

ALMAWAVE: STRONG GROWTH IN H1 2021

TOTAL REVENUES OF EURO 15.4 MILLION +22.1% ON H1 2020

- Revenues of Euro 14.8 million (+19.8% vs H1 2020; +21.3% at constant currency), in addition to other income of Euro 0.6 million, for total revenues and other income of Euro 15.4 million (+22.1% vs H1 2020, +23.6% at constant currency)
- Backlog of Euro 63.0 million
- EBITDA of Euro 3.9 million (+36.7% vs H1 2020; +38.5% at constant currency)
- EBITDA Margin of 26.5% (+320 bps vs H1 2020)
- EBIT of Euro 2.4 million (+52.0% vs H1 2020)
- Net Profit of Euro 1.4 million (+388% vs H1 2020)
- Net Cash Position of Euro 12.9 million vs Euro 10.2 million at March 31, 2021 (Net Indebtedness of Euro -13.8 million at December 31, 2020)
- Investments of Euro 2.5 million (17.2% of revenues vs 18.6% in H1 2020)

- Regulation to introduce 2021-2023 Stock Grant Plan approved

Rome, August 2, 2021 – The Board of Directors of Almaxwave S.p.A., an Artificial Intelligence (AI), natural language processing and Big Data services leader listed on the AIM Italia (Ticker: AIW) multi-lateral trading system, today approved the H1 2021 consolidated results.

The Chief Executive Officer of Almaxwave, Valeria Sandei, stated: *“This performance reflects the successful execution of the strategy guidelines presented at the beginning of the year on IPO. We report double-digit revenue growth, a margin in excess of 26% and a net profit up by nearly 400% over the same period of the previous year. I am greatly satisfied by these numbers, which clearly indicate our strong operating performance, featuring the consistent acquisition of new projects, customers and partners, in addition to the consistent technological development which has increasingly captured the market’s attention. These developments are a cause for optimism for the coming months. The company in fact confirmed in this initial part of the year its capacity to efficiently manage an extensive backlog and particularly with Public Sector customers, buoyed by growing interest in a range of artificial intelligence applications to manage information and improve citizen services. In this regard, the dynamics and potential from the roll-out of the National Recovery and Resilience Plan (PNRR), in support of the country’s relaunch, may present a further opportunity for growth”.*

Revenues rose to Euro 14.8 million in H1 2021 (+19.8% vs H1 2020; +21.3% at constant currency), in addition to other income of Euro 0.6 million, for total revenues and other income of Euro 15.4 million (+22.1% on Euro 12.6 million in the same period of 2020, +23.6% at constant currency).

EBITDA increased to Euro 3.9 million (26.5% margin), up 36.7% YoY (+38.5% at constant currency).

EBIT was up to Euro 2.4 million, +52.0% on H1 2020; the EBIT Margin rose to 16.2% vs 12.7% in the same period of 2020.

A net profit of Euro 1.4 million was reported for the period, improving 388% on H1 2020 (Euro 0.3 million).

Breaking down revenues by type, *Products* (accounting for 38%) were up 18% YoY (at constant currency), while Big Data and Open Data service revenues grew 23% YoY (at constant currency), accounting for 62% of total revenues.

In terms of market segments, the Government division performed exceptionally well, accounting for 70% of revenues in the period, +32% YoY (at constant currency); Enterprise & Transportation division growth also progressed strongly (+2% YoY, at constant currency).

Finally, Italy was up 23% on H1 2020, with the international market recovering considerably to report 7% YoY growth, at constant currency.

Revenues increased to Euro 7.8 million in Q2 2021, in addition to other income of Euro 0.6 million, for total revenues and other income of Euro 8.4 million (+23.5% on Q2 2020), while EBITDA rose to Euro 2.5 million (+29.4% on Q2 2020), with the EBITDA Margin increasing to 32.7%.

Operating cash flows before investments¹ totalled Euro 3.4 million, while capex of Euro 2.5 million was reported in the period (17.2% of revenues, compared to 18.6% in H1 2020). A Net Cash Position of Euro 12.9 million is reported, compared to Euro 10.2 million in Q1 2021 and against a Net Indebtedness of Euro -13.8 million at December 31, 2020.

