



ENABLING EVOLUTION

March, 2021 – STAR conference

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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 33%** (>2x the market), to move from the 23 starting resources to a team of over **650 people** and a turnover of about **74.8M€**.

In these 8 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

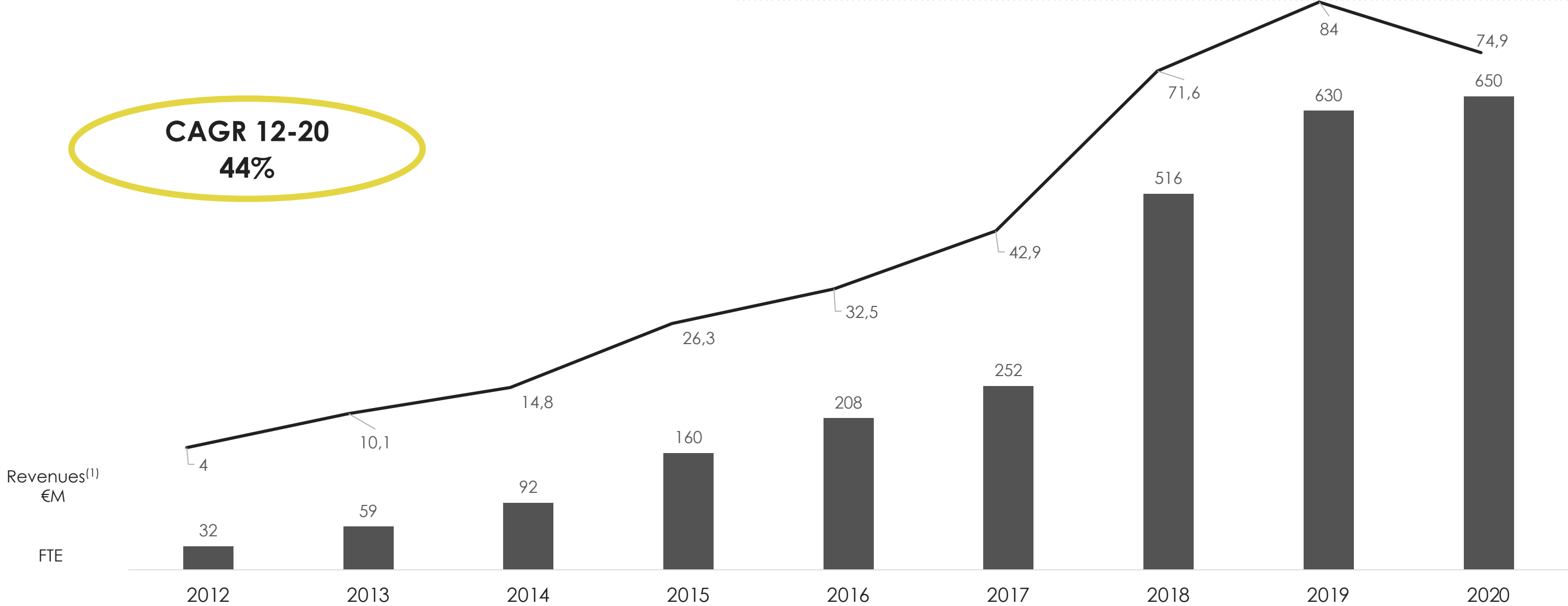
ALKEMY OVER THE YEARS – A STORY OF GROWTH



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



CAGR 12-20
44%



Industrialization of Business Model

- › **8 acquisitions** completed since our foundation, aggregating new skills and capabilities
- › Over the course of just 8 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



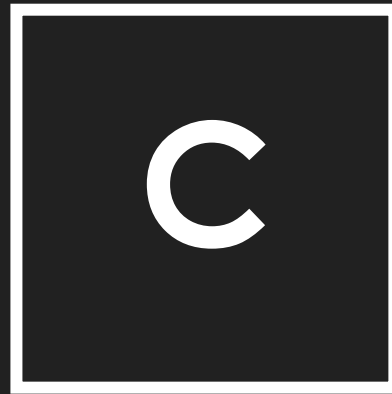
- › Milan
- › Turin
- › Rome
- › Cagliari
- › Cosenza
- › Belgrade
- › Madrid
- › Mexico City
- › New York

WE OWN ALL THE COMPETENCIES TO DESIGN & IMPLEMENT BUSINESS TRANSFORMATION PROJECTS



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



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



DESIGN

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



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)



TECH

Omnichannel solutions
Internet of Things
CRMs
CMSs
Portals
eCommerce
Apps
AI

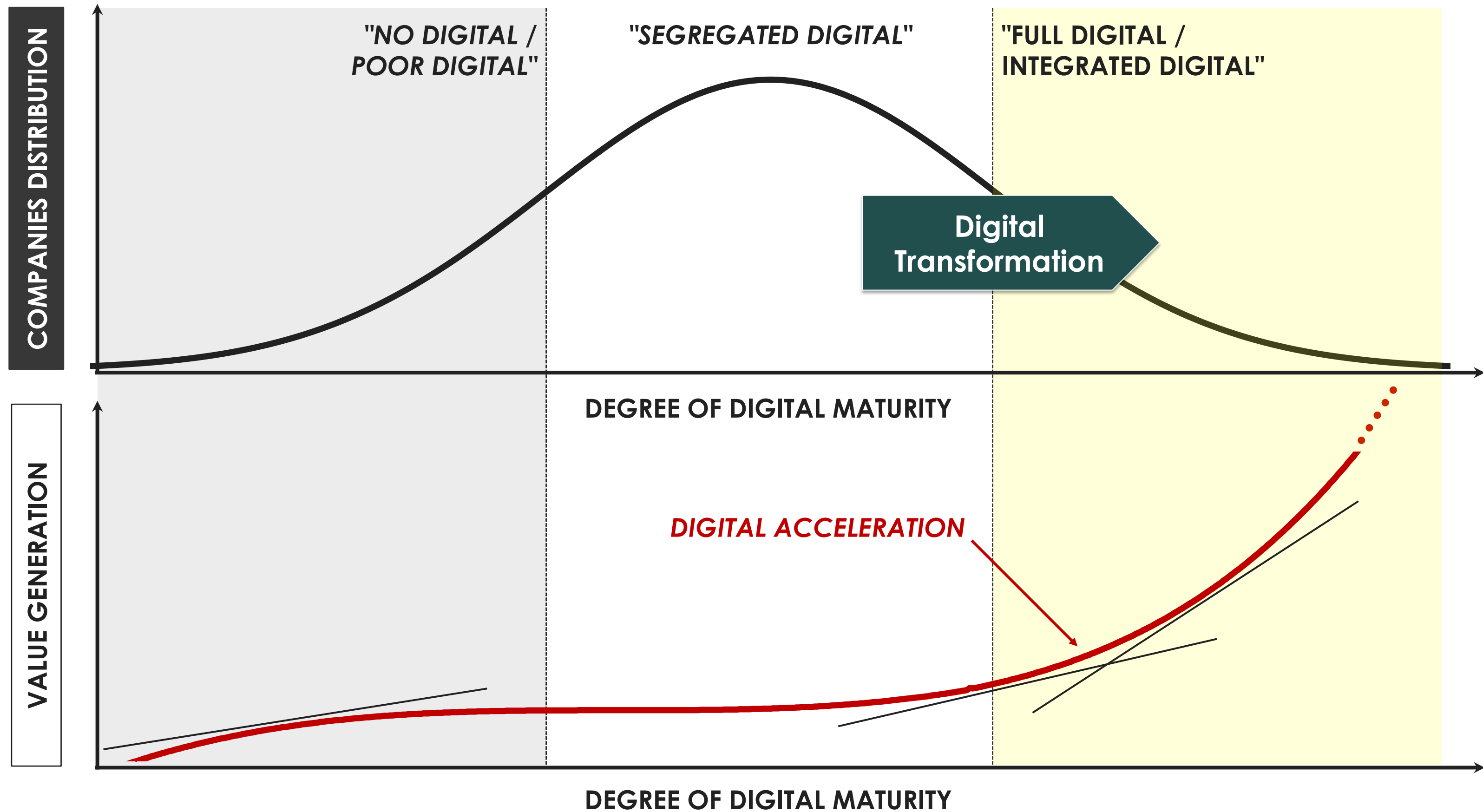


DATA & ANALYTICS

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

DIGITAL TRANSFORMATION MEANS COMPLETELY REDESIGNING THE BUSINESS MODEL OF A COMPANY TO BE ABLE TO CAPTURE FULL VALUE OF DIGITAL

