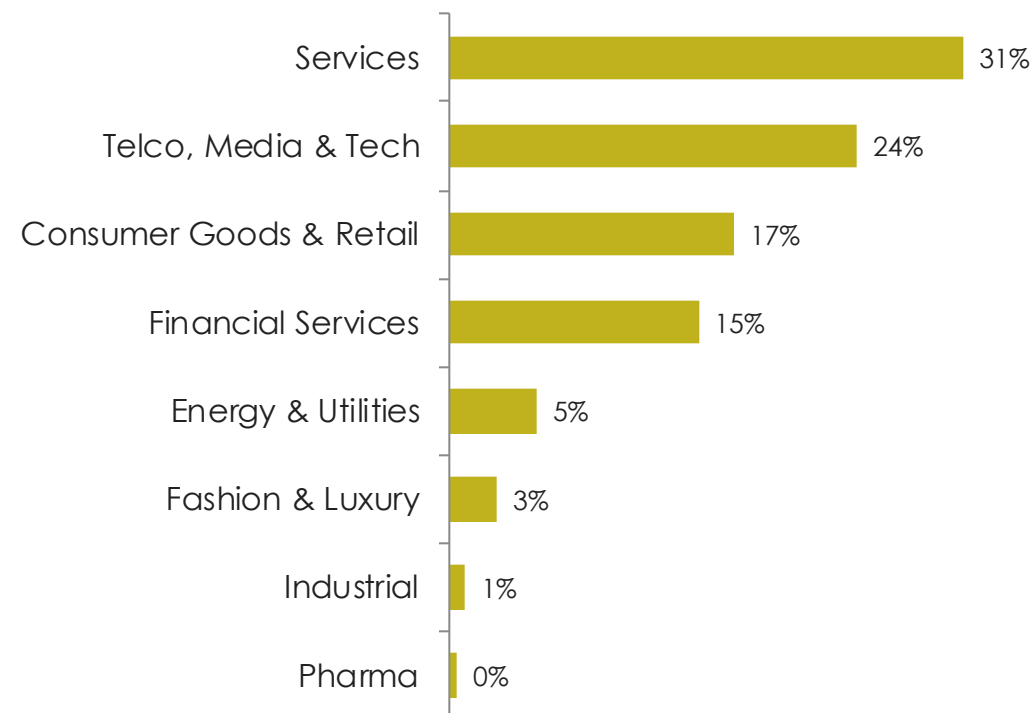
- Some examples might be
- > Platforms
 - > Cloud-based services
 - > Products/Software...

NEW ORGANIZATION: TOP CLIENTS AND GROWING SHARE OF WALLET



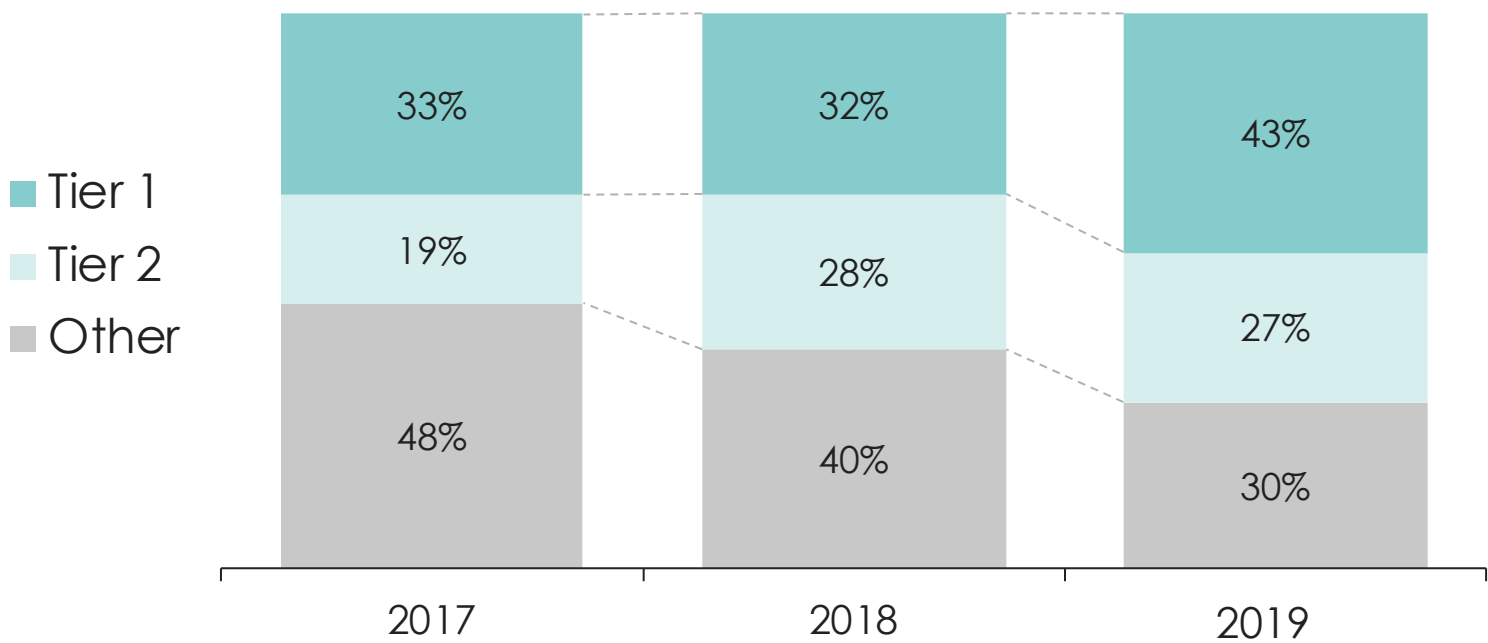
- › Top 50 clients (tier 1 and tier 2) account for about 70% of estimated 2020 revenues budget
- › New organization and New Go – To – Market Strategy set up to increase tier 1 and tier 2 “share of wallet”
- › Focus on big project with higher profitability and higher value added
- › Top clients are highly diversified in terms of sector exposure

Italian Client Base by Sector (over revenues 2019)

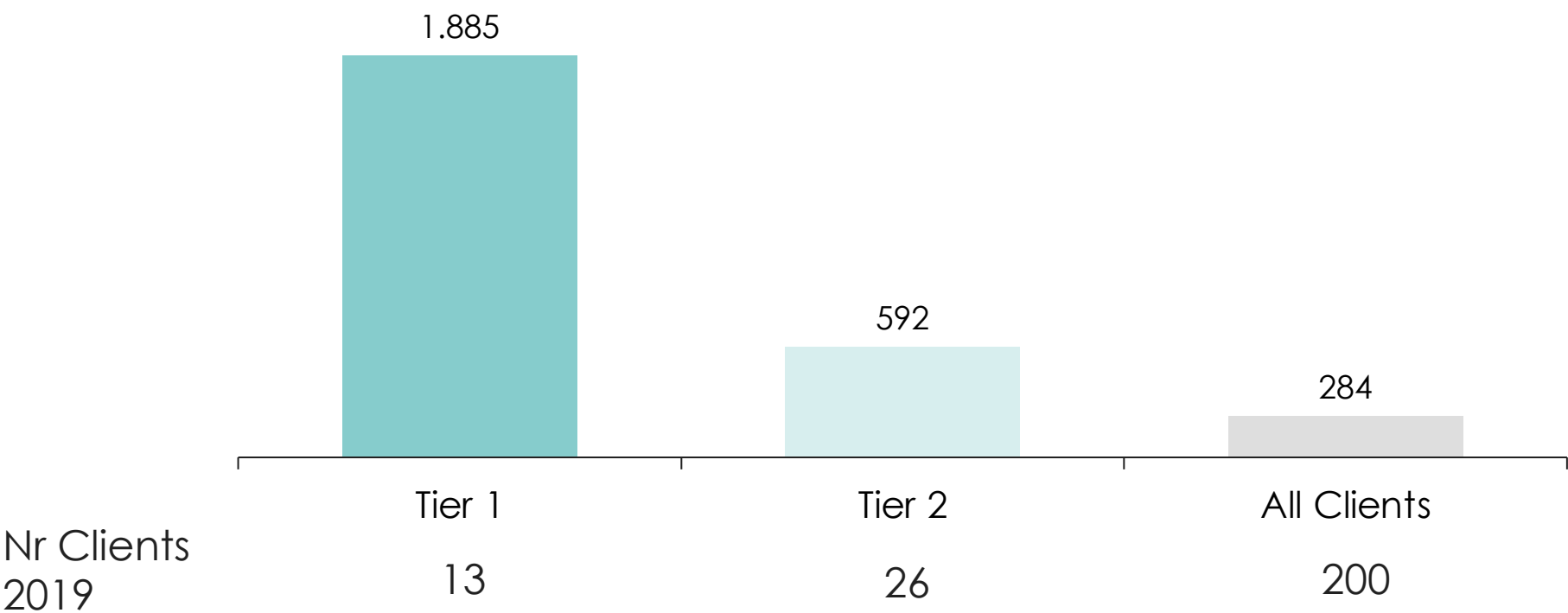


Italian group clients composition (share of revenues)

Group clients by cluster (2017-2019)*



ARPC 2019 - Tier 1, Tier 2 and all Clients (€K)



Note: Tier 1 clients: digital transformational clients with a potential ARPC > €M2; Tier 2 clients: clients with a potential ARPC > €M 1.
Number of clients is made excluding revenues under €1k and minor customers from companies acquired in the last 3 years. (*) Average Revenues Per Client. Only Italian clients considered

GROWTH MODEL: THREE LEVERS TO INCREASE PROFITABILITY

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1

Exploitation of scale and brand goodwill

For example:

Unitary dimension of projects, Level utilization, Price realization, Mkting expenses absorption, business development and R&D, Overheads absorption (...)

