



**ALKEMY S.P.A.: IN FY 2021 PROFIT OF € 4.3 MILLION (+134%)
STRONG REVENUES GROWTH OF 27%, OF WHICH + 17% ORGANIC
AND ADJUSTED EBITDA + 70%, EBIT + 110%**

In 2021, Alkemy achieved important results in terms of organic growth (+ 17%) supported by the increase in average turnover per customer.

Strong increase in operating margins (EBITDA margin of 11.1%, +2.8 percentage points) thanks to industrialization efficiencies and the best sales mix.

- 1. The Board of Directors today approves the draft Statutory Financial Statements and the Consolidated Financial Statements for 2021 financial year and the proposal for the allocation of net result for the year**
- 2. Publication of the documentation relating to the Shareholders' Meeting**

- **FY 2021 Consolidated Turnover** reaches **Euro 95.2 million, +27%** compared to Euro 74.9 million in the previous year (FY 2020), marking organic growth of 17%, mainly thanks to the increase in average turnover per customer of the main clients, the greater cross-selling of services, and the recovery of new business activities, highly positive results supported by the new Go-to-Market structure.
- **FY 2021 Adjusted EBITDA¹** is equal to **Euro 10.5 million, up by 70%** compared to the figure of Euro 6.2 million in FY 2020, thanks to the efficiencies resulting from the industrialization of the business model and the Group's focus on larger projects with greater added value. The **FY 2021 EBITDA margin** is approximately **11.1%, +2.8 percentage points** compared to FY 2020 (8.3%).
- **FY 2021 Operating result (EBIT)** is equal to **Euro 6.6 million, up by 110%** compared to Euro 3.1 million in FY 2020, mainly thanks to the better operating result.
- **FY 2021 Consolidated pre-tax result (EBT)** is equal to **Euro 5.8 million, up by 127%** compared to FY 2020 figure of Euro 2.5 million, thanks to the better operating performance of the Group and to lower financial charges.
- **FY 2021 Consolidated Net Income** is equal to **Euro 4.3 million, up by 134%** compared to Euro 1.8 million in FY 2020, mainly due to the operating result for the year and to the efficiencies arising from the new organization.
- **FY 2021 Operating Cash Flow** is equal to **Euro 7.4 million**, with a change of Euro -2.2 million compared to Euro 9.6 in FY 2020. This change is mainly due to the greater absorption of the net working capital, in particular to the lower collections deriving from tax credits and subsidized loans relating to the activities Research & Development carried out in previous years.
- **Net Financial Position** of the Group at December 31st, is negative for **Euro 21.2 million**, down by Euro -8.8 compared to the negative NFP of Euro 12.4 million at December 31st, 2020. The variation in the period is mainly due to items not inherent to ordinary activities and related to the change of the Group perimeter.

Milan, March 22nd, 2022 – The Board of Directors of **Alkemy S.p.A.**, 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 draft Statutory Financial Statements and the Consolidated Financial Statements for the 2021 financial year which will be published within the terms provided for by the reference legislation. The Board of Directors also approved the consolidated non-financial declaration prepared pursuant to Legislative Decree 254/2016.

¹ Adjusted EBITDA: Net operating revenues minus operating costs excluding non-recurring expenses and income.



FY 2021, in the complexity and uncertainty of the context, albeit with strong signs of recovery, thanks to the industrialization path undertaken by the Group, saw for Alkemy a **highly positive business trend**, both in terms of **organic growth** (+ 17%), and **substantial increase of the gross operating margin** (+ 70%), resulting in a **Net profit of Euro 4.3 million** (compared to Euro 1.8 million in FY 2020).

In FY 2021, Alkemy recorded, indeed, a **turnover growth of 27%** compared to FY 2020, thanks to the strong focus on the main customers, who continued the projects in continuity, **increasing the average turnover**, to the **greater cross-selling**, and the resumption of new business activities, strongly positive results supported by the new Go-to-Market structure.