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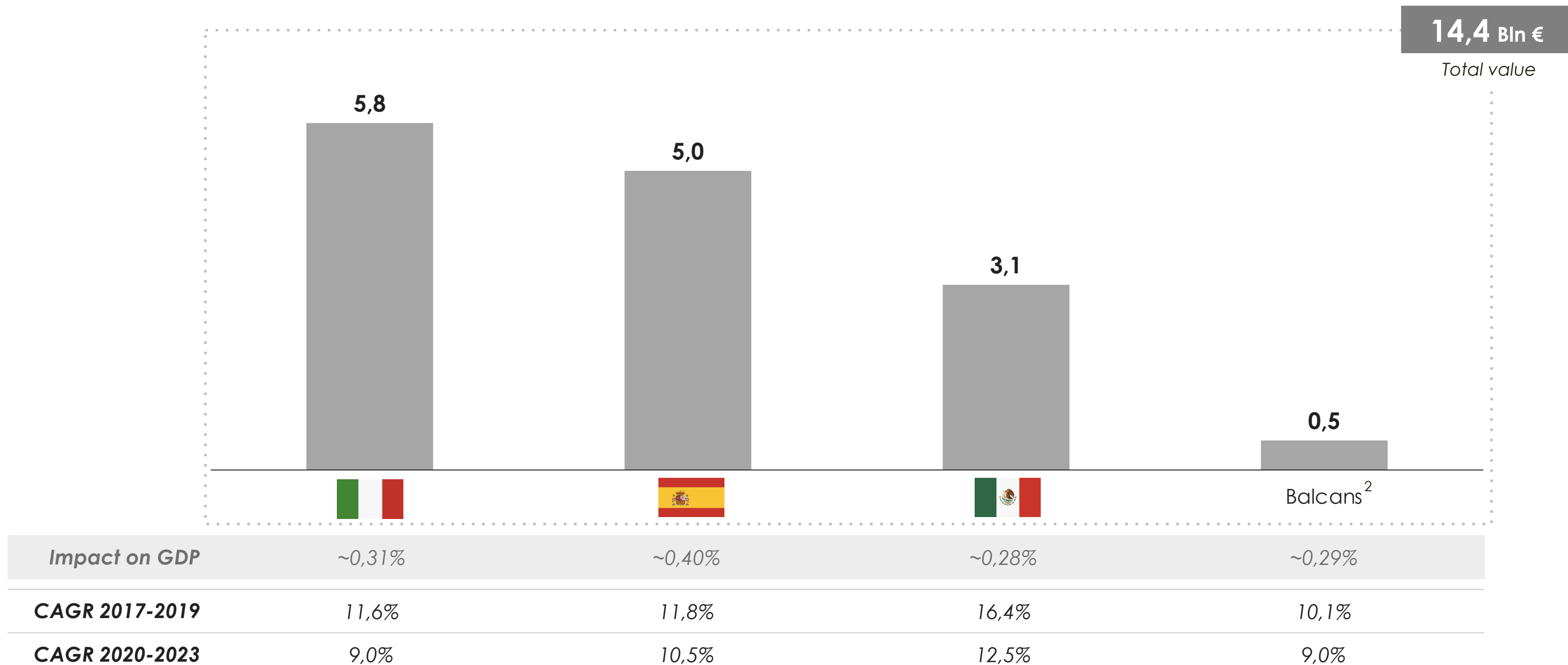
REFERENCE MARKET IN THE COVERED GEOGRAPHIES IS WORTH ~ € 14 Bln

POSITIVE GROWTH RATES ARE EXPECTED IN ALL COUNTIRES



Alkemy's reference market¹

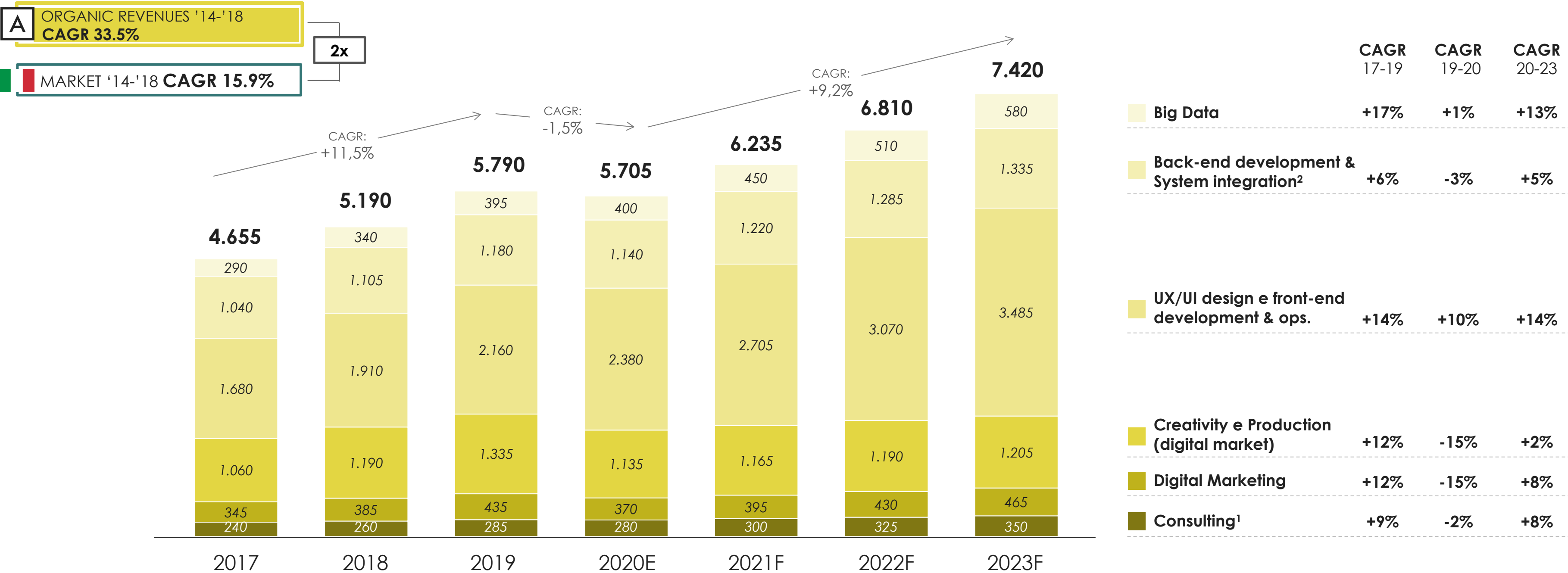
Value of Alkemy reference market, 2019, data in €B



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



Alkemy reference market size in Italy (2017-2023, €M)



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ORGANIC REVENUES '14-'18
CAGR 33.5%

2x

MARKET '14-'18 CAGR 15.9%

CAGR: +11,5%

CAGR: -1,5%

CAGR: +9,2%

CAGR: +17%

CAGR: +1%

CAGR: +13%

CAGR: +6%

CAGR: -3%

CAGR: +5%

CAGR: +14%

CAGR: +10%

CAGR: +14%

CAGR: +12%

CAGR: -15%

CAGR: +2%

CAGR: +12%

CAGR: -15%

CAGR: +8%

CAGR: +9%

CAGR: -2%

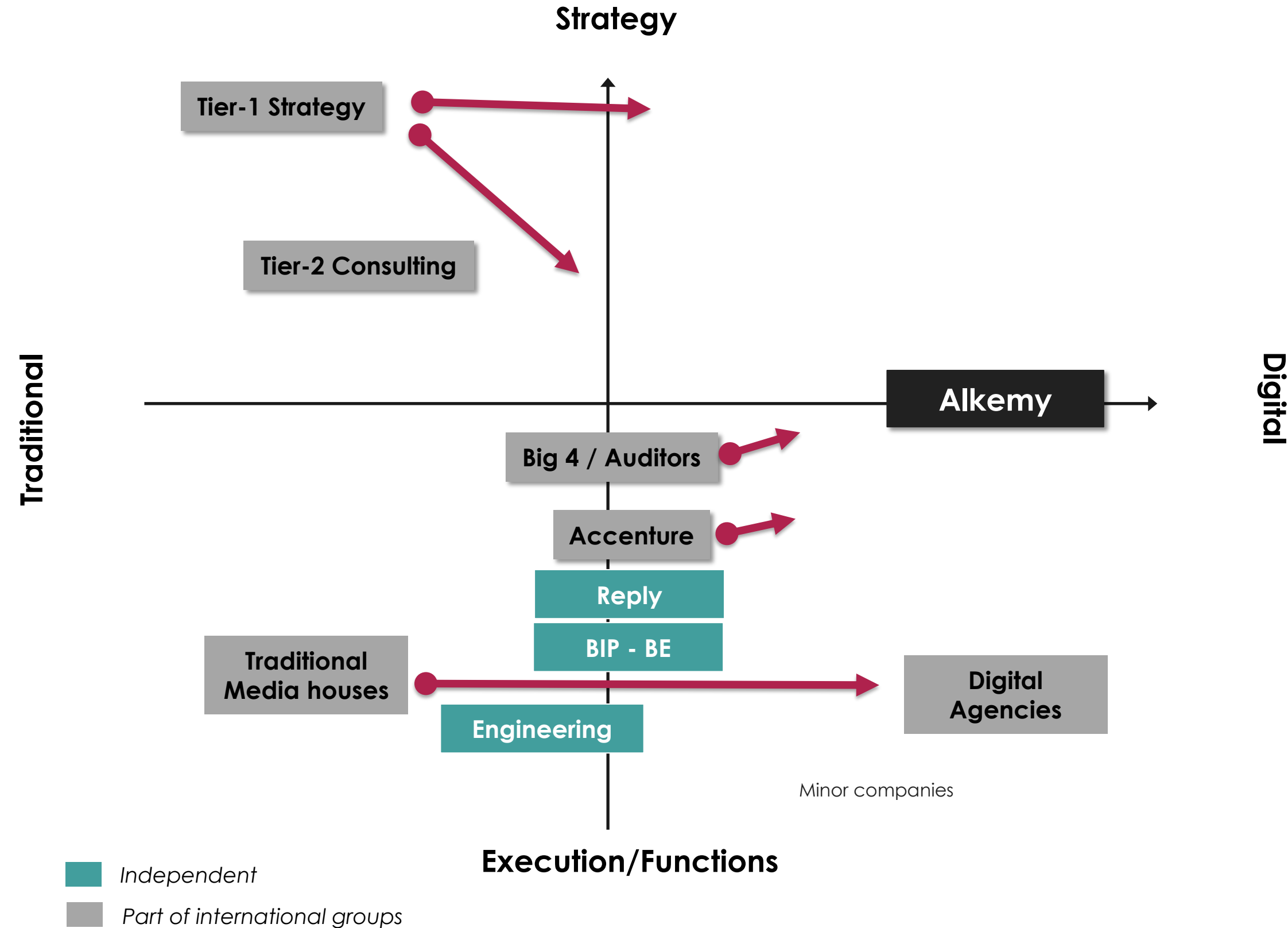
CAGR: +8%

(1) Digital & Innovation consulting only

(2) Includes CRM, Middleware & Asset Management

IN THIS MARKET, ALKEMY HAS DEVELOPED A UNIQUE POSITIONING, BECOMING ALREADY THE LOCAL REFERENCE PLAYER FOR THE DIGITAL TRANSFORMATION