2

Increase / entry on high margin activities

For example:

Strategic and processes advisory, Analytics / Machine learning, Cyber security, IoT, Platforms and software (...)





3

Synergies between BU/ management efficiency model

For example:

Focus on key vertical sectors, 3 to 1 model between tech and advisory (strategy-execution), competitive strength of the integrated offering with premium niches (...)

ALKEMY SUCCESSFULLY USED THE M&A LEVER, AND THE EBITDA GROWTH OF THE 4 ACQUISITIONS COMPLETED IN ITALY FROM 2013 TO 2018 WAS BETWEEN 150 AND 440%

TARGET COMPANY	ACTIVITY	M&A YEAR	EBITDA AT M&A (€M)	LAST REPORTED EBITDA	MUTIPLE
	Performance marketing	2013	0,22	2017 0,97	4,4x
	System integration	2015	1,42	2017 2,13	1,5x
	Content marketing & native adv	2016	0,63	2019 1,47	2,3x
	Data Analysis/ Big data	2018	1,08 PF	2019 1,88	1,7x

- › Alkemy has a successful track record in integrating acquired companies thanks to revenues synergies
- › The growth of target companies' EBITDA is driven by deploying their excellent capabilities on Alkemy's clients
- › Including the other 3 acquisitions made abroad (GO Spain / Mexico, Kreativa Serbia) the total amount of capital invested was ~ 30M (between cash and equity), the multiple paid, up to the last acquisition in July 2019, it has always been counter-diluting.

The **New Organization** laid the foundations for the **industrialization** of Alkemy's business model to capture **continued growth** anticipating the **evolving market**



Q1 2020 MAIN ACHIEVEMENTS

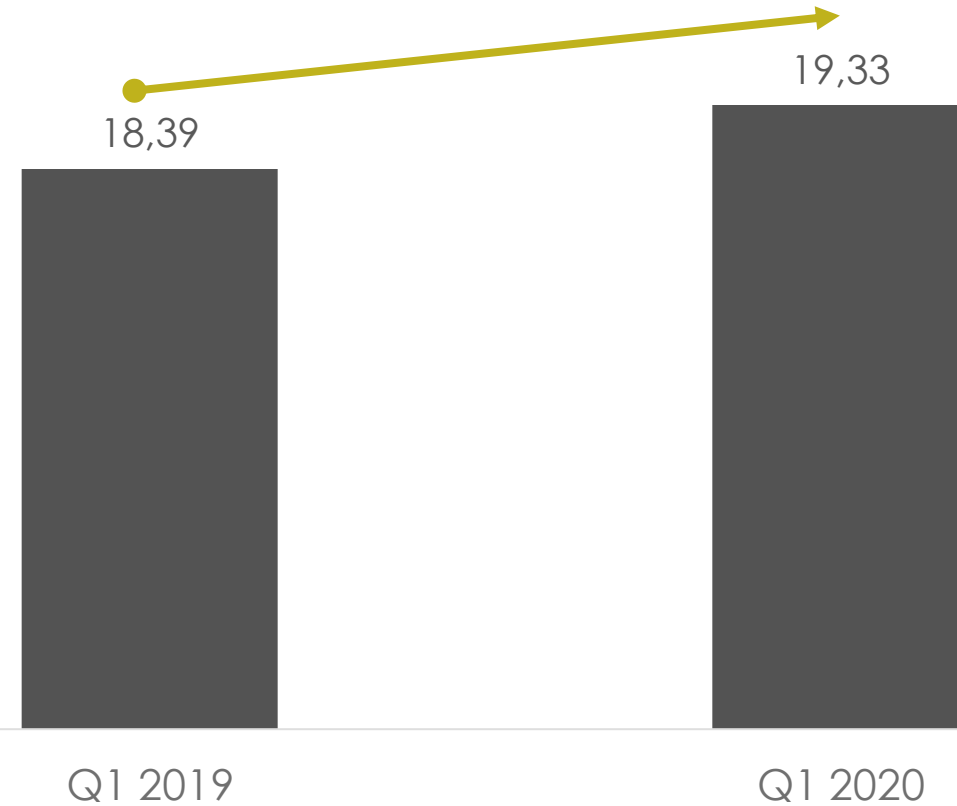
- > **Organic growth** back to **positive**, up 5.1% (12.1% in Italy)
- > Strong **improvement in marginality** compared to Q1 2019 (+600 bps)
- > **Limited impact** from COVID-19, particularly in Italy
- > All employees **fully operational at WFH** since February/March
- > Expected **growth acceleration** in the reference market

