

# Alkemy S.p.A.

Interim Financial Report  
at 31 March 2024

**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  
Riccardo Lorenzini

Director  
Director

Giulia Bianchi Frangipane  
Serenella Sala Independent  
Ada Ester Villa Independent

Independent Director  
Director  
Director

### Board of Statutory Auditors

Gabriele Gualeni  
Mauro Bontempelli  
Daniela Bruno Standing

Chairman  
Standing Auditor  
Auditor

Marco Garrone  
Maria Luisa Sartori

Alternate Auditor  
Alternate Auditor

### Independent Auditors

KPMG S.p.A.



## Highlights

Below are the key performance data of the Alkemy Group in the first three months of 2024:

	Figures in thousands of euros	
	Q1 2024	Q1 2023
Net revenue (1)	28,397	28,034
Adjusted gross operating profit (EBITDA) (2)	2,320	2,516
Adjusted operating profit (3)	956	1,580
Profit for the period	238	650
Average number of employees	922	926

	Figures in thousands of euros	
	Q1 2024	Q1 2023
Italy revenue	17,950	17,293
Abroad revenue	10,447	10,741
Net revenue	28,397	28,034

	Figures in thousands of euros	
	31 Mar. 2024	31 Dec. 2023
Net invested capital	76,765	79,489
Net financial debt	(28,707)	(31,773)
Equity	48,058	47,716

- (1) Net revenue is defined as the sum of revenue and other income
- (2) 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.
- (3) 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 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 tenth 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 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.

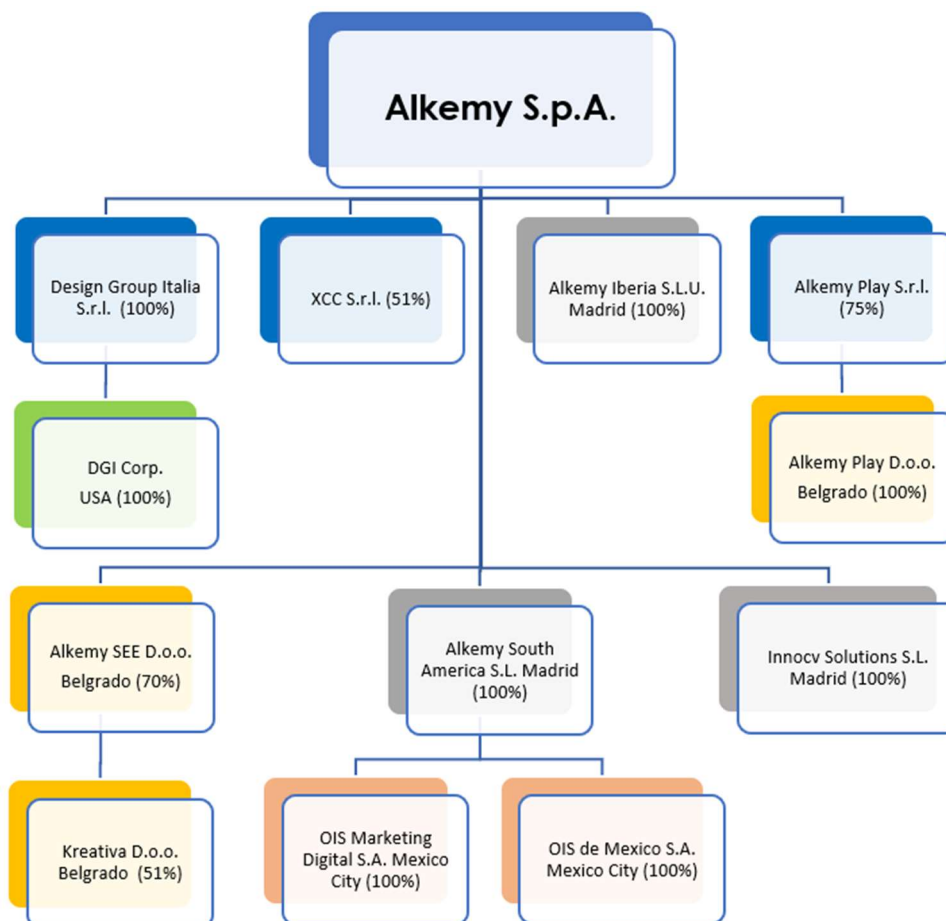
From when it was listed, in just two years, Alkemy has managed to almost double its turnover and in December 2019, it finalised the switch to Borsa Italiana's main market, in the STAR segment dedicated to medium enterprises that undertake to meet standards of excellence in terms of transparency, corporate 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 31 March 2024, 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 capital held 30% 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 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. ("DGI")**: company operating in "innovation & design", in which the stake held has gone from 51% to 100% of the quota capital, following exercise of the put option in 2023. The company is the sole shareholder of 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

Up to 31 December 2023, the Group's organisation in Italy was structured by function and aimed at ensuring a better focus on key accounts; it included a dedicated sales structure ("go-to-market"), with the support of a pre-sales/business development unit and a delivery structure, in charge of executing 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.