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
DigitasLBi	UK	Publicis Groupe	~ 900
Globant	AR	Globant	~ 660
R/GA	US	R/GA	~350
AKQA	UK	WPP	~300

Source: Alkemy analysis on official Annual Reports and press releases of the mentioned companies – 2017/2019

WORKING WITH THE LARGEST COMPANIES ACROSS INDUSTRIES

Selected Clients

<div>TMT</div> <div></div>	<div>SERVICES</div> <div></div>	<div>CONSUMER GOODS & RETAIL</div> <div></div>
<div>FINANCIAL SERVICES</div> <div></div>	<div>ENERGY & UTILITIES</div> <div></div>	<div>PHARMA</div> <div></div>
<div>FASHION & LUXURY</div> <div></div>	<div>INDUSTRIAL</div> <div></div>	<div>OTHER</div> <div></div>

BUSINESS CASE: HOUSE OF WISDOM

Design a unique interactive customer experience for a new library in Gcc

PROJECT

PHYSICAL & DIGITAL CUSTOMER EXPERIENCE (2019 – Ongoing)

PROJECT CONTEXT & OBJECTIVES

A new library in the UAE designed by an award-winning architectural design and engineering firm was commissioned to be an innovative destination for current and future generations

The architectural project needed to be integrated with a series of experiences, interiors, touchpoints and service design to achieve such ambitious goal

ALKEMY APPROACH & MAIN ACTIVITIES

Alkemy and DGI worked together to address this challenge by building a multidisciplinary team that would work on different aspects of the project:

- **Define a project plan together with the different international stakeholders involved**
- **Execute design research** activities on desk and on field including:
 - benchmarking of comparable places and experiences offered internationally
 - experience trends
 - contextual observations, interviews with locals, experts and stakeholders
 - definition of personas and customer journey to-be
 - definition of the general concept and vision of the new library, including the proposal of new services and experiences to implement
- **Design of the physical and digital solutions and touchpoints, including technical requirements and specifics**
- **Design of the spatial experiences, flows and activities** to offer
- **Recommendations on the service business models** and preliminary guidelines for the governance of the proposed experiences, services and spaces

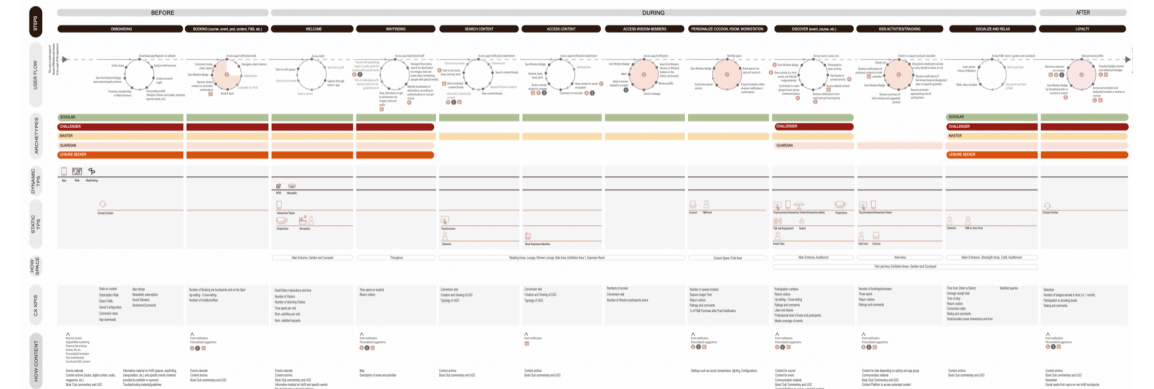
INGREDIENTS

S C D P T A

Contextual observation, interviews and synthesis








Experience journey mapping



Digital and physical solutions concept and design



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
	Consulting / Performance	2018	1.57	2019 2018	1.4x

- › 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.

Focus on the **industrialization** of its business model to strengthen **marginality** and **business resiliency**



FY 2020 MAIN ACHIEVEMENTS

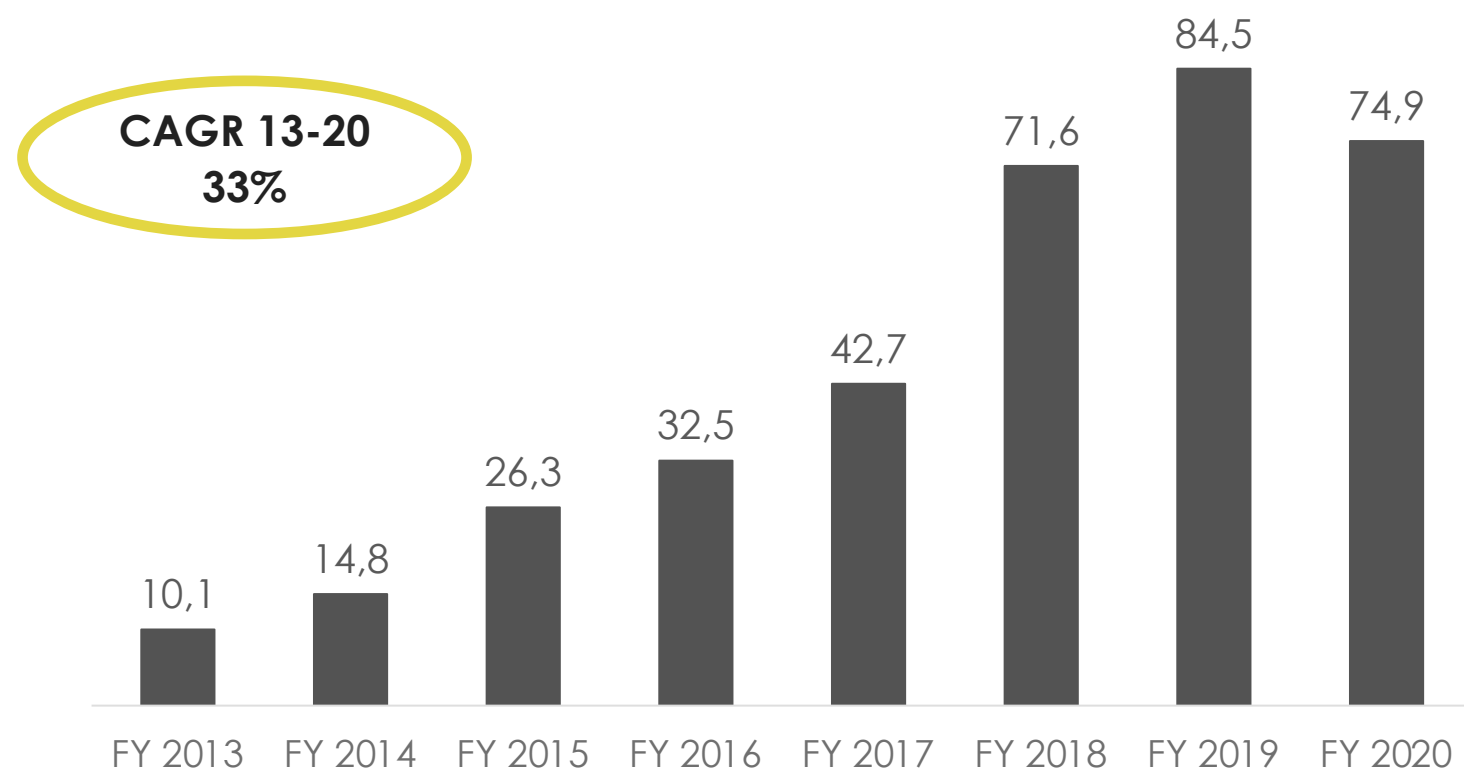
- > **Adj. EBITDA** up >23% compared to FY 2019
- > **Improvement in marginality** compared to FY 2019 (EBITDA margin 8.3% vs 6.0%)
- > **Resiliency** of TIER 1 and TIER 2 customers (+10% ARPC)
- > **Positive group result** of €M 1.8
- > Strong **cash generation** over the period (€M 9.6 operative cash flow)
- > **Improvement of NFP** of €M +6.7