REVENUES' GROWTH

RENEWED ORGANIC GROWTH : DOUBLE-DIGIT IN ITALY

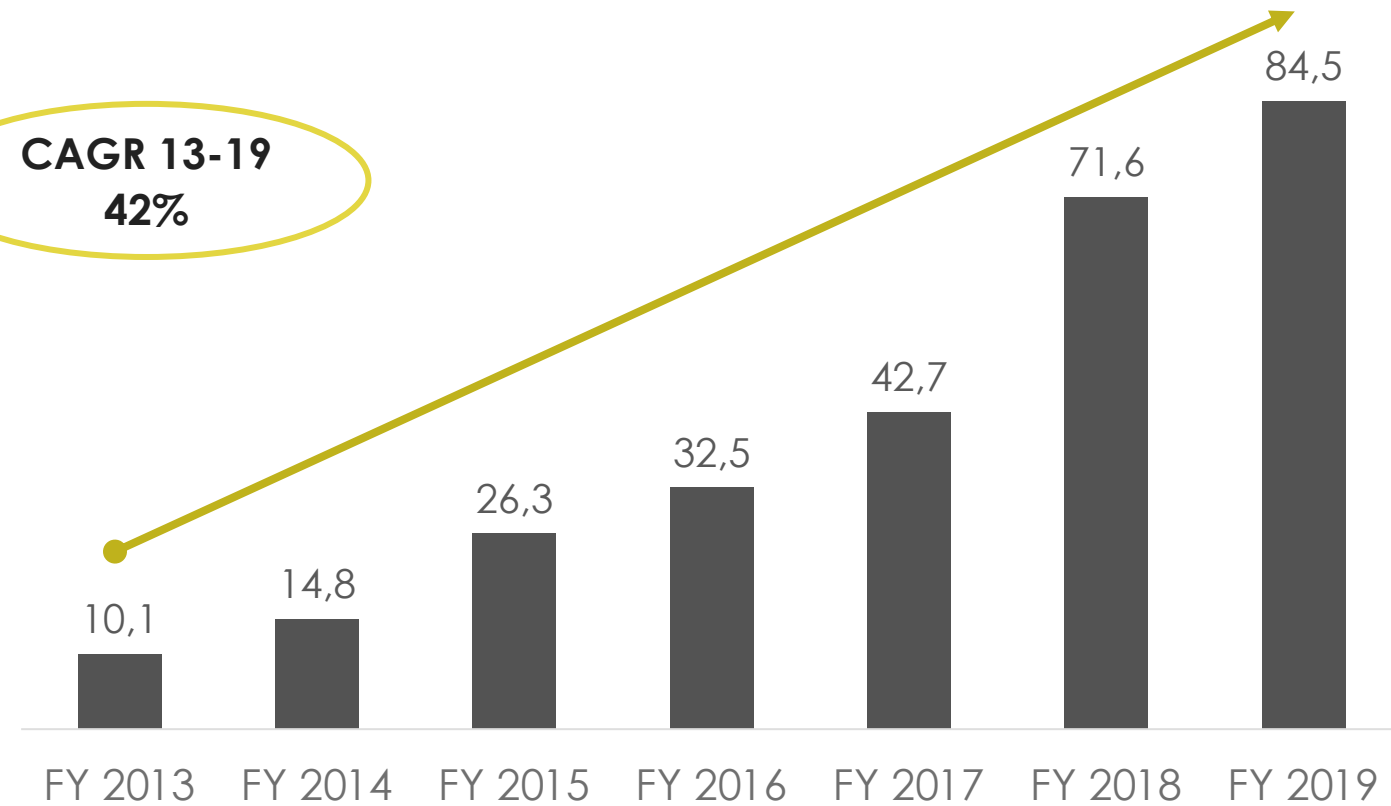
Q1 REVENUES (€M) – IAS /IFRS⁽¹⁾

GROWTH
5.1%



FY REVENUES (€M) – IAS /IFRS⁽²⁾

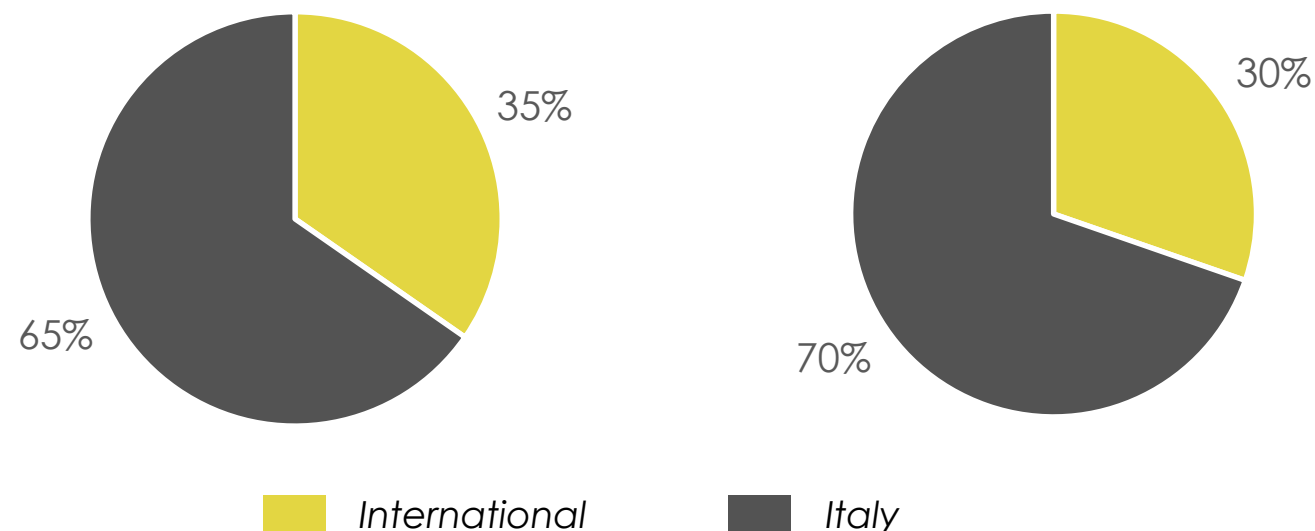
CAGR 13-19
42%



ALKEMY INTERNATIONAL TURNOVER (%)

Q1 2019

Q1 2020



- › Q1 2020 revenues are €M 19.33, compared to Q1 2019 which were €M 18.39, with an organic growth yoy of 5.1%.
- › Q1 2020 international turnover is 30% of total, compared to 35% in Q1 2019, due to the more than proportional strong performance in Italy: organic growth was up 12.1%. Underperformance in foreign markets is due to relative higher exposure to travel and hospitality sectors, impacted by lockdowns.
- › Between 2013 and 2019, Alkemy grew with an average annual rate of 42%; organic growth (pure organic and organic on acquired) was equal to 33% CAGR.

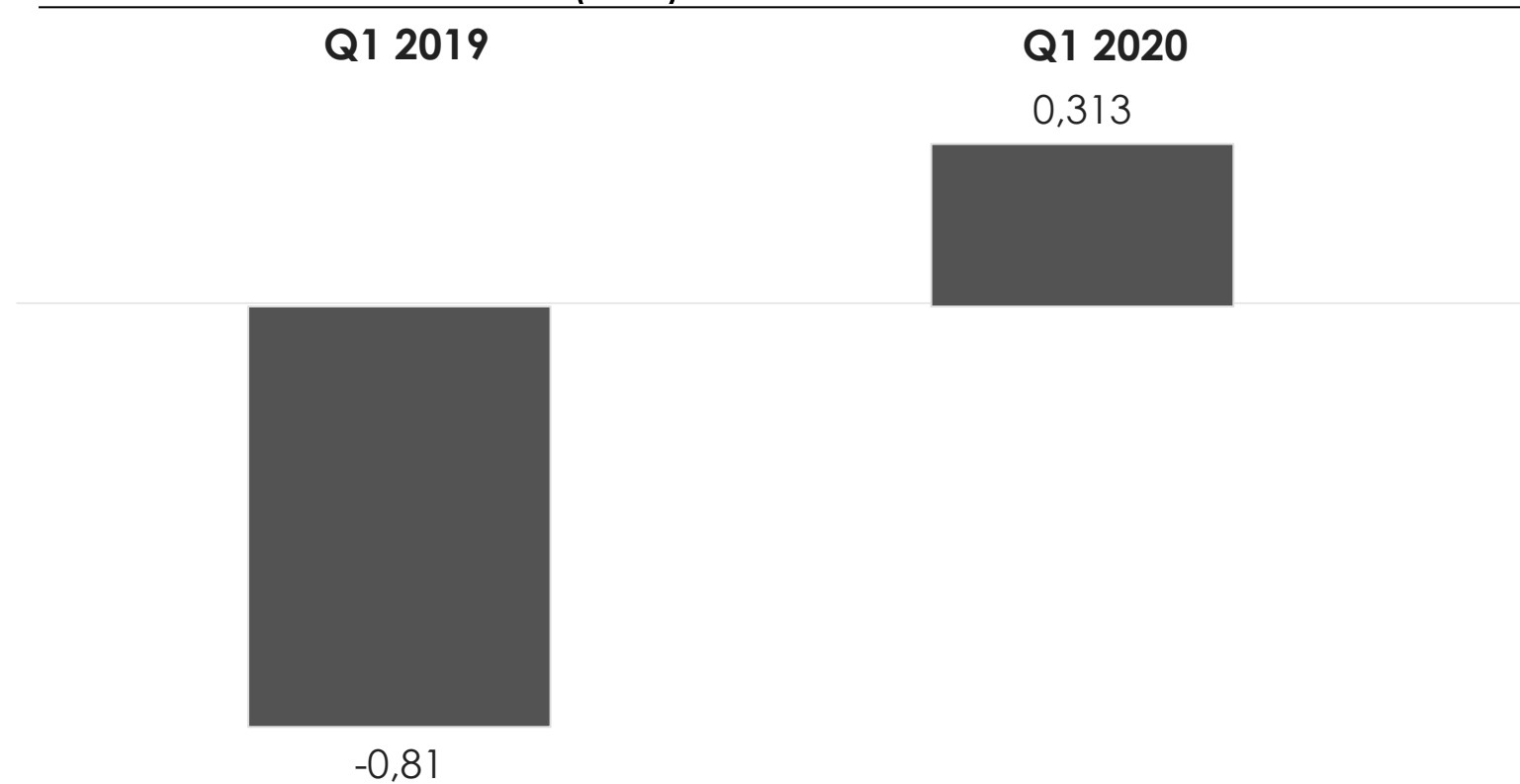
⁽¹⁾ Q1 2018 revenues are management estimates

⁽²⁾ Revenues 2013-14-15-16 are Management estimates and are not audited, following the introductions of IFRS in 2018.