As of January 2024, the Group has implemented a new organisation in Italy with a commercial structure divided into 5 Industries, whose managers are assigned the full management of all customers belonging to each business area and who are also accountable for project delivery, to be carried out by the various Competence Centres.

The five Industries are:

- 1) Entertainment & life style;
- 2) Energy & utilities;
- 3) Technology & telco;
- 4) Financial services & institutions;
- 5) Healthcare & pharma.

The decision to have a 'client-driven' organisation (rather than an organisation structured by function or competence) confirms Alkemy's growing focus on customers' needs, with the aim of further developing the portfolio of companies served with an increase in the average size and duration of projects, through the widespread proposal of the Group's entire commercial offer, further characterised and tailored to the specificities of each Industry. This new approach is applied to the offer of both Alkemy S.p.A. and all national companies, with expected improvements in terms of





margin growth as early as the second half of 2024. Lastly, the disciplines of DGI, a leader in digital design, product design and branding, have been integrated into the Brand Experience Competence Centre, with the aim of completing, enhancing and enriching Alkemy's offer in this field, which is now even more unique and distinctive on the market.

## **Performance during the first three months of 2024**

Similarly to 2023, even in the first three months of 2024, 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 and the Israeli-Palestinian conflict, which do 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 Q1 2024 with 1.3% growth in revenue and income over the corresponding period of 2023 and with an reduction in margins, resulting in an adjusted consolidated gross operating profit of 2,320 thousand euros (2,516 thousand euros in the corresponding period of 2022, -7.8%) and a positive generation of operating cash flow (+4.4 million euros). At 31 March 2024, the net financial debt amounts to -28.7 million euros, down slightly on the level of 31 December 2023 (-31.8 million euros).

Finally, it should be noted that at the end of the first three months of 2024, the average number of Group employees was in line with the same period of the previous year (922 compared to 926 at 31 March 2023).



## Reclassified income statement

The Group's reclassified income statement for the first three months of 2024, compared with the figures for the same period in 2023, is as follows<sup>(4)</sup>:

	Figures in thousands of euros	
	Q1 2024	Q1 2023
<b>Net revenue</b>	<b>28,397</b>	<b>28,034</b>
Services, goods and other operating costs	(12,691)	(11,788)
Personnel expense	(13,386)	(13,730)
<b>Adjusted gross operating profit (EBITDA)</b>	<b>2,320</b>	<b>2,516</b>
Amortisation, depreciation and impairment losses	(1,364)	(936)
<b>Adjusted operating profit</b>	<b>956</b>	<b>1,580</b>
Net Financial income (expense)	(451)	(520)
Non-recurring expense	(78)	(276)
<b>Pre-tax profit</b>	<b>427</b>	<b>784</b>
Income taxes	(189)	(134)
<b>Profit for the period</b>	<b>238</b>	<b>650</b>
Other comprehensive income recognised in equity	136	82
<b>Comprehensive income for the period</b>	<b>374</b>	<b>732</b>
Profit for the year attributable to non-controlling interests	19	5
Profit for the year attributable to the owners of the parent	355	727

The Group's consolidated financial performance for the first three months of 2024 shows total net revenue of 28,397 thousand euros, as compared with 28,034 thousand euros in the corresponding period of the previous year, up 363 thousand euros (+1.3%), due mainly to the Italy sector.

Revenue recorded in Italy, which accounts for 63.2% of consolidated revenue (61.7% in the same period of 2023), totals 17,950 thousand euros (17,293 thousand euros in the corresponding period of the previous year), up 657 thousand euros (+3.8%).

In foreign markets revenue comes to 10,447 thousand euros, a decrease of 294 thousand euros compared to the same period of 2023 (-2.7%).

