

(Translation from the Italian original which remains the definitive version)

Alkemy S.p.A.

Interim Financial Report
30 June 2023

Alkemy Group

Parent: Alkemy S.p.A.

Registered office in Milan, at Via San Gregorio 34

Share Capital: Euro 595,534.32

VAT no.: 05619950966

Milan Company Registration no. 1835268



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Corporate bodies of Alkemy S.p.A.

Board of Directors

Alessandro Mattiacci	Chairman
Duccio Vitali	Chief Executive Officer
Massimo Canturi	Director
Riccardo Lorenzini	Director
Giulia Bianchi Frangipane	Independent Director
Serenella Sala	Independent Director
Ada Ester Villa	Independent Director

Board of Statutory Auditors

Gabriele Gualeni	Chairman
Mauro Bontempelli	Standing Auditor
Daniela Bruno	Standing Auditor
Marco Garrone	Alternate Auditor
Maria Luisa Sartori	Alternate Auditor

Independent Auditors

KPMG S.p.A.



Highlights

Below are the performance data of the Alkemy Group in H1 2023:

	Figures in thousands of euros	
	H1 2023	H1 2022
Net revenue	57,477	49,016
Adjusted gross operating profit (EBITDA) (1)	5,979	5,425
Adjusted operating profit (2)	3,673	4,015
Profit for the period	1,409	2,479
Average number of employees	934	765

	Figures in thousands of euros	
	H1 2023	H1 2022
Italy revenue	35,559	34,097
Abroad revenue	21,918	14,919
Net revenue	57,477	49,016

	Figures in thousands of euros	
	30 Jun. 2023	31 Dec. 2022
Net invested capital	80,649	77,535
Net financial debt	(35,411)	(34,129)
Equity	45,238	43,406

- (1) Adjusted gross operating profit is the value determined by deducting the Costs for services, goods and other operating costs and Personnel expense, with the exclusion of non-recurring costs, from revenue.
- (2) Adjusted operating profit is adjusted gross operating profit less amortisation, depreciation, provisions and impairment losses.



The Group and its business

Alkemy S.p.A. (hereinafter also “Alkemy” or the “Parent”) is a leading company in the digital transformation segment in Italy, listed on the STAR segment of the Borsa Italiana EURONEXT MILAN market. Alkemy enables the evolution of enterprises' business defining the relevant strategy through the use of technology, data and creativity. The aim is to improve the operations and services supplied by large and medium-sized enterprises, stimulating the evolution of their business model hand-in-hand with technological innovation and consumer habit. Alkemy develops innovative projects throughout the chains of the various segments, such as, for example, telecommunications, media, consumer services, financial services and utilities, combining advanced technologies with innovative design, big data and creative communication.

The Parent's competitive advantage is its capacity to integrate different competences, intervening as a single player in the Customer's processes and operations, supplying multiple services that can impact the whole of the value chain. Indeed, Alkemy manages extensive projects aimed at transforming and evolving its customers' business, assisting them from the definition of the strategy to be pursued through to the relevant implementation and subsequent management.

Alkemy has now entered its eleventh year, boasting an ever more extensive alchemy of integrated competences in the areas of Consulting, Communication, Performance, Technology, Data & Analytics and Design, which form a professional community numbering over 1000 people offering different experiences and abilities but who are very much united in their values and business culture. Alkemy is today an international business operating in Italy, Spain, Mexico, the USA and the Balkans, established on the basis of a partnership model with customers to enable innovation and growth through digital leverage. Alkemy's aim is, in fact, to construct a long-term relationship with customers, acting not as simple suppliers of services, but rather as an integrated partner to be engaged continuously, in support of programmes of change, transformation and acceleration.

In enabling the innovation process of its customers' business model and, accordingly, their competitiveness in the various industrial segments, Alkemy ultimately seeks to contribute towards the evolution and development of the whole country system.

Alkemy currently has 11 offices: in addition to the Milan headquarters, it also operates in Turin, Rome, Naples, Potenza, Cagliari, Rende (Cosenza), Madrid, Belgrade, Mexico City and New York.

December 2017 saw Alkemy début on the Borsa Italiana AIM Italia market to gather the capital necessary to finance the growth and expansion of the corporate competences, leaving control over the business with the managers and consequently guaranteeing independence and the possibility of perpetrating the vision.

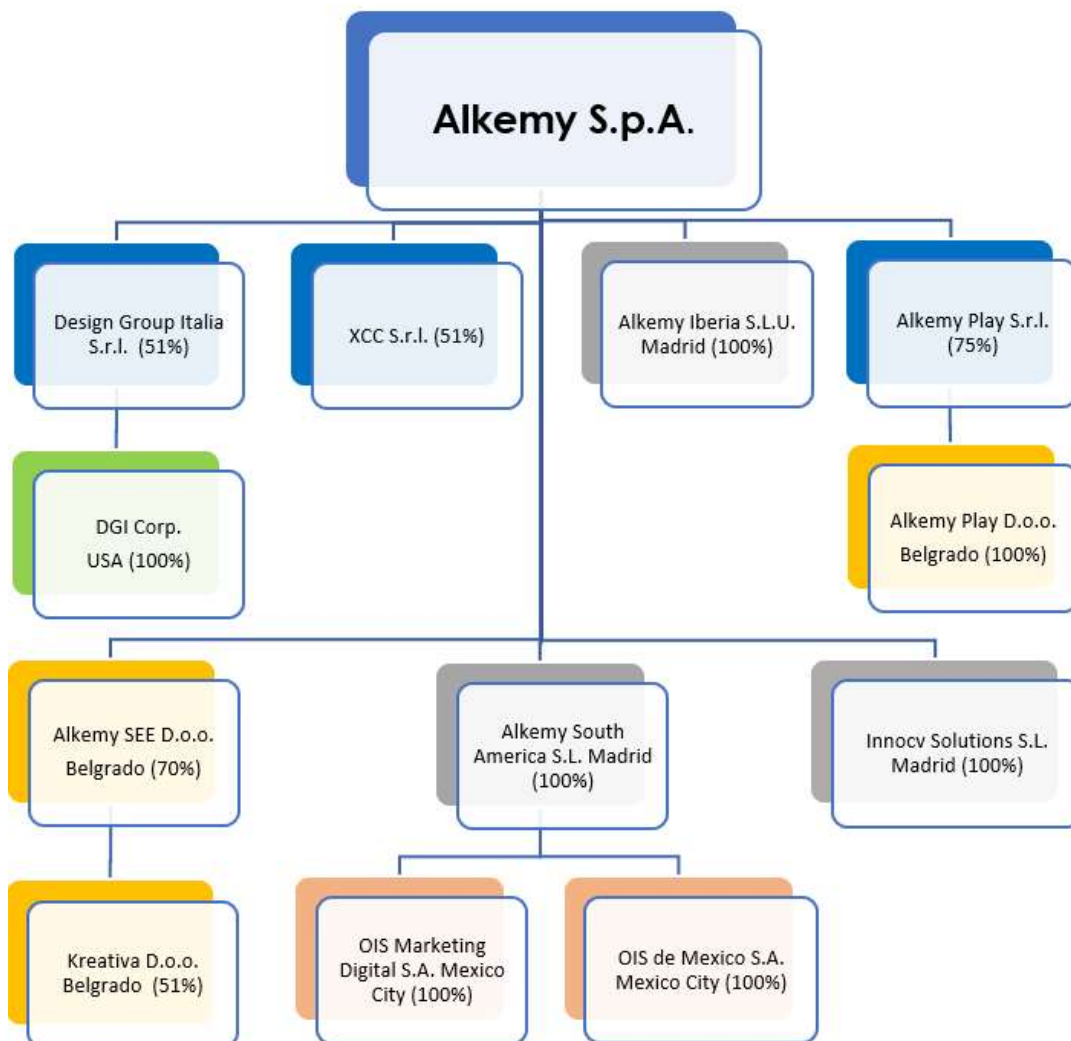
From when it was listed, in just two years, Alkemy has managed to almost double its turnover and in December 2019, it finalised the switch to Borsa Italiana's main market, in the STAR segment dedicated to medium-sized enterprises that undertake to meet standards of excellence in terms of transparency, corporate governance and liquidity.



Group structure

In just a few years, Alkemy has successfully gained standing as a leader on the digital transformation market, growing both organically and through external lines with acquisitions.

At 30 June 2023, the Alkemy Group structure is as follows:



Alkemy Play S.r.l.: company established in 2017, operating in digital communication services for SMEs. The company controls a legal entity that operates in the development of IT and technological services in Serbia, **Alkemy Play D.o.o.**

Alkemy SEE D.o.o.: company based in Belgrade, established in 2016 with 30% of its share capital held by the Chief Executive Officer, a local entrepreneur; it operates in strategic consultancy and digital advisory services. The company holds a 51% stake in **Kreativa D.o.o.**

Alkemy Iberia S.L.U.: formerly Ontwice Interactive Service S.L., merged with Alkemy Iberia S.L. in 2022 and taking on its name. The company is based in Madrid and operates in strategic consultancy and



digital advisory and is one of Spain's most important digital agencies.

Alkemy South America S.L.: company established in 2021, based in Madrid that wholly owns the two Mexican companies based in Mexico City, **Ontwice Interactive Services de Mexico S.A.** and **OIS Marketing Digital S.A.**, both operating on local markets in digital services, communication and media.

Experience Cloud Consulting S.r.l. ("XCC"): company acquired in April 2021, specialised in Cloud Computing solutions in CRM, Gold Consulting Partner of Salesforce, qualified to implement and develop integrated, multi-channel digital business solutions, from the CRM Cloud through to Marketing Automation, for B2B, B2C, eCommerce and Retail. The put & call options envisaged by contract, will allow the Parent to acquire the whole of the capital by the first half of 2026.

Design Group Italia ID S.r.l. The put & call options envisaged by contract, enabled the Parent to acquire the entire capital in the third quarter of 2023. The Company controls a legal entity operating in the USA: **DGI Corp.**

Innocv Solution S.L.: a company acquired in 2022, based in Madrid, and a market leader in Spain in the digital transformation segment, specifically in tech and data analytics.

Business units

In Italy, the Group's current organisation is structured by function (rather than competence as in the past), with the aim of ensuring a better focus on key accounts, with the establishment of a dedicated sales structure ("go-to-market"), supported by a pre-sales/business development unit and a delivery structure, whose priority aim is to execute projects/services offered commercially, through competence centres representing and applying the various disciplines practised within the Group. Specifically:

- > **Consulting:** it analyses, designs and quantitatively assesses (business case and business plan) innovative solutions aiming to transform the customer's business model thanks to the use of the digital and omnichannel leverages, liaising closely with the CEOs and Executive Managers to define innovative, alternative strategies to achieve significant results in the long-term;
- > **Digital Marketing:** with the aim of speeding up on-line performance, it offers Alkemy customers the know-how and most innovative tools to promote its on-line brands and products. It thus manages all planning and procurement activities for its customers on the main digital media, search engines and social media, determining the investments needed to strengthen and improve consumer perception of the brands and products and speeding up sales on proprietary and third party e-commerce channels, thereby overcoming conventional marketing approaches;
- > **Tech:** this is Alkemy's technological soul and it is specialised in the design, development and operation of technologies for the digital evolution of the B2B and B2C channels, front-end solutions, CRM, CMS, Portals, Apps, etc. The business unit consolidates and strengthens



Alkemy's mission, reinforcing technological competences and the capacity to oversee one of the areas enjoying greatest growth and development: that of Digital Transformation;

- > **Data & Analytics:** it offers concrete support to businesses in order to improve their business performance through the analysis of data available (both that of CRM or of other internal systems, and data coming from all actions on the digital world) and the implementation of analytics models. The techniques used for data analysis range from traditional statistical analysis through to Advanced Analytics & Machine Learning, Real Time Next Best Action, Digital Customer Intelligence, Campaign Plan Optimisation, Data Environment Design, Implementation and Management
- > **Brand Experience:** it plans, designs and realises the enterprises' brand experience, in a fully integrated manner, putting the end consumer right at the heart through digital and physical touchpoints and more "traditional" forms of communication, with the ultimate aim of generating value both for the customer itself and the end consumer. Developing and transforming the touchpoints into a unique experience, which communicates consistently a strong, innovative, distinctive brand, Alkemy offers its services as an essential partner; it assists the customer in preparing and structuring brand strategies and creativity, advertising campaigns, products or services for commercial businesses and, in general, communication with consumers; including through the management of the corporate digitisation process using a BPO (Business Process Outsourcing) model for the digital processes.
- > **Product, Service & Space Design:** on a "design thinking" base, it is devoted to designing services, physical and digital products that impact everyday lives and the physical spaces/environments in which people and brands interact and can share significant experiences; it takes an omni-channel approach, focussing on creating value through innovating the experience. Analysing customers' businesses, including their processes, culture and resources, it aims to foster additional commercial opportunities and innovate the end customer experience.



Report on Operations

H1 2023 performance

Similarly to 2022, also in the first half of 2023 ("H1 2023"), the national, European and, in general, global economic markets confirmed a high degree of uncertainty, with unfavourable impacts on business and companies' expectations. Specifically, the continuation of the military conflict in Ukraine, which does not show signs of a possible break in the short term, further ignited the high level of inflation, with the central banks pursuing their high interest rate policy, new tensions and negative factors.

In this complex macroeconomic context with little in the way of visibility, the general trend of the Alkemy Group's business, as better detailed below, has been reasonably positive. The Alkemy Group closed H1 2023 with 17.3% growth in revenue and income over the corresponding period of 2022 and with an improvement seen in margins, resulting in an adjusted consolidated gross operating profit of 5,979 thousand euros (5,425 thousand euros in the corresponding period of 2022, +10.2%) and a positive generation of operating cash flow (+4.4 million euros). At 30 June 2023, the net financial debt amounts to 35.4 million euros, slightly up on that at 31 December 2022 (34.1 million euros).

Finally, the Group's average number of employees increased by more than 22% (934 vs 765 for H1 2022), as confirmation of management's positive expectations in terms of the business performance in future periods.

Reclassified income statement

The Group's reclassified income statement for H1 2023, compared with the figures for H1 2022, is as follows ⁽³⁾:

	Figures in thousands of euros	
	H1 2023	H1 2022
Net revenue	57,477	49,016
Services, goods and other operating costs	24,138	22,335
Personnel expense	27,360	21,256
Adjusted gross operating profit (EBITDA)	5,979	5,425
Amortisation, depreciation and impairment losses	2,306	1,410
Adjusted operating profit	3,673	4,015
Net Financial expenses (income)	915	85
Non-recurring expense	668	315
Pre-tax profit	2,090	3,615
Income taxes	681	1,136
Profit for the period	1,409	2,479
Other items recognised in equity	195	123
Comprehensive income for the period	1,604	2,602
Comprehensive income attributable to non-controlling interests	(18)	10
Comprehensive income attributable to the owners of the parent	1,622	2,592

(3) Costs for services, goods and other operating costs as well as personnel expense, are stated net of the non-recurring portion



The Group's consolidated revenue for H1 2023 totals 57,477 thousand euros, as compared with 49,016 thousand euros during the corresponding period of 2022, up 8,461 thousand euros (+17.3%), with an increase of 1,462 thousand euros and 6,999 thousand euros in revenue generated in Italy and abroad, respectively.