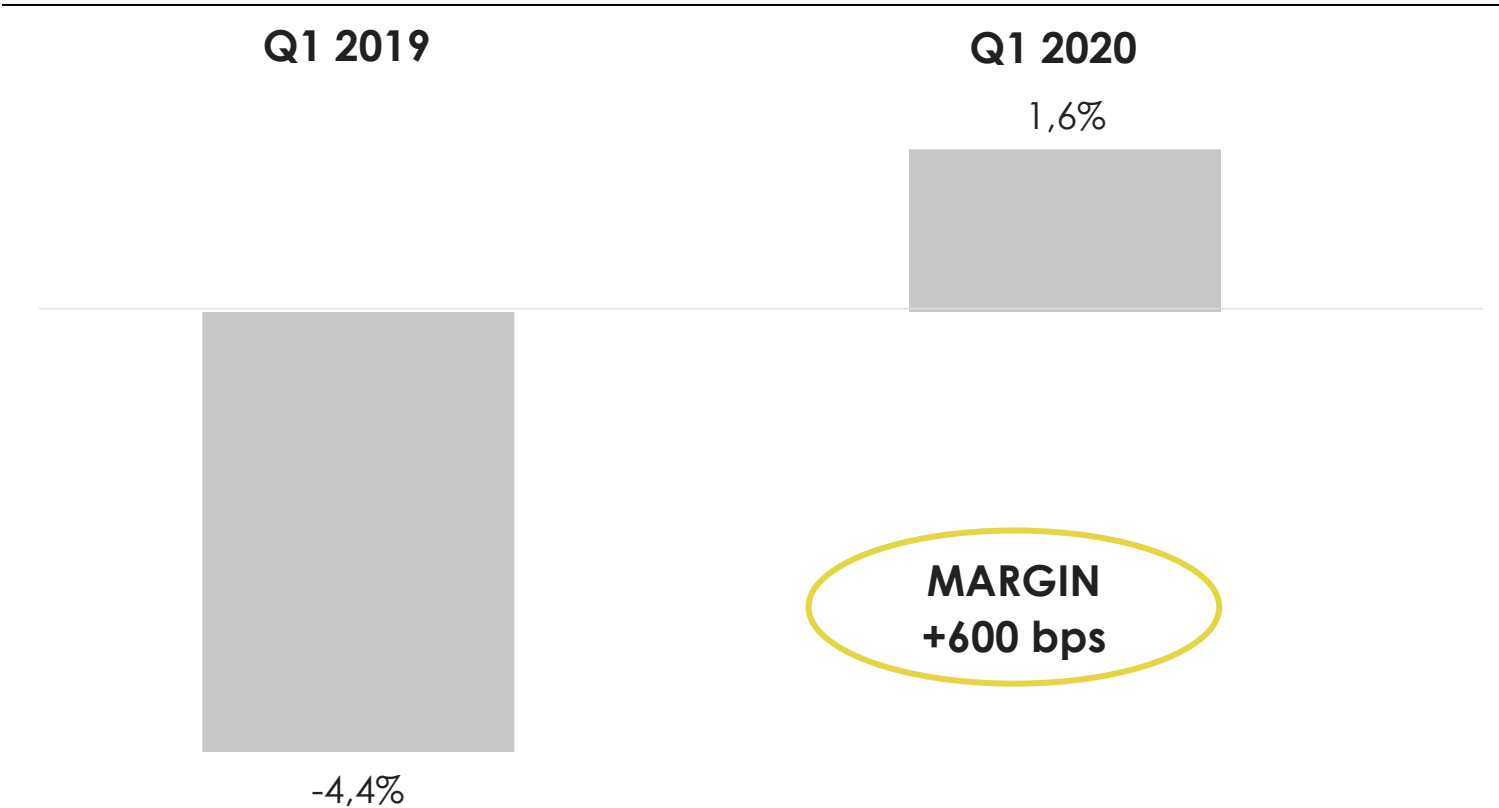
EBITDA EVOLUTION

STRONG IMPROVEMENT IN MARGINALITY

Q1 ALKEMY EBITDA (€M) – IAS/IFRS

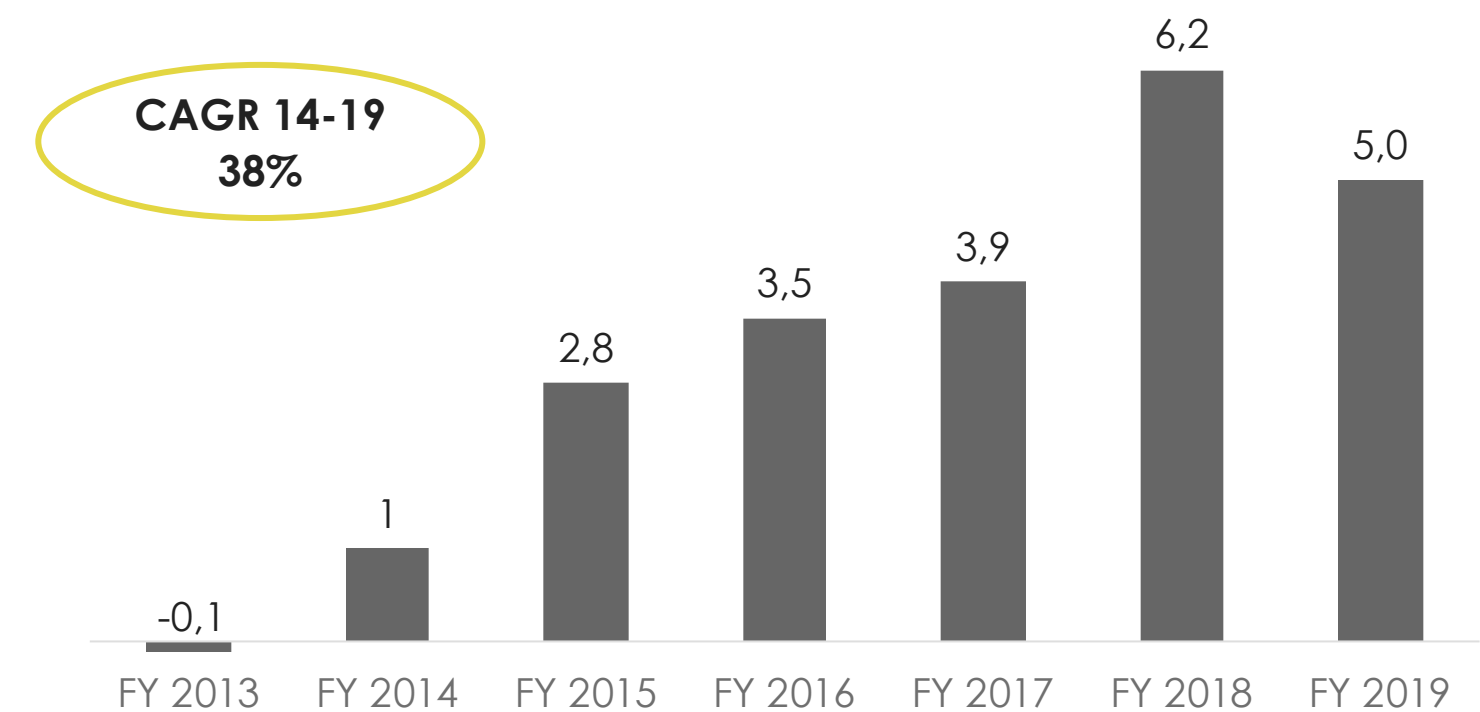


Q1 EBITDA MARGIN (%)⁽¹⁾



- › Q1 2020 EBITDA is €M 0.31 compared to Q1 2019 of €M -0.81, thanks to the efficiency of the new organization.
- › EBITDA Margin is 1.6% in Q1 2020 vs -4.4% in Q1 2019 with a positive growth of 600 bps.
- › Operative costs structurally decreased by -1.0% yoy, reducing the impact on revenues by 6% compared to Q1 2019.
- › Since 2014 EBITDA has grown with an overall average annual rate of 38%.

FY ALKEMY ADJ. EBITDA (€M) – IAS/IFRS



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



A GREAT OPPORTUNITY FOR ALKEMY

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- > Alkemy is the only fully integrated Tech & Data company able to guide companies through the inevitable Digital Transformation process. Other focused players have suboptimal positioning:
 - **Strategy:** typical interlocutors of the CEOs, management consultancy companies lack execution, critical in the issues of digitization and innovation. The efforts to acquire these skills are heavily affected by the complexity and global dimension and a typically monolithic culture;
 - **Tech:** typical IT companies do not have strong business skills and do not have sufficient access to CEOs where investments in technology are instead increasingly driven by business;
 - **Sales, Marketing & Media:** consumer behaviour evolves rapidly, companies' go to mkt must evolve just as quickly, under penalty of loss of control over investments.
- > The current crisis has highlighted even more how Italian companies are lagging behind in the digitization process, which will have a marked acceleration in the coming years.
- > The market is still very fragmented, there are several local excellences that can be integrated in value, IOT, AI, cybersecurity ...