This result is the combined result of (i) the increase in revenue of DGI Corp, Kreativa D.o.o. and Innocv Solutions S.L. (compared to the same period in 2023, i.e. +426 thousand euros, +379 thousand euros and +94 thousand euros respectively) and (ii) the decrease in the revenues of Alkemy Iberia S.L.U and the Mexican subsidiaries (respectively -780 thousand euros and -408 thousand euros in total compared to the same period in 2023).

Operating costs (net of non-recurring items) went from 25,518 thousand euros during the first three months of 2023 to 26,077 thousand euros in the first three months 2024, an increase of 559 thousand euros (+2.2%). Specifically:



- costs for services, goods and other operating costs, net of non-recurring items, which came to 12,691 thousand euros in the first three months of 2024 (11,788 thousand euros in the first nine months of 2022) rose by 7.7% on the same period of the previous year;
- personnel expense, net of non-recurring items, which came to 13,386 thousand euros in the first three months of 2024 (13,730 thousand euros in the first nine months of 2022) decreased by 2.5% on the same period of the previous year.

The incidence of operating costs on revenue, net of non-recurring costs, increased to 91.8% compared to 91% at the end of the first three months of 2023.

As a result, the adjusted EBITDA at the end of the first three months of 2024 amounted to 2,320 thousand euros, a decrease of 7.8% compared to an adjusted EBITDA of 2,516 thousand euros in the same period in 2023. The adjusted EBITDA Margin <sup>(5)</sup> for the first three months of 2024 came to 8.2%, down compared to the corresponding period in 2023 (9%).

Note that the favourable euro-Mexican peso exchange rate has resulted in an increase in adjusted EBITDA of 34 thousand euros, calculated at equal rates with respect to the same period in 2023.

Adjusted operating profit (adjusted EBIT), gross of financial income and expense and non-recurring expense, comes to 956 thousand euros, down 624 thousand euros on the corresponding period of the previous year (1,580 thousand euros), mainly as a result of higher amortisation/depreciation and impairment losses (+428 thousand euros on the corresponding period of the previous year). The increase in amortisation/depreciation is due to investments as of the second half of 2023.

Financial expense, net of the related income, comes to 451 thousand euros as compared with 520 thousand euros for the corresponding period of the previous year.

Non-recurring expense comes to 78 thousand euros (276 thousand euros in the first quarter of the previous year) and refer, to the tune of 37 thousand euros, to non-recurring personnel expense, and to the tune of 41 thousand euros, to non-recurring costs for services.

The pre-tax profit comes to 427 thousand euros, down 357 thousand euros (-45.5%) on the pre-tax profit of the first three months of 2023 (784 thousand euros), mainly as a result of the effect of higher amortisation/depreciation and impairment losses compared to the corresponding period of the previous year.

The profit for the period totals 238 thousand euros, as compared with 650 thousand euros for the first three months of 2023.

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



## Reclassified statement of financial position

Below is the Group's reclassified statement of financial position at 31 March 2024, compared with that at 31 December 2023:

	Figures in thousands of euros	
	31 Mar. 2024	31 Dec. 2023
<b>Non-current assets</b>	<b>67,179</b>	<b>67,526</b>
Current assets	44,373	50,678
Current liabilities	(28,264)	(32,113)
<b>Net working capital</b>	<b>16,109</b>	<b>18,565</b>
Post-employment benefits	(6,397)	(6,477)
Provision for risks, charges and deferred tax liabilities	(126)	(125)
<b>Net invested capital</b>	<b>76,765</b>	<b>79,489</b>
<b>Equity</b>	<b>48,058</b>	<b>47,716</b>
Non-current financial debt	24,656	25,956
Current financial debt (position)	4,051	5,817
<b>Net financial debt</b>	<b>28,707</b>	<b>31,773</b>
<b>Total sources of finance</b>	<b>76,765</b>	<b>79,489</b>

The reclassified statement of financial position data at 31 March 2024 indicates net invested capital of 76,765 thousand euros, compared with 79,489 thousand euros at 31 December 2023, which consists of:

- non-current assets of 67,179 thousand euros (67,526 thousand euros at 31 December 2023) of which 54,869 thousand euros for goodwill and 6,056 thousand euros for right-of-use assets (at 31 December 2023 they came to 54,871 thousand euros and 6,274 thousand euros respectively);
- net working capital of 16,109 thousand euros (18,565 thousand euros at 31 December 2023);
- post-employment benefits of 6,397 thousand euros (6,477 thousand euros at 31 December 2023);
- provisions for risks and deferred tax liabilities of 126 thousand euros (125 thousand euros at 31 December 2023).