Revenue in Italy, which accounts for 61.9% of consolidated revenue (69.6% in the same period of 2022), totals 35,559 thousand euros (34,097 thousand euros in the corresponding period of the previous year), up 1,462 thousand euro (+4.3%). This is mainly due to the positive effects of the Go-To-Market strategy which enabled strong monitoring of existing customers and more than offset the uncertainty which partly still affects the reference market.

Abroad, revenue comes to 21,918 thousand euros, compared with the 14,919 thousand euros in the same period of 2022 (+46.9%).

The overall increase of 6,999 thousand euros in revenue achieved by the foreign companies is mainly the result of the combined effect of (i) the inorganic growth due to the acquisition of Innocv Solutions S.L. in July 2022 (+4,961 thousand euros), (ii) the increase in revenue of the Mexican subsidiaries (+826 thousand euros on H1 2022, +10%, due to the favourable trend of the Euro-Mexican peso exchange rate), (iii) the increase in revenue of Alkemy Iberia S.L.U. (+819 thousand euros compared with the corresponding period of the previous year) and (iv) the increase in revenue of DGI Corp. (+102 thousand euros on the same period of the previous year), when revenue came to 465 thousand euros. The effect of the Euro-Serbian dinar and the Euro-Dollar exchange rate had no significant impacts.

Operating costs (net of non-recurring items) went from 43,591 thousand euros in H1 2022 to 51,498 thousand euros in H1 2023, up 7,907 thousand euros (+18.1%), in line with the growth in revenue achieved and the different consolidation scope, also considering the higher investments in human resources made during the period to support future growth. Specifically:

- costs for services, goods and other operating costs, net of non-recurring items, which came to 24,138 thousand euros in H1 2023 (22,335 thousand euros in H1 2022) rose by 8.1% on the same period of the previous year;
- personnel expense, net of non-recurring items, which came to 27,360 thousand euros in H1 2023 (21,256 thousand euros in H1 2022) rose by 28.7% on the same period of the previous year mainly due to the different consolidation scope.

The incidence of operating costs on revenue, net of non-recurring costs, increased to 89.6% compared to 88.9% in H1 2022.

The increase in revenue and careful management of operating costs have led to a better adjusted gross operating profit of 5,979 thousand euros, up 10.2% on 5,425 thousand euros in H1 2022. The



adjusted gross operating profit margin ⁽⁴⁾ for H1 2023 came to 10.4% (11.1% in H1 2022).

The above-mentioned favourable Euro-Mexican peso exchange rate has resulted in an increase in adjusted EBITDA of 125 thousand euros, calculated using the same rates as those of the corresponding period of the previous year.

Adjusted operating profit, gross of financial income and expense and non-recurring expense, comes to 3,673 thousand euros, down 342 thousand euros on H1 2022 (4,015 thousand euros), mainly as a result of higher amortisation/depreciation and impairment losses (+896 thousand euros on H1 2022). The increase in amortisation/depreciation is due to the rise in investments as of the second half of 2022.

Net financial expense comes to 915 thousand euros as compared with 85 thousand euros for H1 2022. This increase, which is described later on, is due to the rise in financial liabilities at 30 June 2023 (bank loans and borrowings, put options and earn outs) compared to the same period of 2022, and to the increase in market interest rates.

Non-recurring expense comes to 668 thousand euros (315 thousand euros in H1 2022) and mostly refers to non-recurring personnel expense (655 thousand euros).

The pre-tax profit comes to 2,090 thousand euros, down 1,525 thousand euros (-42.2%) on the pre-tax profit of the corresponding period of the previous year (3,615 thousand euros), mainly as a result of the effect of higher amortisation/depreciation and impairment losses and financial and non-recurring items, compared to H1 2022.

The profit for period totals 1,409 thousand euros, as compared with 2,479 thousand euros for the corresponding period of the previous year.

Reclassified statement of financial position

Below is the Group's reclassified statement of financial position at 30 June 2023, compared with that at 31 December 2022:

(4) The adjusted gross operating profit margin is calculated by comparing the adjusted gross operating profit to total revenue and income.



	Figures in thousands of euros	
	30 Jun. 2023	31 Dec. 2022
Non-current assets	68,449	66,710
Current assets	44,266	45,617
Current liabilities	(25,899)	(29,021)
Net working capital	18,367	16,596
Post-employment benefits	(5,948)	(5,543)
Provision for risks, charges and deferred tax liabilities	(219)	(228)
Net invested capital	80,649	77,535
Equity	45,238	43,406
Non-current financial debt	23,322	29,942
Current financial (position)	12,089	4,187
Net financial debt	35,411	34,129
Total sources of finance	80,649	77,535

The reclassified statement of financial position figures at 30 June 2023 indicate net invested capital of 80,649 thousand euros, compared with 77,535 thousand euros at 31 December 2022, which consists of:

- non-current assets of 68,449 thousand euros (66,710 thousand euros at 31 December 2022) of which 54,869 thousand euros for goodwill and 6,405 thousand euros for right-of-use assets (at the end of the previous year, they respectively came to 54,868 thousand euros and 4,633 thousand euros);
- net working capital of 18,367 thousand euros (16,596 thousand euros at 31 December 2022);
- post-employment benefits of 5,948 thousand euros (5,543 thousand euros at 31 December 2022);
- provisions for risks and deferred tax liabilities of 219 thousand euros (228 thousand euros at 31 December 2022).

Equity of 45,238 thousand euros increased by 1,832 thousand euros on 31 December 2022 (+4.2%), mainly due to:

- the comprehensive income for the period (+1,604 thousand euros);
- the fair value gains on put option liabilities (+416 thousand euros);
- the decrease in the long-term incentive plan reserve (-163 thousand euros).

The net financial debt is 35,411 thousand euros (debt of 34,129 thousand euros at 31 December 2022) and its change with respect to the previous year end is detailed in the next paragraph.

Main financial figures

The table below details the net financial debt at 30 June 2023 compared with that at 31 December 2022:



	Figures in thousands of euros	
	30 Jun. 2023	31 Dec. 2022
Bank deposits	6,007	9,110
Cash on hand	5	5
Cash and cash equivalents	6,012	9,115
Current financial assets	291	291
Bank loans and borrowings	(8,754)	(11,918)
Put option and earn-out liabilities	(8,740)	(13,436)
Loans and borrowings from other financial backers	(1,097)	(1,163)
Lease liabilities from application of IFRS 16	(4,731)	(3,425)
Non-current financial liabilities	(23,322)	(29,942)
Bank loans and borrowings	(8,528)	(8,935)
Put option and earn-out liabilities	(7,958)	(3,225)
Loans and borrowings from other financial backers	(88)	(88)
Lease liabilities from application of IFRS 16	(1,818)	(1,345)
Current financial liabilities	(18,392)	(13,593)
Net financial debt	(35,411)	(34,129)

The Group's net financial debt at 30 June 2023 amounts to 35,411 thousand euros (34,129 thousand euros at 31 December 2022), having worsened by 1,282 thousand euros. This change, detailed and explained in the Statement of Cash Flows given over the next few pages, is due to:

- +3,637 thousand euros for the decrease in bank loans and borrowings and loans and borrowings from other financial backers, mainly due to the combined effect (i) of the repayment of instalments envisaged by the bank loan repayment plans (+3,145 thousand euros), (ii) +759 thousand euros for invoice discounting (net of the disbursements made by the Parent) and (iii) -240 thousand euros for new loans;
- -1,779 thousand euros for the increase in lease liabilities following the application of IFRS 16, mainly as a result of new leases, offset, in part, by lease payments;
- -3,103 thousand euros for the decrease in cash and cash equivalents.

Significant events during the period

Useful information on the following significant events that took place during the first half of the year, is provided.

Alkemy S.p.A.'s separate financial statements at 31 December 2022, which were approved by the Parent's Board of Directors on 27 March 2023, were submitted to the Shareholders' Meeting on 27 April 2023. The Shareholders resolved to approve them and to carry forward the profit for the year.

During the same meeting, given the forthcoming expiry date of the 2020/2023 Long-Term Incentive Plan, the Shareholders also approved a new 2024/2026 Long-Term Incentive Plan (the "2024-26 LTIP"), confirming compliance with the strategic objectives of the business plan adopted by the Parent for the 2024/2026 period and, therefore, with the long-term interests that the Parent intends to pursue



accordingly. The 2024-26 LTIP will be assigned in 2024.

The first tranche of the buyback plan by Alkemy S.p.A. began on 24 May and ended on 6 June. As of the latter date, with the repurchase of 10,000 treasury shares, the Parent had held a total of 149,315 treasury shares, equal to 2.63% of the share capital.

Evolution of demand and performance of the markets on which the Group operates

In Italy, where most of the Group's operations take place, the digital market is less mature than the rest of the continent. If we look at the European Union average, the levels of basic digital competence are "very low", in fact according to the DESI, Italy comes in 20th out of the 27 EU Member States, particularly behind France, the English-speaking countries and Northern Europe.

According to our own study, which measures the degree of digital maturity in the main companies listed on the Milan stock exchange, only 26% of companies can be said to be "fully digital". Although this is very low, there has in any case been a significant improvement compared with the 2018 study, in which only 11% were fully digital and this growth is at least partly due to the pandemic contingency. Again as a result of the recent pandemic, both the awareness by top management of major companies of just how inescapable the digital transformation really is and the attention paid by institutions to the need to adopt measures aimed at narrowing some major gaps in digital competences, have grown significantly. In 2020, Italy launched its very first National Digital Competences Strategy and a correlated Operative Plan that lists more than 100 specific actions and sets ambitious targets for 2025. The Italian recovery and resilience plan is the most extensive of the whole of the EU, for a total value of approximately 191.5 billion euros and 25.1% of that amount (approximately 48 billion euros) is allocated to the digital transition.

While we need to wait until next year to see the first results expected from the public investments, the situation we have been experiencing in recent years is already showing us a significant boost in the behavioural change of all Italians who, with no particular distinction drawn between different ages, income, social classes and geographic areas, rapidly adapted to the new contexts and different working (and other) scenarios as they arose, adopting digital tools with a now irreversible trend. Clear evidence is provided, for example, with: the massive use of the internet, now 86.1% of the population (70% in 2019), the increase in e-commerce (+20% in absolute value compared with 2021), the extensive adoption of working from home schemes (by over 45% of companies in 2022), the common use of communication platforms, both at work and in teaching, the increased use of home banking and the spread of social networks (more than 43.9 million Italians are active on social media every day (+24% on 2019).

The growth rate expected to characterise Italy over the next few years could be even more significant precisely thanks to the new habits that have been consolidated and the drive on investments in the digital transition, and this would allow for both a partial recovery of the gap with respect to other European countries and an extension of the potential business area associated with Alkemy's business, in light, above all, of the evidence that the use of digitisation has become a need



(and no longer an option), but also an opportunity encouraged by the PNRR for all companies of any segment. Following the COVID-19 emergency, in fact, all segments of the economy are forced to approach digital instruments and channels, transforming their business models, insofar as very much impacted by the restrictive measures implemented by the government and the changes in consumer purchasing behaviour, which in some cases, after almost two years, are now irreversible.

In 2022, Alkemy's reference national market was worth approximately 6 billion euros, up 13% on 2021, slowed with respect to the forecasts from communication and digital marketing, which suffered uncertainty, despite recovering the reduction due to the impacts of the public health emergency experienced in the 2019-2020 two-year period, with a progressive growth trend. The annual growth expected for the period 2022-2026 is 9%.

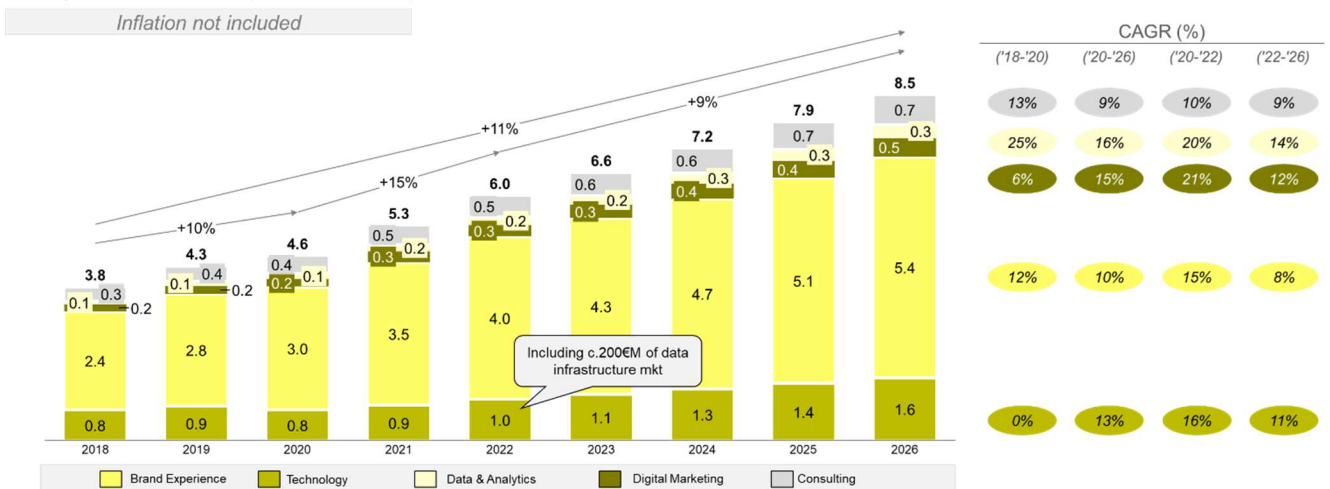
The main growth drivers include the Data&Analytics market (22-26 expected CAGR: 14%), followed by the Digital Marketing (12%) and Technology (11%) markets.

Instead, as concerns the export markets covered by the Group, the estimated figures are as follows:

- the Balkans (Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Montenegro, Albania, Macedonia): 0.5 billion euros, with annual growth expected for the 2022-2026 period of 9.0%;
- Iberian peninsula: 5.0 billion euros, with annual growth of 10.5% expected for the 2022-2026 period. However, growth is expected to be more significant as a result of the consolidation of the offer of the Spanish-based InnoCV, which was acquired in 2022,
- Mexico: 3.1 billion euros, with annual growth expected for the 2022-2026 period of 12.5%.

Supplementing the Italian market with that of foreign countries, the compound annual growth rate of the potential comprehensive market is forecast to exceed 11% over the next three years.

Alkemy reference markets (2018A-2026F, €B)



BX Including spatial design and considering fixed 2020 interest rate exchange USD / EUR
Source: Gartner, Nielsen, IDC, Statista, Expert interviews, BCG analysis



Competitors

In terms of the B2B digital services offer, the Italian market has a limited number of large players in terms of turnover, characterised by supply models that are very much hinged on technological and marketing execution.

Some important foreign consultancy companies have approached the Italian market, operating through the acquisition of certain minor digital agencies and the hiring of specific professionals; they are therefore the operators that are closest to offering the extensive range of services boasted by Alkemy.