Through the industrialization process, Alkemy continued to **optimize margins**, which led to a consistent growth in Adjusted EBITDA and EBITDA Margin which stood at **11.1%** (+2.8 percentage points compared to FY 2020), thanks to greater business efficiency, careful management of operating costs and the new Go-to-Market strategy which focused on the **development of larger projects**, with **greater added value and greater profitability**, with a consequent change in the sales mix.

Alkemy, as an **independent leading company in the digital transformation** industry 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 their business models and rethinking their relationship with the new consumers.

"Over the course of 2021, we saw the realization of important goals and results. We have renewed the innate drive for organic growth (17%), exceeding 95 million in turnover and 700 employees. Operating margins continued their substantial expansion, exceeding 11%, taking another step towards our medium-term target of 15%" **commented the CEO Duccio Vitali.**

"The evolution of consumer habits has confirmed the centrality of digital in the evolution of the entire economic system" **added the Chairman of the Board of Directors Alessandro Mattiacci.** *"The moment we are experiencing and the options for industrial policy intervention will represent in the coming months a great opportunity to accelerate the digital transformation in Europe in the geographies in which we operate, in which companies are relatively late. We expect a renewed centrality in our market, in which we operate more and more with a focused and coherent structure and offer, as confirmed by the acquisition of 51% of XCC, Gold Partner of Salesforce"*.

Data Analysis

In FY 2021, **Group revenues amounted to Euro 95.2 million, up by +27%**, of which 17% organic, compared to Euro 74.9 million in FY 2020. This positive result was mainly achieved thanks to the strong resilience of the existing contracts, to the focus of the main customers, who have increased their average turnover, and to the resumption of news business activities, supported by the Go-to-Market structure.

FY 2021 revenues achieved in Italy, which represent **67% of consolidated revenues**, amounted to **Euro 64.1 million** (Euro 53.3 million in FY 2020), recording a year-on-year growth of 20%. The positive result, higher than expected, of the Italian companies is partially due to the expansion of the Group's perimeter, resulting from the acquisition of the majority shares of Design Group Italia S.r.l. ("DGI") and eXperience Cloud Consulting S.r.l. ("XCC"), whose consolidated revenues in the period amounted to Euro 7.4 million, and is partly the result of the stability of the main Italian customers and active contracts, which have expanded their average turnover.





FY 2021 foreign companies' revenues reached **Euro 31.0 million**, recording strong growth of 43% compared to Euro 21.7 million in FY 2020, mainly thanks to Mexico and Spain, marking an important recovery of the top-line, strongly impacted from the Covid-19 emergency during 2020.

FY 2021 Adjusted EBITDA stands at **Euro 10.5 million, up 70%** compared to the figure of Euro 6.2 million in the previous year, mainly thanks to the efficiencies and careful management of operating costs deriving from implementation the new organization, which supports the Group in the industrialization of its business model, and the new Go-to-Market strategy focused on **the development of larger projects, with greater added value and greater profitability, with a consequent evolution of the mix of sales.**

FY 2021 EBITDA Margin was 11.1%, up 2.8 percentage points compared to the FY 2020 figure of 8.3%, thanks to the efficiencies of the reorganization which led to a **reduction in incidence of operating costs on revenues** of 2.8 percentage points. In particular, the internalisation of some activities, in the technological area and which were previously outsourced, led to a less than proportional increase in costs for services equal to 17%, net of non-recurring items, recording a decrease in the incidence on revenues by 4.4 percent. Labor costs, net of non-recurring items, on the other hand, went up by 32%, increasing the incidence on revenues by 1.6 compared to the previous year, as a consequence of the average number of employees which recorded an increase of 23%, going from 531 units in FY 2020 to 655 in FY 2021, confirming the positive expectations of management on the performance of the business in future periods.

FY 2021 Operating Result (EBIT) is equal to **Euro 6.6 million, up by more than double (+110%)** compared to Euro 3.1 million in 2020. Financial income and expenses for the year are equal to Euro 0.6 million, compared to Euro 0.7 million in FY 2020, with a reduction of Euro 0.1 million.