FINANCIAL HIGHLIGHTS

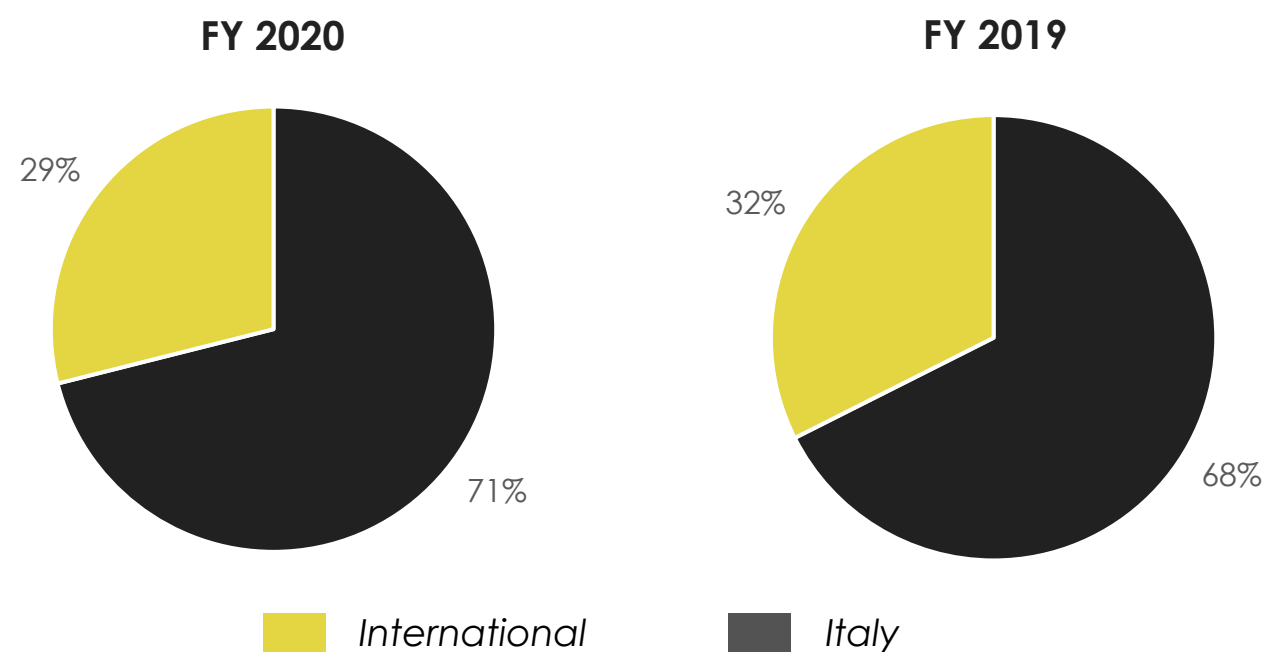
€M	FY 2020	FY 2019	
Turnover	74.9	84.5	> -11% compared to FY 2019, mostly due to the Mexican company, exposed to travel and leisure sector, highly effected by COVID-19
Adj. EBITDA	6.2	5.0	> + 23% compared to FY 2019, thanks to the better mix and efficiencies arising from the new organization. Adj. EBITDA margin up by + 2.3 pps
EBIT	3.1	1.4	> +123% compared to FY 2019, thanks to the better operating result. EBIT margin up by +2.5 pps
EBT	2.5	0.2	> More than 10x compared to FY 2019, thanks to the better performance over the period. EBT margin up by +3 pps
Group Net Income	1.8	(0.1)	> Thanks to better operating results, mostly of Italian companies
Operating Cash Flow	9.6	1.6	> Increase of €M 8 compared to FY 2019 mainly due to the better operating result and the lower absorption of NWC
NFP	-12.5	-19.2	> Positive variation since 31 December 2019 of €M 6.7 mostly due to: €M +9.3 increase in cash liquidity, €M +1.3 decrease in put options, €M –3.8 increase in financial debt

REVENUES

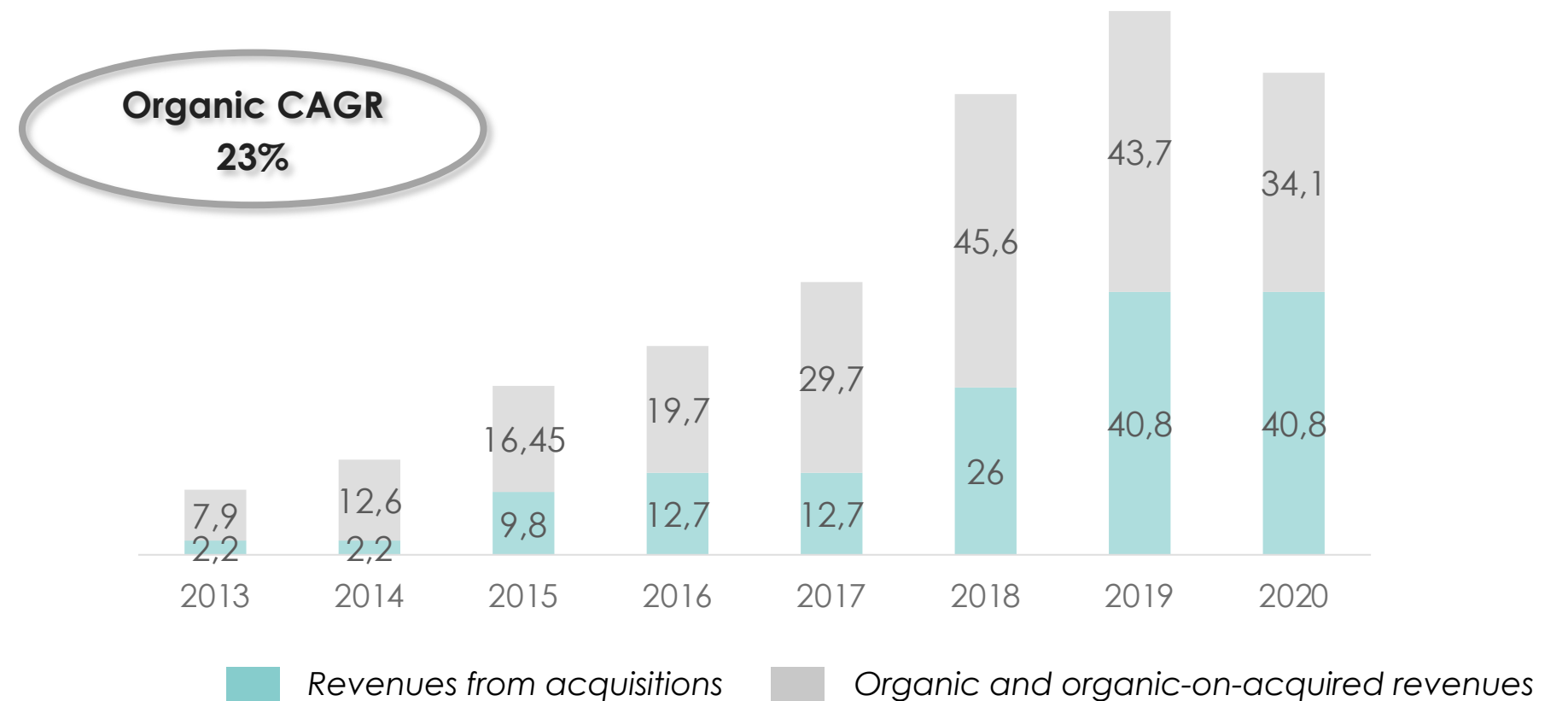
ALKEMY REVENUES (€M) – IAS /IFRS⁽¹⁾



ALKEMY INTERNATIONAL TURNOVER (%)



ORGANIC VS. ACQUISITIONS REVENUES (€M) – IAS /IFRS⁽¹⁾

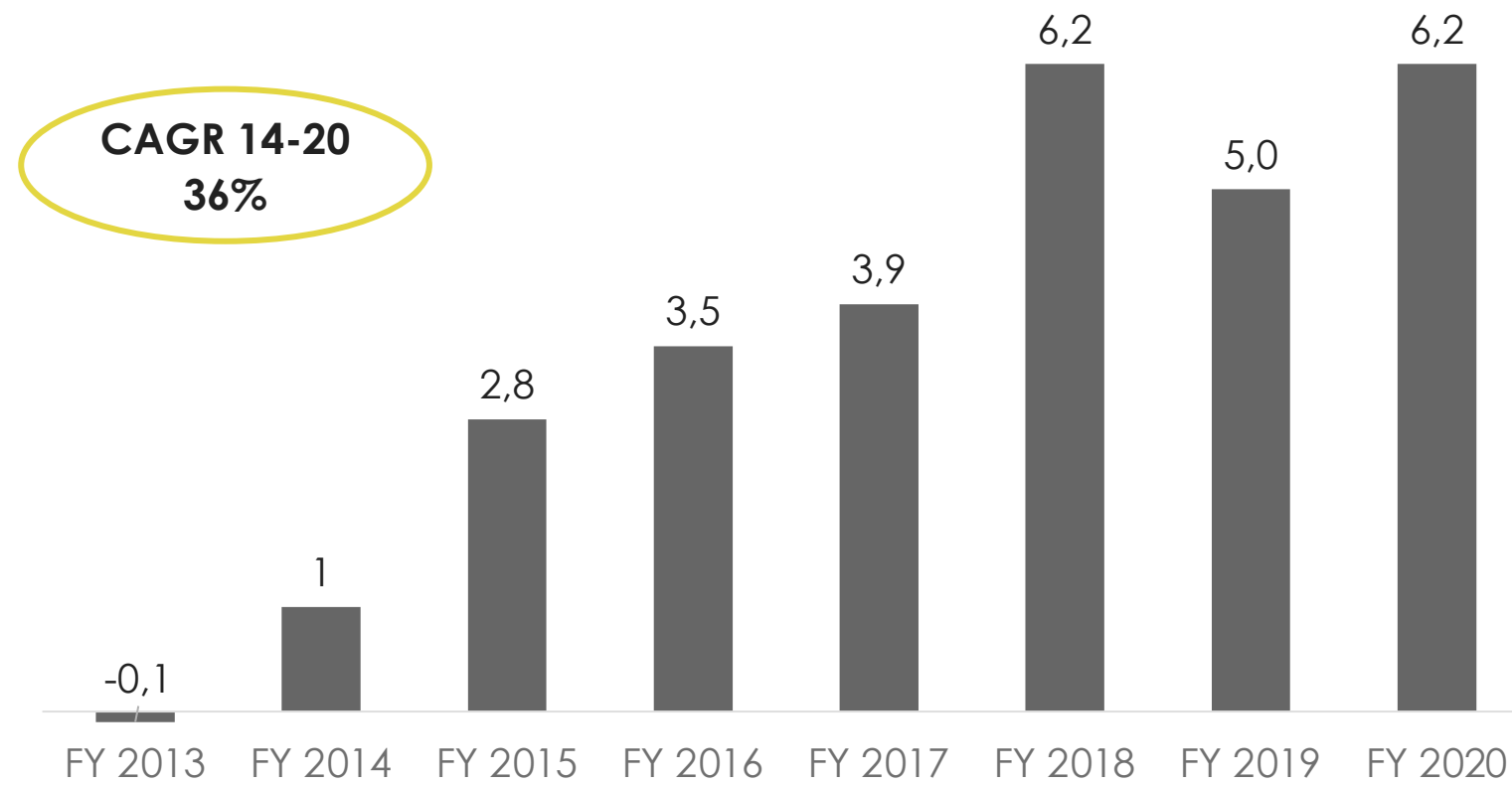


- › FY 2020 revenues are €M 74.9 -11.4% vs. €M 84.5 in FY 2019, mostly due to the Mexican subsidiary, exposed to travel & leisure sector, highly effected by COVID-19 emergency
- › FY 2020 Italian turnover is 71% of total vs. 68% in FY 2019, showing more resiliency compared to foreign subsidiaries, thanks to the new Go-to-Market strategy, strongly focused on main clients, which over performed over the period: Top 50 clients increased ARPC by 10%