The export market is still very fragmented insofar as there are countries with a low level of digital maturity, very similar to the recent past seen in Italy (the Balkans, the Iberian peninsula, Latin America), whilst elsewhere, such as in English-speaking countries, digital is already well consolidated and properly mature.

More specifically, on the more advanced, digitally more evolved markets, the lead players have consolidated their market positions, aggregating small independent players and thereby anticipating the same process implemented by Alkemy.

The Parent believes that the competitive scenario in Italy is basically overseen by three types of players:

- “digital” structures of major multinational enterprises: these players have a primarily technological background and a large offer portfolio, in addition to significant capacity to implement strategies and operative processes thanks to their size. They are also enriching their creative and communication skills through the acquisition of communication agencies. These operators include, in particular, Accenture Interactive, Deloitte Digital and the Reply division assigned to this activity;
- medium-sized digital players: generally part of large communication groups whose dimension in Italy is currently smaller than the large technological players. These operators include, for example, BIP, Razorfish, H-Art, Simple Agency, Ogilvy Interactive or WeAreSocial;
- traditional consulting companies: players with a strong position in traditional strategy and process consultancy services, which are evolving their business model, organically or through acquisitions and partnerships, so as to be able to offer execution services on digital.

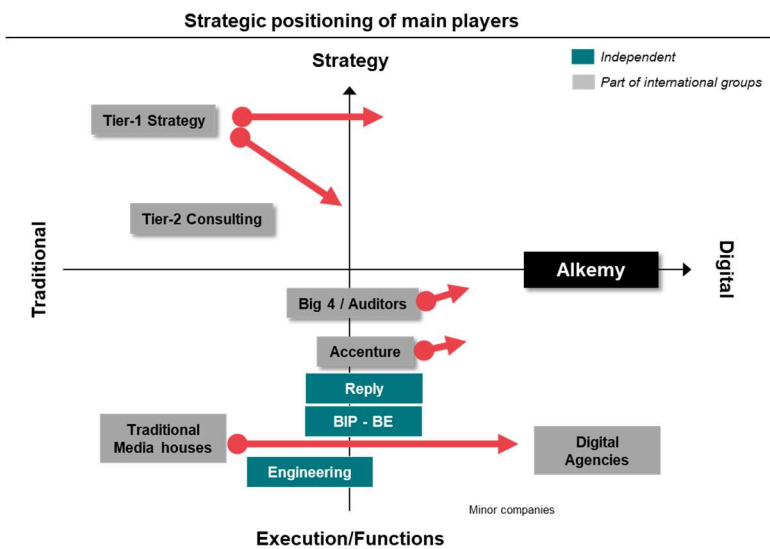
On the export markets covered by the Group (the Balkans, the Iberian peninsula and Mexico), the competitive scenario does not differ significantly from that of Italy, except for a lesser maturity of the offer integration process that the main players are developing in the wake of the more evolved markets.

Alkemy enters this context as an independent business with a complete cutting-edge offer portfolio as regards digital services, coupled with a strategic approach that makes it possible to dialogue mainly with chief executive officers of the customer businesses, making it comparable with the digital specialisation structures of the above major multinational enterprises, which, therefore, Alkemy's



management believes, are the operators most similar to the Parent and its main competitors. Other comparable independent players on the European scene are the Spanish Making Science and the French Artefact.

Due to the large number of integrated services offered, it is the opinion of the Parent's management that the Alkemy Group holds a unique competitive position in particular in Italy but also in the export markets covered.



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

Positioning

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

Similar players in more mature markets

Player	Ownership	Turnover–M€
Accenture Song	US Accenture	~9,100
Deloitte Digital	US Deloitte	~2,500
REPLY	IT Reply	~1,480
Globant	AR Public	~ 1,150
Digitas	UK Publicis Groupe	~ 900
R/GA	US Interpublic	~550
AKQA	UK WPP	~450

Alkemy on the stock market

Alkemy S.p.A.'s shares were listed on the AIM Italia (Alternative Investment Market) from 5 December 2017 to 16 December 2019. As from 17 December 2019, Alkemy's shares have been listed in the STAR segment of the Borsa Italiana Euronext Milan.

The STAR segment of Borsa Italiana is dedicated to medium-sized enterprises with capitalisation of between 40 million and 1 billion euros, which undertake to respect requirements of excellence in terms of:

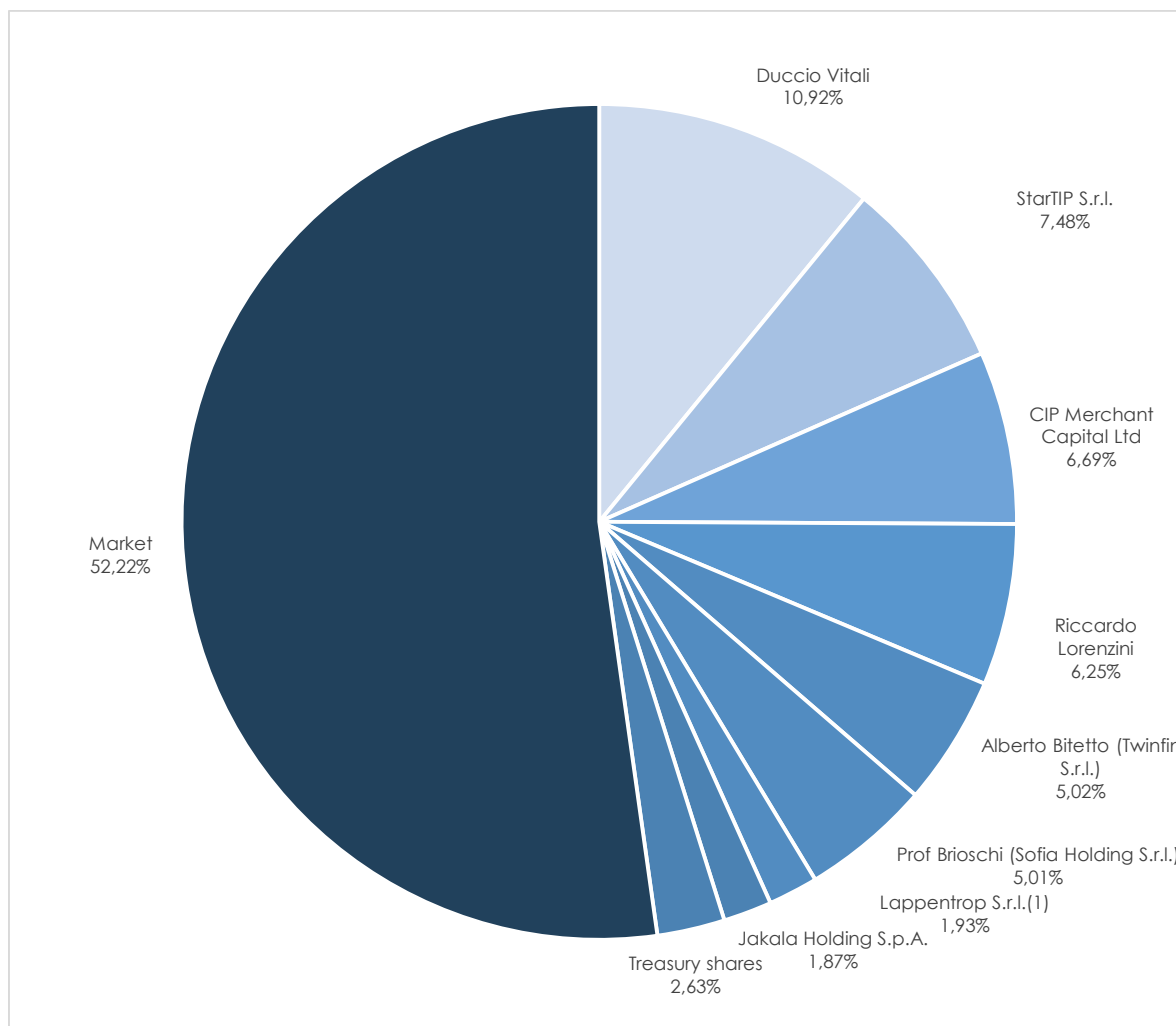
- considerable transparency and solid communicative vocation;
- high levels of liquidity (at least 35% float);
- Corporate Governance (the set of rules governing company management) in line with international standards.

The Parent's share capital is represented by 5,685,460 ordinary shares, conferring, at 30 June 2023, a total of 6,822,660 voting rights and, specifically:



(i) 4,548,260 ordinary shares, without loyalty shares, conferring 4,548,260 voting rights (ii) 1,137,200 ordinary shares, with loyalty shares, conferring 2,274,400 voting rights.

Ownership structure (significant shareholdings) at 30.06.2023



⁽¹⁾ Lappentrop S.r.l. is related to Alessandro Mattiacci, Chairman of Alkemy S.p.A.

Alkemy share

Alphanumerical code: ALK

ISIN stock market code: IT0005314635

REUTERS ALK.MI code

BLOOMBERG ALK.IM code

Specialist: Intermonte Securities SIM

Admission price: €11.75



Price at 30.06.2023: €11.70

Capitalisation at the date of admission: €63,489,127.5

Capitalisation at 30.06.2023: €66,519,882.0

Alkemy share performance

During H1 2023, the Alkemy share performed positively compared to 30 December 2022.

Specifically, the share performance during the period was stable, recording a peak in the first quarter, which ended with a 17% increase since the beginning of the year. This performance is significantly better than that of the STAR segment, which grew by 6% during the same period.

Given the great uncertainty, neither the 2022 results published on 27 March 2023, nor the publication of the results of Q1 2023 on 15 May 2023, although positive, managed to mitigate the negative trend that affected the share and the market in the second quarter. Alkemy ended H1 2023 with a share price of 11.70 euros, up 6% since the beginning of the year and performing better than the STAR segment in the same period (+3% since the beginning of the year).

The graph below compares the performance of the Alkemy share with the Euronext Small Cap and the Euronext STAR index from the date of admission to trading to 30 June 2023.



A total of 847,905 Alkemy shares were traded in H1 2023, a 51% decrease on the 1.741 million shares traded in H1 2022. The value of trades in H1 2023 came to 10.584 million euros, down 67% on H1 2022(31.789 million euros).

The graph below shows the performance of the Alkemy share and the turnover of trades from the date of admission to trading to 30 June 2023 and the daily turnover of trades.



Analyst Coverage

- Intermonte, IPO Report November 2017 (Joint Global Coordinator & Specialist)
Research Analyst: Gianluca Bertuzzo
INITIAL COVERAGE: 1 February 2018
- Intesa Sanpaolo, IPO Report November 2017 (Joint Global Coordinator)
Research Analyst: Gabriele Berti
INITIAL COVERAGE: 6 February 2018
- Mediobanca
Research Analyst: Isacco Brambilla
INITIAL COVERAGE: 25 June 2020

Valuation and consensus

- Intermonte: bases the valuation of the Alkemy share on the DCF model and peer analysis. The target price is 16.60 euros with an OUTPERFORM recommendation dating back to May 2023 (previous target price of 16.80 euros with an OUTPERFORM recommendation).
- Intesa Sanpaolo: bases the valuation of the Alkemy share on the DCF model and peer analysis. The target price is 18.00 euros with a BUY recommendation dating back to September 2022 (previous target price of 21.50 euros with a BUY recommendation).
- Mediobanca: bases the valuation of the Alkemy share on the DCF model and peer analysis. The target price is 18.20 euros with an OUTPERFORM recommendation dating back to January 2023 (previous target price of Euro 19.40 with an OUTPERFORM recommendation).



Description of the main risks and uncertainties to which the Group is exposed

In a context characterised by market instability and the rapid evolution of business and regulatory dynamics, a careful and effective management of risks and opportunities is essential in order to support an informed decision-making process that is consistent with the strategic objectives and guarantee business sustainability and the creation of value in the medium/long-term.

In going about its business, the Group is exposed to risks and uncertainties deriving from exogenous factors connected with the general or specific macroeconomic context of the operating segments in which it operates, as well as risks deriving from strategic choices and internal operating risks.

Such risks have been systematically identified and mitigated through the monitoring and timely oversight of risks as they arose.

Risk management is centralised in the Group, although individual managers are responsible for the identification, monitoring and mitigation of such, also in order to better measure the impact of each risk on business operations, reducing the onset and/or limiting the effects depending on the trigger. Under the scope of business risks, below are the principles governing the Group in application of Art. 2428 of the Italian Civil Code.

Risk connected with competitiveness

Reference is made to the information given in the paragraph entitled "Competitors" of this document.

Risks connected with demand/the macroeconomic cycle

The performance of the segment in which the Group operates is correlated with the performance of the general economic framework and, therefore, any negative outlook, inflation or recession periods may consequently reduce demand for the products and services supplied.

Climate risks

In this respect, it is noted that in view of the business model, the Group has no significant exposure to environmental risks in particular connected with climate change.

Russia-Ukraine military conflict

The Group does not operate directly in the countries involved in the Russia-Ukraine conflict. However, in this context, various types of risk become important, in particular those connected with:

- the development of the business of the Group's direct customers in these countries;
- macroeconomic and financial factors, such as the volatility of the price of energy commodities, volatility of the prices of raw materials, volatility envisaged on the global financial markets, in exchange rates and in interest rates;
- cyber crime, e.g. direct attacks against the assets of companies operating *in situ* or in neighbouring countries, or the intensification of such with a potential impact on the interruption of service and critical infrastructures.



The Group has equipped itself with processes and procedures that support the identification, management and monitoring of events with potential significant impacts on resources and the business. These processes seek to maximise a timely and effective response.

Risk connected with financial operations

Under the scope of its operations, the Group is exposed to financial risks connected with:

- credit risk;
- liquidity risk;
- market risk and, specifically, interest rate and currency risks.

Credit risk

With reference to the risk of potential losses deriving from failure by the various counterparties with which it operates to fulfil the commitments made, the Group has established a suitable loss allowance based on the type of its customers and statistical assessments. The particular concentration of the business on high credit standing customers, the number of such and the segment diversification guarantee another substantial lowering of the credit risk.

Liquidity risk

The Group's financial management is characterised by procedures aimed at regulating the collection and payment duties, controlling and avoiding any critical liquidity positions.

As regards trade payables and other liabilities, the cash flows expected from the related contracts are within 12 months.

Market risk

The market risk to which the Group is exposed consists of the risk of changes to interest rates and the currency risk.

Interest rate risk

The Group is exposed to the risk of changes in interest rates in connection with the variable rate indexed medium- and long-term loans. When significant, this risk is mitigated also by entering into specific hedging instruments.

Currency risk

The Group's operations in currencies other than the euro, as well as the development strategies on the international markets, expose the Group to the currency risk.

The monitoring and management of this risk is left to the administrative management of Alkemy S.p.A..

The Group is therefore exposed to the currency risk, i.e. the risk that changes in the exchange rates of certain currencies with respect to the consolidation currency impact both the Alkemy Group profit (loss) and its net financial debt and equity.



The Group is also exposed to a limited currency risk generated by commercial and financial transactions implemented by the individual companies in currencies other than the functional currency of the company performing the transaction.

This exposure is monitored, but at the reporting date, the Alkemy Group policy is not to hedge said currency risk insofar as there are no significant transactions implemented in currencies other than the euro between Group companies, except for the annual payment of dividends resolved by the Mexican companies. A significant fluctuation of Mexican pesos or the other currencies in which the Group operates may in any case negatively impact the Group's financial position and financial performance, proportionally to the impact of the business carried out by said companies, with respect to the general business pursued by the Group as a whole.