FY 2021 consolidated pre-tax result (EBT) is equal to **Euro 5.8 million, up 127%** compared to Euro 2.5 million in FY 2020.

FY 2021 consolidated Net Income is equal to **Euro 4.3 million, up 134%** compared to Euro 1.8 million in FY 2020, mainly thanks to the best operating result for the year and the efficiencies deriving from the new organization.

FY 2021 Operating Cash Flow is equal to **Euro 7.4 million**, with a change of Euro -2.2 million compared to Euro 9.6 in FY 2020. The decrease is mainly due to the greater absorption of net working capital, in particular to lower collections deriving from tax credit and subsidized finance relating to Research & Development activities carried out in previous years.

The Group's Net Financial Position at December 31st, 2021 was negative for **Euro -21.2 million**, compared to the negative NFP for Euro -12.4 million at December 31st, 2020, with a decrease over the year of Euro -8.8 million. This variation is mainly attributable to:

- for Euro -8.4 million to the decrease in cash and cash equivalents;
- for Euro +2.6 million to the decrease in payables for put options, as combined (i) of the registration of the new put liability attributable to the companies DGI S.r.l. and XCC S.r.l. for +7.2 million euros, (ii) of interest accrued in the period for +0.3 million euros, (iii) of the fair value valuation of option payables for +0.2 million euros, (iv) for the year " option on 30% of the capital of the company Nunatac Srl which took place in July for Euro -5.0 million, (iv) of the exercise of the option on 20% of the capital of the company Ontwice Interactive Service S.l. and 20% of the capital of the company Alkemy South America S.l. holder of the entire capital of the 2 Mexican subsidiaries, which took place in October, for a total of Euro -4.6 million and (vi) from the exercise of the option on 49% of the capital of the company Kreativa New Formula D.o.o. occurred in November for Euro -0.2 thousand;
- for Euro -2.3 million to the increase in financial payables for the application of IFRS 16, mainly due to (i) the signing of two new rental contracts for properties located in Milan and Rome respectively, (iii) the extension the duration of further contracts relating to the Milan office





and (iii) the expansion of the consolidation perimeter, following the acquisition in particular of the majority stake in DGI Srl;

- for Euro -0.7 million relating to the increase in financial debts.

Outlook

As of the date of approval of this annual financial report as of December 31, 2021, all the Italian and foreign companies of the Group continue their work still largely remotely, also in accordance with the provisions of the various local governments in the various countries and regions in which the offices of the various companies of the Group are present. The Group's management continues to monitor the developments of the events related to the pandemic, in order to be able to promptly implement all the actions deemed necessary for the safety of workers and the business.

The evolution of operations in 2022 will still depend mainly on exogenous factors connected both to the conclusion of the pandemic emergency, with the elimination of the consequent restrictions and start towards "normality", and to the evolution of the war in Ukraine and related general economic impacts, exacerbated by the inflation generated by the widespread increase in the price of raw materials and especially energy products. If this market situation does not currently have direct impacts for Alkemy, as a service provider and not active in either Ukraine or Russia, indirect repercussions may occur: in fact, some of its customers could be more affected by the difficulties generated by the war event, with possible impacts on the purchase of the services offered by the Group.

Taking into account the results achieved in 2021 and the current state of progress of the business in the first months of 2022, barring the occurrence of further aggravating events, currently not well foreseeable, it is confirmed that the Group's expectation is to continue organic growth, both in terms of revenues and margins, both by consolidating the rationalization and efficiency work carried out, and by fully benefiting from the effects of the new organization of the Group launched in 2021 which better integrates, especially in Italy, the business of Alkemy SpA with that of Nunatac S.r.l. (data analytics), by Design Group Italia ID S.r.l. (Product, Service & Space Design) and XCC S.r.l. (System integration).

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.

With reference to the accounting data shown in this press release, it should be noted that these are data for which the statutory audit activity by the Independent Auditors has not been completed. For more information, see the attachments to this press release.