¹ EBITDA ± change in trade payables and receivables



ALMAWAVE - HIGHLIGHTS 1H 2021			
<i>(in millions of euro)</i>	1H 2021	1H 2020	YoY %
Revenues	14,8	12,3	19,8%
Revenues and Other Revenues	15,4	12,6	22,1%
EBITDA	3,9	2,9	36,7%
<i>EBITDA Margin on Revenues</i>	<i>26,5%</i>	<i>23,3%</i>	
EBIT	2,4	1,6	52,0%
<i>EBIT Margin on Revenues</i>	<i>16,2%</i>	<i>12,7%</i>	
Net Result	1,4	0,3	387,7%

	1H 2021	FY 2020
Net Cash/(Net Indebtedness)	12,9	(13,8)

Data compliant with IAS and IFRS

Business performance

The very strong performance in the previous year continued into the first half of 2021, with the acquisition of 6 new customers in Italy and 5 in Brazil. In fact, 18 new projects started up in Italy and 7 in Brazil - in addition to two pilots in Germany and Croatia.

The company hired a new business developer in the UK to support European market development, while Almwave in Italy focused on broadening its reach: a new branch was opened in Bari and this month the Genoa and Padua offices will open.

In terms of technological solutions and products, we highlight the new releases of *Iride*® *Text Analytics* and *Iride*® *KM* based on microservices architecture and of the *Audioma*® *IVR 2.3*, *Flyscribe*® *2.6* and *Verbamatic*® *2.0* products.

The parent company Almwave S.p.A. performed very strongly in the period, continuing to develop projects offering IRIDE-based solutions and Big Data and Open Data services at leading customers. Almwave Do Brasil stepped up its development, with highly encouraging signs both for the top line and - particularly - for margins.

Significant events in the period

Almwave was recognised and listed by *Forrester's* analysts in *Now Tech: Conversational Intelligence, Q2 2021 – Forrester's Overview Of 41 Conversational Intelligence Providers*. Its Conversational Intelligence solutions, according to *Forrester's* analysis, help understand the voice of customer (and the business), monitoring and organising content and how operators and managers interact with the customer at an operational level.

On the *Healthcare* front, we highlight the agreement between Almwave and Rome's "Università Campus Bio-Medico" for the development of Artificial intelligence systems applied to healthcare.

The agreement covers innovation in hospital and homecare management, with a focus on acute and chronic cardiovascular issues.



With regards to the international market and partnerships, Almaxwave in addition signed a strategic agreement with Phonexia, founded in 2006 in the Czech Republic and specialised in voice biometric software and technologies. Almaxwave through this partnership adds to its platforms' functionalities the voice biometrics systems developed by Phonexia. The new technologies developed by the Czech company, which operate in full synergy with the Brno University of Technology, permit authentication by phone, an app, or a web service by simply using natural language. All this combines functionality and security, preventing fraud, unwanted access and generally protecting sensitive data.

Other Board motions

The Board of Directors executed the motions passed by the Shareholders' Meeting of February 26, 2021 regarding the Stock Grant Plan, as announced to the market in the Admission Document prepared before listing on the AIM Italia and to which reference should be made.

In partial execution of that indicated above, the Board of Directors, having already identified as beneficiaries of the Stock Grant Plan Ms. Valeria Sandei and Mr. Raniero Romagnoli, respectively the Company's Chief Executive Officer and CTO, subject to the option of identifying additional parties over the three-year period and to whom the right is reserved for the granting of a maximum 32% of the shares covered by the plan.

During the meeting, the Board of Directors:

- set the maximum number of shares that may be issued in execution of the 2021-2023 Stock Grant Plan (1,217,647), confirming therefore that approved by the Shareholders' Meeting, in addition to the amount of the free share capital increase in service thereof (a maximum nominal Euro 12,176.47)
- identified the performance objectives for the first tranche, based on FY 2021, and deferred to subsequent Board motions the identification of the objectives for the second and third tranches
- set the maximum number of shares which may be issued in execution of the first tranche (124,200)
- confirmed as beneficiaries of the first tranche Ms. Valeria Sandei (to whom a maximum 97,716 shares may be granted in execution of the first tranche) and Mr. Raniero Romagnoli (to whom a maximum 26,484 shares may be granted in execution of the first tranche).

The Stock Grant Plan, which the Board recognises as an appropriate tool to incentivise management, retain staff and provide a focus for the company's long-term strategic objectives, is divided into three tranches. Each has specific performance targets respectively for the 2021, 2022 and 2023 fiscal years and upon whose achievement the shares will be granted. The objectives for the first tranche are linked to the achievement and possible exceeding of the EBITDA targets for FY 2021 and for acquisition-led growth by the approval of the 2021 financial statements, and are in line with the strategic guidelines and the set operating-financial parameters.



Subsequent events

The application of remote working - taken up by a majority of company employees - continues to be implemented.

There were no other subsequent events .

Outlook

The Almaxwave Group confirms its forecast of higher revenues, EBITDA and EBIT in 2021.

The company forecasts a net profit.

