9M 2022 RESULTS

14.11.2022

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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 about **9% per year**.

In this market, Alkemy has developed a **differentiated positioning** that has allowed it to grow with a **CAGR of 29%** (>3x the market), to move from the 23 starting resources to a team of over **700 people** and a turnover of **95M€** in 2021.

In these 10 years, 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%.**

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**.

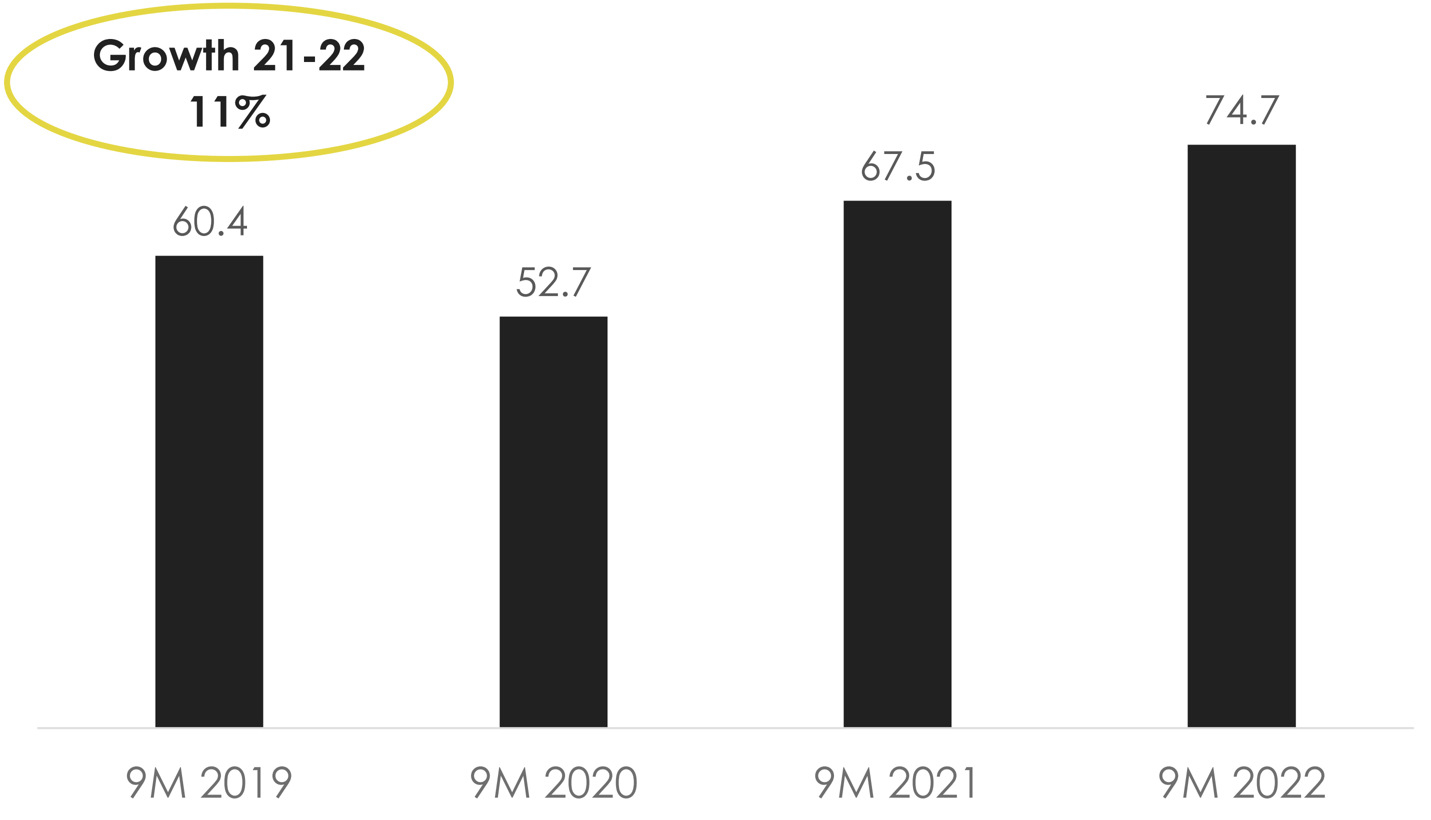
We help companies to evolve their business in the post-digital scenario

FINANCIAL HIGHLIGHTS

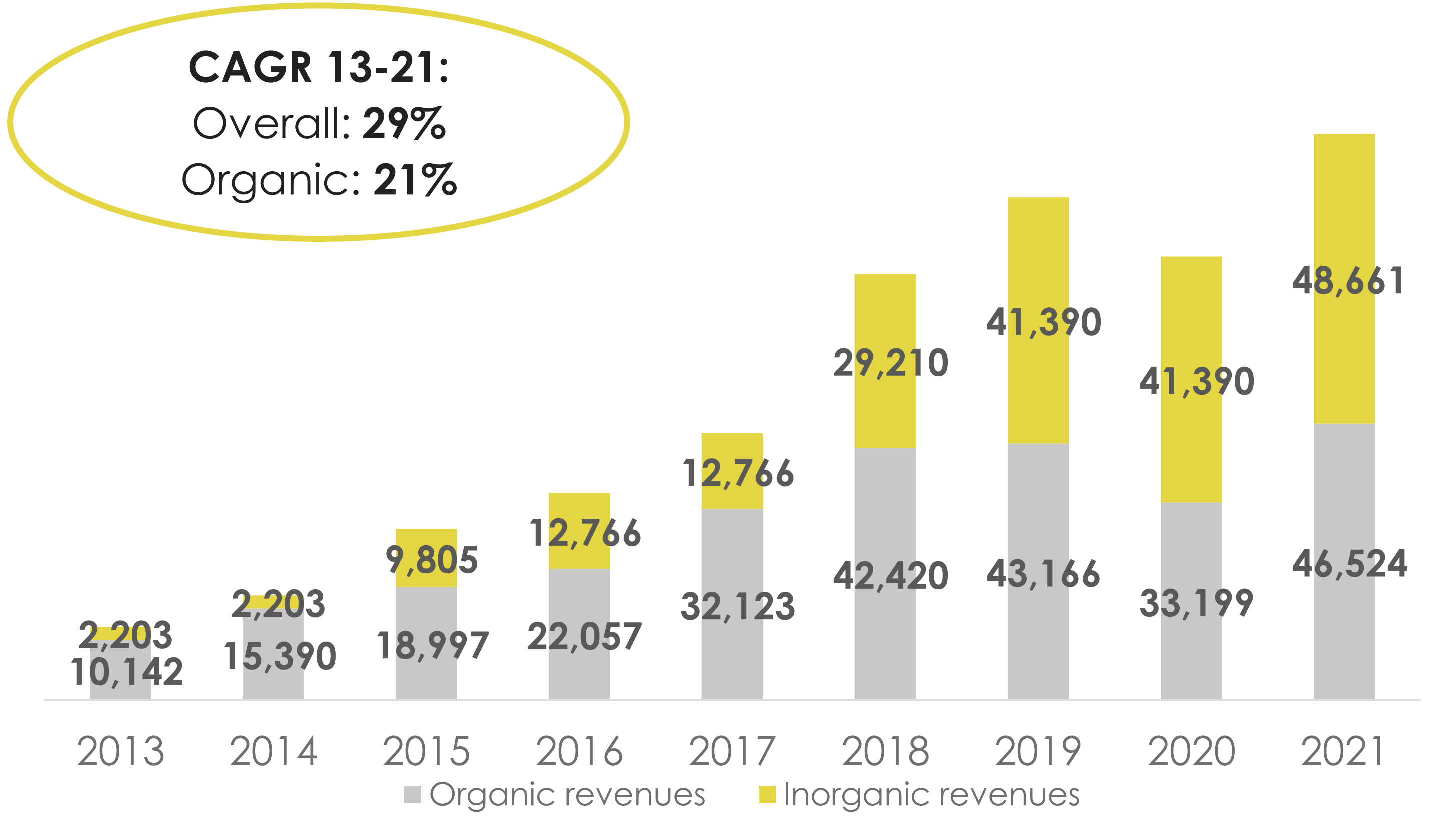
€M	9M 2022	9M 2021	
Turnover	74.7	67.5	> +11% vs. 9M 2021, mainly thanks to change in Group perimeter.
Adj. EBITDA	7.9	7.4	> +7% vs. 9M 2021. EBITDA Adj. margin down by -0.3 pps.
EBIT	5.1	4.7	> +8% vs. 9M 2021. EBIT margin down by -0.2 pps.
EBT	5.0	4.1	> +23% vs. 9M 2021, thanks to the better performance over the period and to the lower net financial charges.
Group Net Income	3.6	2.6	> +39% vs. 9M 2021.
Operating Cash Flow	3.7	6.5	> -2.8 €M vs. FY 2021 mainly due to higher cash absorption of the net working capital and higher cash tax paid, partially offset by the higher Net Profit of the period.
NFP	-36.2	FY 2021 -21.2	> €M -15.0 since 31 December 2021 mostly due to the M&A activities carried out in Q3 2022.

