Alkemy S.p.A.

Interim Financial Report
at 30 June 2020

Alkemy Group
Parent Alkemy S.p.A.
Registered office in Milan, at Via San Gregorio 34
Share Capital Euro 587,589
VAT no.: 05619950966
Milan Company Registration no. 1835268

Contents

Corporate bodies of Alkemy S.p.A.

Board of Directors

Alessandro Mattiacci	Chairman
Vittorio Massone	Deputy Chairman
Duccio Vitali	Chief Executive Officer
Massimo Canturi	Director
Riccardo Lorenzini	Director
Giorgia Abeltino	Independent Director
Giulia Bianchi Frangipane	Independent Director
Andrea di Camillo	Independent Director
Serenella Sala	Independent Director

Board of Auditors

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

Independent Auditors

KPMG S.p.A.

Highlights

The Interim Financial Report as at 30 June 2020 has been prepared in accordance with Article 154-ter of Italian Legislative Decree no. 58/1998 as subsequently amended (the "Consolidated Law on Finance").

The report complies with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB") and approved by the European Union, as well as with the provisions of IAS 34- "Interim Financial Reporting".

Below is the key data on operations of the Alkemy Group in H1 2020:

	Figures in thousands of euros	
	30 June 2020	**30 June 2019**
Net revenue	37,115	41,668
Gross operating profit/(loss) (EBITDA)[1]	2,925	2,726
Operating profit	1,719	1,736
Period profit	644	803
Average number of employees	518	530

	Figures in thousands of euros	
	30 June 2020	**30 June 2019**
Italy revenues	27,644	28,198
Export revenues	9,471	13,470
Net revenue	37,115	41,668

	Figures in thousands of euros	
	30 June 2020	**31 Dec. 2019**
Net invested capital	48,721	51,106
Net financial position	(14,321)	(19,209)
Equity	34,400	31,897

[1] EBITDA is the value determined by deducting the Costs for services, goods and other operating costs and Personnel expense from the revenues.

The Group and its business

Alkemy S.p.A. (hereinafter also "Alkemy" or the "Company") is a leading company in the digital transformation segment in Italy, listed on the STAR segment of the Borsa Italiana MTA 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 conduct. 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 company'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 eighth year, boasting an ever more extensive alchemy of integrated competences in the areas of Strategy, Communication, Performance, Technology, Design and Data & Analytics, which form a professional community numbering almost 700 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.

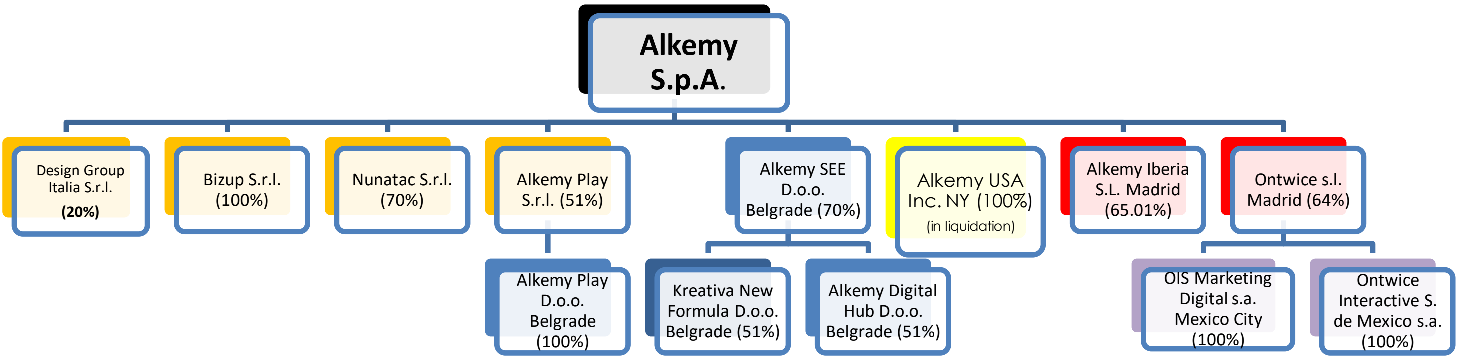
Alkemy currently numbers 8 offices: in addition to the Milan headquarters, it also operates out of Turin, Rome, Cagliari and Cosenza (with the Research & Development laboratory), Madrid, Belgrade and Mexico City.

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 doubled up 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 leaders on the digital transformation market, growing both organically and through external lines with acquisitions of other companies. Below is the Alkemy Group structure as at 30 June 2020.



BizUp S.r.l.: company acquired in 2016, operating in performance marketing.

Alkemy Play S.r.l.: company established in 2017, operating in digital communication services for SMEs.

Alkemy Play D.o.o.: company based in Belgrade, established in 2017, operating in the development of IT and technological services.

Alkemy SEE D.o.o.: company established in 2016 and based in Belgrade, with capital held 30% by the Chief Executive Officer, a local entrepreneur; it operates in strategic consultancy and digital advisory services.

Alkemy Digital Hub D.o.o.: company based in Belgrade, established in H1 2018, whose share capital is held 51% by Alkemy SEE D.o.o. and 49% by the Nelt Group (amongst the leaders in the Balkans in the distribution, logistics and marketing sectors). During the last quarter of 2019, Alkemy Digital Hub D.o.o sold the whole capital of **Tako Lako Shop D.o.o.**, a company offering medium-large brands on-line market placement and e-commerce services.

Alkemy Iberia S.L.: company established in 2017 and based in Madrid, with capital held 24.9% by the Chief Executive Officer and 10% by local entrepreneurs; it operates in strategic consultancy and digital advisory services.

Nunatac S.r.l.: company acquired during H1 2018, held 70%, as the remaining 30% is held by two of the founding members, specialised in data analysis for businesses, big data and predictive modelling.

Ontwice Interactive Service S.l.: company based in Madrid, acquired in July 2018, of which Alkemy Spa holds 64% of the capital, while 36% is held by the 4 founding members; it is one of the leading digital agencies in Spain and 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.

Alkemy USA Inc.: company based in New York, acquired in 2013, not operative and in the process of being wound up.

Design Group Italia s.r.l.: company operating in "innovation & design", in which we hold 20% of the capital.

Business areas

In February 2020, in response to the continuous evolutions of the market on which the Company operates and to anticipate the needs of its customers, having laid the basis, in 2019, Alkemy modified its mission from "digital enabling" to "enabling evolution". In other words, the Company is now focussed in enabling the evolution of its customers' business, with a new offer for a post-digital scenario, designed to stimulate the relevant progress and update. This different positioning entailed, on an organisational level, a different breakdown of operating activities with the identification of five business units, as compared with the 6 previously identified, which are matched with an equal number of Strategic Business Units, in some cases corresponding to the relative companies:

> **Consulting and performance marketing**: The business unit comprises professionals with solid experience in strategic consultancy. It analyses, designs and quantitatively assesses (business case and business plan) innovative solutions aiming to transfer 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 by which to achieve significant results in the long-term. With the aim of speeding up on-line performance, the business unit also offers Alkemy customers the know-how and most innovative tools to promote its brands and products on-line. 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**: the business unit is focussed on offering 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:** this business unit 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 our customer 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. The BU 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 & Space Design:** this is Alkemy's design business unit based on Design Thinking, focussed on the creation of value through experiential innovation. The unit designs and develops physical and digital products that impact everyday life but also destinations and spaces in which people and brands can interact and share significant experiences in an omnichannel logic. Analysing our customers' businesses, including their processes, culture and resources, we help them release commercial opportunities and innovate the end customer experience.

The various business areas are involved in different ways according to the various projects and specific customer needs.

Alkemy Lab (R&D)

In the Group structure, Research and Development is a very important element in the company's value and structure.

In dealing with technology, business model transformation and digital innovation, the Alkemy production factors include the Alkemy Lab, a continuous, self-regenerating research and development stream that stays one step ahead of tomorrow's innovation. More specifically, the company uses the Alkemy Lab as a vehicle by which to promote the innovation on a Group level.

The Alkemy Lab, by way of a research and innovation tool, is focussed on the development of R&D projects and the creation of services, products and models that explore new horizons in terms of cutting-edge technologies. Moreover, the constant contact with start-ups, businesses, universities, co-working, innovative hubs and agencies, allows the company to enrich and renew the Alkemy Lab product range. The methodological and technological paradigms of the tools used by the Lab are those of Open Innovation, Open Source and Open API and Open Data.
Research, hard and soft skills and design strategy are the ingredients used by the Lab to set itself up as a driver of innovation on topics such as Digital Transformation and Open Source in the following domains: Big Data, Smart Object & Internet of Things, Blockchain, Artificial Intelligence, Mobile & Wearable, Conversational AI, Computer Vision, AR/VR Interaction, Research, cutting-edge

technologies and technical and strategic competences are all the ingredients used by the Lab to act as an innovation driver.