Equity of 48,058 thousand euros increased by 342 thousand euros on 31 December 2023 (+1%), mainly due, to the tune of 374 thousand euros, to the net result for the period.

The net financial debt is 28,707 thousand euros (debt of 31,773 thousand euros at 31 December 2023) 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 31 March 2024 compared with that at 31 December 2023:

	Figures in thousands of euros	
	31 Mar. 2024	31 Dec. 2023
Bank deposits	12,025	12,025
Cash on hand	4	4
<b>Cash and cash equivalents</b>	<b>12,029</b>	<b>12,029</b>
<b>Current financial assets</b>	<b>86</b>	<b>86</b>
Bank loans and borrowings	(9,257)	(10,314)
Put option and earn-out liabilities	(9,664)	(9,553)
Loans and borrowings from other financial backers	(1,676)	(1,693)
Lease liabilities – IFRS 16	(4,059)	(4,396)
<b>Non-current financial liabilities</b>	<b>(24,656)</b>	<b>(25,956)</b>
Bank loans and borrowings	(9,579)	(11,532)
Put option and earn-out liabilities	(4,275)	(4,202)
Loans and borrowings from other financial backers	(88)	(88)
Lease liabilities – IFRS 16	(2,224)	(2,110)
<b>Current financial liabilities</b>	<b>(16,166)</b>	<b>(17,932)</b>
<b>Net financial debt</b>	<b>(28,707)</b>	<b>(31,773)</b>

The Group's net financial position at 31 March 2024 is negative for 28,707 thousand euros (negative for 31,773 thousand euros at 31 December 2023), with a period improvement of 3,066 thousand euros. This variation, which is explained in detail and presented in the Consolidated statement of cash flows below, is mainly attributable to the reduction of payables to banks and other lenders by +3,027 thousand euros, as the combined result of (i) invoice discounting (net of the disbursements made by the Parent) for a total of +1,328 thousand euros, (ii) the repayment of instalments envisaged by the loan repayment plans (+1,970 thousand euros) and (iii) -300 thousand euros for new short term loans obtained in the period.

## Significant subsequent events

Useful information on the following significant events that took place after the close of the first quarter, is provided.

Alkemy S.p.A.'s separate financial statements at 31 December 2023, which were approved by the Company's Board of Directors on 28 March 2024, were submitted to the Shareholders' Meeting on 29 April 2024. The Shareholders resolved to approve them and to carry forward the profit for the year.



## Outlook

As of the date of approval of this interim report as at 31 March 2024, the business outlook for the coming months of the current financial is for further moderate revenue growth for the Group, especially starting from the second half of the year.

In terms of margins, we expect an additional partial reduction in the next quarter, as a result of both the different mix of expected revenues (related to the contract portfolio in place for that period) and the impact of the increases in labour costs due to the renewal of the national collective labour agreement for the commerce sector, in force since last April. However, we expect an initial partial recovery in margins in the second half of the year, as a result of the new sales organisation becoming fully operational.



# **Alkemy S.p.A.**

Consolidated financial statements  
at 31 March 2024 and comments



## Financial statements

### Income statement

	Notes	Figures in thousands of euros	
		Q1 2024	Q1 2023
Revenue	1	27,963	27,353
Other income	2	434	681
<b>Total revenue and other income</b>		<b>28,397</b>	<b>28,034</b>
Services, goods and other operating costs	3	(12,728)	(11,792)
- of which non-recurring		(37)	(4)
Personnel expense	4	(13,427)	(14,002)
- of which non-recurring		(41)	(272)
<b>Total costs and other operating costs</b>		<b>(26,155)</b>	<b>(25,794)</b>
<b>Gross operating profit</b>		<b>2,242</b>	<b>2,240</b>
Amortisation/depreciation	5	(1,208)	(923)
Provisions and impairment losses	6	(156)	(13)
<b>Operating profit</b>		<b>878</b>	<b>1,304</b>
Other financial income	7	164	178
Other financial expense	8	(615)	(698)
<b>Pre-tax profit (loss)</b>		<b>427</b>	<b>784</b>
Income taxes	9	(189)	(134)
<b>Profit/(loss) for the period</b>		<b>238</b>	<b>650</b>
- Owners of the parent		219	645
- Non-controlling investors		19	5