A PUBLIC COMPANY LISTED ON MTA – STAR SEGMENT

A

IPO date

- December 5th 2017

Issuer & Tickers

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

Market

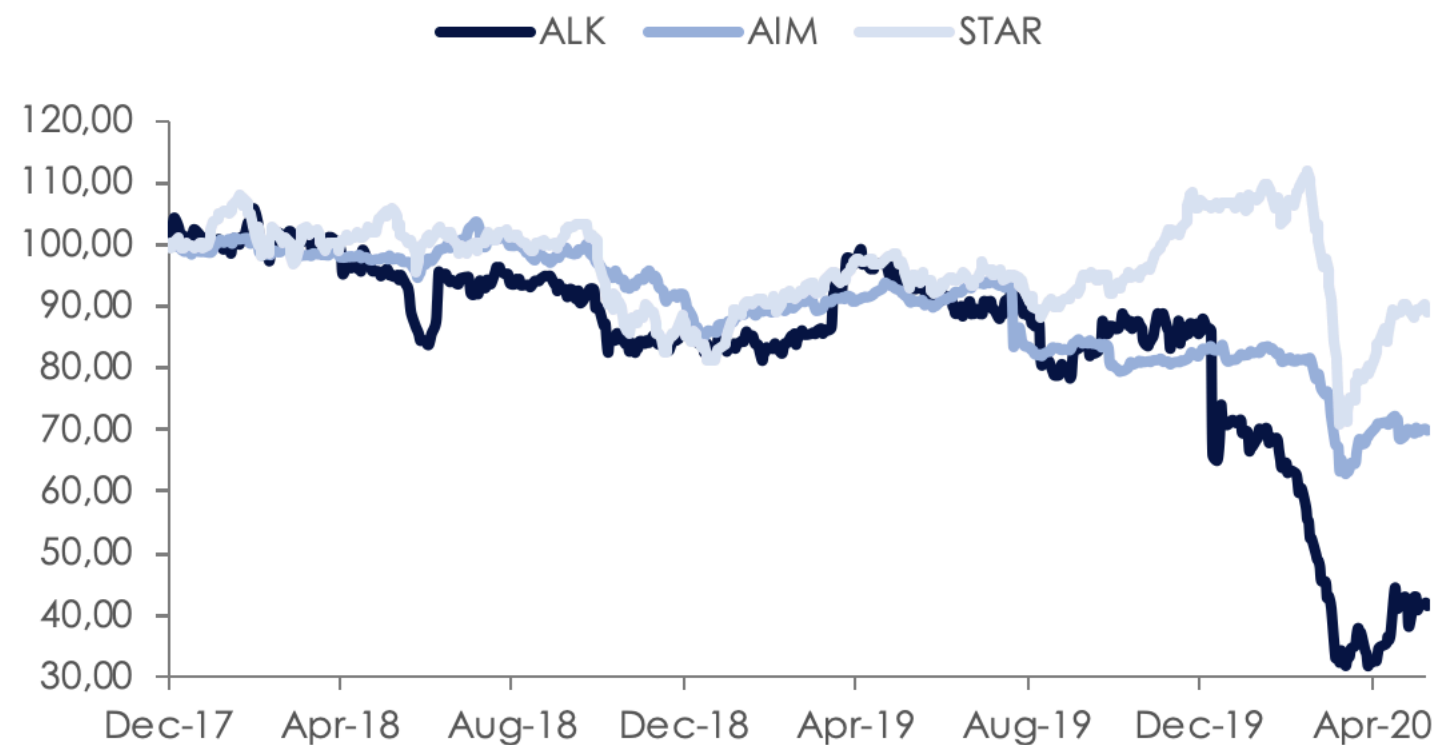
- Borsa Italiana, MTA – STAR Segment

Specialist

- Intermonte

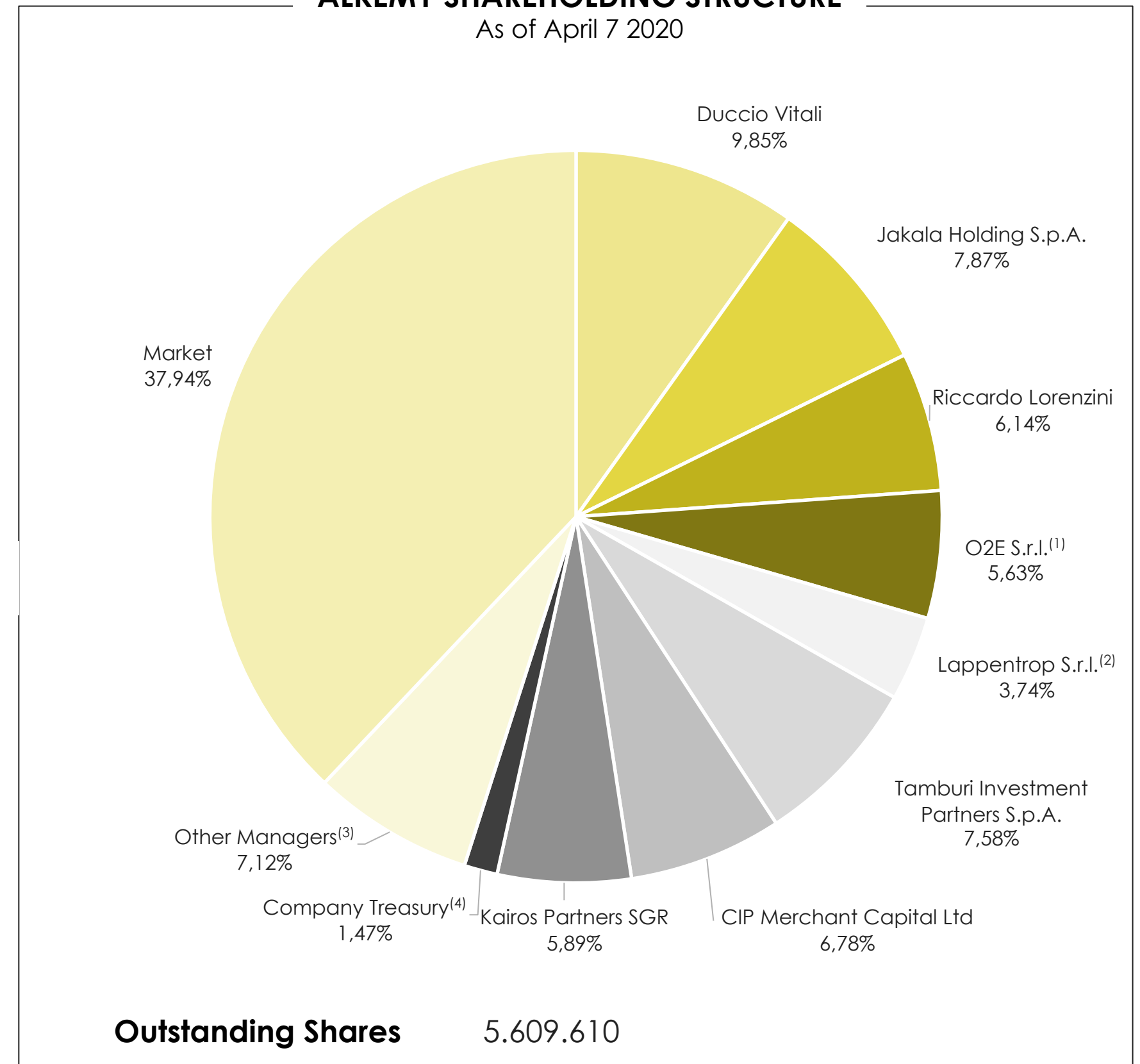
Analyst Coverage

- Intermonte
TP €7.40 | Outperform (Apr 2020)
- Banca Imi
TP €9.70 | Buy (May 2020)



ALKEMY SHAREHOLDING STRUCTURE

As of April 7 2020



⁽¹⁾ O2E Srl belongs to Francesco Beraldi

⁽²⁾ Lappentrop Srl belongs to Alessandro Mattiacci

⁽³⁾ Other Managers: Alkemy and founders of new acquired companies

⁽⁴⁾ Buy Back plan was in place until December 2019

A SOLID CORPORATE GOVERNANCE



BOARD OF DIRECTORS

BOARD OF STATUTORY AUDITORS

Chairman	Alessandro Mattiacci
Chief Executive Officer	Duccio Vitali
Deputy Chairman	Vittorio Massone
Director	Riccardo Lorenzini
Director	Francesco Beraldi
Independent Director	Giorgia Albeltino
Independent Director	Giulia Bianchi Frangipane
Independent Director	Andrea Di Camillo
Independent Director	Serenella Sala