REVENUES

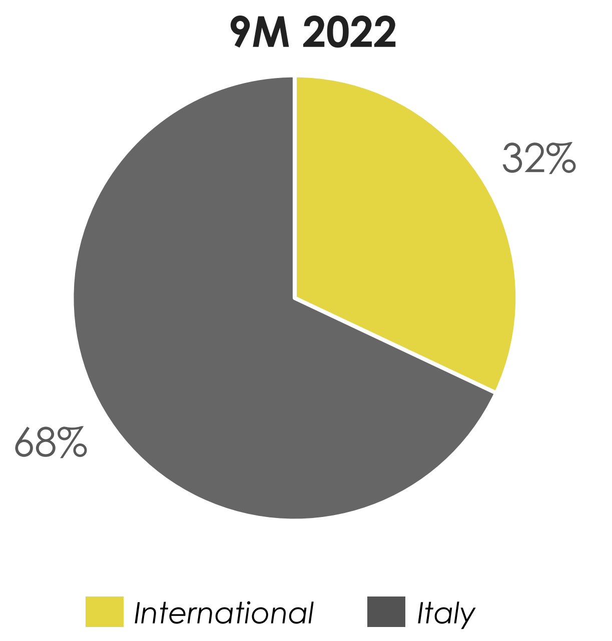
9M REVENUES(€M) – IAS /IFRS

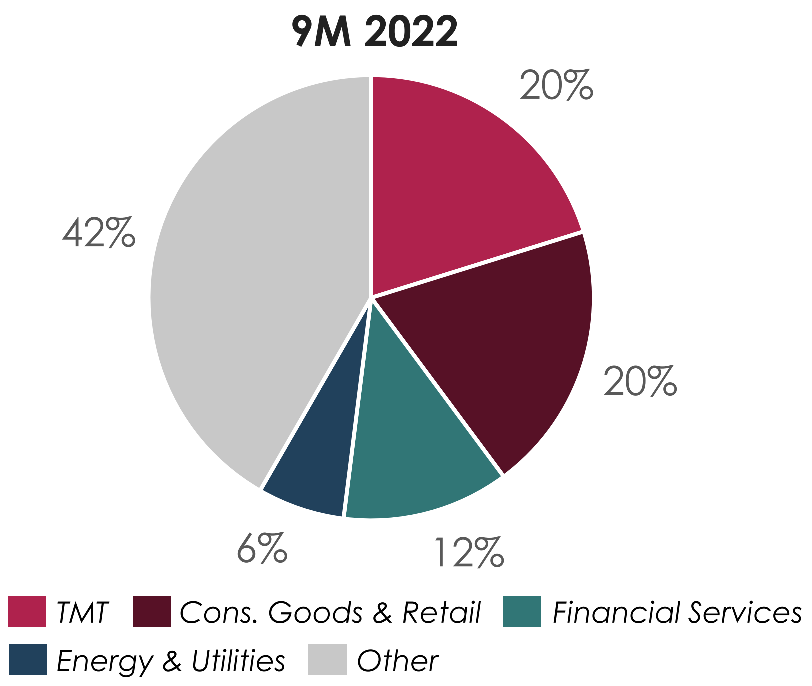


ALKEMY GROWTH EVOLUTION (€000) – IAS /IFRS



ALKEMY INTERNATIONAL TURNOVER & SPLIT BY INDUSTRY



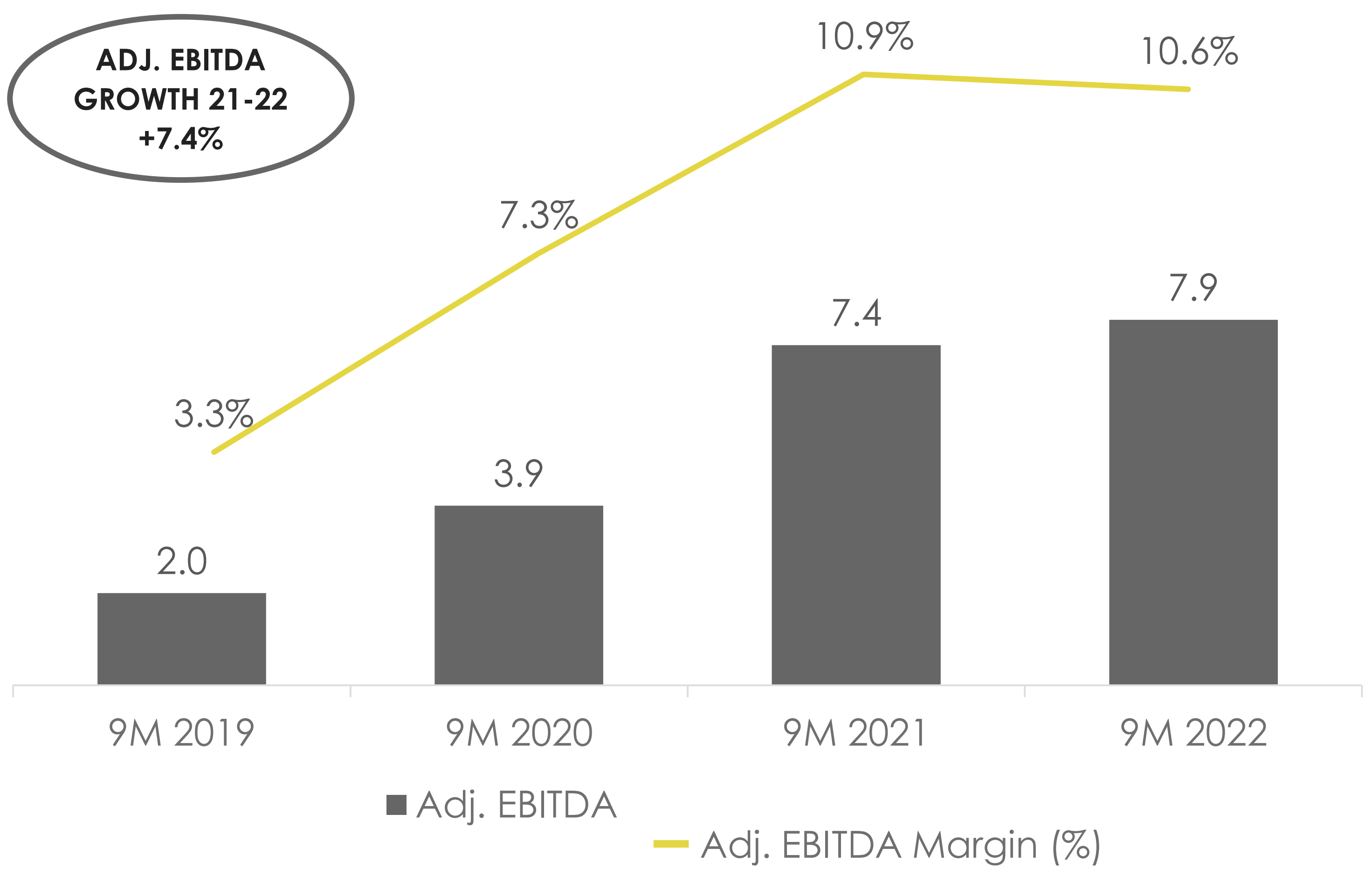


- 9M 2022 **revenues at €M 74.7**, +11% vs. 9M 2021 (€M 67.5). The result is due mostly to the Group perimeter change.
- 9M 2022 **Italian turnover at €M 50.8,** +12% vs. €45.3 M in 9M 2021. The growth is mainly due to Group scope change and to the focus on existing clients.