## Statement of comprehensive income

	Figures in thousands of euros	
	Q1 2024	Q1 2023
<b>Profit/(loss) for the period</b>	<b>238</b>	<b>650</b>
<b>Items that will be reclassified to profit or loss:</b>		
Translation differences on foreign operations	62	82
<b>Total items that will be reclassified to profit or loss</b>	<b>62</b>	<b>82</b>
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial gains (losses)	98	-
Related tax	(24)	-
<b>Total</b>	<b>74</b>	<b>-</b>
<b>Other comprehensive income (expense) net of tax</b>	<b>136</b>	<b>82</b>
<b>Comprehensive income for the period</b>	<b>374</b>	<b>732</b>
<b>Attributable to:</b>		
- Owners of the parent	355	727
- Non-controlling investors	19	5



## Statement of financial position

	Figures in thousands of euros	
<b>Assets</b>	<b>31 Mar. 2024</b>	<b>31 Dec. 2023</b>
Property, plant and equipment	1,875	1,939
Right-of-use assets	6,056	6,274
Goodwill	54,869	54,871
Intangible assets	1,995	2,079
Equity investments	5	5
Other financial assets	202	245
Deferred tax assets	1,833	1,818
Other assets	344	295
<b>Non-current assets</b>	<b>67,179</b>	<b>67,526</b>
Trade receivables	38,545	45,929
Other financial assets	128	107
Tax assets	2,617	2,258
Other assets	3,169	2,470
Cash and cash equivalents	12,029	12,029
<b>Current assets</b>	<b>56,488</b>	<b>62,793</b>
<b>Total assets</b>	<b>123,667</b>	<b>130,319</b>



	Figures in thousands of euros	
<b>Liabilities and Equity</b>	<b>31 Mar. 2024</b>	<b>31 Dec. 2023</b>
<b>Equity</b>		
Share capital	596	596
Reserves	46,752	43,184
Profit/(loss) for the period	219	3,463
<b>Equity attributable to owners of the parent</b>	<b>47,567</b>	<b>47,243</b>
Equity attributable to non-controlling investors	491	473
<b>Total equity</b>	<b>48,058</b>	<b>47,716</b>
<b>Non-current liabilities</b>		
Financial liabilities	10,933	12,007
Lease liabilities	4,059	4,396
Put option and earn-out liabilities	9,664	9,553
Employee benefits	6,397	6,477
Provisions	108	107
Deferred tax liabilities	18	18
<b>Non-current liabilities</b>	<b>31,179</b>	<b>32,558</b>
<b>Current liabilities</b>		
Financial liabilities	9,667	11,620
Lease liabilities	2,224	2,110
Put option and earn-out liabilities	4,275	4,202
Trade payables	15,565	16,196
Tax liabilities	2,623	3,174
Other liabilities	10,076	12,743
<b>Current liabilities</b>	<b>44,430</b>	<b>50,045</b>
<b>Total liabilities</b>	<b>75,609</b>	<b>82,603</b>
<b>Total liabilities and equity</b>	<b>123,667</b>	<b>130,319</b>



## Statement of cash flows

	Figures in thousands of euros	
	31 Mar. 2024	31 Mar. 2023
<b>Cash flow from operating activities</b>		
Profit/(loss) for the period	238	650
Financial income	(164)	(178)
Financial expense	615	698
Income taxes	189	134
Amortisation/depreciation	1,208	923
Provisions and impairment losses	156	13
Cost for share-based payments	10	40
Decrease (increase) in trade receivables	7,241	2,384
Increase (decrease) in trade payables	(569)	(2,235)
Decrease (increase) in other assets	(1,096)	24
Increase (decrease) in other liabilities	(3,384)	123
<b>Cash flows from operating activities</b>	<b>4,444</b>	<b>2,576</b>
Net interest paid	(262)	(184)
Income tax paid	(76)	(133)
<b>Net cash flows from operating activities</b>	<b>4,106</b>	<b>2,259</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	(495)	(492)
<b>Net cash flows used in investing activities</b>	<b>(495)</b>	<b>(492)</b>
<b>Cash flows from financing activities</b>		
Change in financial liabilities	(2,998)	(1,773)
Change in lease liabilities – IFRS 16	(570)	(476)
Change in treasury shares	(43)	-
Dividends paid to non-controlling investors	-	(214)
Payment of put options	-	(40)
<b>Net cash flows from (used in) financing activities</b>	<b>(3,611)</b>	<b>(2,503)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>(736)</b>
<b>Opening balance</b>	<b>12,029</b>	<b>9,115</b>
<b>Closing balance</b>	<b>12,029</b>	<b>8,379</b>

The statement of cash flows was prepared in accordance with the indirect method.