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

Adj. EBITDA

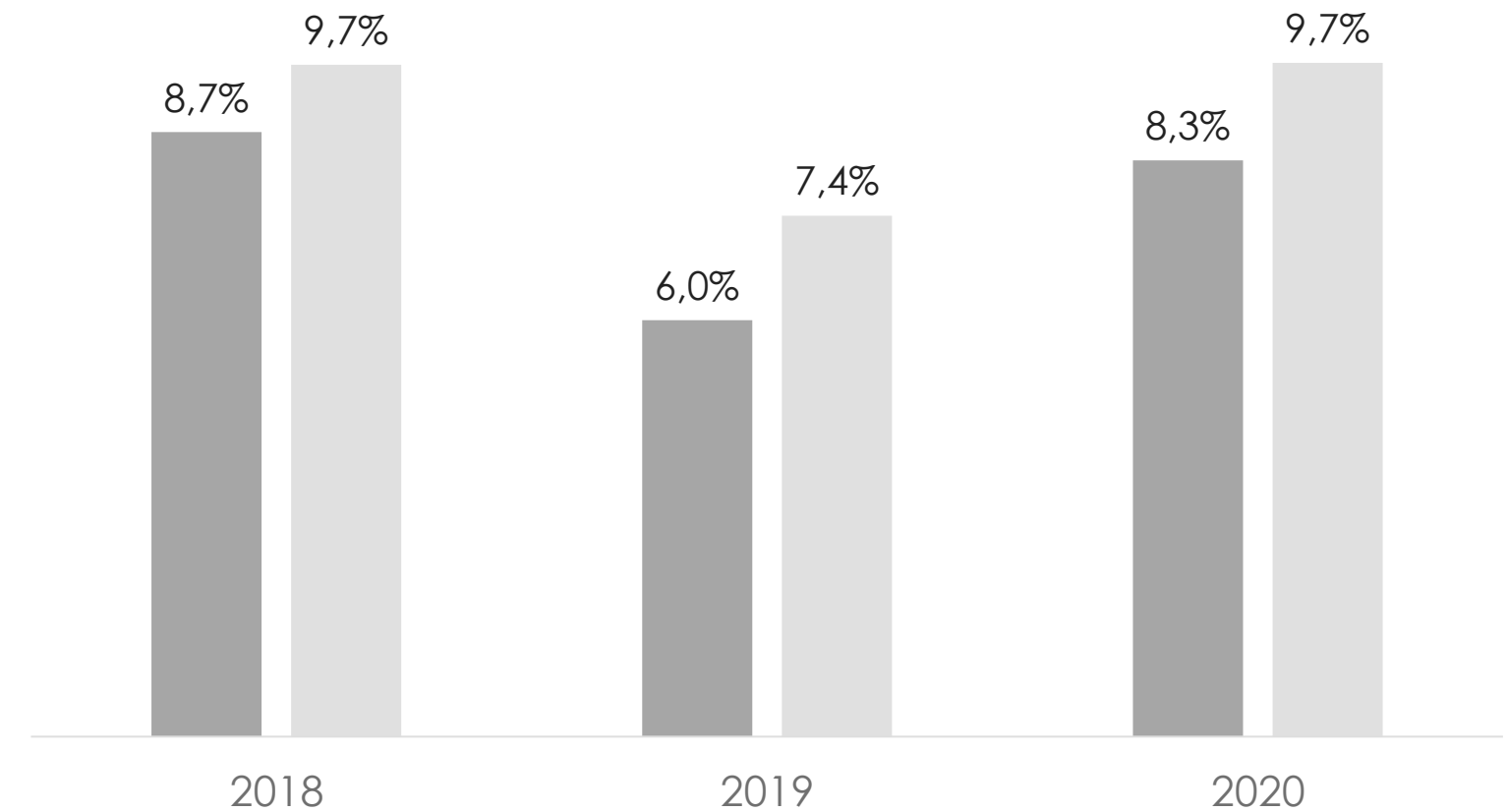
ALKEMY ADJ. EBITDA (€M) – IAS/IFRS⁽¹⁾



EBITDA%	-	6.7%	10.7%	10.8%	9.2%	8.7%	6.0%	8.3%
EBITDA% Ex Media	-	-	-	-	-	9.7%	7.4%	

- › FY 2020 Adj. EBITDA is €M 6.2 +23% compared to €M 5.0 in FY 2019. The strong increase is mainly achieved thanks to the efficiency arising from the new organization and the better mix, and the new Go-to-Market strategy focused on more profitable projects
- › FY 2020 Adj. EBITDA is about 8.3% vs. 6.0% in FY 2019 with an increase of 2.3 pps, due to structural lower costs impact on revenues, thanks to the industrialization process started in 2020

ADJ. EBITDA MARGIN ex Media (Spain & Latam)⁽²⁾



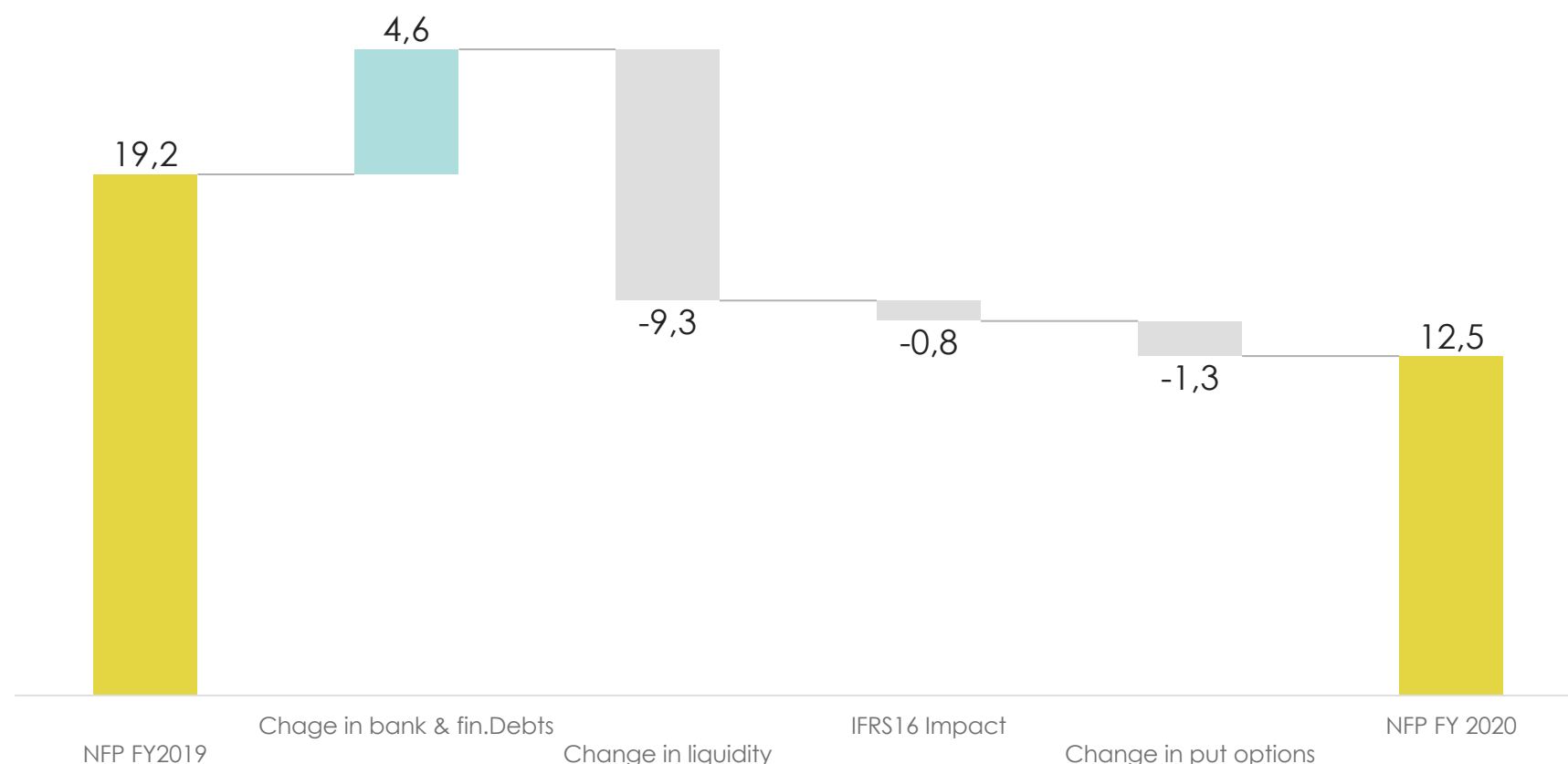
- › Part of revenues coming from the integration of Ontwice Group (Spanish and Mexican markets, consolidated since H2 2018) is related to Media (i.e. purchase and sale of Digital media spaces) which is structurally a pass through business
- › This effect had a negative impact on EBITDA margin of 1.4 pps. EBITDA margin ex Media is estimated to be 9.7%⁽²⁾ in FY 2020 compared to 7.4%⁽²⁾ in FY 2019

⁽¹⁾Ebitda 2014-15-16 are Management estimates and are not audited because of introduction of 2017 IFRS. 2017 Ebitda is net of AIM listing costs

⁽²⁾Adj. Ebitda margin ex media is calculated relating adj ebitda to total revenues minus those related to media intermediation in Mexico and Spain.