On the domestic market, the company will continue to strengthen its information governance & analytics leadership through an original range of solutions based on its well-structured proprietary technologies. It in addition will continue to build the value proposition and consolidate its niche foothold for self-automated solutions (voice and text virtual chat agents) for all markets, through a technologically-advanced text-voice conversion platform with wide-ranging features.

Finally, a number of initiatives have been launched for the creation of vertical AI solutions for “connected health” (e.g. the RicovAI-19 project) for the innovation of hospital and homecare management.

For the Big Data & digital transformation services market, growth in the public sector segment is forecast with the development of Central and Local Public Sector contracts.

Conference Call

Almaxwave, on August 3, 2021 at 11AM CEST, will hold a conference call with the financial market to present its H1 results.

To register and participate, please click the link in the calendar of the investor relations section of the Company's website

The consolidated financial statements at June 30, 2021 were audited and drawn up in accordance with International Financial Reporting Standards (IFRS).

They are available at the registered office in Rome, via di Casal Boccone, 188/190, at Borsa Italiana S.p.A. and on the company website, in the Investor Relations section.

This press release is available on Almaxwave's website at www.almaxwave.it, in the Investor Relations section

Almaxwave profile

Almaxwave S.p.A., an Almaxviva Group company, is a leading Italian Artificial Intelligence and written and spoken natural language processing leader. Almaxwave leverages cutting-edge proprietary technologies and applied services to deliver upon the potential of AI as enterprises and the public sector evolve digitally. An international focus is provided by



Almawave do Brasil, Almawave USA and PerVoice. The Group has dedicated technology laboratories and over 220 professionals with significant expertise of enabling technologies and the main frameworks - Big Data, Data Science, Machine Learning, AI Architecture and Integration - in addition to broad business process knowledge.

Almawave's technological asset base, conceived and built as a model of natural experience in the interaction between man and machine, can interpret text and voice in over 30 languages, interacting in multi-channel mode, analysing data and information with a view to knowledge development and automation. The company has a customer base of over 100, with more than 30 thousand users of its platform.

For further information:

Almawave contacts (External press office):

Thanai Bernardini, mob. 335.7245418, me@thanai.it

Alessandro Bozzi Valenti, mob. 348.0090866, alessandro.valenti@thanai.it

Almaviva Group contacts:

Ilaria De Bernardis, Media Relations Manager, mob. 342.9849109, i.debernardis@almaviva.it

Mariagrazia Scaringella, Media Relations, tel. 06.3993.1, mob. 340.8455510,

m.scaringella@almaviva.it

IR Contacts:

Luis Bergter, tel. 06.3993.2947, investor.relations@almawave.it

IR Advisor Contacts:

Mara Di Giorgio, mob. 335.7737417, mara@twin.services

Simona D'Agostino, mob. 335.7729138, simona.dagostino@hear-ir.com

NOMAD Contacts:

Banca Mediolanum, tel. 02.9049.2525, ecm@mediolanum.it



Income Statement, Balance Sheet and Cash Flow Statement of the Almax Group

CONSOLIDATED INCOME STATEMENT - ALMAX GROUP

<i>(in thousands of Euro)</i>	1H 2021	1H 2020
<i>Revenues</i>	14.753	12.314
<i>Other Income</i>	604	259
Total revenues and other income	15.357	12.573
<i>Cost of raw materials and services</i>	(6.577)	(5.411)
<i>Personnel expenses</i>	(4.824)	(4.206)
<i>Other expenses</i>	(41)	(91)
Operating profit before depreciations (EBITDA)	3.915	2.865
<i>Depreciation and amortization</i>	(1.536)	(1.296)
<i>Depreciation of tangible assets</i>	(29)	(29)
<i>Amortization of intangible assets</i>	(1.507)	(1.267)
<i>Income (Losses) from sale of non-current assets</i>	6	-
Operating profit (EBIT)	2.386	1.569
<i>Profit/(loss) from investments accounted for using equity method</i>	2	-
<i>Financial income</i>	6	4
<i>Financial expenses</i>	(352)	(784)
<i>Exchange gains/(losses)</i>	53	(261)
Profit/(Loss) before taxes	(291)	(1.041)
Profit/(Loss) before taxes	2.095	528
<i>Income taxes</i>	(665)	(235)
Profit/(Loss) for the period	1.430	293
<i>of which:</i>		
Profit/(loss) pertaining to the group	1.425	194
Profit/(loss) pertaining to non-controlling interests	5	99