## Statement of changes in equity

	Figures in thousands of euros								
	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	Total equity
<b>Balance at 31 Dec. 2022</b>	<b>596</b>	<b>(1,793)</b>	<b>202</b>	<b>33,284</b>	<b>5,135</b>	<b>5,583</b>	<b>43,007</b>	<b>399</b>	<b>43,406</b>
Allocation of profit for the year	-	-	-	-	5,583	(5,583)	-	-	-
Long Terms Incentive Plan	-	-	-	40	-	-	40	-	40
Other movements	-	-	-	-	-	-	-	2	2
Other comprehensive income (expense)	-	-	-	82	-	-	82	-	82
Profit/(loss) for the period	-	-	-	-	-	645	645	5	650
<b>Balance at 31 Mar. 2023</b>	<b>596</b>	<b>(1,793)</b>	<b>202</b>	<b>33,406</b>	<b>10,718</b>	<b>645</b>	<b>43,774</b>	<b>406</b>	<b>44,180</b>

	Figures in thousands of euros								
	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	Total equity
<b>Balance at 31 Dec. 2023</b>	<b>596</b>	<b>(1,776)</b>	<b>202</b>	<b>33,426</b>	<b>11,332</b>	<b>3,463</b>	<b>47,243</b>	<b>473</b>	<b>47,716</b>
Allocation of profit for the year	-	-	-	-	3,463	(3,463)	-	-	-
Repurchase of treasury shares	-	(43)	-	-	-	-	(43)	-	(43)
Long Terms Incentive Plan	-	-	-	10	-	-	10	-	10
Other movements	-	-	-	2	-	-	2	(1)	1
Other comprehensive income (expense)	-	-	-	136	-	-	136	-	136
Profit/(loss) for the period	-	-	-	-	-	219	219	19	238
<b>Balance at 31 Mar. 2024</b>	<b>596</b>	<b>(1,819)</b>	<b>202</b>	<b>33,574</b>	<b>14,795</b>	<b>219</b>	<b>47,567</b>	<b>491</b>	<b>48,058</b>



## **Notes to the consolidated financial statements**

### **Basis of presentation and consolidation standards**

The Alkemy Group Interim Financial Report at 31 March 2024 has been prepared as STAR issuer, in accordance with the provisions of Borsa Italiana Notice no. 7587 of 21 April 2016 "STAR Issuers: information on interim management statements"; the related contents are consistent with that established by Art. 154-ter, paragraph 5 of Italian Legislative Decree no. 58, dated 24 February 1998.

The Interim Financial Report is prepared on the basis of the booking and measurement criteria envisaged by the International Financial Reporting Standards (IFRSs) adopted by the European Union. The accounting standards adopted for the preparation of this Interim Financial Report are the same as those adopted for the preparation of the Group's annual Consolidated financial statements for the year ended at 31 December 2023, apart from the new standards in force from 1 January 2024, which had no significant impact on the period.

This Interim Financial Report has not been reviewed by the Independent Auditing Firm.

The Interim Financial Report is approved by Alkemy S.p.A.'s Board of Directors on 15 May 2024 and on that same date, the same body authorises its publication.



## Income statement

### 1. Revenue

Revenue comes to 27,963 thousand euros (27,353 thousand euros in the first three months of 2023) and relates almost entirely to the sale of services.

Turnover for the first three months of 2024 rose by 610 thousand euros (+2.2%) on the same period of the previous year. The increase is mainly attributable to (i) the increase in revenues of the Italian companies, especially the Parent Company, totalling 853 thousand euros (+5.1% on the same period in 2023), (ii) the increase in revenues of DGI Corp, Kreativa D.o.o. and Innocv Solutions S.L. (compared to the same period in 2023), i.e. +426 thousand euros, +372 thousand euros and +132 thousand respectively and (iii) the decrease in the revenues of Alkemy Iberia S.L.U and the Mexican subsidiaries (respectively -761 thousand euros and -408 thousand euros in total compared to the same period in 2023).

### 2. Other income

Other income totals 434 thousand euros (681 thousand euros in the first three months of 2023) and may be analysed as follows:

	Figures in thousands of euros	
	Q1 2024	Q1 2023
Capitalisation of costs	318	246
Tax credit	82	376
Government grants	11	11
Other revenue	23	48
<b>Total other income</b>	<b>434</b>	<b>681</b>

Revenue for capitalised costs came to 318 thousand euros and mainly relate to the internal implementation of software and platforms relative to the pursuit of the Group's commercial activities. The tax credit amounts to 82 thousand euros (376 thousand euros in the first three months of 2023) and relates to investments made by the Spanish subsidiary Innocv Solutions S.L. in research, development and technological innovation.