Allocation of net result for the year

The Board of Directors of the Company resolved to propose to the Shareholders' Meeting the approval of the 2021 Financial Statements and to carry forward the loss for the year 2021 achieved by Alkemy S.p.A. for Euro -147.399.

Publication of the documentation relating to the Shareholders' Meeting

The Company also announces that today they have been made available to the public at the registered office, on the Company's website at www.alkemy.com in the Corporate Governance /





Shareholders' Meeting / 2022 section and on the authorized storage mechanism " eMarket STORAGE "at www.emarketstorage.com, the following documents:

- (i) the Explanatory Report on the first item on the agenda of the ordinary session: Approval of the Financial Statements at December 31st, 2021, accompanied by the Report of the Board of Directors on operations, the Report of the Board of Statutory Auditors and the Report of the Company Revision. Presentation of the Consolidated Financial Statements at December 31st, 2021 and of the consolidated non-financial statement drawn up pursuant to Legislative Decree 254/2016;
- (ii) the Explanatory Report on the second item on the agenda of the ordinary session: Allocation of the profit for the year. Related resolutions;
- (iii) the Explanatory Report on the third point on the agenda of the ordinary session: Report on the remuneration policy and remuneration paid pursuant to art. 123-ter of Legislative Decree no. 58/98: 3.1. binding resolution on the first section regarding the remuneration policy pursuant to art. 123-ter, paragraphs 3-bis and 3-ter of Legislative Decree no. 58/1998; 3.2. non-binding resolution on the second section on remuneration paid pursuant to art. 123-ter, paragraph 6, of Legislative Decree no. 58/1998;
- (iv) the Explanatory Report on the sixth item on the agenda of the ordinary session: Share ownership plan in favor of employees of the Alkemy group: resolutions pursuant to art. 114-bis TUF;
- (v) the Explanatory Report on the seventh point on the agenda of the ordinary session: Request for authorization to purchase and dispose of own shares, pursuant to Articles 2357 and ss. cod. civ .; inherent and consequent resolutions;
- (vi) the Explanatory Report on the first item on the agenda of the extraordinary session: Attribution to the Board of Directors of the power to approve a paid share capital increase and consequent amendment of art. 5 of the current Articles of Association. Inherent and consequent resolutions;
- (vii) the Explanatory Report on the second item on the agenda of the extraordinary session: Amendment of art. 3.1 of the current Articles of Association in order to integrate it with training activities. Inherent and consequent resolutions;
- (viii) the Explanatory Report on the third point on the agenda of the extraordinary session: Amendment of art. 25.8.2 of the current Articles of Association regarding the election of the control body by list voting, with adaptation to Legislative Decree 58/1998 on the subject of gender balance. Inherent and consequent resolutions;
- (ix) the Information Document relating to the shareholding plan in favor of employees of the Alkemy Group called "My Share", prepared pursuant to art. 84-bis RE.

It should also be noted that the Company has supplemented the Explanatory Report of the Board of Directors on the fifth item on the agenda of the ordinary Shareholders' Meeting, already published on March 16th, 2022, providing further indications on the subject of balance between genders, masculine and feminine. The new Illustrative Report, with an indication of the revisions made, is made available to the public at the registered office, on the Company's website at www.alkemy.com in the Corporate Governance / Shareholders' Meeting / 2022 section and on the authorized storage mechanism. "EMarket STORAGE" at www.emarketstorage.com.

The additional documentation relating to the ordinary and extraordinary Shareholders' Meeting of the Company will be made available within the terms and in the manner of the law and regulations in force.