Financial management

The Alkemy Group's financial management is characterised by procedures aimed at regulating the collection and payment duties, controlling and avoiding any critical liquidity positions.

During H1 2023, the Group met its current financial needs by using its Own Funds and loans, as well as through the use of short-term bank facilities. In any case, the Group has suitable bank facilities, aimed at managing any short-term financial needs.

As regards mergers and acquisitions, the Group's policy adopted to date was to make priority use of Own Funds, if such should be surplus to current requirements and, only secondarily, of medium-term bank debt (with 6-12 months of interest-only period) for the remainder. The reasoning behind this choice is, on the one hand, the desire not to have non-recurring operations interfere with the Group's ordinary operations, and, on the other, to maintain a suitable period of time for the growth, integration and consolidation of investments made and, therefore, to be able to repay the liability mainly with future income and cash flows the latter generated.

In accordance with Art. 2428, point 6-bis of the Italian Civil Code, it is acknowledged that the Group does not use financial instruments (derivatives and others) except for the mentioned put options over the minority shares in subsidiaries. There are seven cap options to hedge the risk of a rise in interest rates for the same number of loans agreed starting 2020. These account for approximately 89% of the bank loans and borrowings outstanding at 30 June 2023..

The Group is also marginally exposed to the currency risk on assets expressed in a currency other than the euro, mainly relating to the companies in Serbia and Mexico.

Investments

In H1 2023, the Group invested in property, plant and equipment and intangible assets for a total amount of 1,103 thousand euros (1,158 thousand euros in H1 2022), as follows:

- o property, plant and equipment for 380 thousand euros (581 thousand euros in H1 2022), mainly



- relating to hardware purchases for internal use;
- o intangible assets for 723 thousand euros (577 thousand euros in H1 2022), mainly relating to the purchase of software and internal implementation of platforms relevant to the conduct of the commercial business of the Group's companies.

Research and development

During the period, the Group did not carry out any research and development (R&D) activities.

Treasury shares

The meeting of the Shareholders of Alkemy S.p.A. held on 27 April 2023 resolved to repurchase and dispose of ordinary shares in the Parent for up to eighteen months, in order to: (i) use the treasury shares as an investment, for an efficient use of the cash and cash equivalents generated by the Parent's core business and (ii) be able to use the treasury shares to assign to the beneficiaries of potential incentive plans resolved by the competent corporate bodies in the favour of Parent employees and directors; and (iii) allow for the use of the treasury shares under the scope of transactions linked to the core business, i.e. projects consistent with the growth and expansion lines the Parent intends to pursue in connection with which the share exchange opportunities shall take concrete form with the main aim of perfecting the corporate integration with potential strategic partners.

During the period, the Parent therefore repurchased a total of 10,000 treasury shares (0.2% of the Parent's share capital), for a total outlay of 120 thousand euros.

These purchases were made in compliance with current legislation, in particular with the provisions of Art. 132 of Legislative Decree no. 58 of 24 February 1998 and Art. 144-bis of the Regulation approved by Consob Resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, with the operating procedures established by the Regulation of markets organised and managed by Borsa Italiana S.p.A.

The Parent has also assigned and transferred 11,549 shares, worth 137 thousand euros, to the Chairman, CEO and a Director, in execution of the Long-Term Incentive Plan, in connection with 50% of the shares accrued by them on the profit for 2022.

At 30 June 2023, the Parent held 149,315 treasury shares, accounting for 2.63% of the share capital (150,864 at 31 December 2022, equal to 2.65% of the share capital) for an equivalent value of 1,776 thousand euros, deriving from buy-back plans carried out by the Parent.

The Parent's equity includes a specific undistributable reserve of an equal amount.

Events after the reporting period

Useful information on the following significant events that took place after period end is provided.



In July, the Parent obtained a medium/long-term loan from Banco di Desio e della Brianza, with a duration of 60 months, including an interest-only period of 12 months, for a nominal amount of 3,000 thousand euros. This amount will be used to purchase the residual non-controlling interests (49%) of DGI S.r.l.. Repayment is on a straight-line basis once a quarter. The interest rate applied is the 3M Euribor, increased by a spread of 1.85 points. At disbursement, an up-front fee was withheld of 15 thousand euros. The contract shall meet two financial covenants, specifically: (i) leverage ratio, i.e. net financial debt/gross operating profit <3; and (ii) the ratio of net financial debt and equity <1, both to be calculated annually at the year end.

On 28 July, the Parent formalised the purchase of an additional 47% of DGI S.r.l. from its non-controlling investors. The residual 2% of the quota capital was purchased on 1 August. As of this date, the Parent wholly owns the company.

In August, the Parent obtained an additional medium/long-term loan from Mediocredito Centrale with a nominal amount of 84 thousand euros in connection with subsidised project financing. Repayment is on a straight-line basis once every six months up to 31 December 2029.

On 7 September, Alkemy S.p.A. obtained an additional loan of 1,500 thousand euros from Credem. This 36-month loan has an interest-only period of six months and repayment takes place quarterly on a straight-line basis up to 7 September 2026.

Outlook

At the date of approval of this interim financial report, the performance for the second half of the year will be driven mainly by external factors (the military conflict in Ukraine, inflation and the resulting interest rate hike monetary policy). This general uncertainty has a significant impact on company expectations, which are not always positive as a result of widespread market concerns. At present, only limited significant effects have been seen on Alkemy Group customers, except for those customers more affected by the effects of inflation, with possible fallout on the purchase of the services offered by the Group.

Based on the results achieved in H1 2023 and the current progress made on the orders in the portfolio and new contracts activated, save any further turns for the worse, which are not currently predictable, the Group confirms its positive expectations, looking to continue organic growth, both in terms of revenue and margins.

Milan, 13 September 2023

On behalf of the Board of Directors
the Chief Executive Officer



Duccio Vitali



Alkemy S.p.A.

Condensed interim consolidated financial statements
at 30 June 2023



Financial statements

Income statement

	Notes	Figures in thousands of euros	
		H1 2023	H1 2022
Revenue	1	56,309	48,324
Other income	2	1,168	692
Total revenue and other income		57,477	49,016
Services, goods and other operating costs	3	(24,151)	(22,401)
- of which non-recurring		(13)	(66)
Personnel expense	4	(28,015)	(21,505)
- of which non-recurring		(655)	(249)
Total costs and other operating costs		(52,166)	(43,906)
Gross operating profit		5,311	5,110
Amortisation/depreciation	5	(1,979)	(1,340)
Provisions and impairment losses	6	(327)	(70)
Operating profit		3,005	3,700
Other financial income	7	521	509
Other financial expense	8	(1,436)	(594)
Pre-tax profit (loss)		2,090	3,615
Income taxes	9	(681)	(1,136)
Profit/(loss) for the period		1,409	2,479
- Owners of the parent		1,427	2,469
- Non-controlling investors		(18)	10
Earnings (loss) per share	10		
Basic		0.26	0.44
Diluted		0.26	0.44

The notes given below are an integral part of these condensed interim consolidated financial statements. In accordance with CONSOB Resolution no. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Income Statement are highlighted in the specific table of the Consolidated Income Statement given in annex 2 and are also described in the paragraph on "Related party transactions" in the notes to the condensed interim consolidated financial statements.



Statement of comprehensive income

		Figures in thousands of euros	
	Note	H1 2023	H1 2022
Profit/(loss) for the period		1,409	2,479
Items that will be reclassified to profit or loss:			
Foreign operations - foreign currency translation differences		104	123
Total items that will be reclassified to profit or loss	24	104	123
Items that will not be reclassified to profit or loss			
Actuarial gains (losses)		120	-
Related tax		(29)	-
Total	24	91	-
Other comprehensive income (expense) net of tax		195	123
Comprehensive income for the period		1,604	2,602
Attributable to:			
- Owners of the parent		1,622	2,592
- Non-controlling investors		(18)	10

The notes given below are an integral part of these condensed interim consolidated financial statements.



Statement of financial position

		Figures in thousands of euros	
Assets	Notes	30 Jun. 2023	31 Dec. 2022
Property, plant and equipment	11	2,205	2,209
Right-of-use assets	12	6,405	4,633
Goodwill	13	54,869	54,868
Intangible assets	14	2,062	1,934
Equity investments	15	5	5
Other financial assets	16	508	588
Deferred tax assets	17	2,121	2,206
Other assets	18	274	267
Non-current assets		68,449	66,710
Trade receivables	19	39,464	41,541
Other financial assets	20	291	291
Tax assets	21	2,647	2,065
Other assets	22	2,155	2,011
Cash and cash equivalents	23	6,012	9,115
Current assets		50,569	55,023
Total assets		119,018	121,733

The notes given below are an integral part of these condensed interim consolidated financial statements. In accordance with CONSOB Resolution no. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Statement of Financial Position are highlighted in the specific table of the Consolidated Statement of Financial Position given in annex 2 and are also described in the paragraph on "Related party transactions" in the notes to the condensed interim consolidated financial statements.



Figures in thousands of euros			
Liabilities and Equity	Note	30 Jun. 2023	31 Dec. 2022
Equity	24		
Share capital		596	596
Reserves		42,833	36,828
Profit/(loss) for the period		1,427	5,583
Equity attributable to owners of the parent		44,856	43,007
Equity attributable to non-controlling investors	25	382	399
Total equity		45,238	43,406
Non-current liabilities		29,489	35,713
Financial liabilities	26	9,851	13,081
Lease liabilities	28	4,731	3,425
Put option and earn-out liabilities	29	8,740	13,436
Employee benefits	30	5,948	5,543
Provisions	31	98	100
Deferred tax liabilities	32	121	128
Current liabilities		44,291	42,614
Financial liabilities	26	8,616	9,023
Lease liabilities	28	1,818	1,345
Put option and earn-out liabilities	29	7,958	3,225
Trade payables	33	14,218	16,217
Tax liabilities	34	2,625	1,622
Other liabilities	35	9,056	11,182
Total liabilities		73,780	78,327
Total liabilities and equity		119,018	121,733

The notes given below are an integral part of these condensed interim consolidated financial statements.

In accordance with CONSOB Resolution no. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Statement of Financial Position are highlighted in the specific table of the Consolidated Statement of Financial Position given in annex 2 and are also described in the paragraph on "Related party transactions" in the notes to the condensed interim consolidated financial statements.



Statement of cash flows

		Figures in thousands of euros	
	Notes	30 Jun. 2023	30 Jun. 2022
Cash flow from operating activities			
Profit/(loss) for the period		1,409	2,479
Financial income	7	(521)	(509)
Financial expense	8	1,436	594
Income taxes	9	681	1,136
Amortisation/depreciation	5	1,979	1,340
Provisions and impairment losses	6	327	70
Cost for share-based payments	4	93	206
Other non monetary elements	24	(162)	-
Decrease (increase) in trade receivables	19	1,757	2,369
Increase (decrease) in trade payables	33	(1,895)	(74)
Decrease (increase) in other assets	21, 22	(770)	(456)
Increase (decrease) in other liabilities	34, 35	34	(2,575)
Cash flows from operating activities		4,368	4,580
Interest paid	1, 8	(270)	(157)
Income tax paid	9	(539)	(428)
Net cash flows from operating activities		3,559	3,995
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets	11, 14	(1,103)	(1,158)
Decrease (increase) in financial assets	18, 20	2	(305)
Net cash flows used in investing activities		(1,101)	(1,463)
Cash flows from financing activities			
Change in financial liabilities	26	(3,665)	(1,131)
Change in financial liabilities pursuant to IFRS 16	28	(987)	(817)
Change in treasury shares	24	(120)	(435)
Dividends paid to non-controlling investors	35	(749)	(304)
Payment of put options	29	(40)	(1,920)
Net cash flows from (used in) financing activities		(5,561)	(4,607)
Net increase/(decrease) in cash and cash equivalents		(3,103)	(2,075)
Opening balance		9,115	10,458
Closing balance		6,012	8,383

The statement of cash flows was prepared in accordance with the indirect method.
The notes given below are an integral part of these condensed interim consolidated financial statements.



Statement of changes in equity

Figures in thousands of euros										
	Notes	Share capital	Treasury shares	Legal reserve	Other reserves	Retained earnings	Profit/(loss) for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling investors	Total equity
Balance at 31 Dec. 2021		596	(1,743)	202	31,215	1,843	4,263	36,376	323	36,699
Allocation of profit for the year		-	-	-	-	4,263	(4,263)	-	-	-
Repurchase of treasury shares	24	-	(435)	-	-	-	-	(435)	-	(435)
Assignment of treasury shares	24	-	385	-	-	(133)	-	252	-	252
Stock options	4	-	-	-	9	-	-	9	-	9
Change in put option liabilities	29	-	-	-	-	(375)	-	(375)	-	(375)
Long Terms Incentive Plan	4	-	-	-	(55)	-	-	(55)	-	(55)
Other movements		-	-	-	-	1	-	1	2	3
Other comprehensive income (expense)		-	-	-	123	-	-	123	-	123
Profit/(loss) for the period		-	-	-	-	-	2,469	2,469	10	2,479
Balance at 30 Jun. 2022		596	(1,793)	202	31,292	5,599	2,469	38,365	335	38,700
Figures in thousands of euros										
	Notes	Share capital	Treasury shares	Legal reserve	Other reserves	Retained earnings	Profit/(loss) for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling investors	Total equity
Balance at 31 Dec. 2022		596	(1,793)	202	33,284	5,135	5,583	43,007	399	43,406
Allocation of profit for the year		-	-	-	-	5,583	(5,583)	-	-	-
Repurchase of treasury shares	24	-	(120)	-	-	-	-	(120)	-	(120)
Assignment of treasury shares	24	-	137	-	-	(47)	-	90	-	90
Change in put option liabilities	29	-	-	-	-	416	-	416	-	416
Long Terms Incentive Plan	4	-	-	-	(163)	-	-	(163)	-	(163)
Other movements		-	-	-	4	-	-	4	1	5
Other comprehensive income (expense)		-	-	-	195	-	-	195	-	195
Profit/(loss) for the period		-	-	-	-	-	1,427	1,427	(18)	1,409
Balance at 30 Jun. 2023		596	(1,776)	202	33,320	11,087	1,427	44,856	382	45,238



Notes to the condensed interim consolidated financial statements

General information

The Alkemy Group (hereinafter the "Group") works to improve the market position and competitiveness of large and medium-sized enterprises, innovating and transforming the business model to keep pace with the evolution of technology and new consumer habit. The Group integrates into its offer, competences in the areas of strategy, e-commerce, communication, performance, technology and data management, developing complete digital transformation projects that cover the whole of the value chain, from strategy to implementation.

The parent, Alkemy S.p.A. has its registered and administrative office at Via San Gregorio 34, Milan, Italy and it is registered with the Milan Company Register under Economic and Administrative Index (REA) no. 1835268.

The shares of Alkemy S.p.A. (hereinafter the "Company", "Alkemy" or the "Parent") have been listed on the STAR segment of the EURONEXT MILAN market organised and managed by Borsa Italiana since 17 December 2019.