Interim Report on Operations

Performance H1 2020

Faced with the COVID-19 emergency, Alkemy's immediate priority was to protect the health of its stakeholders and workers; in actual fact, all employees in Italy began operating in smart working back in February, whilst in Spain, Mexico and Serbia, the change applied starting mid-March. This has been made possible because Alkemy has provided all its workers with the necessary technological equipment and systems able to guarantee the maintenance of full operations in all departments and complete corporate productivity.

This organisational change, in line with government and regional provisions, did not have any significant impact on the Group's operations, both in terms of the services provided to customers and their monitoring, thereby allowing, still at the date of approval of this report, for the normal pursuit of Group business. It is also specified that following the capacity to adjust of the Group's operating structure and the resilience and consistency of the business contracted and carried out, during the period, no use was made of temporary lay-off funds or other instruments to support workers, making full use of the available workforce.

In this complex, uncertain context, as better detailed below, the general performance of business was positive; indeed, albeit with revenues declining on the export markets with respect to the first half of 2019 and almost constant in Italy, there was a significant increase in margins and the achievement of a consolidated period EBITDA that exceeded the previous year by more than 7%, operative cash generation of approximately +3.4 million euros (-1.2 million euros in the comparison period).

Key financial figures

The Group's reclassified income statement for H1 2020, compared with the figures booked at 30 June 2019, is as follows:

	Figures in thousands of euros	
	30 June 2020	**30 June 2019**
Net revenue	**37,115**	**41,668**
Costs for services, goods and other operating costs	20,036	24,620
Personnel expense	14,154	14,322
Gross operating profit (loss)	**2,925**	**2,726**
Amortisation, depreciation and impairment	1,206	990
Operating profit	**1,719**	**1,736**
Expense on (income from) equity investments	(17)	0
Financial income (expense)	574	530

Pre-tax profit	**1,162**	**1,206**
Income taxes	518	403
Period profit	**644**	**803**
Other items recognised in equity	(110)	(12)
Comprehensive period result	**534**	**791**
Equity attributable to non-controlling interests	(11)	(12)
Profit (loss) attributable to the owners of the parent	545	803

The Group's consolidated economic position for H1 2020 shows total net revenues of 37,115 thousand euros, as compared with 41,668 thousand euros during the previous period, down 4,553 thousand euros (-10.9%), mainly due to foreign companies, which suffered the effects of the pandemic more severely. Indeed, revenues realised in Italy for 27,644 thousand euros were substantially in line with those of the comparative period (28,198 thousand euros), down just 554 thousand euros (-2%) and accounted for 74.5% of consolidated revenues (67.7% in the same period of 2019). This positive result is mainly due to both the good performance of the first quarter and the general holding fast of the key accounts and active contracts, which only partly suffered the national lock-down. Abroad, revenues come to 9,471 thousand euros, down 3,999 thousand euros on the 13,470 thousand euros booked for the same period of 2019 (-29.7%). This reduction is mainly due to the Mexican subsidiary, which, following the COVID-19, suffered the slow-down to the tourism-hotel industry in which its key account operates.

Operating costs have gone from 38,942 thousand euros in the first half of 2019 to 34,190 thousand euros in the first half of 2020, down 4,752 thousand euros: their incidence on revenues therefore records a reduction of 1 percentage point. More specifically, costs for services, goods and other operating costs are recorded as 20,036 thousand euros in 2020 (24,620 thousand euros at H1 2019), down 18.6% on the same six months of the previous year, accounting for 54% of revenues (59% in 2019). This result is due by way of priority to the efficiency-enhancing action taken that has led to the insourcing of certain activities previously outsourced, above all in the technology area. Costs have been saved following the spread of work from a remote position, but for very limited amounts. Personnel expenses have remained virtually unchanged on the comparison period (-1.2%) and do not benefit from reductions relating to the use of social shock absorbers and/or other benefits available insofar as unnecessary in view of the full use of the workforce.

Careful management of operating costs, in respect of a reduction in revenues, has led to a better EBITDA, of 2,925 thousand euros, up 7.3% on the 2,726 thousand euros of the first half of 2019. The H1 2020 EBITDA Margin came to 7.9%, up 1.4 percentage points on the comparative period (6.5%).

Operating profit comes to 1,719 thousand euros, basically in line with the 2019 result (1,736 thousand euros).

Period financial income and expense comes to 574 thousand euros as compared with 530 thousand euros for the comparison period.

The period result is positive for 644 thousand euros, as compared with 803 thousand euros for the comparison period.

Reclassified statement of financial position

Below is the Group's reclassified statement of financial position as at 30 June 2020, compared with that at 31 December 2019:

	Figures in thousands of euros	
	30 June 2020	**31 Dec. 2019**
Non-current assets	**40,984**	**41,611**
Short-term period assets	32,640	40,783
Short-term period liabilities	(20,317)	(26,871)
Net working capital	**12,323**	**13,912**
Post-employment benefits	(4,469)	(4,356)
Provision for risks, charges and deferred tax	(117)	(61)
Net invested capital	**48,721**	**51,106**
Equity	**34,400**	**31,897**
Non-current financial liabilities	19,802	23,044
Current own funds	(5,481)	(3,835)
Net financial position	**14,321**	**19,209**
Total sources of finance	**48,721**	**51,106**

The equity and financial data as at 30 June 2020 indicate net invested capital of 48,721 thousand euros, to be compared with 51,106 thousand euros as at 31 December 2019 and consists of:

- 40,984 thousand euros in fixed assets (41,611 thousand euros at 31 December 2019) of which 31,757 thousand euros for goodwill and 3,501 thousand euros for rights of use, consequent to the application of IFRS 16 (leasing);
- 12,323 thousand euros, net working capital (13,912 thousand euros at 31 December 2019);
- 4,469 thousand euros, severance indemnity (4,356 thousand euros at 31 December 2019).

Shareholders' equity, of 34,400 thousand euros, records a rise of 2,503 thousand euros on 31 December 2019, mainly due to the reduction in option payables (2,472 thousand euros), dividends resolved in the favour of Spanish minority shareholders (-618 thousand euros), the positive comprehensive net period result (534 thousand euros) and the increase in the stock option reserve relative to the cost of the plans of competence of the period (115 thousand euros).

The net financial position (negative) is 14,321 thousand euros (negative for 19,209 thousand euros at 31 December 2019) and the main change relates to the increase in period liquid funds and the reduction in value of the payables form put options, as described in greater details over the next paragraph.

Main financial figures

The table below details the net financial position as at 30 June 2020 compared with that at 31 December 2019:

	Figures in thousands of euros	
	30 June 2020	**31 Dec. 2019**
Bank deposits	13,864	9,572
Cash on hand	9	9
Cash and cash equivalents	**13,873**	**9,581**

Bank loans and borrowings	(8,267)	(8,866)
Put option liabilities	(8,747)	(10,973)
Loans and borrowings from other financial backers	(86)	(102)
Lease liabilities from application of IFRS 16	(2,702)	(3,103)
Non current financial liabilities	**(19,802)**	**(23,044)**
Bank loans and borrowings	(3,573)	(2,497)
Put option liabilities	(2,326)	(2,369)
Loans and borrowings from other financial backers	(1,645)	(36)
Lease liabilities from application of IFRS 16	(848)	(844)
Current financial liabilities	**(8,392)**	**(5,746)**
Net financial position	**(14,321)**	**(19,209)**

The Group's net financial position as at 30 June 2020 is negative for 14,321 thousand euros (negative for 19,209 thousand euros at 31 December 2019), with a period improvement of 4,888 thousand euros. This change, detailed and explained in the Statement of Cash Flows given over the next few pages, is mainly due to:

- 4,292 thousand euros for the increase in liquid funds;
- 2,269 thousand euros for the recalculation of the value of the put options, as a consequence of the update of the three-year plan, as described in the notes;
- 1,615 thousand euros for the increase in loans and borrowings from other financial backers due in the short-term, for the most part relative to receivables transferred "with recourse" to the factoring company, in connection with a specific position with a telecommunications customer;
- 599 thousand euros relative to the reduction in the portions due in the medium/long-term, net of the increase in medium-term bank loans stipulated during the period. In February 2020, with a view to facilitating the Group's financial operations, Alkemy S.p.A. stipulated a medium-term loan with CREDEM for 500 thousand euros, to be repaid in 36 months in quarterly instalments with the last one falling due in February 2023;
- 1,076 thousand euros for the increase in the short-term portions of bank loans, mainly referring to the end of the pre-amortisation periods of certain loans stipulated in 2019.