- **International revenues** in 9M 2022 **at €M 23.9**, up by 8% vs. €M 22.2 in 9M 2021, mainly due to change in scope and significant growth in revenues generated by the Mexican subsidiaries, partly offset by the decline recorded by the Spanish subsidiaries' top line.
- Revenues generated by clients in the **TMT** and **Consumer Goods & Retail** are 40% of total turnover, followed by Financial Services and Energy & Utilities (12% and 6% of group turnover respectively).

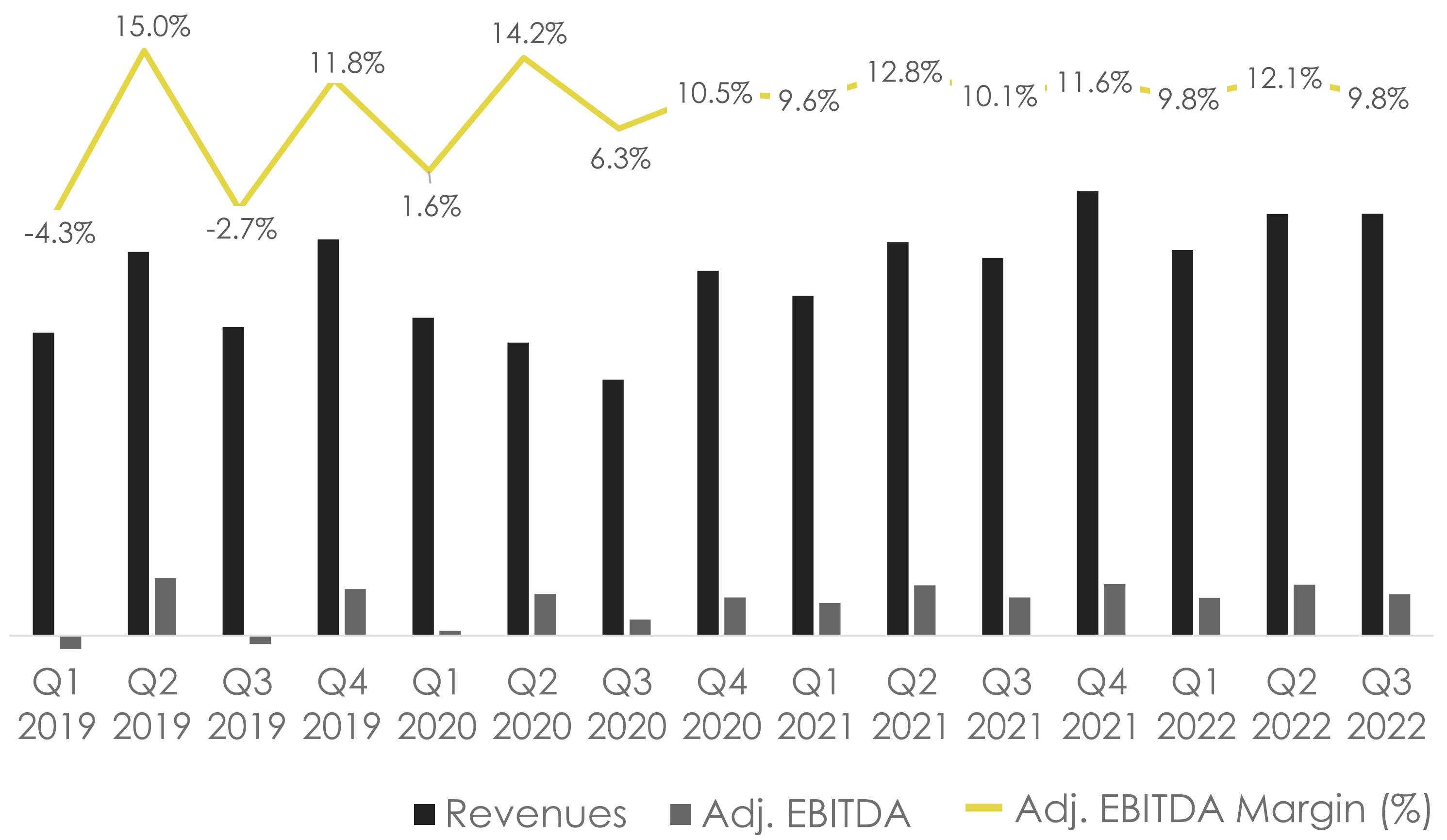
[(1)]Revenues 2013-14-15-16 are Management estimates and *are not audited,* following the introductions of IFRS in 2018.