These condensed interim consolidated financial statements are prepared in euros, which is the currency of the economy in which the Parent operates. The Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and figures given in the Notes, are all expressed in thousands of euros.

The publication of this interim financial report at 30 June 2023, reviewed by KPMG S.p.A., was authorised by resolution passed by the Board of Directors on 13 September 2023.

Reporting standards

Basis of preparation

These condensed interim consolidated financial statements at 30 June 2023 have been prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union. The term "IFRS" is used to also refer to all the revised International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

More specifically, the condensed interim consolidated financial statements have been prepared in accordance with IAS 34 relative to interim financial statements and do not include all the information and notes required in the annual consolidated financial statements; as such, they must be read together with the consolidated financial statements at 31 December 2022.

In the preparation of the condensed interim consolidated financial statements at 30 June 2023, the same accounting policies have been applied, as those adopted in the preparation of the consolidated financial statements at 31 December 2022, to which reference is made, with the



exception of that specified in the paragraph on “New standards, amendments and interpretations applied starting 1 January 2023”.

The condensed interim consolidated financial statements were also prepared in compliance with the provisions adopted by CONSOB for financial statements in application of article 9 of Legislative Decree 38/2005 and other rules and provisions issued by CONSOB regarding financial statements.

They are prepared on a going concern and historical cost basis, with the exception of certain financial instruments, which are measured at fair value.

The preparation of the condensed interim consolidated financial statements and notes thereto in accordance with the IFRS requires the Directors to make estimates and assumptions that impact the revenue, costs, assets and liabilities of the interim financial report and the disclosure of contingent assets and liabilities at 30 June 2023. If, in the future, these estimates and assumptions, which are based on the best assessments by the Directors, should differ from the effective circumstances, they will be altered appropriately in the period in which such circumstances change. The estimates and assumptions are reviewed periodically, and any changes are immediately reflected in the income statement and equity.

Furthermore, certain assessment processes, in particular the more complex ones, such as the determination of any impairment losses on non-current assets, are generally performed completely only when preparing the annual financial statements, when all information as may be necessary is available, save for cases where there are impairment indicators requiring an immediate assessment of any impairment losses.

With reference to this interim financial report, no indicators of impairment were identified, which would require impairment testing to be carried out ahead of the usual year-end process.

Format and contents of the financial statements

The financial statements have the following characteristics:

- the income statement classifies revenue and costs by nature;
- the statement of financial position is prepared and separately presents both current and non-current assets and current and non-current liabilities.
- the statement of cash flows is drawn up in accordance with the indirect method.

The format used, as described above, is that considered best able to represent the elements that determined the Group's financial position, financial performance and cash flows.

In order to fulfil the requirements set out in CONSOB Resolution 15519 of 27 July 2006 on the financial statements, specific income statement and statement of financial position tables have been prepared to show any significant related party transactions, and any transactions that can be classified as non-recurring, atypical and/or unusual, are indicated on the tables and then highlighted in the notes.



Basis of consolidation

The condensed interim consolidated financial statements have been prepared consolidating the financial statements of the Parent and those of all companies in which the Parent directly or indirectly holds the majority of voting rights on a line-by-line basis.

These financial statements have the same reporting date as the Parent.

The profit (loss) of the subsidiaries acquired or sold during the period are included in the income statement as from the date of acquisition and until the effective date of disposal. Where necessary, adjustments are made to the financial statements of subsidiaries in order to bring the accounting policies used into line with those adopted by the Group.

The consolidation scope is unchanged compared to 31 December 2022.

At 30 June 2023, the consolidation scope was as follows:

Company name	% held	Registered office
Direct subsidiaries:		
Alkemy Play S.r.l.	75%	Milan
Alkemy SEE D.o.o.	70%	Serbia – Belgrade
Alkemy Iberia S.L.U.	100%	Spain - Madrid
Design Group Italia ID S.r.l.	51%	Milan
eXperience Cloud Consulting S.r.l.	51%	Rome
Alkemy South America S.L.	100%	Spain - Madrid
Innocv Solutions S.L.	100%	Spain - Madrid
Indirect subsidiaries:		
Alkemy Play D.o.o.	75%	Serbia – Belgrade
Kreativa D.o.o.	36%	Serbia – Belgrade
Ontwice Interactive Service S.A. Mexico City	100%	Mexico - Mexico City
Ontwice Interactive Service Digital S.A. Mexico City	100%	Mexico - Mexico City
Design Group Italia Corp.	51%	USA - New York

New standards, amendments and interpretations applicable starting 1 January 2023

Below is a list of the standards, amendments, interpretations and improvements in force starting 1 January 2023, for which there has been no significant impact on the Group's interim financial report at 30 June 2023.

Definition of accounting estimates (Amendments to IAS 8) (published in February 2021);

IFRS 17 – Insurance contracts (including amendments published in June 2020) (published in June 2020);

Disclosure of accounting policies (Amendments to IAS 1) (published in February 2021);

Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12) (published in May 2021);



Initial application of IFRS 17 and IFRS 9 - Comparative information (Amendments to IFRS 17) (published in December 2021).

Standards, amendments and interpretations endorsed by the European Union, not yet mandatory and not adopted early by the Company at 30 June 2023

Below are the standards, amendments, interpretations and improvements not yet into force:

International tax reform — Pillar two model rules (Amendments to IAS 12) (published in May 2023);

Supplier finance arrangements (Amendments to IAS 7 and IFRS 7) (published in May 2023). The amendments apply to reporting periods starting on or after 1 January 2024;

Lack of exchangeability (Amendments to IAS 21) (published in August 2023). The amendments apply to reporting periods starting on or after 1 January 2025.

The adoption of the above standards and amendments is not expected to have a significant impact on the Group.

At the date of this report, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

IFRS 14 Regulatory deferral accounts (published in January 2014). Endorsement process suspended pending the new standard on rate-regulated activities;

Sales or contributions of assets between an investor and its associate/joint venture (Amendments to IFRS 10 and IAS 28) (published in September 2014). Endorsement process suspended pending conclusion of the IASB project on the equity method;

Classification of liabilities as current or non-current (Amendments to IAS 1) and non-current liabilities with covenants (Amendments to IAS 1) (published respectively in January 2020, July 2020 and October 2022). Endorsement date to be set;

Lease liability in a sale and leaseback (Amendments to IFRS 16) (published in September 2022). Endorsement date to be set.

At present, the directors are weighing up the possible effects of the introduction of these amendments on the Group's consolidated financial statements.

Financial risk management

Under the scope of its operations, the Group is exposed to financial risks connected with:

- credit risk;
- liquidity risk;



- market risk and, specifically, interest rate and currency risks.

Below is information about the Group's exposure to each of the above risks; reference is made to the more extensive description given in the Report on Operations for a description of how financial risks are monitored in order to prevent any potential negative effects thereof, and, consequently, take corrective action.

Credit risk

With reference to the risk of potential losses deriving from failure by the various counterparties with which it operates to fulfil the commitments made, the Group has established a suitable loss allowance based on the type of its customers and statistical assessments. The particular concentration of the business on high credit standing customers, the number of such and the segment diversification guarantee another substantial lowering of the credit risk.

Liquidity risk

The Group's financial management is characterised by procedures aimed at regulating the collection and payment duties, controlling and avoiding any critical liquidity positions.

As regards trade payables and other liabilities, the cash flows expected from the related contracts are within 12 months.

Market risk

The market risk to which the Group is exposed consists of the risk of changes to interest rates and the currency risk.

Interest rate risk

The Group is exposed to the risk of changes in interest rates in connection with the variable rate indexed medium- and long-term loans. When significant, this risk is mitigated also by entering into specific hedging instruments.

Currency risk

The Group's operations in currencies other than the euro, as well as the development strategies on the international markets, expose the Group to the currency risk.

The monitoring and management of this risk is left to the administrative management of Alkemy S.p.A..

The Group is therefore exposed to the currency risk, i.e. the risk that changes in the exchange rates of certain currencies with respect to the consolidation currency impact both the Alkemy Group profit (loss) and its net financial debt and equity.

The Group is also exposed to a limited currency risk generated by commercial and financial transactions implemented by the individual companies in currencies other than the functional currency of the company performing the transaction.



This exposure is monitored, but at the reporting date, the Alkemy Group policy is not to hedge said currency risk insofar as there are no significant transactions implemented in currencies other than the euro between Group companies, except for the annual payment of dividends resolved by the Mexican companies. A significant fluctuation of Mexican pesos or the other currencies in which the Group operates may in any case negatively impact the Group's financial position and financial performance, proportionally to the impact of the business carried out by said companies, with respect to the general business pursued by the Group as a whole.

Other information

Segment reporting

The Group has identified the operating segments on the basis of two geographical areas, which represent the organisational components according to which the business is managed and monitored, namely, as envisaged by IFRS 8, "a component... whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance".

Said segments are "Italy" and "Abroad".

Below is the data of H1 2023 and H1 2022, broken down by segment as required by IFRS 8, indicating any inter-segment adjustments.

Figures in thousands of euros				
H1 2023	Italy	Abroad	Inter-segment adjustments	Total
Revenue	34,747	21,685	(123)	56,309
Other income	892	278	(2)	1,168
Total revenue and other income	35,639	21,964	(125)	57,477
Services, goods and other operating costs	(13,142)	(11,134)	125	(24,151)
- of which non-recurring	(13)	-	-	(13)
Personnel expense	(19,563)	(8,454)	1	(28,015)
- of which non-recurring	(655)	-	-	(655)
Total costs and other operating costs	(32,705)	(19,588)	126	(52,166)
Gross operating profit	2,934	2,376	1	5,311
Amortisation/depreciation	(1,633)	(345)	-	(1,979)
Provisions and impairment losses	(46)	(281)	-	(327)
Operating profit	1,255	1,750	1	3,005
Net gains (losses) on equity investments	1,691	-	(1,691)	-
Other financial income	140	391	(11)	521
Other financial expense	(1,123)	(322)	9	(1,436)
Pre-tax profit (loss)	1,963	1,818	(1,692)	2,090
Income taxes	(198)	(484)	1	(681)
Profit/(loss) for the period	1,765	1,335	(1,691)	1,409



Figures in thousands of euros

H1 2022	Italy	Abroad	Inter-segment adjustments	Total
Revenue	33,633	14,867	(176)	48,324
Other income	603	91	(3)	692
Total revenue and other income	34,237	14,958	(179)	49,016
Services, goods and other operating costs	(13,266)	(9,314)	179	(22,401)
- of which non-recurring	(66)	-	-	(66)
Personnel expense	(16,998)	(4,506)	(1)	(21,505)
- of which non-recurring	-	(249)	-	(249)
Total costs and other operating costs	(30,263)	(13,820)	178	(43,906)
Gross operating profit	3,973	1,138	(1)	5,110
Amortisation/depreciation	(1,212)	(128)	-	(1,340)
Provisions and impairment losses	(78)	8	-	(70)
Operating profit	2,683	1,018	(1)	3,700
Net gains (losses) on equity investments	1,161	-	(1,161)	-
Other financial income	197	311	1	509
Other financial expense	(272)	(322)	-	(594)
Pre-tax profit (loss)	3,769	1,006	(1,161)	3,615
Income taxes	(777)	(359)	-	(1,136)
Profit/(loss) for the period	2,992	648	(1,161)	2,479

Italy segment

The Italy segment includes the following companies: Alkemy S.p.A., Alkemy Play S.r.l., XCC S.r.l., DGI S.r.l.. It also includes Alkemy Play D.o.o. (Serbia) which operates exclusively for the Italian parent.

Revenue from the Italy segment for H1 2023 came to 35,559 thousand euros, up 1,402 thousand euros (+4.1%) on the same period of the previous year. The increase is mainly due to the positive effects of the Go-To-Market strategy which enabled strong monitoring of existing customers and more than offset the uncertainty which partly still affects the reference market.

Revenue of 34,747 thousand euros comprises revenue from sales and services (33,633 thousand euros in H1 2022) and 892 thousand euros for other revenue and income (603 thousand euros in H1 2022); details are given in the relevant note.

Operating costs, represented by costs for services, goods and other items and personnel expense, total 32,705 thousand euros, up 2,441 thousand euros (+8.1%) on the same period of the previous year, mainly in connection with the increase in investments in human resources to support future growth.

Gross operating profit came to 2,935 thousand euros (3,973 thousand euros during H1 2022), down 1,038 thousand euros mainly due to the stronger impact of operating costs.



Amortisation, depreciation and impairment losses came to 1,679 thousand euros, up by a total of 390 thousand euros on the same period of the previous year (+30.2%). This item includes:

- amortisation/depreciation of property, plant and equipment and intangible assets with a finite useful life for a total of 1,633 thousand euros (1,212 thousand euros in H1 2022);
- the accrual to the loss allowance of 46 thousand euros (78 thousand euros in H1 2022) essentially recognised in view of potential future losses connected with specific disputed loans at the reporting date.

The Italy segment therefore recorded a pre-tax profit of 1,963 thousand euros (3,769 thousand euros in H1 2022), which, after tax, gave rise to a profit of 1,765 thousand euros, as compared with 2,992 thousand euros for the same period of the previous year.

Abroad segment

The Abroad segment regards all the export markets on which the Group operates, namely Spain, Mexico, the USA and Serbia.

The following companies are included: Alkemy Iberia S.L.U. (Spain), Alkemy South America S.L. (Spain), Innocv Solutions S.L. (Spain), OIS Digital S.L. (Mexico), OIS Service S.L. (Mexico), Kreativa D.o.o. (Serbia), Alkemy SEE D.o.o. (Serbia) and DGI Corp. (USA).

The Abroad segment revenue for H1 2023 came to 21,964 thousand euros as compared with 14,958 thousand euros in H1 2022 (+46.8%). The increase in revenue is mainly due to the positive performance of the Spanish, Mexican and US subsidiaries and the change in the consolidation scope following the July 2022 acquisition of Innocv Solutions S.L., as better described over the next few pages.

Operating costs and personnel expense went from 13,820 thousand euros to 19,588 thousand euros mainly as a result of the change in the consolidation scope.

Gross operating profit therefore comes to 2,376 thousand euros, as compared with 1,138 thousand euros in the same period of the previous year. The increase is due to the acquisition of Innocv Solutions S.L. and to the positive financial performance of Alkemy Iberia S.L.U..

Operating profit comes to 1,750 thousand euros, as compared with 1,018 thousand euros in H1 2022.

The profit for the period therefore totals 1,335 thousand euros, as compared with 648 thousand euros in H1 2022.

Additionally, for the purposes of complete disclosure, below are the trade receivables at 30 June 2023 and at 31 December 2022, broken down by segment:

Figures in thousands of euros				
30 Jun. 2023	Italy	Abroad	Inter-segment	Total
Trade receivables	30,412	9,650	(598)	39,464

Figures in thousands of euros				
31 Dec. 2022	Italy	Abroad	Inter-segment	Total
Trade receivables	31,009	11,042	(511)	41,541





Notes to the condensed interim consolidated financial statements

Income statement

1. Revenue

Revenue comes to 56,309 thousand euros (48,324 thousand euros in H1 2022) and relates entirely to the sale of services.