Impacts deriving from the Coronavirus (COVID-19) pandemic

As is common knowledge, starting January 2020, we saw the progressive spread, first internationally and then nationally, of the Coronavirus epidemic, to the extent that the World Health Organisation ultimately declared an international state of emergency and classified the phenomenon as a pandemic.

The health emergency, also declared by the Italian Government and currently still in progress, has called for and continues to require the implementation of restrictive measures to prevent and contain the spread of the virus.

On the basis of the ministerial provisions issued in March 2020, at present still in progress, and in order to guarantee the health and safety of its employees and collaborators, the Group immediately applied smart working procedures and this continues to be the case.

From an operative and structural point of view, this organisational change has not impacted the Group's operations. In actual fact, throughout the previous period and up to the date on which this report is drafted, no significant slowing has been noted in customer use of services and the continuation of the Group's business.

The Group's management has monitored and continues to constantly monitor the situation so as to promptly respond to any repercussions there may be on its business. To this end, constant control has also been assured on the evolution of the situation in the various countries in which the Group operates, so as to promptly take safety measures aimed at safeguarding the health of its employees and third parties (such as suppliers and customers), seeking to reduce the impacts on operations.

In compliance with the latest recommendations given by ESMA and Consob, in particular with reference to the note of attention no. 8/20 "COVID-19 - Attention to financial disclosures", below are the main considerations of the Group in connection with the COVID-19 pandemic.

In the general context of uncertainty in which we have operated, and continue to operate, as described previously, the Group noted a reduction in revenues (-10.9% on H1 2019), not so much in Italy but rather above all on the export markets on which it operates and in particular Mexico, where margins also suffered a significant impact.

Moreover, the worsening of the economic scenario as a result of the spread of the COVID-19 pandemic has been considered when preparing the impairment test performed as at 30 June 2020. For more details, reference is made to note 14 "Goodwill and impairment testing".

In the first half of 2020, the Group's financial situation did not suffer any particular impacts of the pandemic, above all due to the high standing of its customers, which mainly respected contracted deadlines and commitments. Preventively, the Company in any case requested a moratorium of instalments of 3 minor loans, as specified below.

Following the positive performance of the Group's NFP, all tax to be paid was paid at the ordinary due date, without making use of any temporary benefits or payment by instalments.

The measures adopted by the Group to safeguard the health of its workers meant that no cases of contagion had been recorded as at the date of this report.

Significant events during the period

Last 8 January, the Company's Board of Directors, having acknowledged the successful completion of the listing process of Alkemy S.p.A. shares on the STAR segment of the telematic stock market (MTA) resolved to execute the plan for the free assignment of ordinary shares in Alkemy S.p.A. (the "2020-2023 Long-Term Incentive Plan", hereinafter the "Plan"), in the favour of the 3 strategic managers and the Company's chairman and chief executive officer, sending beneficiaries the related letters of assignment and determining the basic number of shares assigned to each.

In February, in response to the continuous evolutions of the market on which the Company operates and to anticipate the needs of its customers, having laid the basis, in 2019, Alkemy modified its mission from "digital enabling" to "enabling evolution". In other words, the Company is now focussed in enabling the evolution of its customers' business, with a new offer for a post-digital scenario, designed to stimulate the relevant progress and update, innovation, growth and profitability. This different positioning entailed, on an organisational level, on the one hand, a different breakdown of the Group's operating activities with the identification of four business units, respectively termed "consulting & performance", "brand experience", "tech" and "data & analytics"; on the other, four new departments have been defined: "M&A, IR & corporate development", "corporate communication", "people & culture" and "marketing & sales operations". This latter department, in particular, is dedicated to both the continuous update of the commercial range offered and the coordination of the business on top clients, on which the Group has decided to focus its activities.

As a consequence of the foregoing, in regard to the e-commerce area, the decision has been made to concentrate the commercial offer on consultancy, services and operative support, which offer higher added value, instead progressively abandoning the management of on-line shops on behalf of customers and the related physical management of products; this was definitively closed during this half-year. Following the foregoing, liquidation began in January 2020 of Alkemy USA Inc., an inactive company with no employees, which had offered its support to the e-commerce business overseas only starting from the last four months of 2019; the process is expected to conclude by the end of the year.

Last 24 March, the Company's Board of Directors approved the financial statements as at 31 December 2019 of Alkemy S.p.A., which were then submitted to the approval of the shareholders' meeting on 24 April 2020, which resolved in its favour, carrying the period profits forward. The same shareholders' meeting also confirmed the appointment of Vittorio Massone as director (he had been co-opted last 13 February from the administrative body of Alkemy S.p.A.), also assigning him the position of Deputy Chairman and commercial and business development proxies.

In April, the Parent Company obtained a moratorium for some MLT loans held both with Intesa San Paolo (only in regard to the instalments falling due at the end of the quarter, which were deferred to the next deadline) and with Credem (in regard to 2 loans stipulated, obtaining a 12-month deferral of all instalments due in 2020). These moratoriums had been requested during the second half of March, in view of the COVID-19 emergency. The application was made prudently with no effective need for cash, given that, at that point, as indeed now, the group's financial position appeared to be in line with expectations.

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 still immature as compared with the rest of Europe and, in particular, as compared with France, the Anglo-Saxon countries and, more generally, as compared with Northern Europe.

Only 70% of Italians make regular use of the internet, as compared with a European average of 76%; only 60% of Italians purchase on-line, as compared, for example, with 94% of the Anglo-Saxon population[2].

2Sources: Alkemy analysis on European digital Agenda, Politecnico, Assointernet, Nielsen, FCP. First Communication,Euromonitor, Netcomm, World Bank

The growth rate characterising Italy over the next few years, may prove to be significant and this will allow, on the one hand, for an at least partial recovery of the gap with respect to other European countries and, on the other, for the extension of the potential business area associated with Alkemy.

The COVID-19 emergency has also speeded up the growth expected by market analysts, as it is forcing all segments of the economy to shift their investments to digital channels, transforming their business models, which have been severely impacted by the restrictive measures implemented by the government and the changes in the way consumers make their purchases.

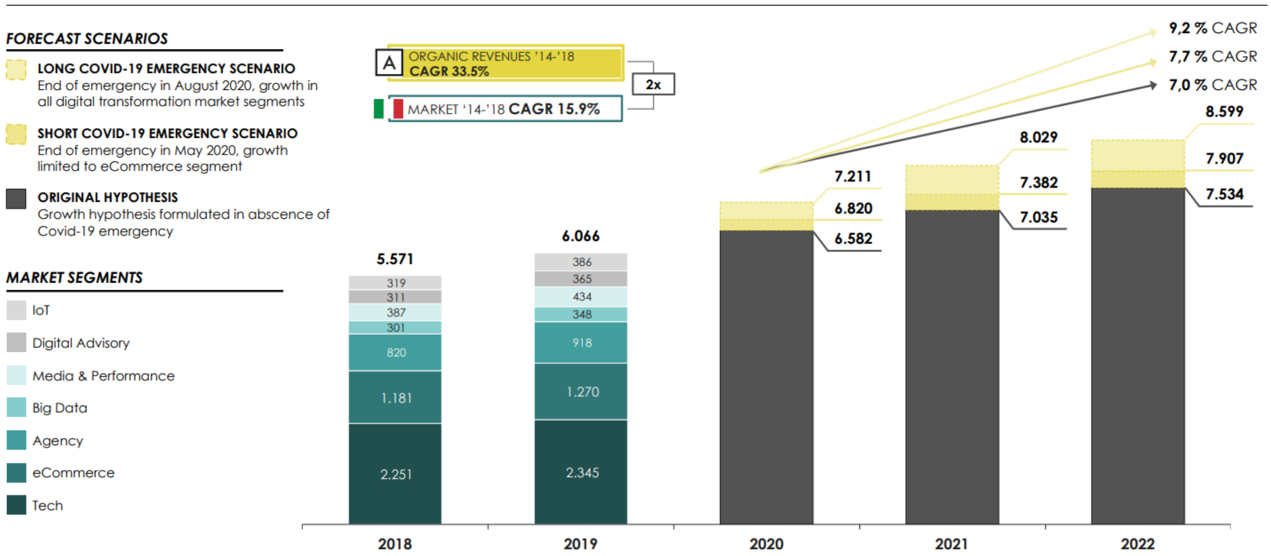
Faced with a reference domestic market for Alkemy that in 2019 was worth approximately 6.1 billion euros, growth expected over the next three years will range between 7.7% and 9.2% per annum, depending on the duration and impacts of the health emergency The growth expected in a non-emergency scenario is instead 7.0% per annum, as shown by the graph below.