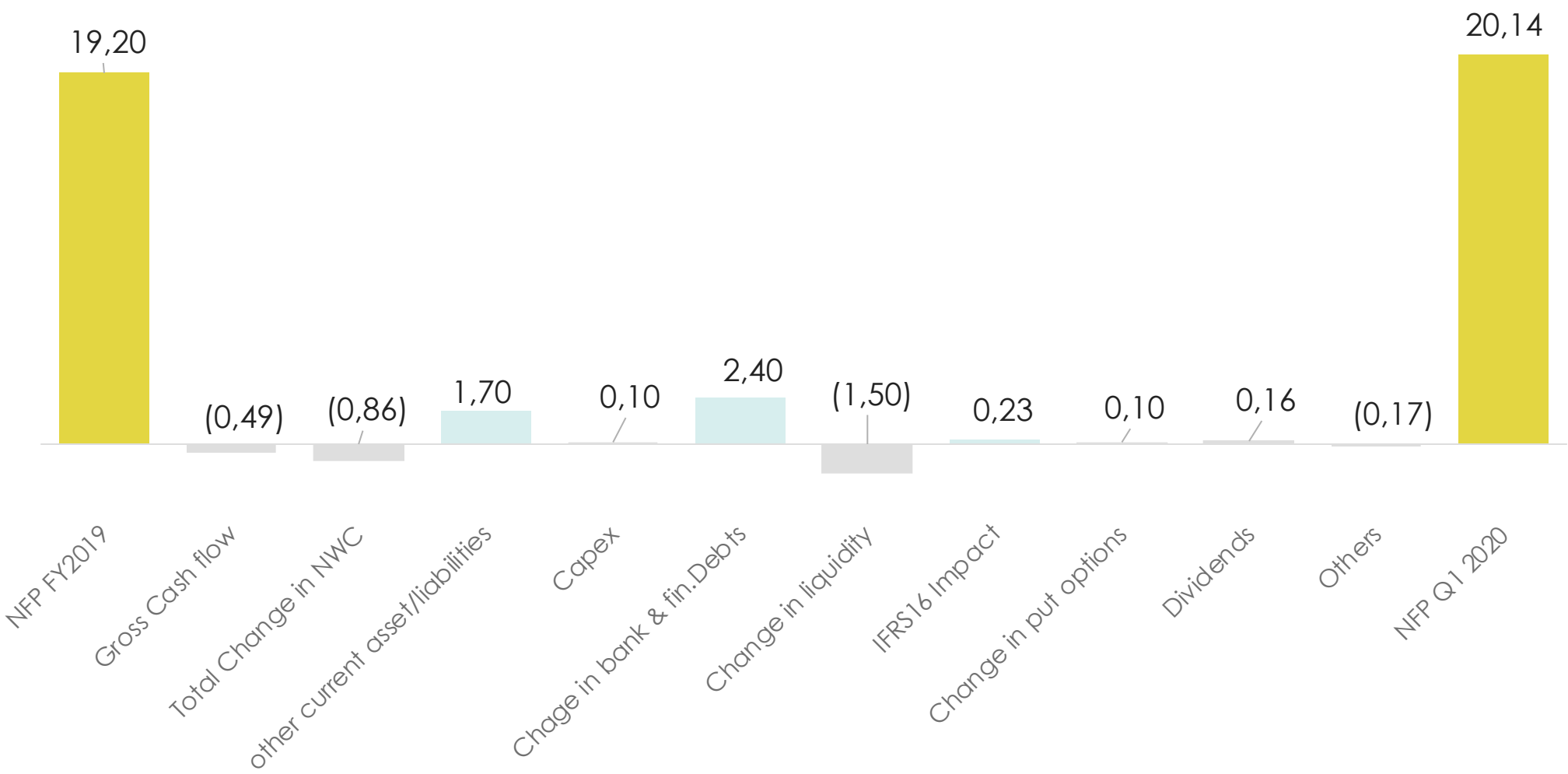
Chairman	Mauro Dario Bontempelli
Standing Auditor	Gabriele Gualeni
Standing Auditor	Daniela Bruno
Alternate Auditor	Marco Garrone
Alternate Auditor	Mara Sartori

Independent Audit Firm: KPMG S.p.A.

• The Board of Directors, the Board of Statutory Auditors and the Independent Audit Firm were appointed by the Shareholders' Meeting on June 25, 2017.
• Vittorio Massone was appointed by the Shareholders' Meeting on April 24, 2020.

NET FINANCIAL POSITION BRIDGE AND DETAILS

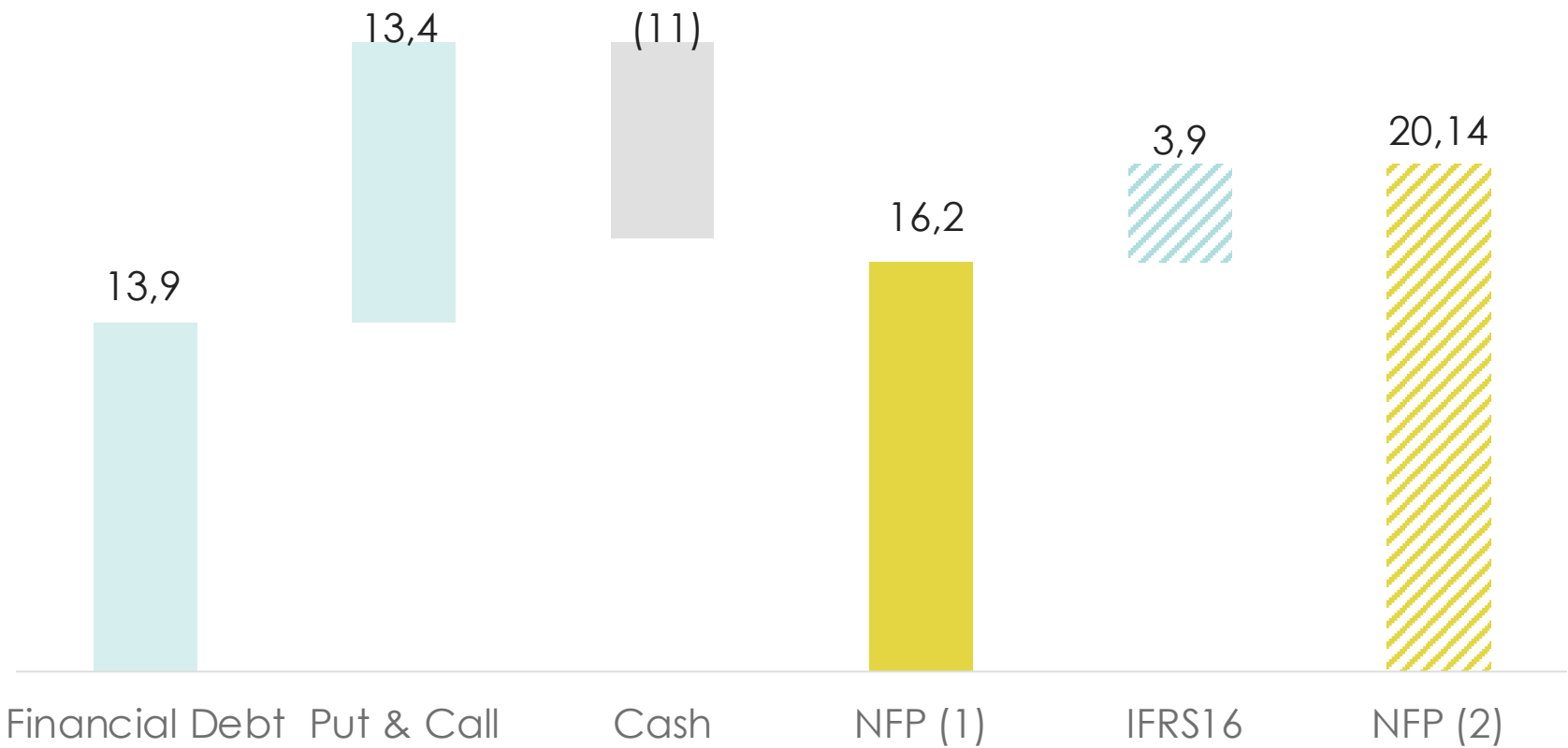
Net Financial Position Bridge Q1 2020 (€M)



- › **Net Financial Position** NFP (2) at March 31st 2020 was €M -20.14 compared to €M -19.2 at December 31st, 2019
- › **Variation** (€M-0.9) mainly due to: factoring with recurse relative to one specific telco client (€M -1.6), increase in non current bank loans (€M -0.44), increase in current bank loans (€M -0.36), and to increase in liquidity on bank accounts (€M +1.45)