Turnover for H1 2023 rose by 7,985 thousand euros (+16,5%) on the same period of the previous year. The increase is mainly due to (i) the inorganic growth following the acquisition of Innocv Solutions S.L. in July 2022 (+4,690 thousand euros), (ii) the increase in revenue from the Mexican subsidiaries (+826 thousand euros, i.e. +10% on H1 2022, due to the favourable trend of the Euro-Mexican peso exchange rate), (iii) the increase in revenue from Alkemy Iberia S.L.U. (+899 thousand euros compared with the corresponding period of the previous year) and (iv) the increase in revenue from DGI Corp. (+104 thousand euros on the same period of the previous year, when revenue came to 463 thousand euros).

The effect of the Euro-Serbian dinar and the Euro-US dollar exchange rate had no significant impact.

2. Other income

Other income totals 1,168 thousand euros (692 thousand euros in H1 2022) and may be analysed as follows:

	Figures in thousands of euros	
	H1 2023	H1 2022
Revenue for capitalised costs	562	378
Tax asset	476	250
Government grants	95	4
Other revenue	35	60
Total other revenue	1,168	692

Revenue for capitalised costs came to 562 thousand euros and mainly relates to the internal implementation of software and platforms for the performance of the group companies' business operations. Specifically, they refer to the development of techniques applicable to the optimisation of marketing campaigns, as an alternative or to support the existing techniques typically proposed, as well as the customisation of the Salesforce CRM software entirely in the cloud, based on Contract Management & Customer Centricity processes in the Retail & Design segment.

The tax asset comes to 476 thousand euros (250 thousand euros in H1 2022) and relates (i) for 250 thousand euros to investments made by the Parent in 4.0 training pursuant to Art. 1, paragraph 53 of Law no. 205/2017 and Art. 4, paragraph 1 of Ministerial decree 2018, (ii) for 200 thousand euros to the Spanish subsidiary Innocv Solutions S.L. and (iii) for 26 thousand euros to the subsidiary XCC S.r.l..



Government grants of 95 thousand euros (4 thousand euros in H1 2022) mainly refer to those disbursed by Anpal (the Italian National Agency for Active Labour Policies), Fondimpresa and Regione Lombardia.

Other revenue came to 35 thousand euros (60 thousand euros in H1 2022) and mainly refers to prior year income and other operating revenue.

3. Services, goods and other operating costs

Services, goods and other operating costs come to 24,151 thousand euros (22,401 thousand euros in H1 2022). They may be analysed as follows:

	Figures in thousands of euros	
	H1 2023	H1 2022
Services	23,805	22,206
Purchase of raw materials	126	63
Lease costs	134	60
Other operating costs	86	72
Total	24,151	22,401

Services

Costs for services come to 23,805 thousand euros (22,206 thousand euros in H1 2022) and are detailed below:



	Figures in thousands of euros	
	H1 2023	H1 2022
Services for customers	20,244	19,473
Administrative services	582	189
Maintenance services	450	293
Travel and transfer expenses	419	276
Marketing services	370	244
Restaurant vouchers	349	203
Other consultancy	275	358
Consultancy and legal expenses	219	255
Insurance	204	172
Audit and attestation fees	120	100
Postal, telephone and data transmission services	106	122
Condominium and supervisory expenses	87	63
Cleaning expenses	79	66
Utilities	66	36
Payslip processing	50	55
Banking services	41	42
Statutory Auditors' fees	36	31
Collaborators' fees	16	88
Costs for non-recurring services	13	66
Commercial services	-	33
Other services	79	41
Total services	23,805	22,206

Services mainly include commercial costs incurred for activities provided to customers, media space, costs for third party services, distribution costs and costs for collaborators. The increase for the period (+1,599 thousand euro or +7.2%) is due to the inorganic growth of the Group, the growth of the business, the return to office work and resumption of business trips following the end of the pandemic.

Purchase of raw materials

Costs for the purchase of raw materials total 126 thousand euros (63 thousand euros in H1 2022) and mainly regard the purchase of consumables for the office and of materials for certain projects.

Lease costs

Lease costs come to 134 thousand euros (60 thousand euros in H1 2022) and relate to costs that, by nature, do not come under the scope of IFRS 16.

Other operating costs

Other operating costs come to 86 thousand euros (72 thousand euros in H1 2022) and mainly refer to prior year expense and entertainment costs.

4. Personnel expense

Personnel expense comes to 28,015 thousand euros (21,505 thousand euros in H1 2022), up 6,510



thousand on H1 2022 (+30.3%), of which 3,922 thousand euros relates to changes in the consolidation scope; it comprises:

	Figures in thousands of euros	
	H1 2023	H1 2022
Wages and salaries	20,310	15,131
Non-recurring personnel expense	655	249
Directors' fees	583	928
Social security expenses	5,476	4,115
Costs for defined benefit plans	856	851
Cost for share-based payments	93	206
Other personnel expense	42	25
Total personnel expense	28,015	21,505

This item includes all costs incurred during the period, directly or indirectly relating to employees and collaborators, as well as directors' fees for 615 thousand euros.

"Non-recurring personnel expense" includes all costs incurred for redundancy incentives and one-off amounts paid to some employee categories in order to mitigate the current impact of inflation.

The cost of share-based payments includes the cost of the long-term incentive plan for five strategic managers, as well as the Chairman, Chief Executive Officer and a Director of the Parent.

The average number of employees during the period was 934, compared with 765 in the same period of the previous year.

The Group had 931 employees at 30 June 2023, as compared with 776 in the same period of the previous year.

The increase in average wages and salaries per employee, net of directors' fees, the cost of share-based payments and non-recurring personnel expense, is mainly due to contract and merit-based raises paid as of the second quarter of 2022.

5. Amortisation/depreciation

Amortisation/depreciation comes to 1,979 thousand euros (1,340 thousand euros in H1 2022) and consists of:

- 994 thousand euros (821 thousand euros in H1 2022) related to the depreciation of right-of-use assets;
- 595 thousand euros (215 thousand euros in H1 2022) related to the amortisation of intangible assets;
- 390 thousand euros (304 thousand euros in H1 2022) related to the depreciation of property, plant and equipment.



Amortisation is up 380 thousand euros as a result of the capitalisations carried out in the second half of 2022.

6. Provisions and impairment losses

Provisions recognised in profit or loss come to 327 thousand euros (70 thousand euros in H1 2022) and mainly refer to impairment losses on trade receivables.

7. Other financial income

Other financial income comes to 521 thousand euros (509 thousand euros in H1 2022) and is detailed below:

	Figures in thousands of euros	
	H1 2023	H1 2022
Exchange gains	388	321
Fair value gains on derivatives	-	187
Other financial income	133	1
Total other financial income	521	509

Exchange gains come to 388 thousand euros (321 thousand euros in H1 2022) and essentially refer to the subsidiary Ontwice Interactive Services S.A. Mexico City, which also generated most of the exchange losses totalling 323 thousand euros (321 thousand euros in H1 2022), included in financial expense, as detailed below.

Exchange gains and losses, which offset each other, are in line with H1 2022 and refer to purchases and sales made in US dollars by the Mexican subsidiaries.

Other financial income amounts to 133 thousand euros (1 thousand euros in H1 2022) and refers to the return on the derivatives entered into to hedge the interest rate of loans.

In H1 2022, this item included income from derivatives of 187 thousand euros generated by the fair value adjustment of these derivatives.

8. Other financial expense

Financial expense comes to 1,436 thousand euros (594 thousand euros in H1 2022) and is detailed below:



	Figures in thousands of euros	
	H1 2023	H1 2022
Interest from put option and earn-out liabilities	453	65
Interest expense on loans	337	106
Exchange losses	323	321
Interest expense on employee benefits (IAS 19)	113	28
Interest on leases	83	57
Fair value loss on derivatives	73	-
Interest expense on current accounts	22	3
Other financial expense	32	14
Total other financial expenses	1,436	594

The increase in this item is due to the rise in interest expense, mainly on loans, put option and earn-out liabilities, in line with the general upward trend in interest rates and the increase in financial liabilities at 30 June 2023, compared to the same period of 2022.

9. Income taxes

Income taxes amount to 681 thousand (1,136 thousand euros in the first half of 2022) and were calculated in accordance with ruling tax legislation. They are detailed below:

	Figures in thousands of euros	
	H1 2023	H1 2022
Current income tax	450	499
Current IRAP tax	124	180
Change in deferred tax assets	113	458
Change in deferred tax liabilities	(6)	(1)
Total taxes	681	1,136

The 105 thousand euros decrease in current taxes is due to the reduction in the pre-tax profit.

Note 17 provides additional information about deferred taxes.

10. Earnings per share

Basic earnings per share are calculated by dividing the Group's profit by the weighted average of outstanding shares during the period, excluding any treasury shares held in the portfolio.

In calculating diluted earnings per share, the weighted average of the outstanding shares takes into account the conversion of all instruments having a dilutive effect and, therefore, the options assigned to stock option plan beneficiaries.

The calculation of earnings per share is shown in the table below:



	Figures expressed in units of	
euros		
	H1 2023	H1 2022
Profit		
Group profit for the period	1,427,000	2,469,000
Group profit for the period, attributable to ordinary shares	1,427,000	2,469,000
Number of shares		
Average number of outstanding ordinary shares	5,535,391	5,592,472
Adjusted average number of ordinary shares	5,535,391	5,578,882
Basic earnings per share	0.26	0.441
Diluted earnings per share	0.26	0.443



Statement of financial position

Assets

Non-current assets

11. Property, plant and equipment

The item totals 2,205 thousand euros (2,209 thousand euros at 31 December 2022); changes are shown below:

	Figures in thousands of euros			
	Lands and buildings	Plant and machinery	Other assets	Total
Balance at 31 Dec. 2022	65	14	2,130	2,209
Investments	-	1	379	380
Amortisation/depreciation	(2)	(1)	(387)	(390)
Other movements	(1)	-	7	6
Balance at 30 Jun. 2023	62	14	2,129	2,205

Land and buildings include a property owned in Rende (CZ).

"Other assets" mainly include computers and IT equipment purchased for Group employees, as well as furniture and furnishings of the company offices and sites.

The increases of the period are mainly due to the purchase of computers and IT equipment.

12. Right-of-use assets

The item totals 6,405 thousand euros (4,633 thousand euros at 31 December 2022); changes are shown below:

	Figures in thousands of euros		
	Buildings	Other assets	Total
Balance at 31 Dec. 2022	3,715	918	4,633
Investments	2,257	520	2,777
Amortisation/depreciation	(720)	(274)	(994)
Other movements	(10)	(1)	(11)
Balance at 30 Jun. 2023	5,242	1,163	6,405

"Other assets" include company cars and the increases of the period mainly relate to the signing of new leases, also to replace those that expired during the period.

The increase in rights of use on buildings mainly relates to the signing of new leases related to the offices in Milan, Mexico City and New York and the ISTAT (Italy Institute of Statics) adjustments envisaged by contract.



13. Goodwill

Goodwill comes to 54,869 thousand euros (54,868 thousand euros at 31 December 2022), as detailed below:

	Figures in thousands of euros	
	30 June 2023	31 Dec. 2022
Goodwill of the ITALY CGU	27,598	27,598
- Goodwill of Bizup	6,883	6,883
- Goodwill of Nunatac	6,603	6,603
- Goodwill of XCC	4,885	4,885
- Goodwill of DGI	4,610	4,610
- Goodwill of Alkemy Tech	2,898	2,898
- Goodwill of Seolab	1,167	1,167
- Goodwill of Between	552	552
Goodwill of the SPAIN CGU	23,051	23,051
- Goodwill of Alkemy Iberia (formerly Ontwice)	9,455	9,455
- Goodwill of Innocv	13,596	13,596
Goodwill of the MEXICO CGU	3,218	3,218
- Goodwill of Alkemy South America	3,218	3,218
Goodwill of the BALKANS CGU	1,002	1,001
- Goodwill of Kreativa	1,002	1,001
Total goodwill	54,869	54,868

The Group expects to obtain a positive contribution in terms of cash flows from these assets, for an indefinite period of time.

Goodwill is not amortised, but only tested for impairment. The Group checks the potential recoverability of goodwill once a year, testing each identified cash generating unit ("CGU").

Goodwill has been allocated to the four CGUs corresponding to the geographic areas in which the Group operates, as summarised below:

- CGU - Italy;
- CGU - Spain;
- CGU - Mexico;
- CGU - the Balkans.

At 31 December 2022, the Group carried out an impairment test. In this respect, reference should be made to the consolidated financial statements at the same date.

At 30 June 2023, a preventive analysis was performed aimed at identifying any indicators of impairment losses on the Group's intangible assets with an indefinite useful life. The results of this analysis, based on the actual figures of the period compared with the provisional budget figures and the best estimates for 2023 did not identify the need to perform a new impairment test ahead of 31 December 2023.



14. Intangible assets

Intangible assets come to 2,062 thousand euros (1,934 thousand euros at 31 December 2022) and are detailed below:

Figures in thousands of euros				
	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other	Total
Balance at 31 Dec. 2022	368	11	1,555	1,934
Investments	83	-	640	723
Amortisation/depreciation	(159)	(2)	(434)	(595)
Balance at 30 Jun. 2023	296	10	1,756	2,062

Industrial patents and intellectual property rights

This item mainly includes the costs incurred to purchase company management software.

Concessions, licences, trademarks and similar rights

This item mainly includes the costs incurred by the Parent to register trademarks.

Other

This item includes deferred costs that, due to their different nature, do not fit under any of the other items of this category. More specifically, the item includes: (i) the costs incurred by the subsidiary Alkemy Play S.r.l., including through the subsidiary Alkemy Play D.o.o., in relation to the programming and development of a web platform for the supply of digital services for small and medium-sized enterprises and (ii) the costs relating to the internal implementation of software and platforms to conduct the commercial business of the group companies; in this respect, for information about the increases of the period, reference should be made to note 2 of these condensed interim consolidated financial statements.

15. Equity investments

The item totals 5 thousand euros, in line with the balance at 31 December 2022.

The amount refers to the investment in the consortium company ICT SUD S.c.r.l., held by the Parent.

16. Other financial assets

Other non-current financial assets amount to 508 thousand euros (588 thousand euros at 31 December 2022) and comprise 498 thousand euros related to derivatives and 10 thousand euros related to loans granted to employees (576 thousand euros and 12 thousand euros at 31 December 2022, respectively).

Derivatives refer to the hedging transactions carried out in connection with certain medium/long-



term bank loans, as described earlier. The 78 thousand euro decrease is mainly due to fair value measurement.

17. Deferred tax assets

Deferred tax assets amount to 2,121 thousand euros (2,206 thousand euros at 31 December 2022) and are detailed below:

	Figures in thousands of euros			
	Temporary differences at 30 June 2023	Tax effect 30 June 2023	Temporary differences at 31 December 2022	Tax effect 31 Dec. 2022
Personnel expense	770	192	925	228
Loss allowance and provision for other risks	1805	434	2,082	501
Prior year losses	575	138	594	142
Tax assets	3170	789	3,500	871
Other costs with deferred deductibility	1,603	481	1,462	437
Consolidation adjustments and other items	363	87	116	28
Total	8,287	2,121	8,679	2,206

They are determined on the temporary differences between the carrying amounts of the assets and liabilities used in order to prepare the financial statements and the respective tax bases (mainly loss allowances and outstanding directors' fees), as well as on tax losses that can be carried forward.