Revenues from public grants, amounting to 11 thousand euros (same amount in the first three months of 2023), relate to grants received by the Parent Company from Fondimpresa.

Other revenue came to 23 thousand euros (48 thousand euros in the first three months of 2023) and mainly refers to other operating revenue.





### 3. Services, goods and other operating costs

Costs for services, goods and other operating costs come to 12,728 thousand euros (11,792 thousand euros in the first three months of 2023). They may be analysed as follows:

	Figures in thousands of euros	
	Q1 2024	Q1 2023
Services	12,480	11,625
Purchase goods	142	41
Operating leases	65	93
Other operating costs	41	33
<b>Total</b>	<b>12,728</b>	<b>11,792</b>

#### Services

Costs for services come to 12,480 thousand euros (11,625 thousand euros in the first three months of 2023) and are detailed below:

	Figures in thousands of euros	
	Q1 2024	Q1 2023
Services for customers	10,985	9,932
Maintenance services	210	232
Restaurant vouchers	165	164
Marketing services	137	179
Travel and transfer expenses	132	178
Other consultancy	122	133
Consultancy and legal expenses	116	124
Insurance	102	96
Administrative services	81	212
Audit and attestation fees	72	63
Postal, telephone and data transmission services	52	62
Condominium and supervisory expenses	47	44
Costs for non-recurring services	37	4
Payslip processing	32	24
Cleaning expenses	32	42
Utilities	28	36
Banking services	18	18
Statutory Auditors' fees	2	16
Collaborators' fees	-	4
Other services	110	62
<b>Total services</b>	<b>12,480</b>	<b>11,625</b>

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 of 855 thousand euros (+7.4%) was mainly related to the different mix of services rendered to





customers, which resulted in a higher demand from third parties (+1,053 thousand euros, +10.6%), partly offset by lower operating costs and overheads (-11.7%).

### **Purchase of raw materials**

Costs for the purchase of raw materials total 142 thousand euros (41 thousand euros in the first three months of 2023) and mainly regard the purchase of materials related to some projects and consumable office materials.

### **Operating leases**

Operating leases come to 65 thousand euros (93 thousand euros in the first three months of 2023) and relate to costs that, due to their contractual characteristics, do not come under the scope of IFRS 16.

### **Other operating costs**

Other operating costs amount to 41 thousand euros (33 thousand euros in the first three months of 2023) and mainly refer to taxes, revenue stamps and other operating costs.

## **4. Personnel expense**

Personnel expense comes to 13,427 thousand euros (14,002 thousand euros in the first three months of 2023), a decrease of 575 thousand on the same period in 2023 (-4.1%); this comprises:

	Figures in thousands of euros	
	Q1 2024	Q1 2023
Wages and salaries	9,906	10,294
Non-recurring personnel expense	41	272
Directors' fees	281	298
Social security expenses	2,671	2,681
Costs for defined benefit plans	501	405
Cost of share-based payments	10	40
Other personnel expense	17	12
<b>Total personnel expense</b>	<b>13,427</b>	<b>14,002</b>

This item includes all costs incurred during the period, directly or indirectly relating to employees and collaborators, as well as directors' fees for 281 thousand euros.

The item "Non-recurring personnel expense" includes all costs incurred for redundancy incentives granted and fully paid out in the period.

The cost of share-based payments includes the cost relative to 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 922, compared with 926 in the same period of the previous year.

The Group had 925 employees at 31 March 2024, as compared with 923 in the same period of the previous year.

The value of average wages and salaries per employee, net of directors' fees, share-based payment costs and non-recurring personnel expense, decreased slightly compared to the same period in 2023 (-1.8%) as a result of the reorganisation conducted in the previous year.

## 5. Amortisation/depreciation

Amortisation/depreciation comes to 1,208 thousand euros (923 thousand euros in the first three months of 2023) and consists of:

- 565 thousand euros (478 thousand euros in the first three months of 2023) related to the depreciation of right-of-use assets;
- 459 thousand euros (255 thousand euros in the first three months of 2023) related to the amortisation of intangible assets;
- 184 thousand euros (190 thousand euros in the first three months of 2023) related to the depreciation of property, plant and equipment.