- › **Gross debt** is composed by €M 13.9 of financial debt (of which €M 9.4 non current, €M 2.9 current and €M 1.6 of factoring), €M 13.4 put & call options deriving from M&A (of which €M 11.1 non current) and €M 3.9 IFRS16 financial leases
- › NFP (1) ex IFRS16 is €M 16.2

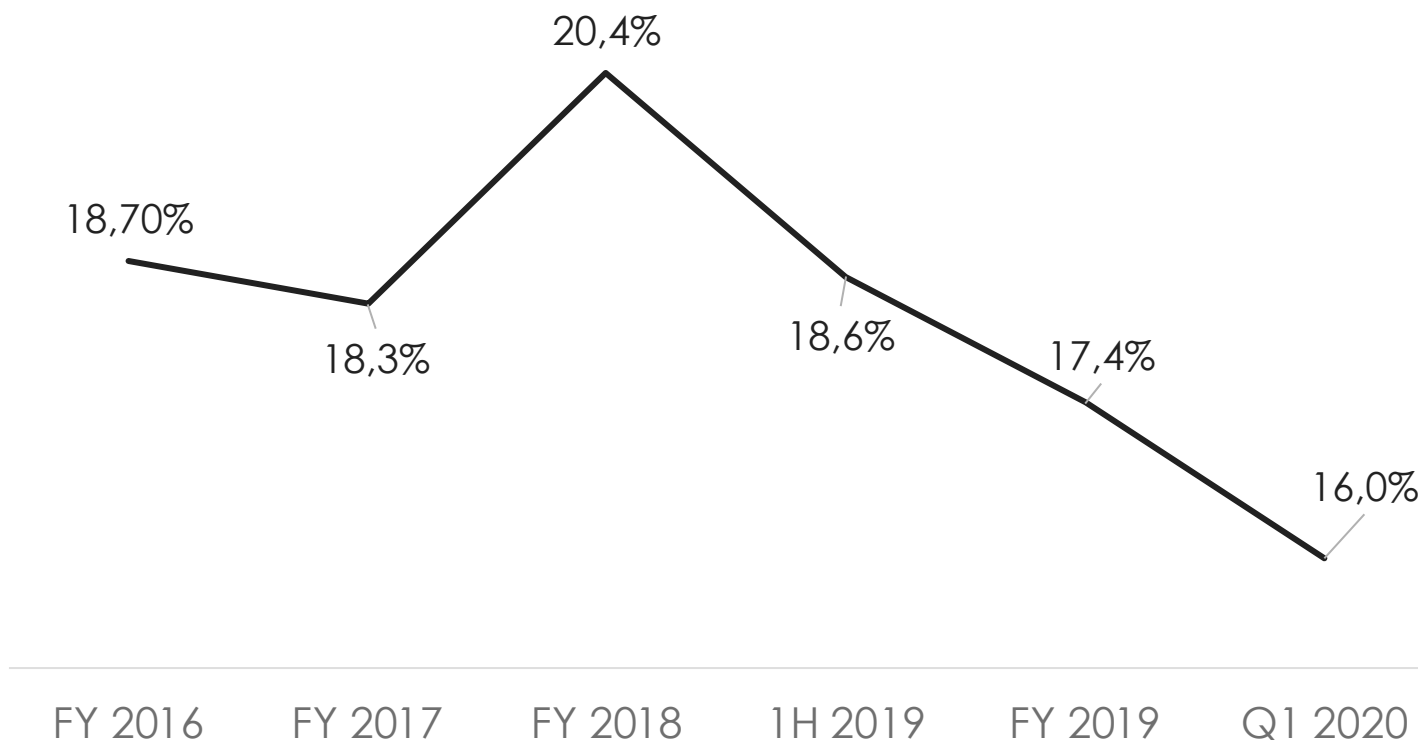
Net Financial Position Break Down Q1 2020 (€M)