Deferred tax assets are recognised when it is considered, on the basis of forecasts for future results, that their recovery in future years is reasonably certain.

18. Other non-current assets

Other non-current assets come to 274 thousand euros (267 thousand euros at 31 December 2022) and mainly relate to guarantee deposits for leased offices.

Current assets

19. Trade receivables

Trade receivables come to 39,464 thousand euros (41,541 thousand euros at 31 December 2022), as detailed below:

	Figures in thousands of euros	
	30 Jun. 2023	31 Dec. 2022
Italy	25,361	25,227
EU	7,447	8,493
Non-EU	6,656	7,821
Total trade receivables	39,464	41,541



There are no amounts due after one year.

Trade receivables are stated net of a loss allowance of 1,858 thousand euros (2,099 thousand euros at 31 December 2022). The loss allowance was calculated on the basis of the lifetime expected credit losses from initial recognition and during subsequent measurements. The estimate is mainly prepared by determining the average expected credit losses, based on historical indicators. For some categories, characterised by specific risk elements, specific valuations are instead made on the individual positions.

Below are the changes of the period to the loss allowance:

Figures in thousands of euros	
Balance at 31 Dec. 2022	(2,099)
Accruals	(310)
Uses	566
Others	(15)
Balance at 30 Jun. 2023	(1,858)

20. Other financial assets

Other current financial assets amount to 291 thousand euros (unchanged from 31 December 2022) and mainly refer to securities held by the subsidiary Innocv Solutions S.L..

21. Tax assets

Tax assets come to 2,647 thousand euros (2,065 thousand at 31 December 2022) and are detailed as follows:

	Figures in thousands of euros	
	30 Jun. 2023	31 Dec. 2022
VAT asset	1,554	1,090
Tax asset pursuant to DL.145/2013	812	758
Tax assets	221	188
Other tax assets	60	29
Total tax assets	2,647	2,065

The tax asset for 812 thousand euros may be analysed as follows: (i) 470 thousand euros related to technological innovation projects for investments carried out by the Spanish subsidiary Innocv Solutions S.L. and (ii) 342 thousand euros related to subsidised project financing for investments made in research and development by Italian companies pursuant to Decree Law no. 145/2013 and in training 4.0 pursuant to Art. 1, paragraph 53 of Law no. 205/2017 and Art. 4, paragraph 1 of Ministerial decree 2018.



The increase in current tax assets is mainly due to the increase in the VAT asset, specifically that of the Mexican subsidiary, following the rise in turnover.

At the reporting date and at the prior year reporting date, there were no current assets due after 5 years.

22. Other current assets

Other current assets of 2,155 thousand euros (2,011 thousand euros at 31 December 2022) are detailed as follows:

	Figures in thousands of euros	
	30 Jun. 2023	31 Dec. 2022
Government grants	1,461	1,674
Impairment of government grants	(497)	(497)
Prepayments	930	603
Other	261	231
Total other current assets	2,155	2,011

Government grants decreased by 213 thousand euros due to payments received for 264 thousand euros and 51 thousand euros recognised following the disbursement by Anpal.

At the reporting date and at the prior year reporting date, there were no current assets due after 5 years.

Furthermore, there is no accrued income. Prepayments total 930 thousand euros and are summarised below:

	Figures in thousands of euros	
	30 June 2023	31 Dec. 2022
Hire, rental and licence costs	302	229
Services for customers	284	163
Insurance	115	19
Stock exchange costs	45	37
IT costs	41	49
Other	142	107
Total prepayments	930	603

23. Cash and cash equivalents

The balance of 6,012 thousand euros (9,115 thousand euros at 31 December 2022) is detailed below:



	Figures in thousands of euros	
	30 Jun. 2023	31 Dec. 2022
Bank deposits	6,007	9,110
Cash and petty cash	5	5
Total cash and cash equivalents	6,012	9,115

The cash inflows and outflows of the period are analysed in the statement of cash flows.



Liabilities and equity

Non-current liabilities

24. Equity

Changes in and a breakdown of equity are given in the changes to the equity items, to which reference should be made.

Share capital

The Parent's share capital comes to 596 thousand euros (unchanged from the previous year end), is fully paid-up and is comprised of 5,685,460 shares (unchanged from the previous year end), with no par value.

Treasury shares

The reserve for treasury shares comes to 1,776 thousand euros, for a total of 149,315 treasury shares, accounting for 2.63% of share capital (1,793 thousand euros for a total of 150,864 treasury shares or 2.65% of share capital at 31 December 2022). The change is due to (i) the repurchase of treasury shares worth 120 thousand euros, equal to 10,000 treasury shares and (ii) the assignment of treasury shares, worth 137 thousand euros, equal to 11,549, to the Chairman, CEO and a Director of the Parent in execution of the Long-Term Incentive Plan, in connection with 50% of the shares accrued by them on the 2022 profit.

Legal reserve

The legal reserve amounts to 202 thousand euros (unchanged from the previous year end).

Other reserves

Other reserves come to 33,320 thousand euros (33,284 thousand euros at 31 December 2022) and may be analysed as follows:

- share premium reserve of 27,372 thousand euros (27,372 thousand euros at 31 December 2022);
- reserve for the Long-Term Incentive Plan of 1,050 thousand euros (1,213 at 31 December 2022);
- the FTA reserve of 147 thousand euros (unchanged from the previous year end);
- the reserve for tax alignment of goodwill of 4,473 thousand euros (unchanged from the previous year end);
- actuarial gains of 399 thousand euros (308 thousand euros at 31 December 2022); the item relates to the discounting of post-employment benefits, envisaged by IAS 19;



- the reserve for the translation of the financial statements of foreign operations of 169 thousand euros (65 thousand euros at 31 December 2022).

The change in the reserve for the long-term incentive plan, for -163 thousand euros, is due to the combined effect of (i) the accrual of the period of +91 thousand euros and (ii) the reduction in the reserve following the specified assignment of treasury shares, equal to -254 thousand euros.

Retained earnings

Retained earnings come to 11,087 thousand euros (5,135 thousand euros at 31 December 2022); the change for the period is mainly due to:

- +5,583 thousand euros as a result of the allocation of the profit for 2022, in accordance with the resolution passed by the shareholders' meeting of the Parent on 27 April 2023;
- +416 thousand euros due to fair value gain on put option liabilities;
- -47 thousand euros due to the difference between the carrying amount of the above-mentioned 11,549 treasury shares assigned in execution of the Long-Term Incentive Plan and their carrying amount in the Long-Term Incentive Plan, calculated on the basis of the applicable contractual provisions.

25. Equity attributable to non-controlling interests

Equity attributable to non-controlling interests comes to 382 thousand euros (399 thousand euros at 31 December 2022) and mainly refers to the portion pertaining to the non-controlling investors of the subsidiaries in the Balkans area.

26. Financial liabilities

Current and non-current financial liabilities come to 18,467 thousand euros (22,104 thousand euros at 31 December 2022) and are broken down below by due dates:

- 9,851 thousand euros (13,081 thousand euros at 31 December 2022) related to non-current financial liabilities;
- 8,616 thousand euros (9,023 thousand euros at 31 December 2022) related to current financial liabilities.

There are financial liabilities due after 5 years and amounting to 307 thousand euros.

The decrease in financial liabilities (3,637 thousand euros) is mainly due to:

- the long-term loans entered into during the period and described below (+240 thousand euros);
- the net effect of invoice discounting during the period and the related repayments (-759 thousand euros);
- the repayments of the period (-3,145 thousand euros).



Unless otherwise specified, the financial liabilities, all held by the Parent Alkemy S.p.A., are detailed below:

Figures in thousands of euros					
Bank	Year of disbursement	Original amount	Term	30 June 2023	31 Dec. 2022
Intesa Sanpaolo	2022	5,000	5 years	5,049	5,010
Intesa Sanpaolo	2020	3,500	5 years	2,692	3,269
Unicredit	2021	3,500	4 years	2,663	3,249
Unicredit (invoice discounting and factoring)	2023	-	-	2,024	2,436
Mediocredito Italiano	2019	7,000	5 years	1,774	2,660
CDTI (Innocv, 3 loans)	2021-2022	884	Sundry	884	884
Mediocredito Centrale (10 loans)	2019-2023	1,206	Sundry	853	842
Banco BPM	2022	1,000	3 years	827	999
Santander (Innocv, 3 loans)	2019-2023	1,342	Sundry	515	643
Banca popolare di Sondrio (DGI)	2021	480	5.5 years	373	427
Intesa Sanpaolo	2019	1,000	5 years	260	524
Finlombarda (DGI)	2021	320	5.5 years	249	284
Banco BPM	2019	1,000	4 years	147	293
Credem (invoice discounting)	2023	-	-	102	-
Ministerio de Economia (Alkemy Iberia)	2015-2017	116	Sundry	52	69
Intesa Sanpaolo (invoice discounting)	2022	-	-	-	450
Founders loan (Kreativa)	2022	14	-	-	14
Credem	2020	500	3 years	-	51
Total financial liabilities				18467	22,104

In the first half of the year, the Parent received a 90 thousand euro loan from Mediocredito Centrale related to subsidised project financing. The loan is repayable on a straight-line basis every six months and falls due at the end of 2029. Furthermore, the subsidiary Innocv Solutions S.L. entered into a short-term loan (falling due in July) worth 150 thousand euros with Santander to meet current liquidity requirements.

The loans agreed with Intesa Sanpaolo during the 2019-2020 period and with Mediocredito Italiano in 2019 provide for the compliance with two financial covenants: (i) leverage ratio, i.e. net financial debt/gross operating profit <3; and (ii) the ratio of net financial debt and equity <1, both to be calculated annually at the year end.

27. Net financial debt

In accordance with the requirements laid down by CONSOB communication of 28 July 2006 and in compliance with the ESMA update in regard to the "Guidelines on disclosure obligations under the Prospectus Regulation" and with CONSOB's "Warning no. 5/21" dated 29 April 2021, below is the



Group's net financial debt at 30 June 2023:

	Figures in thousands of euros	
	30 Jun. 2023	31 Dec. 2022
A Cash	6,012	9,115
B Cash equivalents	-	-
C Other current financial assets	291	291
D Cash and cash equivalents (A + B + C)	6,303	9,406
E Current financial liabilities (including debt instruments but excluding the current portion of non-current financial liabilities)	11,990	7,550
F Current portion of non-current financial liabilities	6,402	6,043
G Current financial liabilities (E + F)	18,392	13,593
H Net current financial liabilities (G - D)	12,089	4,187
I Non-current financial liabilities (excluding the current portion and debt instruments)	23,322	29,942
J Debt instruments	-	-
K Trade payables and other non-current liabilities	-	-
L Non-current financial liabilities (I + J + K)	23,322	29,942
M Total financial debt (H + L)	35,411	34,129

Current financial liabilities include lease liabilities, the current portion of put option liabilities, the above-mentioned invoice discounting during the period and the current portion of loans and borrowings from other financial backers.

Non-current financial liabilities include the non-current portion of bank loans and borrowings, lease liabilities, the non-current portion of put option liabilities and the non-current portion of loans and borrowings from other financial backers.

28. Lease liabilities

Current and non-current lease liabilities total 6,549 thousand euros (4,770 thousand euros at 31 December 2022) and are broken down below by due dates:

- 4,731 thousand euros (3,425 thousand euros at 31 December 2022) related to non-current lease liabilities;
- 1,818 thousand euros (1,345 thousand euros at 31 December 2022) related to current lease liabilities.

The 1,779 thousand euros increase on the previous year end is mainly due to the signing of the new leases for the office buildings in Milan, Mexico City and New York. The related effect was partly offset by the payments of the year.

There are lease liabilities due after 5 years and amounting to 187 thousand euros.

29. Put option and earn-out liabilities

The current and non-current liabilities to non-controlling interests and for earn-outs total 16,698 thousand euros (16,661 thousand euros at 31 December 2022) and refer to the commitment relating



to the acquisition of the residual portion of the investment in the subsidiaries XCC S.r.l., DGI S.r.l. and Alkemy Play S.r.l. for a total of 6,463 thousand euros, comprising a contractual structure of put and call options between the Company and the non-controlling investors, as well as the earn-outs to be paid to the previous owners of Innocv S.L., equal to 10,235 thousand euros.

As is frequently the case in purchases of controlling investments, the contractual arrangements include a put option in favour of the remaining non-controlling investors and a call option in favour of Alkemy. The liabilities to non-controlling investors were recognised with a balancing entry in goodwill in the case of companies acquired, whereas for companies established with non-controlling investors, the put option liability was recognised as a reduction in equity. In accordance with the provisions of IAS 32, the assignment of a put option in fact requires the initial recognition of a liability corresponding to the estimated redemption value, expected when the option is exercised, discounted at a factor calculated on the basis of the risk-free rate and credit spread of Alkemy and whose recalculation at 31 December 2022 was obtained using the present value of the redemption price method, with the help of an independent expert.

The earn-out liability that arose in 2022 refers to the acquisition of Innocv and, in accordance with IFRS 3, it was measured at the acquisition-date fair value. This liability has been adjusted to the fair value at the reporting date, taking the difference to profit or loss with the help of an independent expert.

The put option on 49% of DGI S.r.l. is classified under current financial liabilities as well as the first tranche of the put option on 15% of XCC S.r.l. and the first tranches of the earn-outs related to Innocv S.L., to be exercised by year end.

The remaining put option and earn-out liabilities can contractually be exercised after 30 June 2024.

The increase of 37 thousand euros is due to:

- the interest on the passage of time (unwinding of the discounting of the strike price) (+453 thousand euros);
- the adjustment of the put option on the remaining 49% of DGI S.r.l. on the basis of the price paid in the second half of 2023 (-416 thousand euros).

At present, there are no significant effects on the Group's business and, therefore, there are no adequate indicators for a review of the 2023-2025 plans (approved by the company's BoD on 23 February 2023), on which basis the most recent measurements at 31 December 2022, were performed. Therefore, the put option and earn-out liabilities at 30 June 2023 are unchanged.

30. Employee benefits

Employee benefits come to 5,948 thousand euros (5,543 thousand euros at 31 December 2022) and refer to the post-employment benefits of employees.

The change during the period was as follows:



Figures in thousands of euros	
Balance at 31 Dec. 2022	5,543
Accruals	856
Actuarial (gains)/losses	(120)
Utilisation of the year	(331)
Balance at 30 Jun. 2023	5,948

In accordance with IAS 19, this liability is recognised as a defined benefit plan and measured using the projected unit credit method, in line with the following economic-financial assumptions:

Economic-financial assumptions	30 June 2023	31 Dec. 2022
Discount rate	3.60%	3.77%
Remuneration increase rate		
<i>Alkemy S.p.A.</i>	Inflation + 1%	Inflation + 1%
<i>Alkemy Play S.r.l.</i>	Inflation + 1%	Inflation + 1%
<i>XCC S.r.l.</i>	Inflation + 1%	Inflation + 1%
<i>DGI S.r.l.</i>	Inflation + 1%	Inflation + 1%
Increase in the cost of living	2023: 5.7%, 2024: 2.7% and 2025 2%	2023: 5.9%, 2024: 3.33% and 2025 3%

The following demographic assumptions have also been made:

- for the probability of death, those determined by the General State Accountancy called RG48, broken down by gender;
- for the probability of incapacity, those, broken down by gender, adopted in the INPS model for 2010 projections;
- for retirement age, it was assumed that active employees would stop working as soon as they reach the first pre-requisite for retirement as set forth in the mandatory general insurance scheme;
- for the probability of leaving work for reasons other than death, annual frequencies have been considered of 2.50% for XCC S.r.l. and DGI S.r.l. and 12.5% for other companies;
- for the probability of advances being paid, a year-on-year value has been assumed of 3.00%.