CONSOLIDATED FINANCIAL STATEMENT - ALMAWAVE GROUP

<i>(in thousands of Euro)</i>	June 30, 2021	December 31, 2020
Non-Current assets		
<i>Intangible assets</i>	19.326	18.408
Goodwill	462	462
Other Intangible assets	18.864	17.946
<i>Property, plant and equipment</i>	247	201
<i>Investments accounted for using the equity method</i>	37	35
<i>Non-current financial assets</i>	1	1
<i>Deferred tax assets</i>	243	256
<i>Other non-current assets</i>	16	10
TOTAL NON-CURRENT ASSETS	19.870	18.911
Current assets		
<i>Inventories</i>	5	5
<i>Contract assets</i>	35	35
<i>Trade receivables</i>	23.398	20.990
<i>Current financial assets</i>	562	1.138
<i>Other current assets</i>	8.074	6.313
<i>Cash and cash equivalents</i>	13.424	1.944
TOTAL CURRENT ASSETS	45.498	30.425
TOTAL ASSETS	65.368	49.336

<i>(in thousands of Euro)</i>	June 30, 2021	December 31, 2020
Shareholders' equity		
<i>Total group shareholders' equity</i>	37.879	8.792
Share capital	271	200
Share premium reserve	27.550	-
Statutory reserve	40	40
Other reserves	8.592	7.219
Profit/(loss) for the period	1.425	1.333
<i>Non-controlling interests</i>	35	-1
Share capital and reserves	30	-1
Profit/(loss) for the period	5	0
TOTAL SHAREHOLDERS' EQUITY	37.914	8.791
NON-CURRENT LIABILITIES		
<i>Non-current liabilities for employee benefits</i>	1.844	1.718
<i>Non-current financial liabilities</i>	120	15.000
<i>Other non-current liabilities</i>	679	808
TOTAL NON-CURRENT LIABILITIES	2.643	17.526
CURRENT LIABILITIES		
<i>Current provisions</i>	10	10
<i>Trade payables</i>	20.669	18.730
<i>Current financial liabilities</i>	1.016	1.853
<i>Current tax liabilities</i>	644	568
<i>Other current liabilities</i>	2.473	1.857
TOTAL CURRENT LIABILITIES	24.812	23.018
TOTAL EQUITY AND LIABILITIES	65.368	49.336



CONSOLIDATED FINANCIAL STATEMENT - ALMAWAVE GROUP

June 30, 2021 June 30, 2020

(in thousands of Euro)

Profit/(loss) for the period	1.430	293
Adjustments to reconcile profit before tax to net cash flows:		
Income Taxes	665	235
Financial income	(6)	(4)
Financial expenses	352	784
Exchange (gains)/losses	(53)	261
Depreciation, amortization and write-downs	1.536	1.296
Write-downs/(revaluations) of non-current financial assets and equity investments	(2)	-
(Gains) /Losses from sale of non-current assets	(6)	-
Interest received paid	6	4
Interest paid	(646)	(294)
Income taxes paid	(75)	(40)
<u>Cash flows generated from operating activities before changes in working capital</u>	3.201	2.535
- Change in trade receivables and other receivables, net of fx effect and perimeter of consolidation	(2.410)	(2.011)
- Change in WIP, net of fx effect and perimeter of consolidation	-	-
- Change in contract assets, net of fx effect and perimeter of consolidation	-	3
- Change in trade payables, net of fx effect and perimeter of consolidation	1.858	2.600
- Change in other assets, net of fx effect and perimeter of consolidation	(1.594)	676
- Change in other liabilities, net of fx effect and perimeter of consolidation	(138)	(265)
- Change in provisions, net of fx effect and perimeter of consolidation	55	292
<u>Cash flows generated from operating activities changes in working capital</u>	(2.229)	1.295
CASH-FLOW FROM OPERATING ACTIVITIES (A)	972	3.830
Investments in property, plant and equipment	(50)	(9)
Investments in intangible assets	(2.345)	(2.136)
Investment in financial activities	-	-
Acquisition of minorities in subsidiaries	6	-
CASH-FLOW FROM INVESTING ACTIVITIES (B)	(2.389)	(2.145)
Dividends	-	-
Proceeds from borrowings	(15.000)	-
Repayment of leasings	(15)	(6)
Acquisitions of minorities	-	(173)
Change in current financial liabilities	(764)	(1.652)
Change in current financial assets	576	30
Proceeds on capital from Almwave IPO	30.000	-
Expenses from Almwave IPO	(1.947)	-
CASH-FLOW FROM FINANCING ACTIVITIES (C)	12.850	(1.801)
CASH-FLOW OF THE PERIOD BEFORE EXCHANGE RATES (A+B+C)	11.433	(116)
Effect of foreign exchange rates on cash and cash equivalents (D)	47	5
CASH-FLOW OF THE PERIOD AFTER EXCHANGE RATES (A+B+C+D)	11.480	(111)
Cash and cash equivalents at beginning of the period	1.944	1.267
Cash and cash equivalents at end of the period	13.424	1.156