Adj. EBITDA

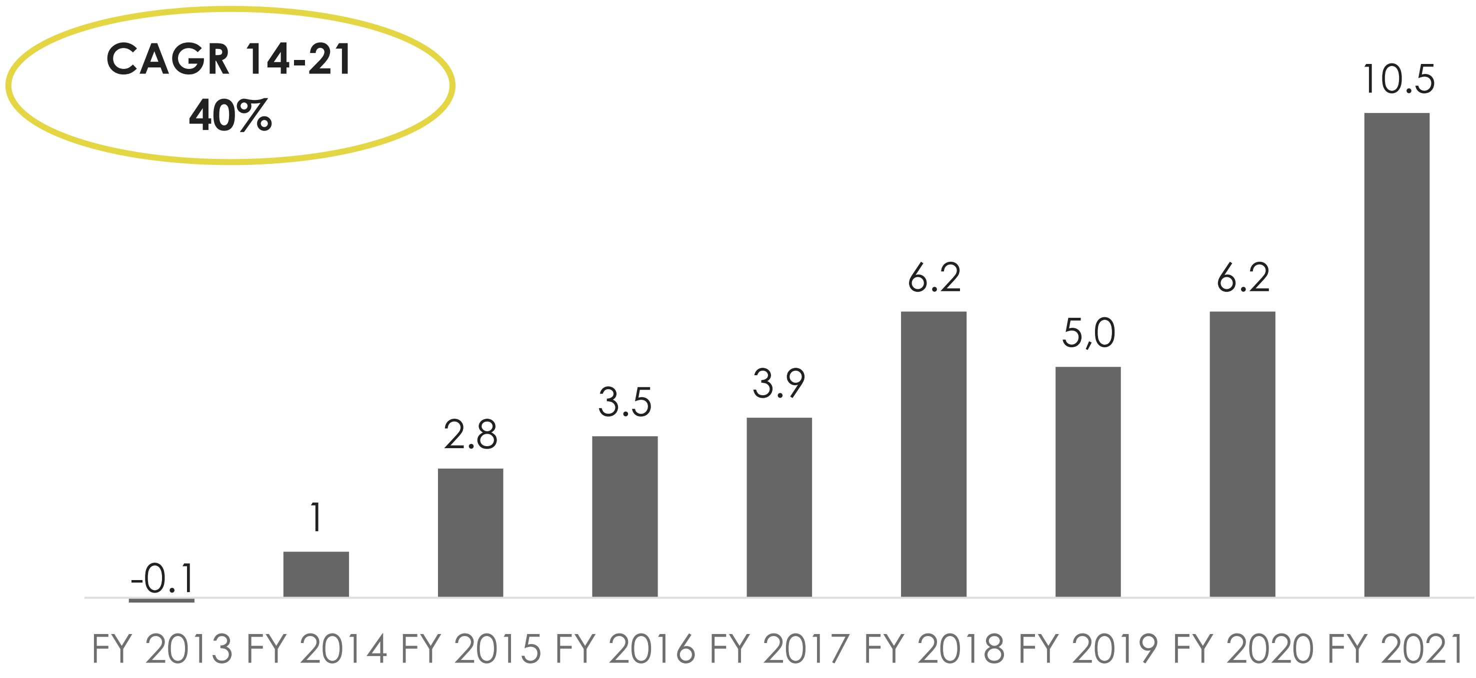
9M ALKEMY Adj. EBITDA(€M) – IAS/IFRS[1] & MARGIN (%)



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



FY ALKEMY Adj. EBITDA(€M) – IAS/IFRS

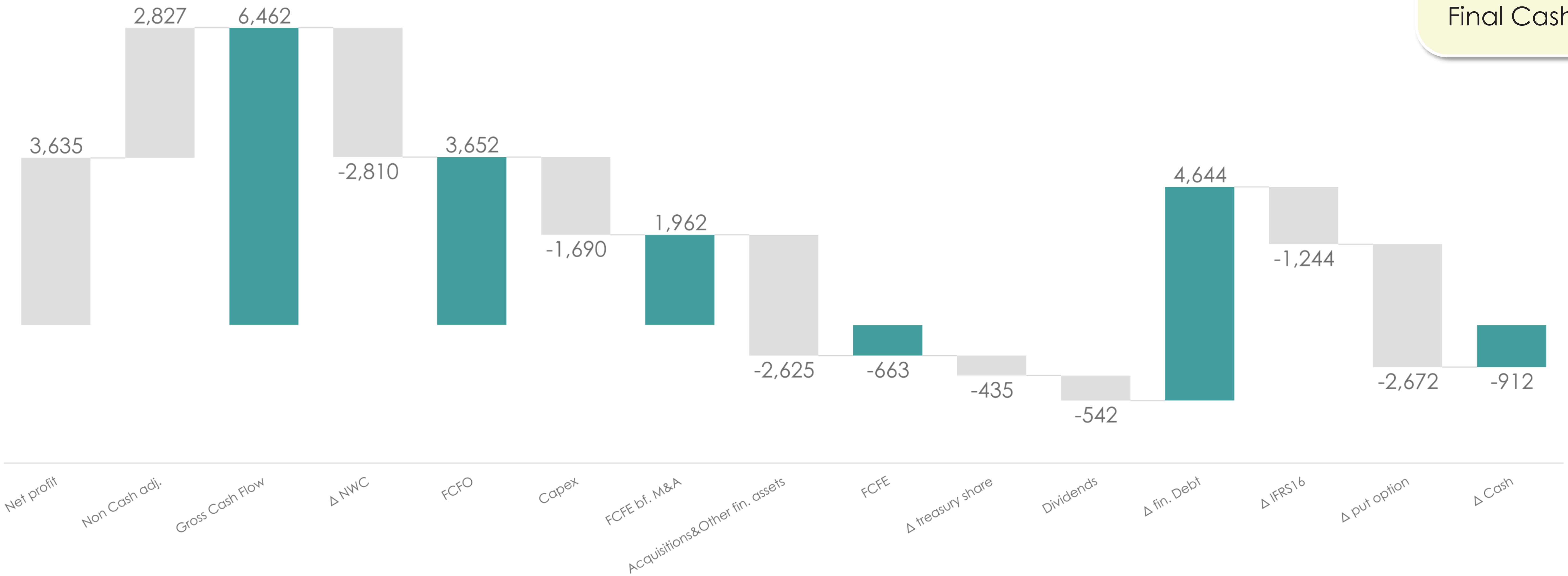


- 9M 2022 Adj. EBITDA is €M 7.9, +7% compared to 9M 2021 of €M 7.4.
- EBITDA Adj, Margin[1] is 10.6% in 9M 2022 vs 10.9% in 9M 2021 with a decline of 0.3 pps.

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

9M 2022 CASH FLOW

9M 2022 Cash Flow generation - (€000)