NET FINANCIAL POSITION BRIDGE AND BREAK DOWN

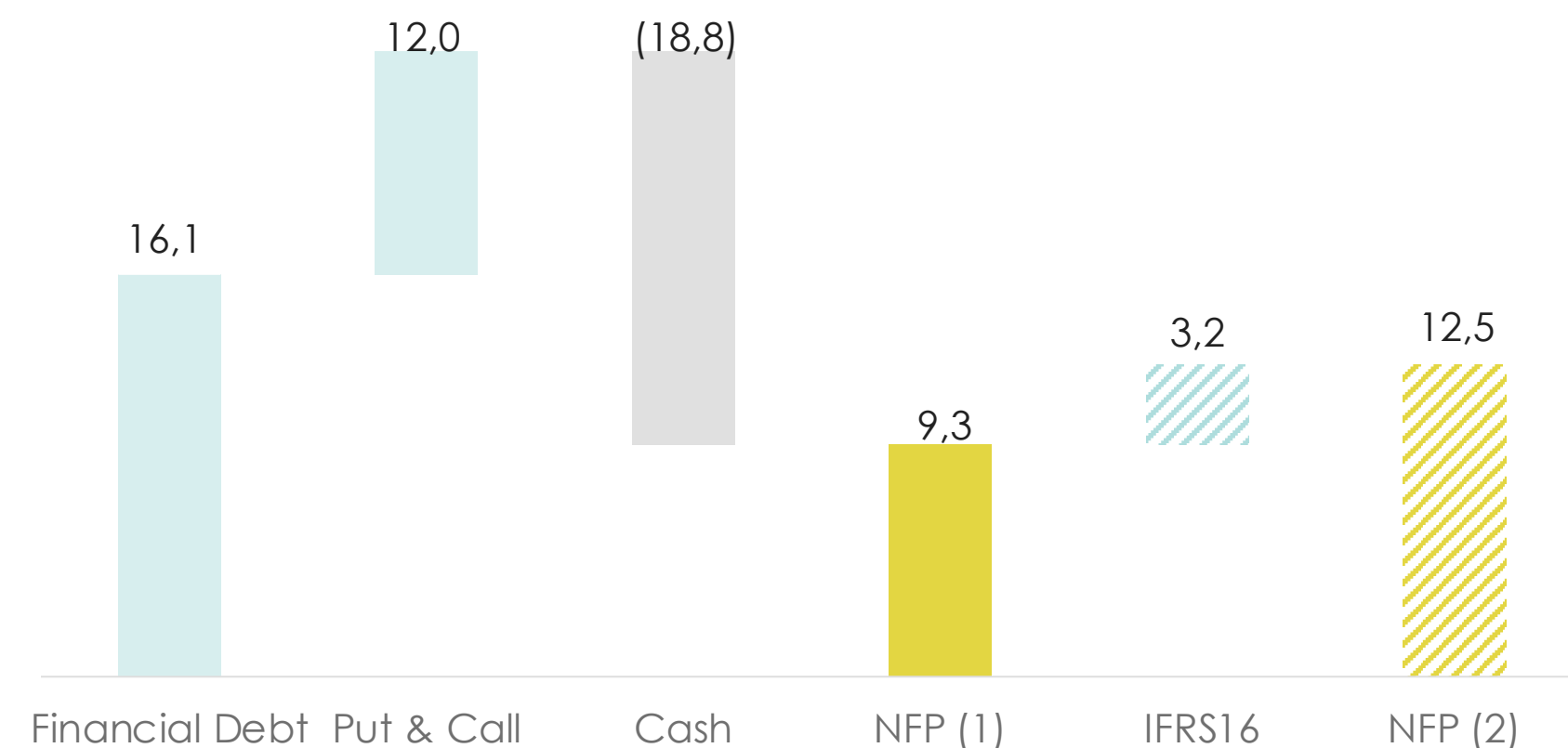
Net Financial Position Bridge FY2020 (€M)



- › **Net Financial Position** NFP (2) at December 31st 2020 was €M -12.5 with an improvement of €M 6.7 compared to €M -19.2 at December 31st, 2019
- › **Variation** mainly due to: increase in liquidity on bank accounts (€M +9.3), increase in non current bank loans (€M -2.5), increase in current bank loans (€M -2.1), re-determination of put options value (€M +1.3), decrease of leasing financial debt (IFRS 16) (€M +0.8).

- › **Gross debt** is composed by €M 16.1 of financial debt (of which €M 11.4 non current, €M4.6 current), €M 12.0 put options deriving from M&A (of which €M 3.1 non current) and €M 3.2 IFRS16 financial leases
- › FY 2020 NFP (1) ex IFRS16 is €M 9.3
- › FY 2020 cash is €M 18.8

Net Financial Position Break Down FY 2020 (€M)





A GREAT OPPORTUNITY FOR ALKEMY

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- › **Solid Market** - Alkemy operates in a fast growing market which only in Italy is worth over 6 billion euros, and which generates half-billion of new business every year
- › **Leadership Positioning** - Alkemy has developed a unique positioning with a fully integrated offering able to guide all companies through the Digital Transformation process
- › **Consolidation Opportunity** - Over the years Alkemy acted as aggregator in the market, which is still very fragmented and there are several local excellences that can be integrated in value (CRM, cybersecurity, machine learning,...)

A PUBLIC COMPANY LISTED ON MTA – STAR SEGMENT



Issuer & Tickers

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

Market

- Borsa Italiana, MTA – STAR Segment

Specialist

- Intermonte

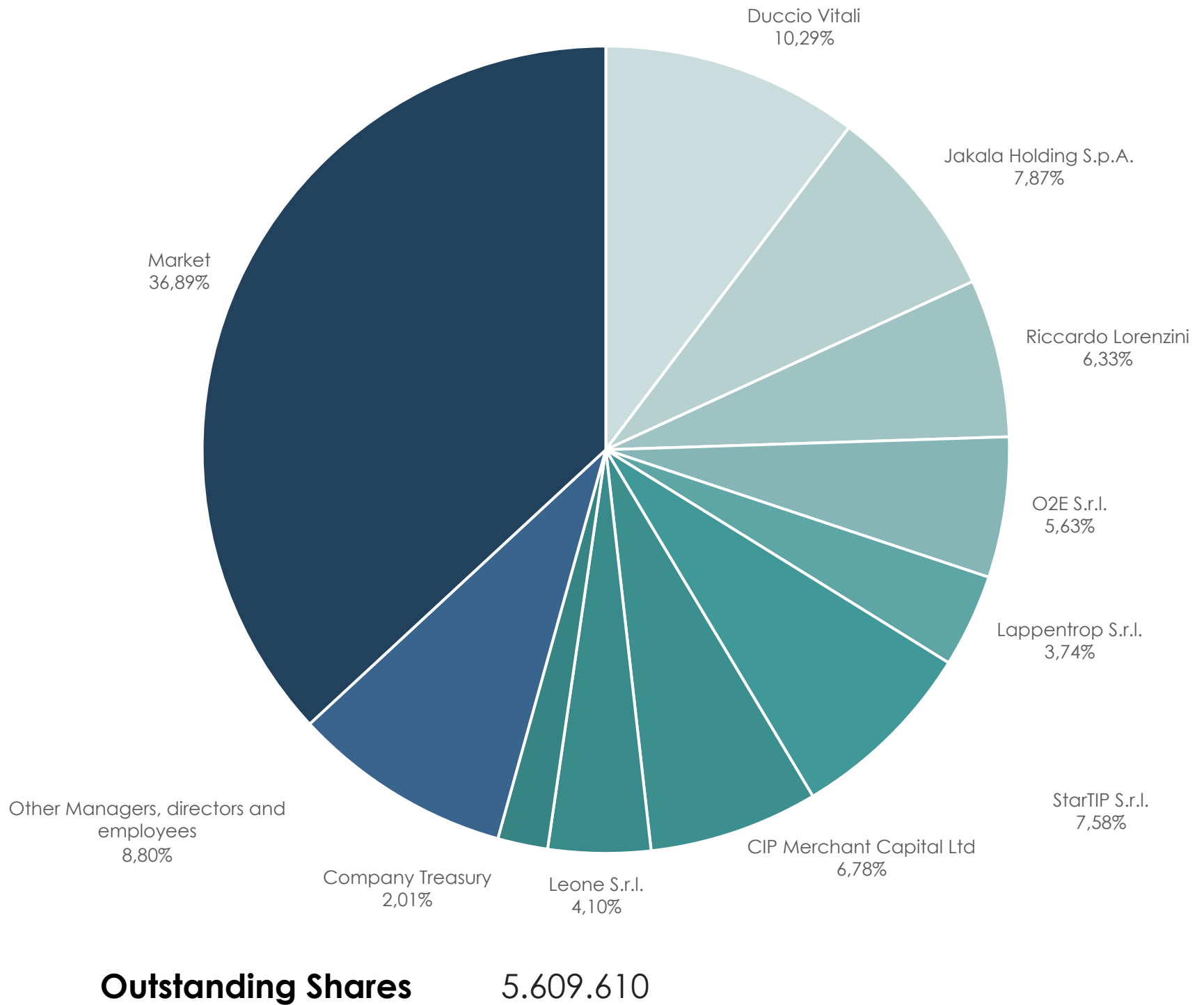
Analyst Coverage

- Intermonte
TP €8.30 | Outperform (Nov 2020)
- Banca Imi
TP €10.70 | Buy (Feb 2021)
- Mediobanca
TP €10.40 | Outperform (Mar 2021)



ALKEMY SHAREHOLDING STRUCTURE

As of March 22, 2021



(1) Lappentrop Srl belongs to Alessandro Mattiacci
(2) Other Managers: Alkemy and founders of new acquired companies
(3) Buy Back plan was in place until November 2020

BOARD OF DIRECTORS

Chairman	Alessandro Mattiacci
Chief Executive Officer	Duccio Vitali
Deputy Chairman	Vittorio Massone
General Manager	Massimo Canturi
Director	Riccardo Lorenzini
Independent Director	Giorgia Albelino
Independent Director	Giulia Bianchi Frangipane
Independent Director	Andrea Di Camillo
Independent Director	Serenella Sala

BOARD OF STATUTORY AUDITORS

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.