Instead, as concerns the export markets, which represent possible Group development targets, the dimension estimated in 2019 is as follows[1]:

- the Balkans (Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Montenegro, Albania, Macedonia) and Greece: € 1.8 billion
- France: € 7.7 billion
- Iberian peninsula: € 5.3 billion
- Main countries of Latin America (Argentina, Brazil, Colombia and Mexico): €10.8 billion.

Supplementing the possible target countries and the Italian market, the compound annual growth rate of the potential comprehensive market is forecast to exceed 15% over the three years.

Digital Transformation and Business Evolution market: Alkemy reference market size in Italy (2018-2022, €M)



Source: Alkemy analysis on data from Assoconsult (Osservatorio Management Consulting 2018), Netcomm (Osservatorio eCommerce B2C 2018), Politecnico di Milano (Osservatorio Internet Media 2018), Nielsen (Media Advertising Spend Report 2018); Assinform (Il Digitale in Italia 2018), Cerved 2020

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Conduct by the competition

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, South America), whilst elsewhere, such as in Anglo-Saxon countries, digital is already well consolidated and properly mature.

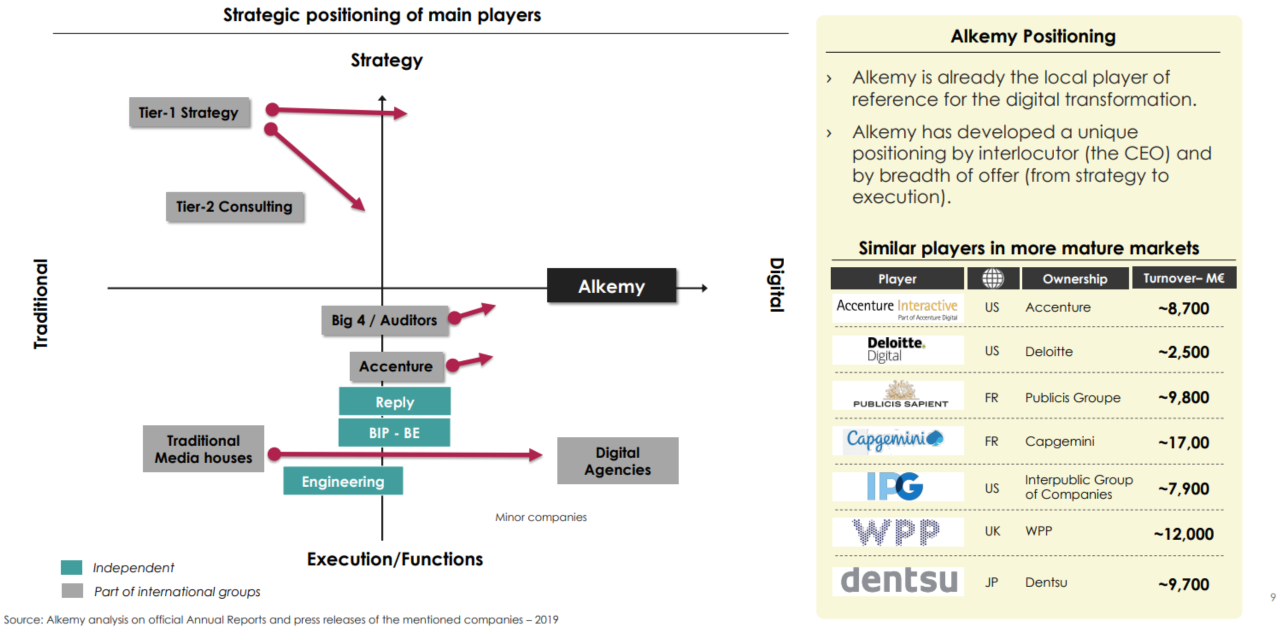
More specifically, on the more advanced, digitally more evolved markets, the lead players have consolidated their market positions, aggregating small independent players and thereby anticipating the same process implemented by Alkemy.

The Issuer 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.

Alkemy enters this context as an independent Italian 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-specific major multinational enterprises, which, therefore, Alkemy's management believes, are the operators most similar to the Issuer and its main competitors.

Due to the large number of integrated services offered, it is the opinion of the Issuer's management that the Alkemy Group holds a unique competitive position in Italy.



Alkemy on the stock market

Alkemy S.p.A.'s shares were listed on the AIM Italia (Alternative Investment Market) from 05 December 2017 to 16 December 2019. As from 17 December 2019, Alkemy's shares have been listed in the STAR segment of the telematic stock market (MTA) of Borsa Italiana.

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

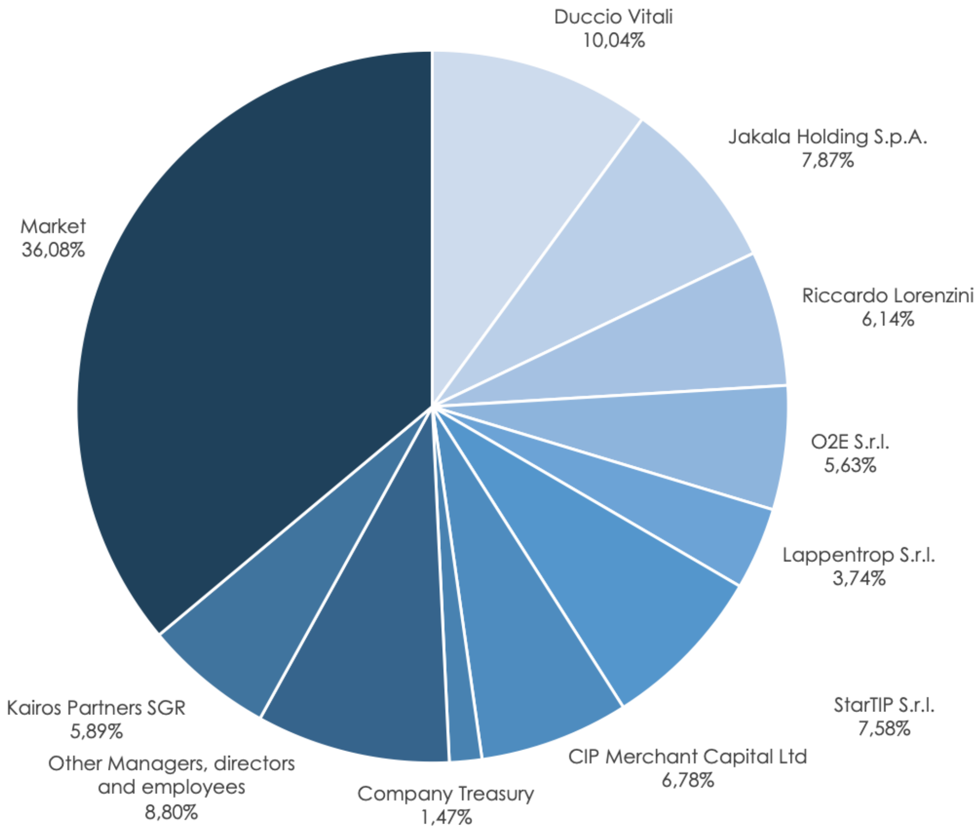
- considerable transparency and solid communicative vocation
- high levels of liquidity (at least 35% float)
- Corporate Governance (the set of rules governing company management) in line with international standards.

The Company's share capital is represented by 5,609,610 ordinary shares, conferring, as at 01 March 2020, a total of 7,198,120 voting rights and, specifically:

(i) 4,021,100 ordinary shares, without loyalty shares, conferring 4,021,100 voting rights

(ii) 1,588,510 ordinary shares, with loyalty shares, conferring 3,177,020 voting rights.