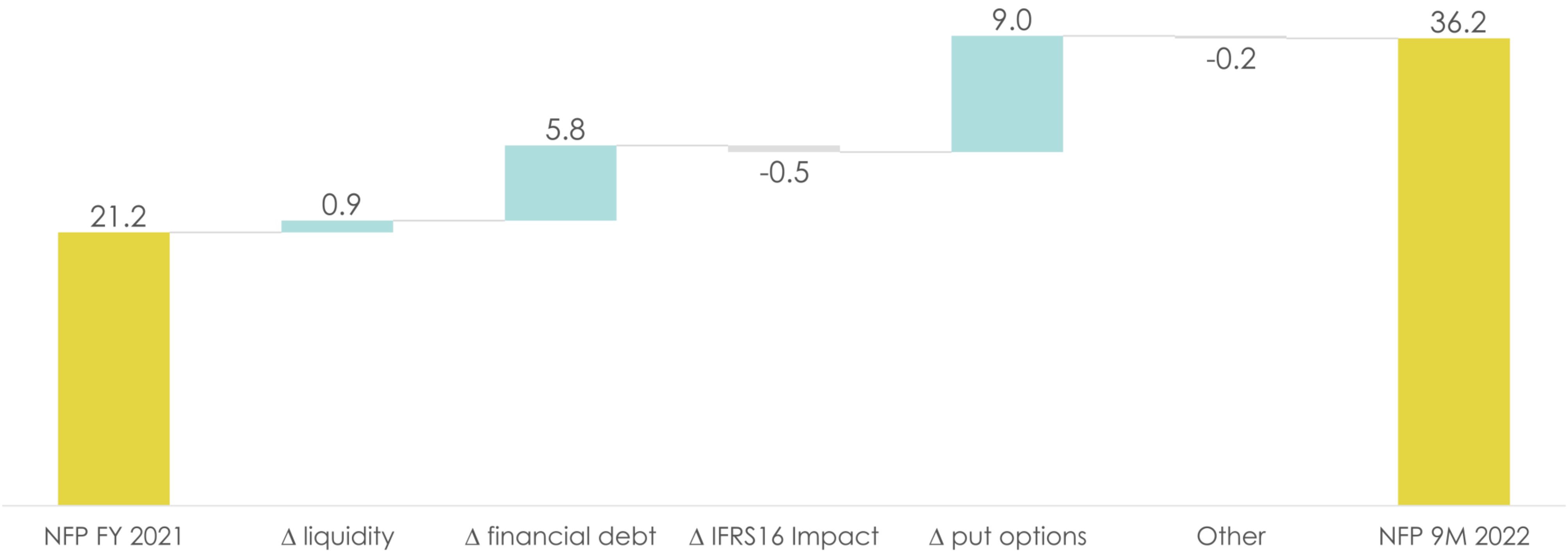


Initial Cash	10.5 €M
Delta Cash	-0.9 €M
Final Cash	9.5 €M

- 9M 2022 Gross Cash Flow at €M 6.5, +11% YoY thanks to higher positive result and non-cash adjustments.
- FCFO at €M 3.7, equal to 46% of Adj. EBITDA, -44% compared to 9M 2021.
- Capex +61% compared to 9M 2021 and equal to 2% of revenues.
- Change in cash over 9M 2022 is €M -0.9, mostly related to the change in the Group perimeter and to M&A put options payments occurred over the period.

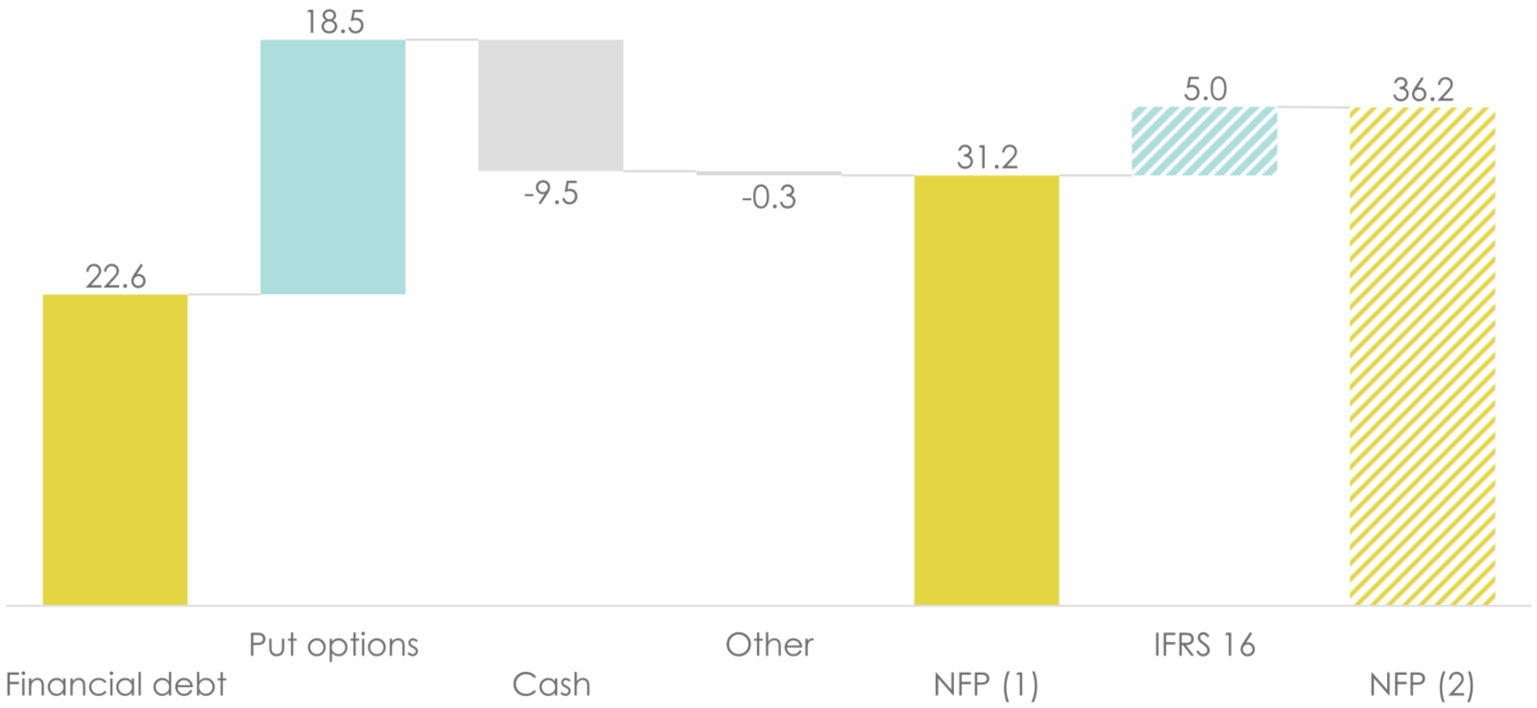
NET FINANCIAL POSITION BRIDGE AND DETAILS

Net Financial Position Bridge 9M 2022 (€M)



- **Gross debt** is composed by €M 22.6 of financial debt (of which €M 15.1 LT, €M 7.5 ST), €M 18.5 put options liabilities deriving from M&A (of which €M 3.0 ST) and €M 5.0 IFRS16 financial leases.
- 9M 2022 NFP (1) ex IFRS16 is €M 31.6.
- 9M 2022 cash and equivalents is €M 9.5.