Total value of amortisation of intangible fixed assets is up 204 thousand euros as a result of the capitalisations carried out in the second half of 2023.

## 6. Provisions and impairment losses

Provisions amount to 156 thousand euros (13 thousand euros in the first three months of 2023) and mainly refer to impairment losses on trade receivables.

## 7. Other financial income

Other financial income comes to 164 thousand euros (178 thousand euros in the first three months of 2023) and is detailed below:

	Figures in thousands of euros	
	Q1 2024	Q1 2023
Exchange gains	75	157
Earn-out gain	4	-
Other financial income	85	21
<b>Total other financial income</b>	<b>164</b>	<b>178</b>

Exchange gains come to 75 thousand euros (157 thousand euros in the first three months of 2023)



and essentially refer to the subsidiary Ontwice Interactive Services S.A. Mexico City, which also generated most of the exchange losses totalling 77 thousand euros (171 thousand euros in the corresponding period of the previous year), included in financial expense, as detailed below.

Exchange gains and losses, which offset each other, refer to purchases and sales made in US dollars by the Mexican subsidiaries. The decrease in the respective amounts compared to the same period last year reflects the lower volatility of the Mexican Pesos - US Dollar exchange rate in the first quarter of 2024

Other financial income amounts to 85 thousand euros (72 thousand euros in the first three months of 2023) and refers mainly to the return of the derivatives entered into to hedge the interest rate of loans.

## 8. Other financial expense

Other financial expense comes to 615 thousand euros (698 thousand euros in the first three months of 2023) and is detailed below:

	Figures in thousands of euros	
	Q1 2024	Q1 2023
Interest expense on put option and earn-out liabilities	188	226
Interest expense on loans	168	145
Exchange losses	77	171
Interest expense on employee benefits (IAS 19)	51	53
Interest on leases	47	37
Interest expense on current accounts	41	18
Fair value loss on derivatives	18	35
Other financial expense	25	13
<b>Total other financial expense</b>	<b>615</b>	<b>698</b>

The decrease in this item compared to the same period of the previous year mainly relates to lower foreign exchange losses, as illustrated in the previous note.



## 9. Income taxes

Income taxes amount to 189 thousand euros (134 thousand euros in the first three months of 2023) and were calculated in accordance with the prevailing tax legislation. These are detailed below:

	Figures in thousands of euros	
	Q1 2024	Q1 2023
Current income tax	167	57
Current IRAP	41	90
Change in deferred tax assets	(4)	(14)
Change in deferred tax liabilities	(15)	1
<b>Total income taxes</b>	<b>189</b>	<b>134</b>

## 10. 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 31 March 2024:

	Figures in thousands of euros	
	31 Mar. 2024	31 Dec. 2023
A Cash	12,029	12,029
B Cash equivalents	-	-
C Other current financial assets	86	86
<b>D Cash and cash equivalents (A + B + C)</b>	<b>12,115</b>	<b>12,115</b>
E Current financial liabilities (including debt instruments but excluding the current portion of non-current financial liabilities)	9,691	11,472
F Current portion of non-current financial liabilities	6,475	6,460
<b>G Current financial debt (E + F)</b>	<b>16,166</b>	<b>17,932</b>
<b>H Net current financial debt (G - D)</b>	<b>4,051</b>	<b>5,817</b>
I Non-current financial liabilities (excluding the current portion and debt instruments)	24,656	25,956
J Debt instruments	-	-
K Trade payables and other non-current liabilities	-	-
<b>L Non-current financial debt (I + J + K)</b>	<b>24,656</b>	<b>25,956</b>
<b>M Total financial debt (H + L)</b>	<b>28,707</b>	<b>31,773</b>

Current financial liabilities include lease liabilities, the current portion of put option liabilities, invoice discounting 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.



Milan, 15 May 2024

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



**Attestation in accordance with Article 154-bis, 2<sup>nd</sup> paragraph, of Italian Legislative Decree no. 58 of 24 February 1998 “Consolidated text setting out provisions on financial intermediation”, as subsequently amended**

The Manager appointed to prepare the company's accounting documents, Claudio Benasso, attests, in accordance with paragraph two, Article 154-bis of the Consolidated Law on Finance (TUF), that the accounting information contained in this Alkemy Group interim report at 31 March 2024, coincides with the documentary evidence, ledgers and accounting records.

*Milan, 15 May 2024*

signed Claudio Benasso

(Manager appointed to prepare  
the company's accounting documents)