ANNEX

CONSOLIDATED P&L OF ALKEMY GROUP

Value expressed in thousands of euros

	31 dec. 2021	31 dec. 2020
Revenues from sales and services	93.955	73.925
Other Revenues	1.230	1.007
Total operating revenues	95.185	74.932
Costs for services, goods and other operating costs	(46.825)	(40.100)
- of which non recurrent	(76)	0
Personnel expenses	(38.845)	(28.861)
- of which non recurrent	(944)	(224)
Total operating costs	(85.670)	(68.961)
Gross operating result (EBITDA)	9.515	5.971
Adj. EBITDA	10.535	6.195
D&A	(2.408)	(1.749)
Provisions and write-downs	(487)	(1.077)
Operating result	6.620	3.145
Income (charges) from equity investments	(308)	96
Financial income	455	587
Financial charges	(998)	(1.284)
Profit (Loss) before taxes	5.769	2.544
Income taxes	(1.498)	(722)
Profit (loss) for the period	4.271	1.822
Attributable to		
- Group	4.263	1.792
- Minorities	8	30



CONSOLIDATED BALANCE SHEET OF ALKEMY GROUP

Values expressed in thousands of euros

Assets	31 dec. 2021	Dec. 31, 2020
Non current assets		
Tangible assets	1.809	855
Rights of use	5.332	3.122
Goodwill	41.249	31.755
Defined life intangible assets	863	650
Minorities	5	1.174
Non current financial assets	1.789	1.646
Deferred tax assets	1.789	1.470
Other non current assets	241	205
Total non current assets	53.077	40.877
Current assets		
Inventories	0	0
Trade receivables	36.040	31.044
Current financial assets	84	82
Tax credits	1.274	1.441
Other current assets	2.885	2.766
Cash and cash equivalents	10.458	18.840
Total current assets	50.741	54.173
Total assets	103.818	95.050
Liabilities and Group equity		
Group Equity		
Equity	596	588
Reserves	31.517	28.762
Net Income (Loss)	4.263	1.792
Group Equity	36.376	31.142
Minorities	323	254
Total Equity	36.699	31.396
Non current liabilities		
Financial debts	11.269	11.439
Rights of use liabilities	4.009	2.415
Put option debts	6.575	3.115
Employee's leaving entitlement	6.361	5.087
Provisions	222	222
Deferred Tax liabilities	18	84
Total non current liabilities	28.454	22.362
Current liabilities		
Financial debts	5.502	4.632
Rights of use liabilities	1.473	776
Put & option debts	2.906	8.923
Trade payables	14.184	14.688
Fiscal liabilities	2.281	1.688
Other liabilities	12.319	10.585
Total current liabilities	38.665	41.292
Total liabilities	67.119	63.654
Total liabilities and Total Equity	103.818	95.050



CONSOLIDATED CASH FLOW STATEMENT OF ALKEMY GROUP

Values expressed in thousand of euros

	31 dec. 2021	31 dec. 2020
Operating activities		
Net Income (Loss)	4.271	1.822
Financial Income	(455)	(587)
Loss (Income) from equity investments	308	(96)
Financial Charges	998	1.284
Income Taxes	1.498	722
D&A	2.408	1.749
Provisions and write-downs	487	1.077
Share-based compensation	769	564
Change in inventories	0	61
Change in trade receivables	(2.008)	244
Change in trade payables	(678)	(2.540)
Change in other current assets	(3)	4.107
Change in other current liabilities	1.403	2.038
Paid financial charges	(250)	(307)
Paid income taxes	(1.331)	(554)
Net cash flow generated (absorbed) by operating activities	7.416	9.584
Investments		
Capex	(1.940)	(325)
Change in financial assets	303	(91)
Change in acquisitions	(1.949)	0
Net cash flow generated (absorbed) by investment activity	(3.586)	(416)
Financing activities		
Change in financial debt	(259)	4.542
Change IFRS 16 financial liabilities	(1.347)	(950)
Change in treasury shares	(759)	(181)
Dividends to minorities	(1.031)	(667)
Other changes in equity	884	(1)
Capital increase	8	0
Exercise of put options	(9.653)	(2.652)
Other change in financing activities	(55)	0
Net cash flow generated (absorbed) by financing activities	(12.212)	91



Increase (decrease) of net cash position for the period	(8.382)	9.259
Cash at beginning of period	18.840	9.581
Cash at end of period	10.458	18.840

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

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