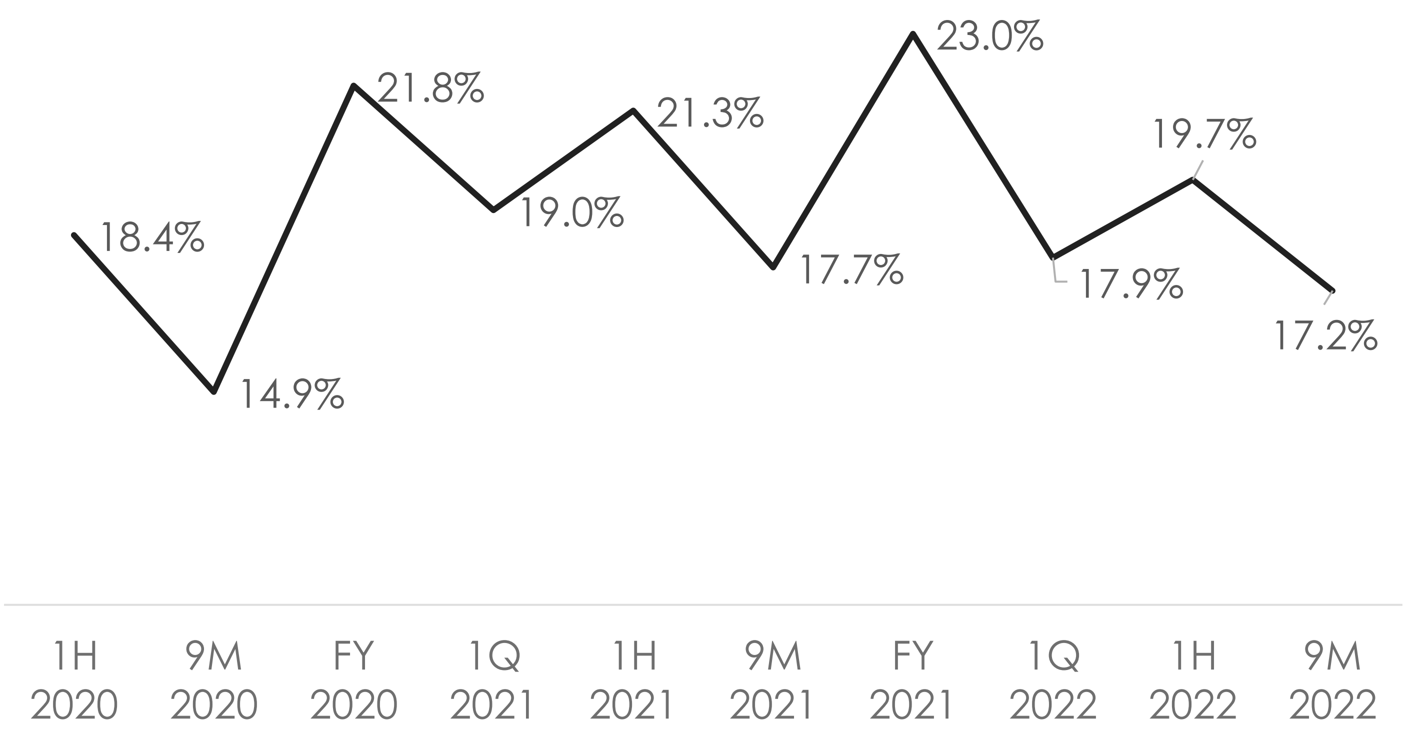
Net Financial Position Break Down 9M 2022 (€M)



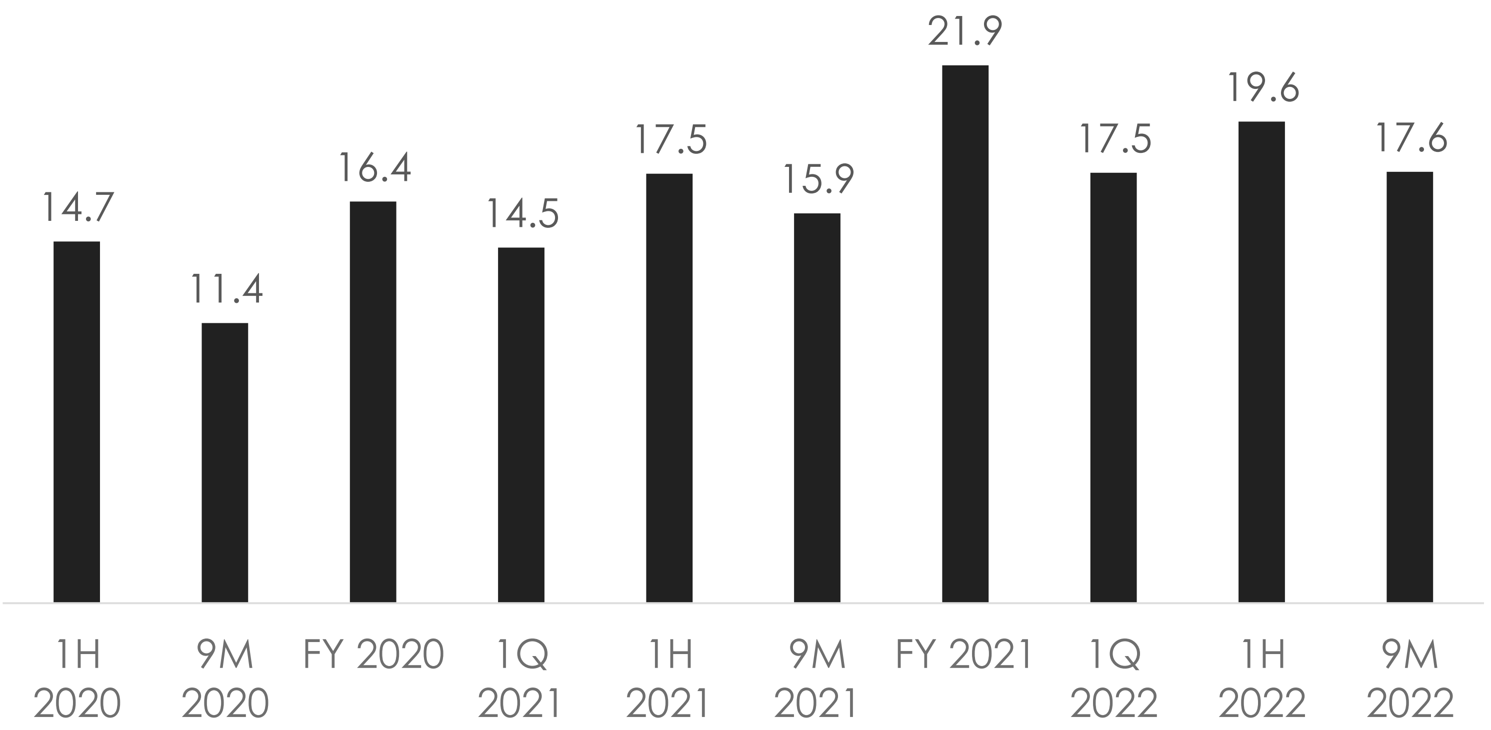
- **Net Financial Position** NFP (2) at September 30th 2022 declined by €M 15.0 compared to €M -21.2 at December 31st, 2021.
- **Variation** is mainly due to: (i) increase in put option liabilities (€M 9.0), (ii) increase in bank loans (€M 5.8), (iii) IFRS 16 impact (€M -0.5), (iv) decrease in liquidity on bank accounts (€M 0.9) due to the acquisition.

NET TRADE WORKING CAPITAL DYNAMICS

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



Net Trade Working Capital (€M)