FY 2020 P&L – IAS/IFRS

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Consolidated Profit & Loss

Profit and Loss (€000) - IAS/IFRS	FY 2019	FY 2020
Revenues	84.520	74.932
Service costs, consum. & goods	(51.404)	(40.100)
Personnel	(29.635)	(28.861)
EBITDA	3.481	5.971
% Revenues	4,1%	8,0%
Non recurrent costs	(1.549)	(224)
Adj. EBITDA	5.030	6.195
% Revenues	6,0%	8,3%
D&A	(1.738)	(1.749)
Bad debts/ claims/ provisions	(336)	(1.077)
EBIT	1.407	3.145
% Revenues	1,7%	4,2%
Financial charges	(1.161)	(601)
EBT	246	2.544
Taxes	(486)	(722)
% Tax rate	197,6%	28,4%
Net Profit (Loss)	(240)	1.822
o/w Minorities	(101)	30
o/w Group Net Profit (Loss)	(139)	1.792

- › FY 2020 **Revenues** at €M 74.9, down by 11% compared to €M 85.2 of FY 2019. The decrease is mostly attributable to **the foreign subsidiaries** who **underperformed** in the period (-21%), especially in Mexico where the contraction of revenues is due to high exposure to travel & leisure customers, while in Spain turnover completely recovered by the end of 2020. **Italian turnover** is down by 7%, mostly due to lower tax credit and incentives for R&D projects over the period. **Italian core business** mostly stable, with an increase in top 50 clients' ARPC of 10%.
- › **Operative costs** decreased by -13.5% yoy, reducing the impact on revenues by 2.3% compared to FY 2019. **Services costs** decreased by 20% yoy. This **efficiency** is mostly achieved thanks to the actions taken to internalize tech activities. **Personnel costs** is mostly stable, with a decrease of 2.2% compared to FY 2019, attributable to the rationalization of the **new organization** in the Italian companies, while there has not been use of any temporary layoffs nor other unemployment benefits.
- › FY 2020 **Adj. EBITDA** at €M 6.2 +23% compared to €M 5.0 in FY 2019, with a margin increase of 2.3 pps (**EBITDA margin 8.3%**). **EBIT** is equal to €M 3.1 +123% higher than €M 1.4 in FY 2019, with an increase of 2.5 pps in EBIT margin.
- › **Financial charges** decreased from €M 1.2 in FY 2019 to €M 0.7 in FY 2020. **EBT** €M 2.5 vs. €M 0.2 in FY 2019. **Group Net Profit** is €M 1.8 vs €M -0.1 in FY 2019.

FY 2020 BALANCE SHEET – IAS/ IFRS

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Consolidated Balance Sheet

Balance Sheet (€000) - IAS/IFRS	FY 2019	FY 2020
Tangible assets	980	855
Intangible assets	7.801	7.093
o/w rights of use (IFRS16)	3.907	3.122
Goodwill	31.752	31.755
Financial assets	1.078	1.174
Fixed Assets	41.611	40.877
Inventories	61	0
Trade Receivables	31.791	31.044
Trade Payables	(17.142)	(14.688)
Net Trade Working Capital	14.710	16.356
Other Current Assets	8.931	4.289
Other Current Liabilities	(9.790)	(12.579)
Employees' leaving entitlement	(4.356)	(5.087)
Total Capital Invested	51.106	43.856
Total Equity	31.897	31.396
o/w Group Equity	31.723	31.142
o/w Minorities	174	254
Cash	(9.581)	(18.840)
Bank Debts	11.501	16.071
Put Option Liabilities	13.342	12.038
Other Financial Debts (IFRS16)	3.947	3.191
Net Debt (Cash)	19.209	12.460
Total Funds	51.106	43.856

- › **Net Invested Capital** at €M 43.9 (€M 51.1 at FY 2019) and consisted of approx. € 8.1 million of **Net Working Capital** (€M 13.8 FY2019), €M 40.9 of fixed assets (€M 41.6 FY2019) of which €M 31.8 of **Goodwill** and €M 3.1 of **rights of use** (IFRS 16), and €M 5.1 of final Employees' leaving entitlement (€M 4.3 FY2019)
- › **Shareholders' equity** decreased in the period by €M 0.5 since FY 2019 (-1.6%), mainly due to dividends to minorities and the buyback of treasury shares carried out over the course of 2020, partly compensated by the FY 2020 Net Profit
- › **Net Financial Position** at December 31st 2020 negative for €M -12.5 (ante-IFRS 16 at €M -9.3) compared to the negative Net Financial Position at 31 December 2019, which was €M -19.2. The variation is mainly due to positive cash generation over the year resulting in higher cash position and lower valuation of put options.

FY 2020 CASH FLOW GENERATION – IAS/IFRS

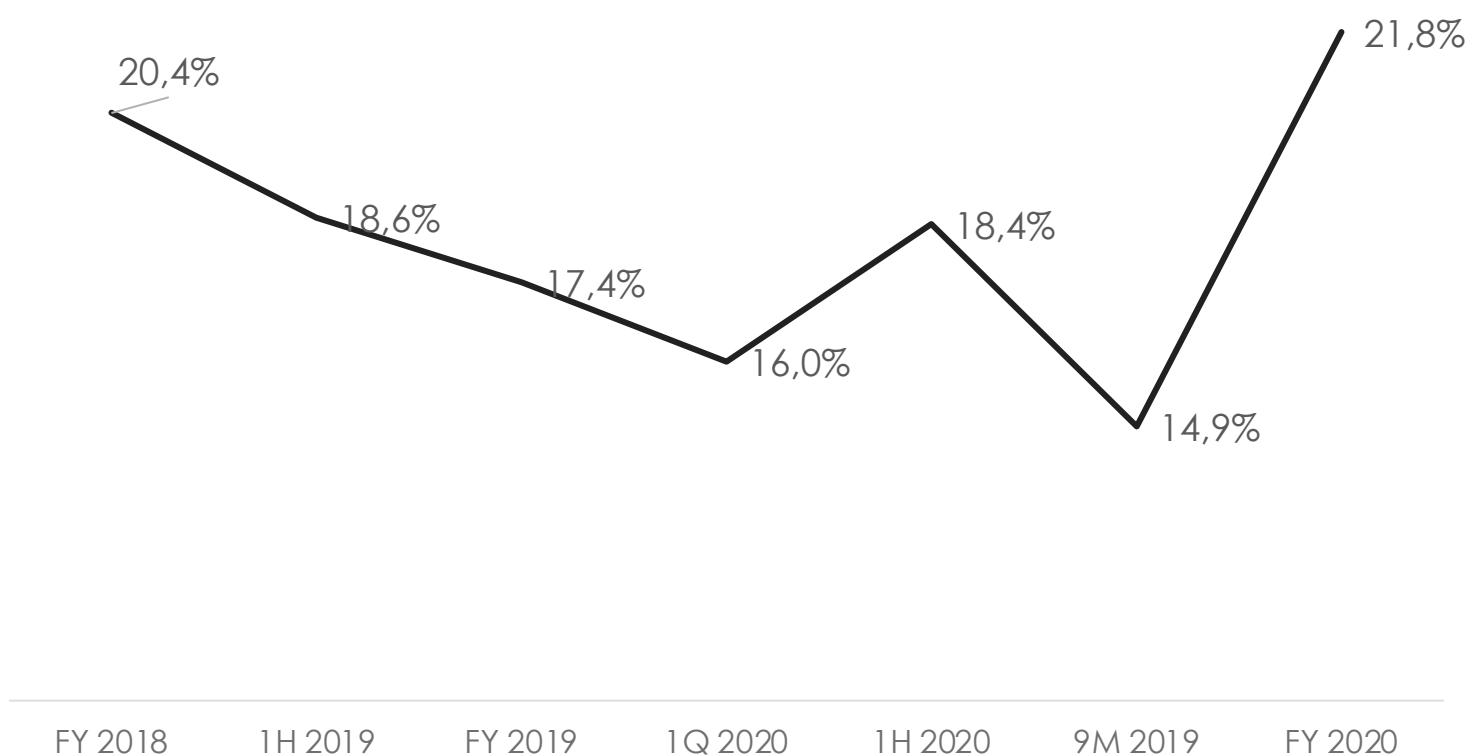
Consolidated Cash Flow

Cash Flow Statement (€000) - IAS/IFRS	FY 2019	FY 2020
Net Profit (Loss)	(240)	1.822
Adjustments (cash tax, interest and other)	573	462
Non cash items	2.457	3.390
Gross Cash Flow	2.790	5.674
Change in inventories	79	61
Change in trade receivables	592	244
Change in trade payables	(1.161)	(2.540)
Total change in NTWC	(490)	(2.235)
Total change in other asset/liabilities	(651)	6.145
Operating Cash Flow	1.649	9.584
Capex	(580)	(325)
Free Cash Flow before Acquisition	1.069	9.259
Other fixed assets	(1.328)	(91)
Free Cash Flow	(259)	9.168
Change in treasury shares	(581)	(181)
Dividends to minorities	(668)	(667)
Change in bank & fin. Debts	8.934	4.542
IFRS 16 effect	(1.119)	(950)
Changes in equity	969	0
Change in put/option	(7.794)	(2.652)
Change in Cash	(518)	9.260
Initial Cash	10.098	9.581
Final Cash	9.580	18.841