As part of the measurement of post-employment benefits in compliance with IAS 19, with respect to the discount rate, reference was made to the iBoxx Eurozone Corporates AA 10+ index, at the measurement date.

In accordance with IAS 19, a sensitivity analysis to changes in the main actuarial assumptions was carried out.

The most significant assumptions were increased and decreased, namely average annual discount rate, average inflation rate and turnover rate respectively by half, a quarter and two percentage points. The results have not shown any significant change.

31. Provisions



Provisions come to 98 thousand euros (100 thousand euros at 31 December 2022) and mainly relate to:

- 44 thousand euros (46 thousand euros at 31 December 2022) for risks related to a claim for compensation for damages made by a customer in 2022 to the Mexican subsidiary Ontwice Interactive Service de Mexico S.A.;
- 54 thousand euros (54 thousand euros at 31 December 2022) for risks relative to an assessment by the employment inspectorate at the Spanish subsidiary Alkemy Iberia S.L.U., following which it received a request for payment of sanctions, against which the subsidiary has lodged an appeal.

32. Deferred tax liabilities

Deferred tax liabilities amount to 121 thousand euros (128 thousand euros at 31 December 2022).

Current liabilities

33. Trade payables

Trade payable come to 14,218 thousand euros (16,217 thousand euros at 31 December 2022).

Below is a breakdown of trade liabilities by geographical segment

	Figures in thousands of euros	
	30 Jun. 2023	31 Dec. 2022
Italy	7,133	6,894
EU	3,743	4,876
Non-EU countries	3,342	4,447
Total trade payables	14,218	16,217

34. Tax liabilities

Tax liabilities come to 2,625 thousand euros (1,622 thousand euros at 31 December 2022) and include liabilities for tax that is both certain and quantified, in relation to VAT, income tax and withholdings applied as a tax substitute; the breakdown is as follows:

	Figures in thousands of euros	
	30 Jun. 2023	31 Dec. 2022
Current tax liabilities	337	169
Withholdings	995	896
VAT	1,244	449
Other tax liabilities	49	108
Total tax liabilities	2,625	1,622



The increase in tax liabilities is mainly due to the rise in the Parent's VAT liability as a consequence of the invoices issued in June.

The Parent and the Italian subsidiaries DGI S.r.l, XCC S.r.l. and Alkemy Play S.r.l. participate in the national tax consolidation scheme.

35. Other current liabilities

Other current liabilities come to 9,056 thousand euros (11,182 thousand euros at 31 December 2022), detailed as follows:

	Figures in thousands of euros	
	30 Jun. 2023	31 Dec. 2022
Social security charges	2,456	2,127
Due to employees	4,263	5,465
Accrued expenses and deferred income	1,684	2,042
Other liabilities	653	1,548
Total other liabilities	9,056	11,182

Due to employees includes the amounts due to employees, directors and collaborators; the item includes accruals for the first half of 2023 not yet paid, in relation to bonuses, holidays, leave and the 13th-month pay.

Other liabilities total 653 thousand euros (1,548 thousand euros at 31 December 2022). The 895 thousand euro decrease is mainly due to the residual liability for dividends to the former shareholders of Innocv Solutions S.L. (749 thousand euros).

Accrued expenses and deferred income for the period are recognised on an accruals basis.

At 30 June 2023, there are no accrued expenses (29 thousand euros at 31 December 2022).

Deferred income totals 1,684 thousand euros (2,013 thousand euros at 31 December 2022) and essentially relates to the revenue from the core business pertaining to subsequent periods, but invoiced during the period.

At 30 June 2023, there were no accrued expenses or deferred income relating to more than five years.

36. Guarantees given and other commitments

At 30 June 2023, there are five insurance sureties for 539 thousand euros (of which four totalling 524 thousand euros related to the Parent and one of 15 thousand euros related to a subsidiary) issued in favour of five customers, to guarantee the correct fulfilment, by the Company, of its contractual obligations.



At the reporting date, there are no commitments.

37. Related party transactions

Related party transactions are part of the group companies' routine business and were settled at arm's length (see Annex 2). No atypical or unusual transactions were noted.

No transactions took place with companies identified as related parties but not Group members, the effects of which have therefore been eliminated during the consolidation process.

As permitted by Articles 117 to 128 of the Consolidated Law on Income Tax, the Parent opted for the national tax consolidation scheme with the subsidiaries DGI S.r.l., XCC S.r.l. and Alkemy Play S.r.l.. In this respect, the Parent also has an amount due to subsidiaries for the tax consolidation scheme of 124 thousand euros.

Fees paid to directors, statutory auditors and key management personnel

The fees paid in H1 2023 to the Parent's Board of Directors totalled 438 thousand euros (543 thousand euros in H1 2022), whilst those due to the Board of Statutory Auditors came to 33 thousand euros (31 thousand euros in H1 2022). The fees due to the Board of Directors also include the remuneration of the Chief Executive Officer for the role of key manager.

The fees due to the other four key managers in force at 30 June 2023 came to 545 thousand euros (company cost of 699 thousand euros) compared with 471 thousand euros in H1 2022 (company cost of 657 thousand euros).

38. Contingent liabilities and main disputes

The Group does not have any significant contingent liabilities for which information has not been disclosed in this report and not covered by suitable provisions.

In 2014, the Parent was served a notice of amicable assessment by the Revenue Agency relative to the 2011 tax period, on the offsetting of an asset for investment in research and development for 21 thousand euros. The Parent has broken the amount demanded down into instalments and has completed payment thereof. At the same time, Alkemy S.p.A. has submitted a supplementary return for the tax period under review, along with a claim for the reimbursement of the amount paid to date, as it believes that the amount in question is, indeed, due.

As mentioned in Note 32, in 2021, the Spanish subsidiary Alkemy Iberia S.L.U. was audited by the employment inspectorate hence a provision for risks has been made for 54 thousand euros, which corresponds to the contingent liability connected with such dispute. The total amount demanded by the authorities comes to 84 thousand euros, for which the subsidiary has prepared an appeal and in connection with which the directors have prudently provisioned more than half the amount.

In 2022, the Mexican subsidiary OIS de Mexico S.A. received a claim for compensation for damages



from a customer, in connection with which a provision for risk of 44 thousand euros was accrued, including potential legal fees.

39. Events after the reporting period

Useful information on the following significant events that took place after period end is provided.

In July, the Parent obtained a medium/long-term loan from Banco di Desio e della Brianza, with a duration of 60 months, including an interest-only period of 12 months, for a nominal amount of 3,000 thousand euros. This amount will be used to purchase the residual non-controlling interests (49%) of DGI S.r.l.. Repayment is on a straight-line basis once a quarter. The interest rate applied is the 3M Euribor, increased by a spread of 1.85 points. At disbursement, an up-front fee was withheld of 15 thousand euros.

On 28 July, the Parent formalised the purchase of an additional 47% of DGI S.r.l. from its non-controlling investors. The residual 2% of the quota capital was purchased on 1 August. As of this date, the Parent wholly owns the company.

In August, the Parent obtained an additional medium/long-term loan from Mediocredito Centrale with a nominal amount of 84 thousand euros in connection with subsidised project financing. Repayment is on a straight-line basis once every six months up to 31 December 2029.

On 7 September, Alkemy S.p.A. obtained an additional loan of 1,500 thousand euros from Credem. This 36-month loan has an interest-only period of six months and repayment takes place quarterly on a straight-line basis up to 7 September 2026.

Milan, 13 September 2023

On behalf of the Board of Directors
the Chief Executive Officer
Duccio Vitali



Annex 1

THE ALKEMY GROUP COMPANIES at 30 June 2023

Below is a list of companies and significant equity investments of the Group with the indications required by Consob communication no. 6064293 of 28 July 2006.

The list indicates the companies divided by type of control and consolidation method.

For each company, moreover, the following information is given: business name, registered office and share/quota capital. The percentage held by Alkemy, directly or indirectly, is also shown.

Figures expressed in thousands

Business name	Registered office	Currency	Share/quota capital (in local currency)	Held by	Percentage of control
Parent					
Alkemy S.p.A.	Milan	Euro	596		
Subsidiaries consolidated on a line-by-line basis:					
Alkemy Play S.r.l.	Milan	Euro	10	Alkemy S.p.A.	75
Design Group Italia I.D. S.r.l.	Milan	Euro	119	Alkemy S.p.A.	51
eXperience Cloud Consulting S.r.l.	Rome	Euro	10	Alkemy S.p.A.	51
Innocv Solutions S.L.	Madrid	Euro	246	Alkemy S.p.A.	100
Alkemy South America S.L.	Madrid	Euro	89	Alkemy S.p.A.	100
Alkemy Iberia S.L.U.	Madrid	Euro	6	Alkemy S.p.A.	100
Alkemy SEE D.o.o.	Belgrade	Serbian dinar	48402	Alkemy S.p.A.	70
Ontwice Interactive Service S.A. Mexico City	Mexico City	Mexican peso	100	Alkemy South America S.L.	100
Ontwice Interactive Service Digital S.A. Mexico City	Mexico City	Mexican peso	50	Alkemy South America S.L.	100
Kreativa D.o.o.	Belgrade	Serbian dinar	1168	Alkemy SEE D.o.o.	51
Alkemy Play D.o.o.	Belgrade	Serbian dinar	625	Alkemy Play S.r.l.	51
Design Group Italia Corp.	New York	USD	10	Design Group Italia I.D. S.r.l.	51

Annex 2



INCOME STATEMENT PREPARED IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

In compliance with the provisions of Consob resolution no. 15519 of 27 July 2006 and Consob communication no. DEM/6064293 of 28 July 2006, below is the Income Statement with separate indication of related party transactions.

Figures in thousands of euros				
	H1 2023	related parties	H1 2022	related parties
Revenue	56,309	-	48,324	-
Other income	1,168	-	692	-
Total revenue and other income	57,477	-	49,016	-
Services, goods and other operating costs	(24,151)	(33)	(22,401)	(31)
- of which non-recurring	(13)	-	(66)	-
Personnel expense	(28,015)	(1,137)	(21,505)	(1,014)
- of which non-recurring	(655)	-	(249)	-
Total costs and other operating costs	(52,166)	(1,170)	(43,906)	(1,045)
Gross operating profit	5,311	(1,170)	5,110	(1,045)
Amortisation/depreciation	(1,979)	-	(1,340)	-
Provisions and impairment losses	(327)	-	(70)	-
Operating profit	3,005	(1,170)	3,700	(1,045)
Other financial income	521	-	509	-
Other financial expense	(1,436)	-	(594)	-
Pre-tax profit (loss)	2,090	(1,170)	3,615	(1,045)
Income taxes	(681)	-	(1,136)	-
Profit/(loss) for the period	1,409	(1,170)	2,479	(1,045)



STATEMENT OF FINANCIAL POSITION PREPARED IN ACCORDANCE WITH CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

In compliance with the provisions of Consob resolution no. 15519 of 27 July 2006 and Consob communication no. DEM/6064293 of 28 July 2006, below is the Statement of Financial Position with separate indication of related party transactions.

Figures in thousands of euros				
Assets	30 Jun. 2023	related parties	31 Dec. 2022	related parties
Property, plant and equipment	2,205		2,209	
Right-of-use assets	6,405		4,633	
Goodwill	54,869		54,868	
Intangible assets	2,062		1,934	
Equity investments	5		5	
Other financial assets	508	-	588	-
Deferred tax assets	2,121		2,206	
Other assets	274		267	
Non-current assets	68,449	-	66,710	-
Trade receivables	39,464	-	41,541	-
Other financial assets	291		291	
Tax assets	2,647		2,065	
Other assets	2,155	-	2,011	-
Cash and cash equivalents	6,012		9,115	
Current assets	50,569	-	55,023	-
Total assets	119,018	-	121,733	-



Figures in thousands of euros

Liabilities and Equity	30 Jun. 2023	related parties	31 Dec. 2022	related parties
Equity				
Share capital	596		596	
Reserves	42,833		36,828	
Profit/(loss) for the period	1,427	(1,170)	5,583	(1,045)
Equity attributable to owners of the parent	44,856	(1,170)	43,007	(1,045)
Equity attributable to non-controlling investors	382		399	
Total equity	45,238	(1,170)	43,406	(1,045)
Non-current liabilities				
Financial liabilities	9,851		13,081	
Lease liabilities	4,731		3,425	
Put option and earn-out liabilities	8,740		13,436	
Employee benefits	5,948		5,543	
Provisions	98		100	
Deferred tax liabilities	121		128	
Non-current liabilities	29,489	-	35,713	-
Current liabilities				
Financial liabilities	8,616		9,023	
Lease liabilities	1,818		1,345	
Put option and earn-out liabilities	7,958		3,225	
Trade payables	14,218	-	16,217	-
Tax liabilities	2,625		1,622	
Other liabilities	9,056	136	11,182	186
Current liabilities	44,291	136	42,614	186
Total liabilities	73,780	136	78,327	186
Total liabilities and equity	119,018	(1,034)	121,733	(859)



ATTESTATION ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AS SUBSEQUENTLY AMENDED AND INTEGRATED

1. We the undersigned, Duccio Vitali, Chief Executive Officer and Claudio Benasso, the manager in charge of financial reporting of Alkemy S.p.A., having also taken into account the provisions of Art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 dated 24 February 1998, hereby certify:

- the adequacy, considering the Group's characteristics, and
- the effective application

of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements during H1 2023.

2. It is also attested that the condensed interim consolidated financial statements:

- are consistent with the underlying books and accounting records;
- have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002;
- give a true and fair view of the financial position, financial performance and cash flows of the parent and the group of companies included in the consolidation scope.

3. Finally, the Report on Operations contains a reliable analysis of the business outlook and results of operations, the financial position of the parent and group of companies included in the consolidation scope and a description of the main risks and uncertainties to which they are exposed. The Report on Operations also contains a reliable analysis of information on significant related party transactions.

Milan, 13 September 2023

Chief Executive Officer

.....
Duccio Vitali

Manager in charge of
financial reporting

.....
Claudio Benasso



KPMG S.p.A.
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

*To the shareholders of
Alkemy S.p.A.*

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Alkemy Group, comprising the statement of financial position as at 30 June 2023, the income statement and the statements of comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.



Alkemy Group

Report on review of condensed interim consolidated financial statements

30 June 2023

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Alkemy Group as at and for the six months ended 30 June 2023 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 13 September 2023

KPMG S.p.A.

(signed on the original)

Luigi Garavaglia
Director of Audit