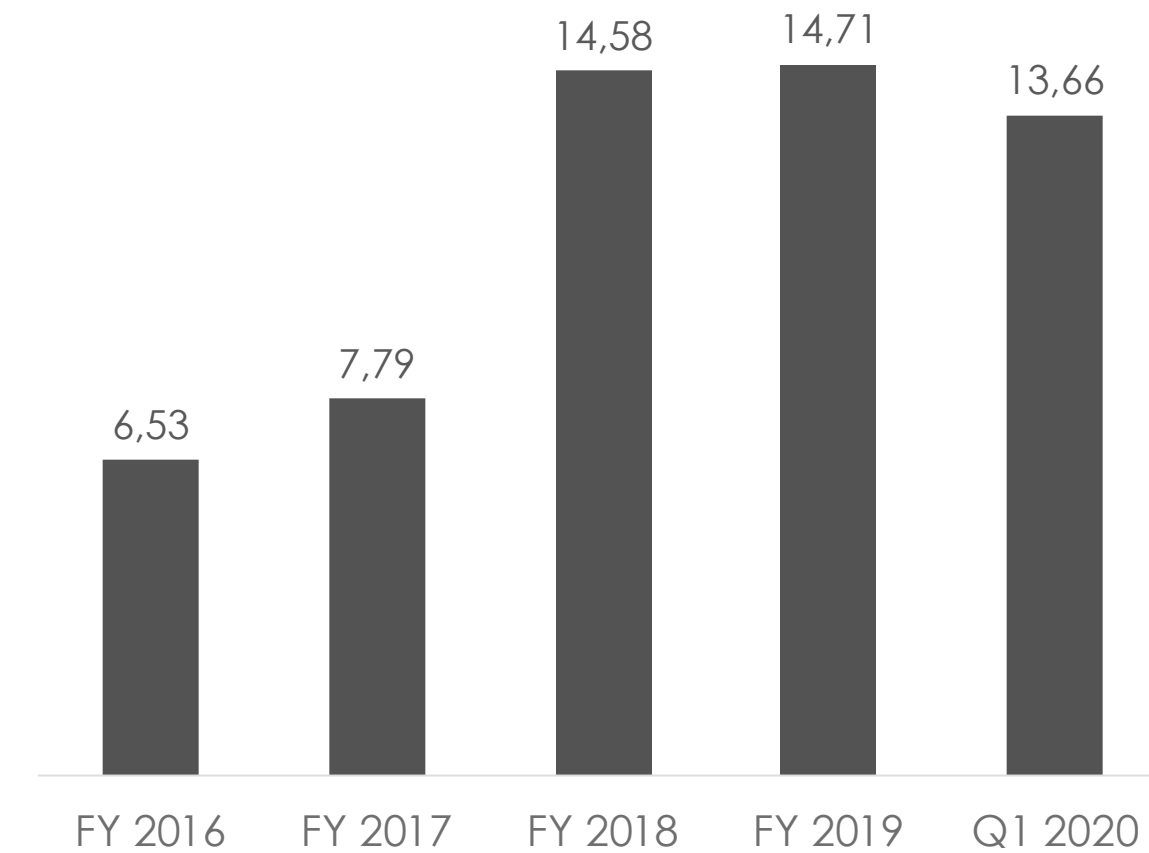
NET TRADE WORKING CAPITAL DYNAMICS

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

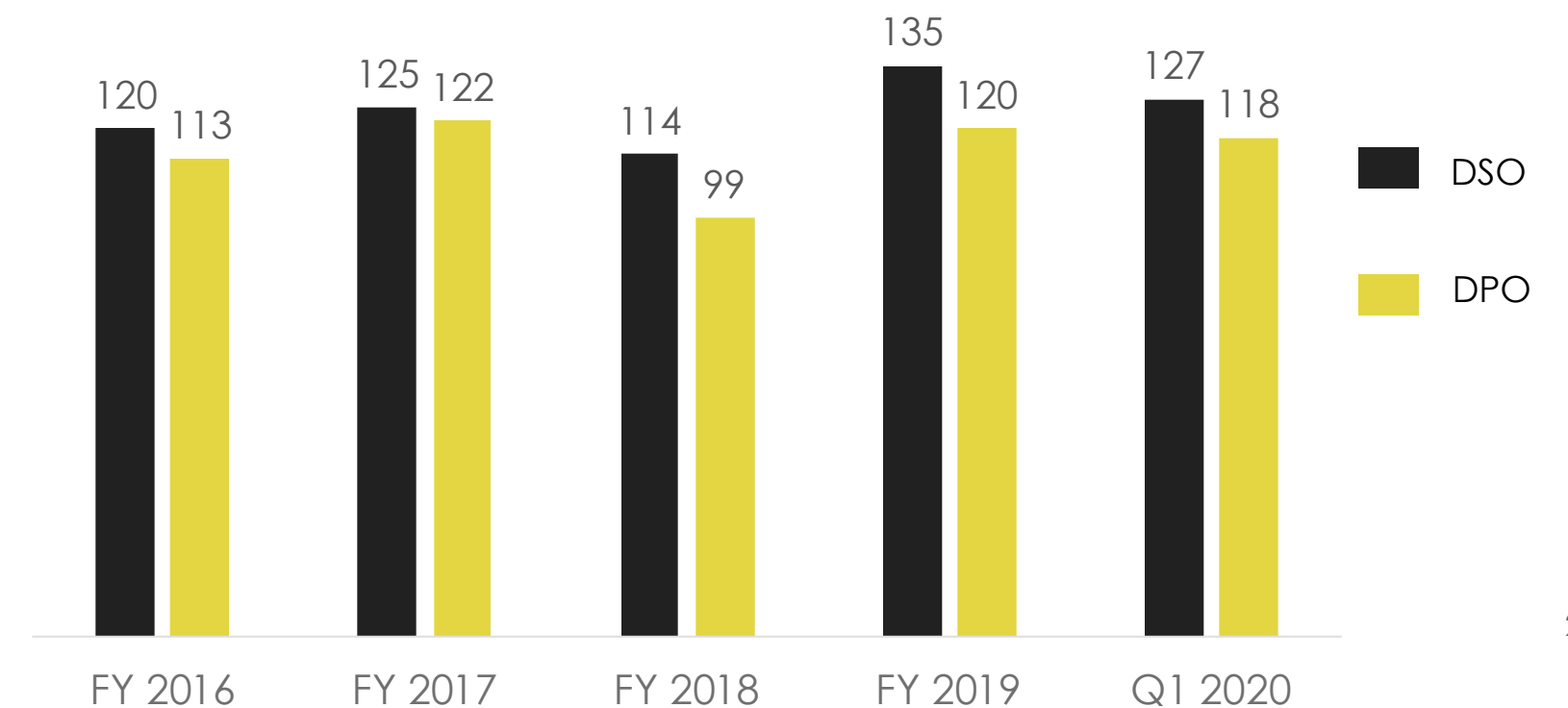


Net Trade Working Capital (€M)



- > Q1 typically presents a **positive seasonality** in terms of WC dynamics: the peak in yearly Revenues is usually achieved in Q4 and the related receivables are collected in Q1 of the following year
- > The cash generation from decrease in **Net Trade Working Capital** (€ +0.86 million) was lower in comparison to Q1 2019 (-79.5%), mainly due to the extension of payment terms granted to three clients. The whole due amount has been already paid as of the end of April

Cash Conversion Cycle Details (days)



Q1 2020 P&L – IAS/IFRS

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Consolidated Profit & Loss

Profit and Loss (€000) - IAS/IFRS	Q1 2019	Q1 2020
Revenues	18.387	19.326
Service costs, consum. & goods	(12.016)	(11.885)
Personnel	(7.181)	(7.128)
Adj. EBITDA	(810)	313
% Revenues	-4,4%	1,6%
Bad debts/ claims/ provisions	(24)	(3)
Depreciation / amortization	(409)	(413)
EBIT	(1.243)	(103)
% Revenues	-6,8%	-0,5%
Financial charges	(244)	(423)
EBT	(1.487)	(526)
Taxes	188	(62)
% Tax rate	12,6%	-11,8%
Net Profit (Loss)	(1.299)	(588)
o/w Minorities	(22)	(14)
o/w Group Net Profit (Loss)	(1.277)	(574)

- › Q1 2020 **Revenues** at €M 19.33, up by 5.1% compared to €M 18.39 of Q1 2019. The increase is mostly imputable to **Italian companies** who **outperformed** in the period, while in Mexico there was a contraction of revenues due to exposure to travel&hospitality of the subsidiary company.
- › **Operative costs** decreased by -1.0% yoy, reducing the impact on revenues by 6% compared to Q1 2019. **Services costs** decreased by 1.1% yoy even if revenues for “Clients Services” increased. This **efficiency** is mostly achieved thanks to the actions taken to internalize tech. activities. Even if FTE increased of 5% yoy, **personnel costs** decreased by -0.7% compared to Q1 2019, thanks to the rationalization of the **new organization** in the Italian companies.
- › Q1 2020 **EBITDA** at €M 0.31 compared to €M -0.8 in Q1 2019, with a margin increase of 600 bps. **EBIT** is equal to €M -0.10 million compared to €M -1.2 in Q1 2019. The improvement is mostly imputable to Italian companies.
- › **Financial charges** went from €M 0.24 in Q1 2019 to €M 0.42 . The increase is mostly due to the **FOREX** losses that originated on the sale and purchase transactions made in USD by the Mexican subsidiary following the **depreciation of the Mexican pesos** against the dollar which in March saw an increase in the USD / MXN by more than 20%.
- › Q1 2020 **EBT** improved by 65% yoy. Q12020 **Group Net Result** is €M -0.57 vs €M -1.28 in Q1 2019

Q1 2020 BALANCE SHEET – IAS/ IFRS

Consolidated Balance Sheet

Balance Sheet (€000) - IAS/IFRS			FY 2019	Q1 2020
Tangible assets			980	964
Intangible assets			7.801	7.678
	<i>o/w rights of use (IFRS16)</i>		3.907	3.855
Goodwill			31.752	31.759
Financial assets			1.078	1.079
Fixed Assets			41.611	41.480
Inventories			61	30
Trade Receivables			31.791	30.061
Trade Payables			(17.142)	(16.419)
Net Trade Working Capital			14.710	13.672
Other Current Assets			8.931	8.701
Other Current Liabilities			(9.790)	(7.999)
Employees' leaving entitlement			(4.356)	(4.442)
Total Capital Invested			51.106	51.412
Total Equity			31.897	31.267
o/w Group Equity			31.723	31.107
o/w Minorities			174	160
Cash			(9.581)	(11.029)
Bank Debts			11.501	13.885
Put Option Liabilities			13.342	13.389
Other Financial Debts (IFRS16)			3.947	3.900
Net Debt (Cash)			19.209	20.145
Total Funds			51.106	51.412

- › **Net Invested Capital** at €M 51.4 (€M 51.1 FY 2019) and consisted of approx. € 14.4 million of **Net Working Capital** (€M 13.91 FY2019), €M 41.5 of fixed assets (€M 41.6 FY2019) of which €M 31.8 of **Goodwill** and €M 3.9 of **rights of use** (IFRS 16), and €M 4.4 of final Employees' leaving entitlement (€M 4.35 FY2019)
- › **Shareholders' equity** decreased in the period by €M -0.6 since 31 dec. 2019 (-2%), mainly due to total result of the period (€M -0.59), partly compensated by the increase of the "Stock Options Reserve"
- › **Net Financial Position** at 31 March 2020 negative at €M -20.14 (ante-IFRS 16 at €M -16.2) compared to the negative Net Financial Position at 31 December 2019, which was €M -19.2. The variation is mainly due to new financial debt.

Q1 2020 CASH FLOW GENERATION – IAS/IFRS

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Consolidated Cash Flow

Cash Flow Statement (€000) - IAS/IFRS	Q1 2020	Q1 2019
Net Profit (Loss)	(588)	(1.299)
Adjustments (cash tax, interest and other)	485	56
Non cash items	594	563
Gross Cash Flow	491	(680)
Change in inventories	31	49
Change in trade receivables	1.951	7.317
Change in trade payables	(1.127)	(3.188)
Total change in NTWC	855	4.178
Total change in other asset/liabilities	(1.736)	(2.251)
Operating Cash Flow	(390)	1.247
Capex	(103)	(112)
Free Cash Flow before Acquisition	(493)	1.135
Other fixed assers	37	(56)
Free Cash Flow	(456)	1.079
Own shares	0	(228)
Dividends third parties	(162)	0
Change in bank & fin. Debts	2.386	35
IFRS 16 effect	(230)	(221)
Change in put/option	(90)	0
Change in Cash	1.448	665
Initial Cash	9.581	10.098
Final Cash	11.029	10.763

- › Q1 2020 **Gross Cash Flow** at €M 0.49, compared to €M -0.68. The increase yoy is mostly due to the better operating result of the period.
- › Q1 2020 **Operating cash flow** at €M – 0.39 compared to €M 1.25 of Q1 2019, mostly due to the lower cash generated from Net Trade Working capital compared to Q1 2019, partly compensated by the better operating result.
- › Ordinary **Capex** are in line with Company's standard (0.53%, of Revenues)
- › Q1 2020 **Free Cash Flow before Acquisitions** is equal to €M -0.45, compared to €M 1.13 of Q1 2019.
- › Total change in **cash** for the period was €M 1.45 compared to €M 0.66 mainly due to new financial debts .



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