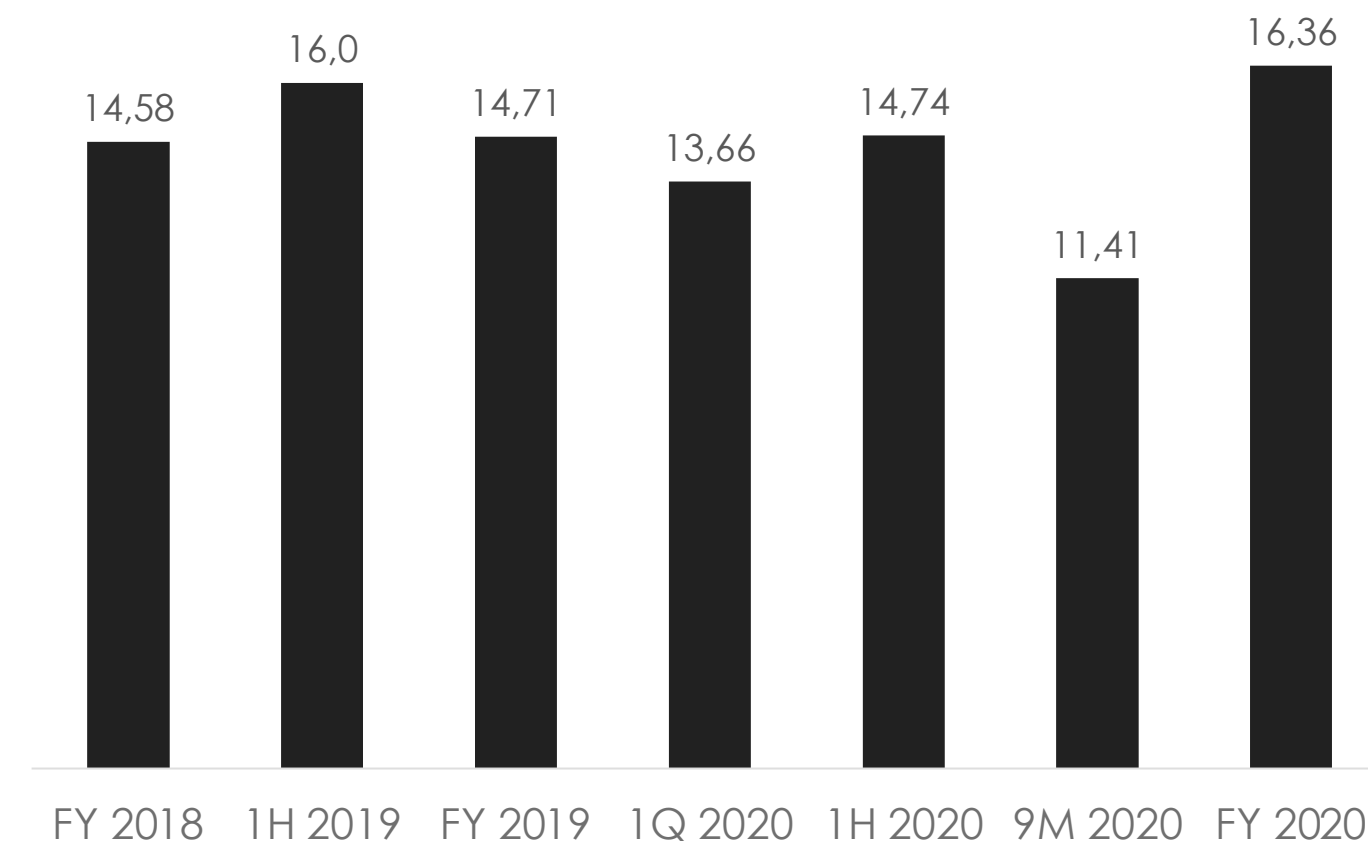
- › FY 2020 **Gross Cash Flow** at €M 5.7, compared to €M 2.8 of FY 2019. The increase yoy is mostly due to the higher result of the period and higher non-cash items.
- › FY 2020 **Operating cash flow** at €M 9.6 compared to €M 1.6 of FY 2019. The positive variation is mostly due to the better operating result and the lower absorption of the Working capital (other assets/liabilities referred to inflows from 2019 tax credit for R&D projects) compared to FY 2019.
- › Ordinary **Capex** of the period are 44% lower than FY 2019. FY 2020 **Free Cash Flow before Acquisitions** is equal to €M 9.3, compared to €M 1.1 of FY 2019.
- › FY 2020 **Free Cash Flow** is €M 9.2, showing a strong improvement compared to FY 2019 €M -0.3.
- › Total change in **cash** for the period was €M 9.3 compared to €M -0.5 in FY 2019.

NET TRADE WORKING CAPITAL DYNAMICS

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

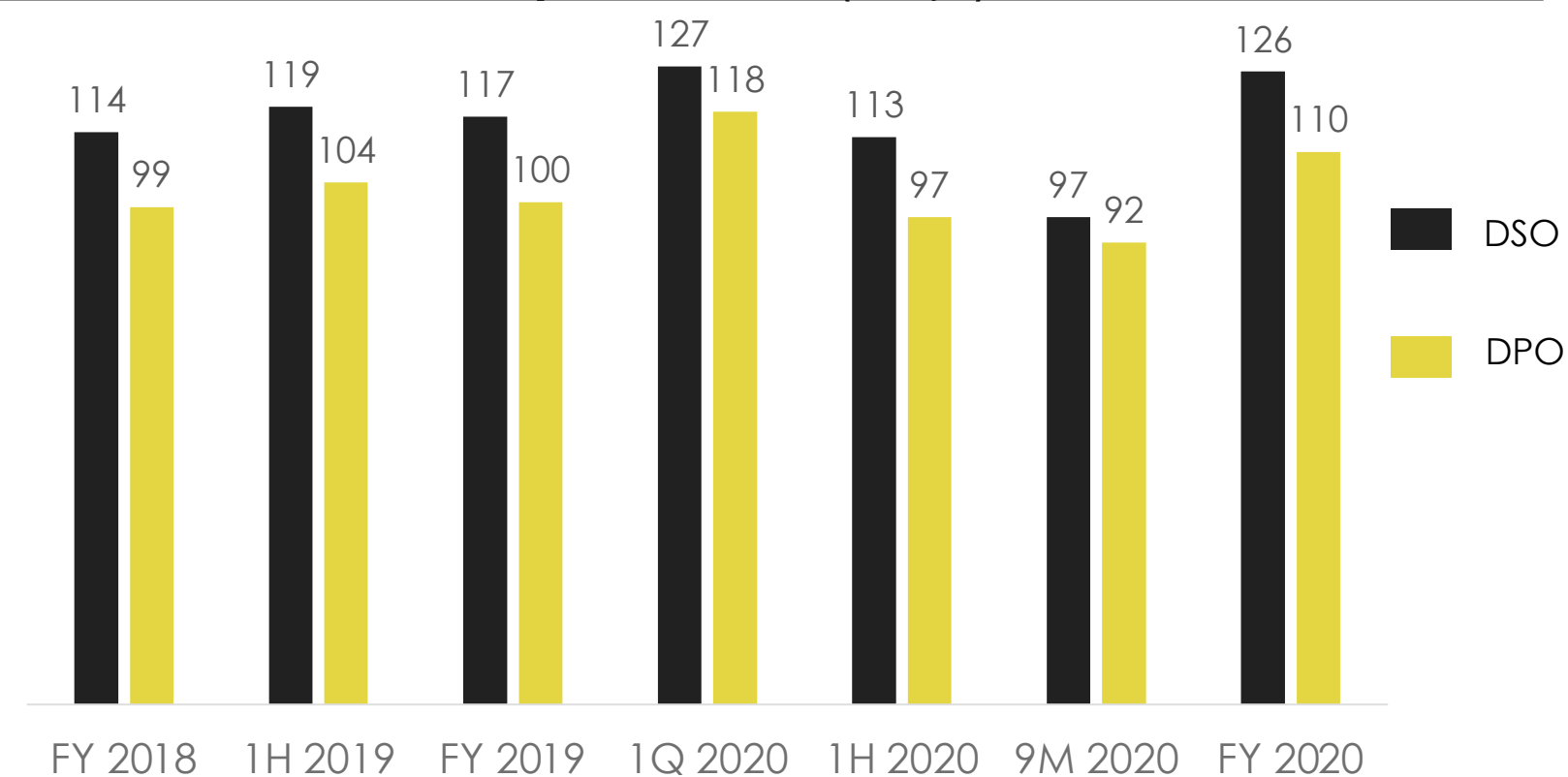


Net Trade Working Capital (€M)



- > FY 2020 Trade working capital over revenues was higher compared to history
- > The cash outflow from **Net Trade Working Capital** increase (€ -2.2 million) was more than 4 times higher in comparison to FY 2019, due to payables dynamics
- > Strong improvement in other **current assets** contributes to NWC inflow in FY 2020. The driver of this improvement was inflow from 2019 public financing and 2019 tax credit

Cash Conversion Cycle Details (days)





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