Ownership structure (significant shareholdings) as at 30.06.2020



**Lappentrop Srl 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

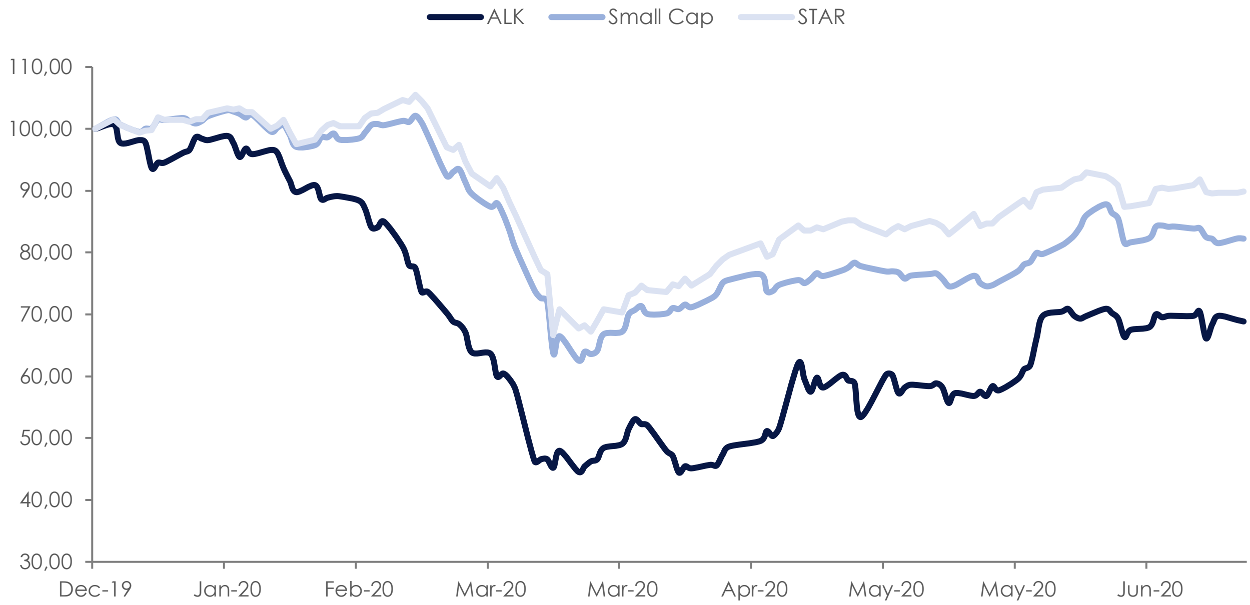
Admission price: €11.75
Price at 30.06.2020: €6.06
Capitalisation at the date of admission: €63,489,127.5
Capitalisation at 30.06.2020: €33,994,236.6

Alkemy share performance

In first half of 2020, the Alkemy share presented a high level of volatility. Share prices became increasingly uncertain with growing concern linked to the COVID-19 pandemic. The period peak was reached on 2 January. Over the following months, macro economic tension linked to the pandemic weighed heavy on share prices, bringing about a progressive descent down to the all-time low since listing, of 3.91, which was booked on 1 April 2020.

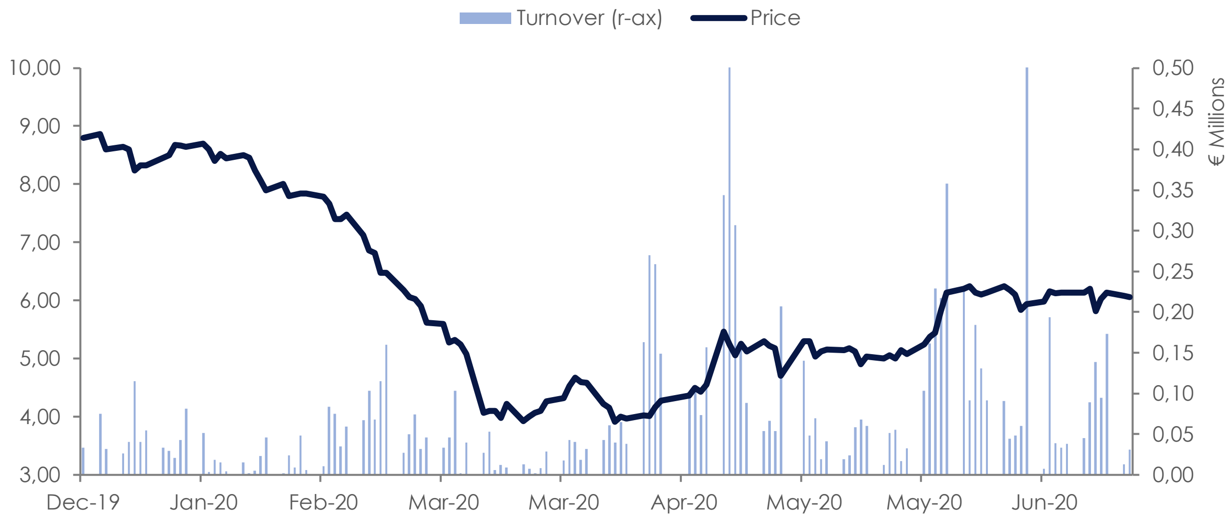
Following publication of the 2019 results on 24 March 2020 and publication of the Q1 2020 results on 14 May 2020, the positive indications on the holding out of Alkemy's business during the initial phases of lock-down and the growing focus of investors on digital transformation allowed the security to partly make up of the decline since the start of the year. Alkemy in fact closed the half-year at 6.06, reducing the decline since the start of the year to -31%.

The graph below compares the performance of the Alkemy security with the FTSE Italia Small Cap and the FTSE Italia STAR index from 31 December 2019 to 30 June 2020.



A total of 1.853 million euros of Alkemy shares were traded in H1 2020, an increase on the 0.605 million euros of shares exchanged in H1 2019. The volume of exchanges booked in H1 2020 came to 10.220 million euros, up on H1 2019's 6.852 million euros.

The graph below shows the performance of the Alkemy security and the turnover of exchanges from 31 December 2019 to 30 June 2020 and the daily turnover of exchanges.



Analyst Coverage

- Intermonte, IPO Report November 2017 (Joint Global Coordinator & Specialist)

Research Analyst: Gianluca Bertuzzo
INITIAL COVERAGE: 01 February 2018

- Banca Imi, IPO Report November 2017 (Joint Global Coordinator)
  Research Analyst: Gabriele Berti
  INITIAL COVERAGE: 06 February 2018

- Mediobanca
  Research Analyst: Isacco Brambilla
  INITIAL COVERAGE: 25 June 2020

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 2020, the Group mainly met its current financial needs through use of Own Funds. In any case, the Group has suitable bank facilities, aimed at managing any short-term financial needs.

As regards extraordinary operations, 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 12/18 months of pre-amortisation) 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 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.

For medium-term loans stipulated in 2020, no hedges have been stipulated to protect against the risk of a rise in rates, insofar as the matter is still under consideration.

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.

Finally, the very nature of the services provides means that the Group is subject to moderate credit risk, insofar as debtors are mainly large, highly-solvent private companies.

Investments

In 2020, the Group invested in tangible and intangible assets for a total amount of 115 thousand euros (398 thousand euros in H1 2019), as follows:

- tangible fixed assets for 82 thousand euros (127 thousand euros in H1 2019), mainly relating to hardware purchases for internal use;
- intangible fixed assets for 33 thousand euros (274 thousand euros in H1 2019), mainly relative to the completion of management control software. This software was commissioned in 2020 and is an essential part both in order to ensure compliance with the regulatory requirements laid down for companies listed on the MTA and for the Group's technological update and innovation process, which represents a key element of the business model adopted,

consistently with the positioning chosen ("enabling evolution").

Related party transactions

For information on related party transactions, refer to Note 39 of the interim condensed consolidated financial statements.

Research and development

During the period, the Group continued its research and development started during previous years, through the Parent company and, to a limited extent, also in the subsidiaries Nunatac S.r.l. and Alkemy Play S.r.l. In view of the costs of these activities, both in relation to dedicated staff and external consultancy (1,506 thousand euros), the Group during the period recognised proceeds for special finance projects of 247 thousand euros plus the related tax credit.

Treasury shares

During the first half of 2020, Alkemy S.p.A. did not purchase any treasury shares.

As at 31 December 2019, the company held 82,536 treasury shares, for an equivalent value of 912 thousand euros, deriving from the previous buyback plans. The company's equity includes a specific restricted reserve for equal amount.

Stock Option Plans

The Group has always taken a positive view of the opportunity of adopting stock option plans, holding them to be appropriate tools by which to foster and encourage the relationship between the Company and the employees, offering a valid incentive for a lasting, profitable, professional relationship. The Company has, in fact, starting 2014 and until 2019, already assigned annual stock option plans, three of which have already been completed and partially exercised; to date, 3 plans are still in place, which can be exercised by the end of this year, 2021 and 2022.

Significant subsequent events

We believe it useful to provide information on the following significant events that took place after period end.