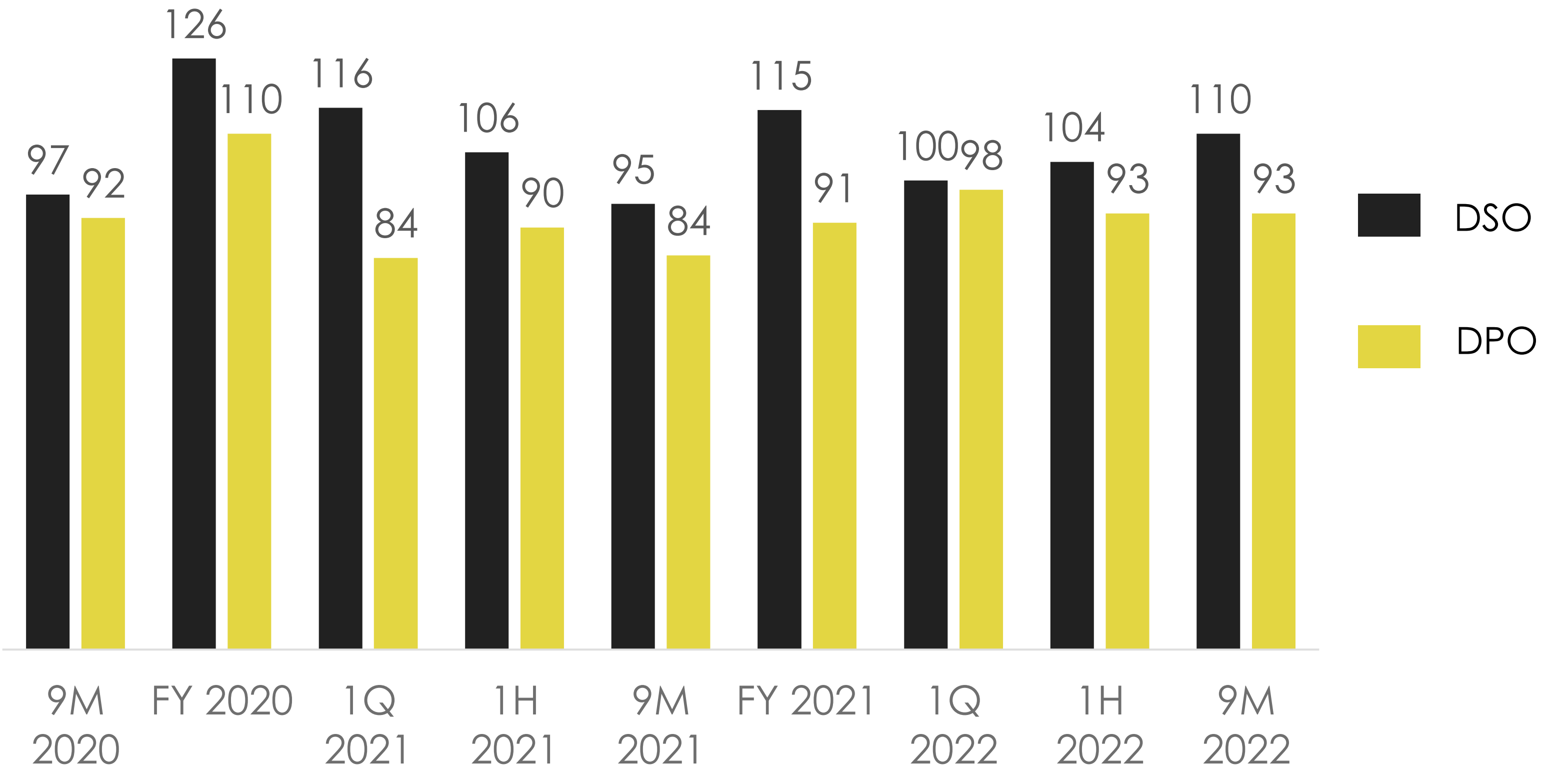


> 9M 2022 Net Trade Working capital is 11% higher than 9M 2021, due to higher revenues growth in the period.

> Cash release from **Net Trade Working Capital** decrease (€M +1.7 million compared to €M +3.7 in 9M 2021), due to payables and receivables dynamics.

> 9M 2022 DSO at 110 +16% vs. 9M 2021; 9M 2022 DPO +11% vs. 9M 2021.

Cash Conversion Cycle Details (days)



9M 2022 P&L – IAS/IFRS

Consolidated Profit & Loss

Profit and Loss (€000) - IAS/IFRS	9M 2021	9M 2022
Revenues	**67,497**	**74,660**
Service costs, consum. & goods	(32,944)	(34,449)
Personnel	(28,153)	(32,732)
EBITDA	**6,400**	**7,479**
% Revenues	**9.5%**	**10.0%**
Non recurrent costs	(958)	(425)
Adj. EBITDA	**7,358**	**7,904**
% Revenues	**10.9%**	**10.6%**
D&A	(1,636)	(2,160)
Bad debts/ claims/ provisions	(51)	(210)
EBIT	**4,713**	**5,109**
% Revenues	**7.0%**	**6.8%**
Financial charges	(660)	(123)
EBT	**4,053**	**4,986**
Taxes	(1,432)	(1,351)
% Tax rate	**35.3%**	**27.1%**
Net Profit (Loss)	**2,621**	**3,635**
% Revenues	**3.9%**	**4.9%**
o/w Minorities	**15**	**(5)**
o/w Group Net Profit (Loss)	**2,606**	**3,640**

› 9M 2022 **Revenues** at €M 74.7, up by 11% compared to €M 67.5 of 9M 2021. The increase is mostly related to the change in the Group perimeter. **Italian revenues up by 12%** YoY, mainly related to the acquisition of the majority stake in DGI and XCC, and to the focus on the existing client base**. Foreign turnover up by 8%**, mainly thanks to the inclusion of InnoCV in the Group perimeter and to the Mexican subsidiaries, whose performance more than offsets the Spanish subsidiaries' negative one.

› **Adj. Operative costs** increased (impact on revenues + 0.3 pps compared to 9M 2021). **Services costs** increased by 4% yoy, but **reduced the impact on revenues by 2.9 pps**. **Personnel costs** increased incidence on revenues by 3.2 pps compared to 9M 2021, due to the higher FTE for the period (from 613 in 9M 2021 to 783 in 9M 2022), due also to the Group perimeter change.

› 9M 2022 **Adj. EBITDA** at €M 7.9 +7% compared to €M 7.4 in 9M 2021, with a margin decline of 0.3 pps (**Adj. EBITDA margin 10.6%**).

› 9M 2022 **EBIT** is equal to €M 5.1 +8% compared to €M 4.7 in 9M 2021, with an EBIT margin decline of 0.2 pps.

› 9M 2022 **EBT** at €M 5.0, +23% compared to €M 4.1 in 9M 2021. **Group Net Profit** is €M 3.6 +39% vs €M 2.6 in 9M 2021.

9M 2022 BALANCE SHEET – IAS/ IFRS

Consolidated Balance Sheet

Balance Sheet (€000) - IAS/IFRS	FY 2021	9M 2022
Tangible assets	1,809	2,258
Intangible assets	10,014	9,811
o/w rights of use (IFRS16)	*5,332*	*4,807*
Goodwill	41,249	55,989
Financial assets	5	5
Fixed Assets	**53,077**	**68,063**
Inventories	-	-
Trade Receivables	36,040	36,507
Trade Payables	(14,184)	(14,253)
Net Trade Working Capital	**21,856**	**22,254**
Other Current Assets	4,159	4,275
Other Current Liabilities	(14,840)	(12,364)
Employees' leaving entitlement	(6,361)	(6,017)
Total Capital Invested	**57,891**	**76,211**
Total Equity	**36,699**	**39,998**
o/w Group Equity	36,376	39,677
o/w Minorities	323	321
Cash & current financial assets	(10,542)	(9,849)
Bank Debts	16,771	22,604
Put Option Liabilities	9,481	18,489
Other Financial Debts (IFRS16)	5,482	4,969
Net Debt (Cash)	**21,192**	**36,213**
Total Funds	**57,891**	**76,211**

- **Net Invested Capital** at €M 76.2 (€M 57.9 in FY 2021) consisted of approx. € 22.3 million of **Net Trade Working Capital** (€M 21.9 FY 2021), €M 68.1 of fixed assets (€M 53.1 FY 2021) of which €M 56.0 of **Goodwill** (€M 41.2 in FY 2021) and €M 4.8 of IFRS 16 **rights of use** (€M 5.3 in FY 2021).
- **Shareholders' equity** increased in the period by €M 3.3 since 31 Dec. 2021 (+9%), mainly due to the positive result of the period (€M +3.8).
- **Net Financial Position** at September 30th, 2022, negative by €M -36.2 (ante-IFRS 16 at €M -31.2) declining by €M -15.0 compared to FY 2021. The **variation** is mainly due to: (i) increase in **put options liabilities and earn-out** (€M 9.0); (ii) increase in **bank loans** (€M 5.8); (iii) **IFRS 16** impact (€M 0.5); (iv) decrease in **cash and cash equivalents** (€M -0.9).