- On 17 July 2020, the Company obtained a loan from Intesa San Paolo S.p.A. for 3,500 thousand euros with a term of 60 months and first quarterly instalment of principal due after 27 months, with a guarantee for 3,000 thousand euros by Mediocredito Centrale S.p.A. by means of the Guarantee Fund for Small and Medium Enterprises (in accordance with Italian Decree Law no. 23/2020, Art.13, paragraph 1). This loan, backed by government benefits and issued at very favourable conditions, was requested by the Company prudently, in a bid to strengthen its total liquidity in the face of possible financial tension and contingent delays that may occur in the current economic context, characterised by extreme uncertainty.

- On 23 July 2020, following the resignation of the director (without delegations) Francesco Beraldi, who had collaborated with the Group since January 2015, the Company's Board of Directors co-opted Massimo Canturi, a manager with massive experience in the telecommunications, ICT and services sector.

Outlook

As at the date on which this financial report is approved, all Group companies continue to work almost entirely from remote positions; indeed, after having prepared all measures necessary to protect the health and safety of workers in accordance with current provisions and standards, from the start of last July, the offices in Milan and thereafter those of the other national bases have all, through shifts, reopened with controlled returns and reduced staff, in different ways and at different times, depending on the location. Starting October, an additional increase is expected in the presence of staff in Italian offices, in compliance with provisions in force at that date, with the aim of gradually heading towards normal affluence. The offices of the Group's foreign companies are still closed and smart working is instead continuing; staff will return in situ as the various situations of the spread and local management of the pandemic, allow. The Group's management is continuously and carefully monitoring the developments of COVID-19 related events, so as to be ready to promptly take all action necessary to mitigate any impacts on workers' health and business performance.

The evolution of the business over the next few months will mainly depend on exogenous factors correlated mainly with the pandemic dynamics, the evolution of reference markets, the reactivity and resilience of the client businesses, the government interventions in support of the economy in general and digital investments, with possible positive effects in the medium-term, also for the Group. Taking into account the results achieved in the first half of 2020 and the current stage of business progress, save for the onset of any events that cannot presently be forecast (i.e. a new lock-down), the Group's expectations for this year are to achieve EBITDA no lower than that of 2019 despite the reduction in revenues expected mainly on the export markets.

Milan, 11 September 2020

for the Board of Directors

the Chief Executive Officer

Duccio Vitali

Alkemy S.p.A.

Interim condensed consolidated financial statements

at 30 June 2020

Financial statements

Consolidated income statement (*)

		Figures in thousands of euros	
	Note	**30 June 2020**	**30 June 2019**
Revenue from sales and services	1	36,667	39,930
Other revenue and income	2	448	1,738
Total operating revenue and income		**37,115**	**41,668**
Costs for services, goods and other operating costs	3	(20,036)	(24,620)
Personnel expense	4	(14,154)	(14,322)
Total costs and other operating costs		**(34,190)**	**(38,942)**
Gross operating profit		**2,925**	**2,726**
Depreciation	5	(858)	(861)
Provisions and impairment	6	(348)	(129)
Operating profit		**1,719**	**1,736**
Net gains (losses on) equity investments	7	17	0
Financial income	8	447	137
Financial expense	9	(1,021)	(667)
Pre-tax profit (loss)		**1,162**	**1,206**
Income taxes	10	(518)	(403)
Profit/(loss) for the period		**644**	**803**
Attributable to:			
- Owners of the parent		655	815
- Non-controlling interests		(11)	(12)
Earnings (loss) per share	11		
Basic		0.119	0.150
Diluted		0.119	0.148

(*) 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 Note 39.

Consolidated statement of comprehensive income

		Figures in thousands of euros	
	Note	**30 June 2020**	**30 June 2019**
Profit/(loss) for the period		**644**	**803**
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations - foreign currency translation differences		(110)	20
Total items that are or may be reclassified subsequently to profit or loss	26	**(110)**	**20**
Total other profit/(loss) net of the tax effect		**(110)**	**20**
Total comprehensive income/(expense)		**534**	**823**
Attributable to:			
- Owners of the parent		545	835
- Non-controlling interests		(11)	(12)

Consolidated statement of financial position (*)

		Figures in thousands of euros	
Assets	**Note**	**30 June 2020**	**31 Dec. 2019**
Non-current assets			
Property, plant and equipment	12	902	980
Right-of-use assets	13	3,501	3,907
Goodwill	14	31,757	31,752
Intangible assets with a finite useful life	15	795	971
Equity investments	16	1,095	1,078
Non-current financial assets	17	1,681	1,555
Deferred tax assets	18	1,072	1,203
Other non-current receivables and assets	19	181	165
Total non-current assets		**40,984**	**41,611**
Current assets			
Inventories	20	30	61
Trade receivables	21	27,616	31,791
Current financial assets	22	86	115
Tax assets	23	1,207	3,663
Other current assets	24	3,701	5,153
Cash and cash equivalents	25	13,873	9,581
Total current assets		**46,513**	**50,364**
Total assets		**87,497**	**91,975**

(*) 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 Note 39.

Consolidated statement of financial position (*)

			Figures in thousands of euros
Liabilities and Shareholders' Equity	**Note**	**30 June 2020**	**31 Dec. 2019**
Equity	26		
Share capital		588	588
Reserves		32,883	31,274
Profit/(loss) for the period		655	(139)
Equity attributable to owners of the parent		**34,126**	**31,723**
Equity attributable to non-controlling interests	27	**274**	**174**
Total net equity		**34,400**	**31,897**
Non-current liabilities			
Financial liabilities	28	8,353	8,968
Lease liabilities from right of use	30	2,702	3,103
Put option liabilities	31	8,747	10,973
Employee benefits	32	4,469	4,356
Provisions for risks and charges	33	86	44
Deferred tax liabilities	34	31	17
Total non-current liabilities		**24,388**	**27,461**
Current liabilities			
Financial liabilities	28	5,218	2,533
Lease liabilities from right of use	30	848	844
Put option liabilities	31	2,326	2,369
Trade payables	35	12,909	17,142
Tax liabilities	36	1,651	1,617
Other liabilities	37	5,757	8,112
Total current liabilities		**28,709**	**32,617**
Total liabilities		**53,097**	**60,078**
Total liabilities and equity		**87,497**	**91,975**

(*) 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 Note 39.

Consolidated statement of cash flows

			Figures in thousands of euros
	Note	**30 June 2020**	**30 June 2019**
Cash flow from operating activities			
Profit/(loss) for the period		644	803
Net gains (losses on) equity investments	7	(17)	0
Financial income	8	(447)	(137)
Financial expense	9	1,021	667
Income taxes	10	518	403
Depreciation	5	858	861
Provisions and impairment	6	348	129
Cost for share-based payments	4	360	266
Decrease (increase) in inventories		31	26
Decrease (increase) in trade receivables		3,868	1,655
Increase (decrease) in trade payables		(4,233)	(3,167)
Decrease (increase) in other assets		3,817	(547)
Increase (decrease) in other liabilities		(3,137)	(2,115)
Financial expenses paid		(136)	(103)
Income tax paid		(109)	0
Net cash from (used in) operating activities		**3,386**	**(1,259)**
Investments			
(Investments) divestments of tangible and intangible assets		(115)	(398)
Decrease (increase) in financial assets		(126)	(227)
Net cash used in inventing activities		**(241)**	**(625)**
Cash flows from financing activities			
Change in financial liabilities		2,052	6,075
Change in financial liabilities pursuant to IFRS 16		(480)	(447)
Change in treasury shares		0	(371)
Dividends paid to non-controlling interests		(334)	(224)
Other changes in equity		0	51
Exercise of put options		(90)	0
Net cash flow used in financing activities		**1,147**	**5,084**
Net increase/(decrease) in cash and cash equivalents		**4,292**	**3,200**
Opening net liquid funds		**9,581**	**10,098**
Closing net liquid funds		**13,873**	**13,298**

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 interests	Total net equity
Balance at 31 December 2018	**574**	**(331)**	**104**	**28,714**	**2,325**	**3,247**	**34,633**	**274**	**34,907**
Allocation of the profit for the year	-	-	99	-	3,148	(3,247)	-	-	-
Purchase of treasury shares	-	(371)	-		-	-	(371)	-	(371)
Stock options	-	-	-	266	-	-	266	-	266
Change in put option liabilities	-	-	-	-	(171)	-	(171)	-	(171)
Dividends to non-controlling interests	-	-	-	-	(1,019)	-	(1,019)	-	(1,019)
Other movements	-	-	-	-	31	-	31	-	31
Other comprehensive profit (loss)	-	-	-	20	-	-	20	-	20
Profit for the period	-	-	-	-	-	815	815	(12)	803
Balance at 30 June 2019	**574**	**(702)**	**203**	**29,000**	**4,314**	**815**	**34,204**	**262**	**34,466**

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 interests	Total net equity
Balance at 31 December 2019	**588**	**(912)**	**203**	**29,926**	**2,057**	**(139)**	**31,723**	**174**	**31,897**
Allocation of the profit for the year	-	-	-	-	(139)	139	-	-	-
Stock options	-	-	-	115		-	115	-	115
Change in put option liabilities	-	-	-	-	2,361	-	2,361	111	2,472
Dividends to non-controlling interests	-	-	-	-	(618)	-	(618)	-	(618)
Other comprehensive profit (loss)	-	-	-	(110)	-	-	(110)	-	(110)
Profit for the period	-	-	-	-	-	655	655	(11)	644
Balance at 30 June 2020	**588**	**(912)**	**203**	**29,931**	**3,661**	**655**	**34,126**	**274**	**34,400**

Notes to the consolidated financial statements

General information

Alkemy S.p.A. (hereinafter also "Alkemy" or the "Company"), parent company of the Group by the same name (hereinafter also the "Group" or the "Alkemy Group") is a leading company in the digital transformation segment in Italy, listed on the STAR segment of the Borsa Italiana MTA market since 17 December 2019. 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 conduct.

The registered and administrative office is at Via San Gregorio 34, Milan, Italy and is registered with Milan Company Register under Economic and Administrative Index (REA) no. 1835268.

These interim condensed 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 as at 30 June 2020, audited by KPMG S.p.A., was authorised by resolution passed by the Board of Directors on 11 September 2020.

With reference to the impacts deriving from the Coronavirus (COVID-19) pandemic, in addition to that already reported in the Interim Report on Operations, in the specific paragraph "Impacts deriving from the Coronavirus (COVID-19) pandemic", it is stressed that in general, business performance was positive. Despite a 10.9% reduction in revenues on the first half of 2019 (recorded in Mexico in particular), there was a significant increase in margins and the achievement of a consolidated period gross EBIT that exceeded the previous year by more than 7%, operative cash generation of approximately +3.4 million euros (-1.2 million euros in the same comparison period).

Accounting standards

Basis of preparation

The interim condensed consolidated financial statements as at 30 June 2020 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 international accounting standards reviewed ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

More specifically, the interim condensed consolidated financial statements have been prepared in application of 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 as at 31 December 2019.

In preparation of the interim condensed consolidated financial statements as at 30 June 2020, the same accounting standards have been applied, as adopted in the preparation of the consolidated financial statements as at 31 December 2019, to which reference is made, with the exception of that specified in the paragraph on "New accounting standards, amendments and interpretations applied starting 1 January 2020".

The interim condensed 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.

The financial statements are prepared on the basis that the business shall continue to operate as a going concern and on the basis of the historic cost principle, with the exception of the valuation of certain financial instruments, for which the far value criterion applies.

The preparation of the interim condensed consolidated financial statements and notes thereto in accordance with the IFRS requires the Directors to make estimates and assumptions that impact the revenues, costs, assets and liabilities of the interim report and the disclosure of potential assets and liabilities as at 30 June 2020. 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 shareholders' equity.
It is also noted that certain assessment processes, in particular the more complex ones, such as the determination of any impairment losses of 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 losses in value.
With reference to this Interim Financial Report, in line with the Document ESMA32-63-972 dated 20 May 2020 and the attention note by Consob no. 8/20 of 16 July 2020, the directors considered that the effects of the COVID-19 epidemic constitute impairment indicators such as to call for impairment testing on the recoverability of the values of goodwill, ahead of the usual year-end process.
The analyses carried out did not reveal any losses in value such as to be reflected in the consolidated figures as at 30 June 2020, as more extensively described in Note 14, to which reference is made for more details.
The book values of payables for put options entered towards minority shareholders have also been recalculated to incorporate the new expected redemption values at the time of any exercise of the option.

Format and contents of the financial statements

The financial statements have the following characteristics:

- the income Statement classifies revenues 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 schemes used, as described above, are those considered best able to represent the elements that determined the Group's equity and financial structure and economic result.

Please also note that in order to fulfil the requirements set out in CONSOB Resolution 15519 of 27 July 2006 on the tables of 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 recurring, atypical and/or unusual, are indicated on the tables and then highlighted in the notes.

Consolidation area

The consolidation area is unchanged on 31 December 2019, whilst it has changed as compared with 30 June 2019 as a result of the 26 September 2019 sale of the entire share held in the company Tako Lako D.o.o. by the Serbian company Alkemy Digital Hub D.o.o. (controlled by Alkemy S.E.E. D.o.o., of which Alkemy S.p.A. holds 70% of the share capital).

New standards, amendments and interpretations applicable from the year starting on or after 1 January 2020

Below is a list of the standards, amendments, interpretations and improvements in force starting 1 January 2020, for which there has been no significant impact on the Group's 2020 Interim Financial Report.

- Amendments to IAS 1 and IAS 8 that provide clarifications as to the definition of "material": the IASB has published the amendment Definition of Material (Amendments to IAS 1 and IAS 8), which aims to clarify the definition of "material" in order to support the companies in assessing the significance of information to be included in the financial statements. With the previous definition, it could incorrectly be interpreted that any omission could influence users on the basis of the quantity of information included in the financial statements. Instead, the new definition clarifies that only information that has been omitted and which could reasonably influence users, is "material";
- Amendments to IFRS 9, IAS 39 and IFRS 7, which provide findings in connection with the reforming of the determination of interbank rates: the IASB has modified IAS 39 and IFRS 9 to allow entities to not discontinue hedge ratios until such time as the reform has been completed to calculate benchmark interest rates;
- Amendment to IFRS 3, which alters the definition of "business": the amendment aims to clarify that an integrated set of assets and activities can respect the definition of business, even if it does not include all inputs and processes necessary to create the outputs. The assessment must be performed considering the perspective of a market participant and, therefore, is not relevant:
- • if before the acquisition, the seller managed the integrated set of assets and activities as a business; or

- if the buyer, after acquisition, intends to manage the integrated set of assets and activities as a business.

Moreover, the acquisition of a business must include, at the very least, an input and substantial process that together make a significant contribution to the capacity to create outputs.

Accounting standards, amendments and interpretations not yet applicable

Below is a list of the standards, amendments, interpretations and improvements to be applied in the future, but which have not yet been approved as at the date on which these financial statements are prepared:

- In May 2017, the IASB issued the new standard IFRS 17 "Insurance contracts". The new standard will replace IFRS 4 and will apply starting 1 January 2023;
- In January 2020, the IASB published amendments to IAS 1, which clarify that the definition of "current" or "non current" in respect of an asset depends on the right in place at the reporting date. The amendments will apply starting 1 January 2022;
- In May 2020, the IASB published an amendment to IFRS 16, which offers a practical expedient by which to assess lease contracts, if, following COVID-19, the charges have been renegotiated. The lessee can choose whether to book the concession as a variable charge in the period in which a lower payment is recognised; it will apply starting 1 June 2020.

In May 2020, the IASB also published the following amendments:

- Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract" – expected to come into force on 1 January 2022;
- Amendment to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use" - expected to come into force on 1 January 2022;
- Amendment to IFRS 1, IFRS 9, IFRS 16 and IAS 41 "Annual improvements - cycle 2018-2020" - expected to come into force on 1 January 2022;
- Amendment to IFRS 3 "Reference to the Conceptual Framework" – expected to come into force on 1 January 2022;
- Amendment to IFRS 4 "Insurance Contracts – deferral of IFRS19" – issued on 25 June 2020 and expected to come into force on 1 January 2021.

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 Interim 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

Credit risk is the exposure to potential losses deriving from the failure by commercial or financial counterparties to fulfil the commitments made.

The Group's credit risk essentially relates to the amount of trade receivables due for the provision of services.

The very nature of the services provided means that the Group has no significant concentration of the credit risk and is subject to moderate credit risk, insofar as debtors are large, highly-solvent private companies.

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.

During H1 2020, the Group mainly met its current financial needs through use of Own Funds. In any case, the Group has suitable bank facilities, aimed at managing any short-term financial needs.

Market risk

The market risk to which the Group is mainly exposed consists of the risk of changes to interest rates and the currency risk (limited to the companies based in Serbia and Mexico).

Interest rate risk

The Group is expected to the risk of changes in interest rates in connection with the variable rate indexed loans payable.