9M 2022 CASH FLOW GENERATION – IAS/IFRS

Consolidated Cash Flow

Cash Flow Statement (€000) - IAS/IFRS	9M 2021	9M 2022
Net Profit (Loss)	**2,621**	**3,635**
Adjustments (cash tax, interest and other)	2,092	1,474
Non-cash items	2,280	2,645
Gross Cash Flow	**6,993**	**7,754**
Change in inventories	-	-
Change in trade receivables	6,295	1,507
Change in trade payables	(2,599)	183
Total change in NTWC	**3,696**	**1,690**
Total change in other asset/liabilities	(4,134)	(5,792)
Operating Cash Flow	**6,555**	**3,653**
Capex	(1,052)	(1,690)
Free Cash Flow before Acquisition	**5,503**	**1,963**
Acquisitions and other financial assets	(2,116)	(2,626)
Free Cash Flow	**3,387**	**(662)**
Change in treasury shares	(759)	(435)
Dividends to minorities	(1,023)	(542)
Change in bank & fin. Debts	313	4,644
IFRS 16 effect	(973)	(1,244)
Changes in Equity	891	-
Changes on other financial assets	(36)	-
Change in put/option	(4,916)	(2,672)
Change in Cash	**(3,116)**	**(912)**
Initial Cash	18,840	10,458
Final Cash	15,724	9,546

- 9M 2022 **Gross Cash Flow** at **€M 7.8**, compared to €M 7.0 in 9M 2021. The increase yoy is mostly due to higher positive result of the period.
- 9M 2022 **Operating cash flow** at **€M 3.7** compared to €M 6.6 of 9M 2021. The decrease of €M 2.9 is mainly related to the greater cash absorption of the net working capital and higher cash tax, partially offset by the higher Net Profit of the period.
- Ordinary **Capex** of the period is €M 1.7 compared to €M 1,1 of 9M 2021. It is mostly related to hardware equipment for the Group. 9M 2022 **Free Cash Flow before Acquisitions** is equal to **€M 2.0**, declining vs. €M 5.5 in 9M 2021.
- 9M 2022 **Free Cash Flow** is **€M -0.7**, compared to €M 3.4 in 9M 2021.
- Total change in **cash** for the period was **€M -0.9** compared to -€M 3.1 in 9M 2021.

OUTLOOK

> The widespread increase in the price of raw materials in general and on energy products specifically, driven by the war, is generating and supporting a significant inflation that has 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, no relevant evidence has been found on Alkemy Group clients**, except that some may be more indirectly influenced by the difficulties generated by the war, with possible repercussions on the purchase of the services offered by the Group.

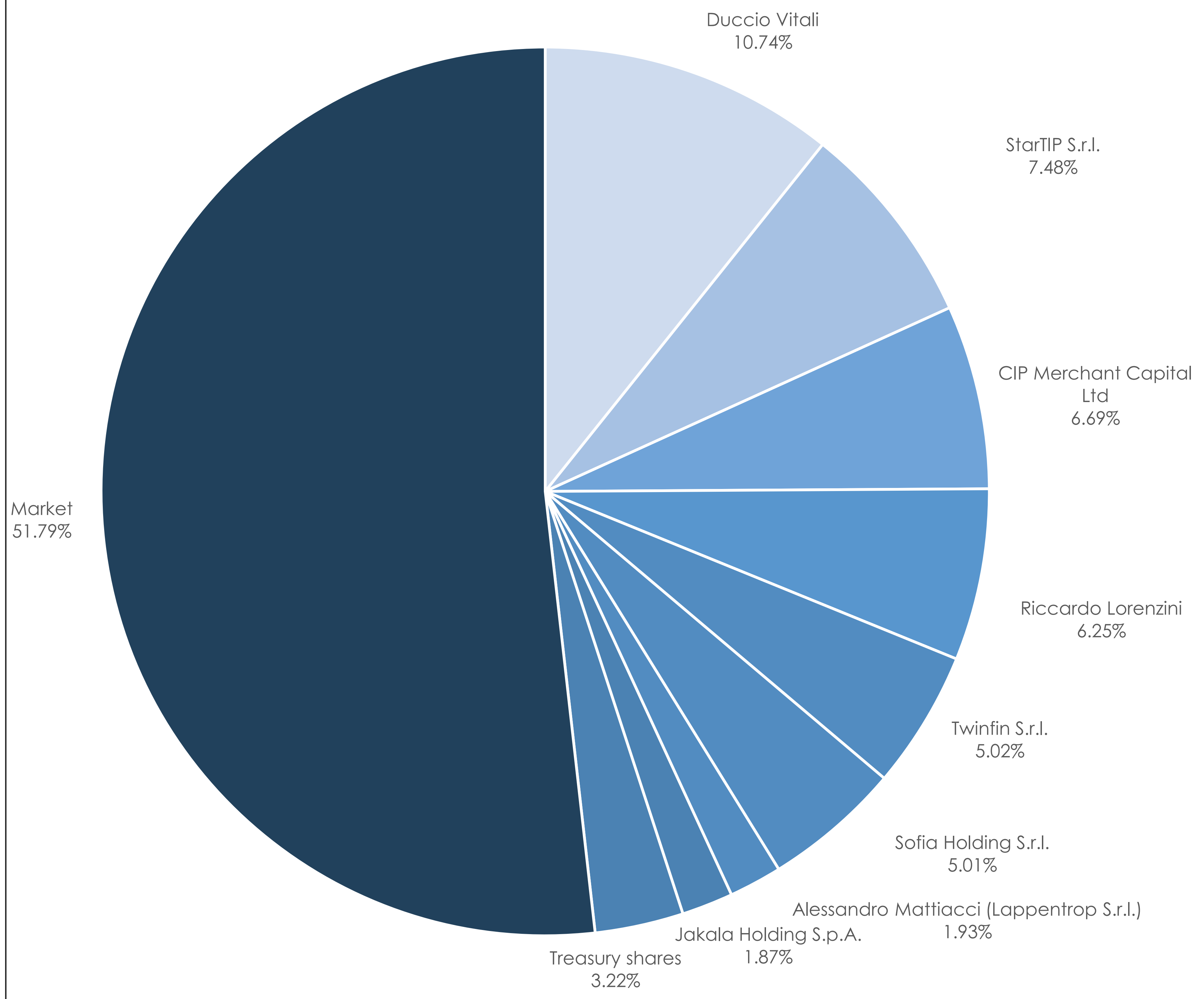
> Considering the results achieved in 9M 2022, barring the occurrence of further aggravating events, currently not well foreseeable, **it is confirmed that the Group's expectation is to continue growing organically and increasing margins**.

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 September, 2022



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

- The Board of Directors, the Board of Statutory Auditors and the Independent Audit Firm were appointed by the Shareholders' Meeting on April 26, 2022.

Alkemy enabling evolution
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INVESTOR RELATIONS
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