Financial liabilities of 28,194 thousand euros as at 30 June 2020 and 28,790 thousand euros as at 31 December 2019 respectively include 11,068 thousand euros and 10,857 thousand euros of variable rate loans.

For medium-term loans stipulated in 2020, no hedges have been stipulated to protect against the risk of a rise in rates, insofar as the matter is still under consideration.

Currency risk

The Group's assets are subject to the currency risk.

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 the consolidated net financial debt and consolidated equity.

The Group is also exposed to a limited foreign exchange "conversion" 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 date of the Interim Financial Report, the Alkemy Group policy is not to hedge said currency risk insofar as there are no significant value 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 comprehensive 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 "Export".

Below is the data of H1 2020 and 2019, broken down by segment as required by IFRS 8, indicating any inter-segment adjustments.

Figures in thousands of euros

Period closed at 30 June 2020	**Italy**	**Export**	**Inter-segment adjustments**	**Total**
Revenue from sales and services	27,273	9,440	(46)	**36,667**
Other revenue and income	411	37	-	**448**
Total revenue and income	**27,684**	**9,477**	**(46)**	**37,115**
Costs for services, goods and other operating costs	(14,080)	(6,002)	46	**(20,036)**
Personnel expense	(11,465)	(2,689)	-	**(14,154)**
Total costs and other operating costs	**(25,545)**	**(8,691)**	**46**	**(34,190)**
Gross operating profit	**2,139**	**786**	**-**	**2,925**
Depreciation	(743)	(115)	-	**(858)**
Impairment and provisions	(329)	(19)	-	**(348)**
Operating profit	**1,067**	**652**	**-**	**1,719**
Financial income	1,127	434	(1,097)	**464**
Financial expense	(433)	(588)	-	**(1,021)**
Pre-tax profit/(loss)	**1,761**	**498**	**(1,097)**	**1,162**
Income taxes	(311)	(207)	-	**(518)**
Profit/(loss) for the period	**1,450**	**291**	**(1,097)**	**644**

Attributable to:				
- Owners of the parent	1,450	302	(1,097)	**655**
- Non-controlling interests	-	(11)	-	**(11)**

			Figures in thousands of euros	
Period closed at 30 June 2019	**Italy**	**Export**	**Inter-segment adjustments**	**Total**
Revenue from sales and services	26,535	13,423	(28)	**39,930**
Other revenue and income	1,678	60		**1,738**
Total revenue and income	**28,213**	**13,483**	**(28)**	**41,668**
Costs for services, goods and other operating costs	(15,064)	(9,584)	28	**(24,620)**
Personnel expense	(11,707)	(2,615)	-	**(14,322)**
Total costs and other operating costs	**(26,771)**	**(12,199)**	**28**	**(38,942)**
Gross operating profit	**1,442**	**1,284**	**-**	**2,726**
Depreciation	(750)	(111)	-	**(861)**
Impairment and provisions	(142)	13	-	**(129)**
Operating profit	**550**	**1,186**	**-**	**1,736**
Financial income	371	135	(369)	**137**
Financial expense	(477)	(190)		**(667)**
Pre-tax profit/(loss)	**444**	**1,131**	**(369)**	**1,206**
Income taxes	(105)	(298)	-	**(403)**
Profit/(loss) for the period	**339**	**833**	**(369)**	**803**
Attributable to:				
- Owners of the parent	339	845	(369)	**815**
- Non-controlling interests	-	(12)	-	**(12)**

Italy segment

The Italy segment includes the following companies: Alkemy S.p.A., Nunatac srl, BizUp S.r.l., Alkemy Play S.r.l., Alkemy Play D.o.o. (which operates exclusively for the Italian parent company by the same name) and Alkemy USA Inc.

Italy segment revenues of the first half of 2020 were 27,684 thousand euros, down 529 thousand euros on the previous period, mainly due to the combined provisions of the reduction in contributions on operating account and revenues relating to tax credits for research and development and the increase in income from sales.

Revenues of 27,273 thousand euros comprises revenue from sales and services (26,535 thousand euros in H1 2019) and 411 thousand euros for other revenues and income (1,678 thousand euros in H1 2019); details are given in the notes.

Operating costs, represented by costs for services, goods and other items and for personnel expenses, total 25,545 thousand euros, down 1,226 thousand euros (-5 %) on the previous period, mainly in relation to the decrease in costs for services following the insourcing of certain activities.

Both cost items for personnel and purchases of services, goods and other operating costs, also include all costs incurred for the Group's research and development activities; more details and information are given in Note 2.

Gross operating profit came to 2,139 thousand euros (1,442 thousand euros during H1 2019) up 697 thousand euros mainly due to the actions taken by the Parent Company to increase efficiency.

Amortisation, depreciation and impairment came to 1,072 thousand euros, up 180 thousand euros on H1 2019 (+20%). This item includes:

- amortisation/depreciation for property, plant and equipment and intangible fixed assets with a finite useful life for a period total of 743 thousand euros (750 thousand euros in H1 2019);
- the accrual to the loss allowance of 329 thousand euros (142 thousand euros in H1 2019), allocated mainly in view of potential future losses connected with specific disputed loans as at the reporting date.

The Italy segment therefore recorded a pre-tax profit of 1,761 thousand euros (444 thousand euros in H1 2019), which, less tax, gave rise to a net profit of 1,450 thousand euros, as compared with a profit of 339 thousand euros for the previous period.

Export segment

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

The following companies are included: Ontwice S.L. (Spain), OIS Digital S.L. (Mexico), OIS Service S.L. (Mexico), Alkemy Iberia S.L. (Spain), Kreativa New Formula D.o.o. (Serbia), Alkemy SEE D.o.o. (Serbia), Alkemy Digital Hub D.o.o.

H1 2020 Export segment revenues came to 9,477 thousand euros as compared with 13,483 thousand euros in H1 2019. The decline in revenues is mainly due to the Mexican subsidiary that most greatly suffered the impacts of the COVID-19 pandemic.

Operating costs for and personnel expense go from 12,199 thousand euros in H1 2019, to 8,691 thousand euros, down during the current period as a result of that specified above.

EBITDA therefore comes to 786 thousand euros, as compared with 1,284 thousand euros in H1 2019.

Operating profit comes to 652 thousand euros, as compared with last period's 1,186 thousand euros.

The period net result therefore totals 291 thousand euros, as compared with 833 thousand euros in H1 2019.

Additionally, in order to assure a complete disclosure, below are the trade receivables as at 30 June 2020 and as at 31 December 2019, divided up by segment:

Figures in thousands of euros

Period closed at 30 June 2020	Italy	Export	Inter-segment adjustments	Total
Trade receivables	23,055	4,695	(134)	**27,616**

Figures in thousands of euros

Year ended at 31 December 2019	Italy	Export	Inter-segment adjustments	Total
Trade receivables	26,372	5,510	(91)	**31,791**

Notes to the consolidated financial statements

Consolidated income statement

1. Revenue from sales and services

Revenue from sales and services comes to 36,667 thousand euros (39,930 thousand euros as at H1 2019) and can be broken down as follows:

	Figures in thousands of euros	
	H1 2020	**H1 2019**
Sales of services	36,665	39,752
Sales of products	2	178
Total revenue from sales and services	**36,667**	**39,930**

Turnover realised during the first half of 2020 is down 3,263 thousand euros on the same period of the previous year and is mainly due to the foreign companies, which were the worst struck by the effects of the COVID-19 pandemic.

2. Other revenue and income

Other revenue and income totals 448 thousand euros (1,738 thousand euros during the first half of 2019), as follows:

	Figures in thousands of euros	
	H1 2020	**H1 2019**
Government grants	261	796
Tax asset pursuant to Decree Law no. 145/2013	115	851
Other revenue	72	91
Total other revenue and income	**448**	**1,738**

Government grants of 261 thousand euros (796 thousand euros in H1 2019), are detailed as follows:

- 175 thousand euros (121 thousand euros in H1 2019) refers to the portion of the grant related to income, relative to the subsidised finance project "SecureOpenNets";
- 50 thousand euros (300 thousand euros in H1 2019) refers to the portion of the grant related to income, relative to the subsidised finance project "D-All";
- 15 thousand euros (119 thousand euros in H1 2019) refers to the portion of the grant related to income, relative to the subsidised finance project "ProtectID";
- 7 thousand euros (39 thousand euros in H1 2019) refers to the portion of the grant related to income, relative to the subsidised finance project "Cultura 4.0";
- 14 thousand euros (6 thousand euros in H1 2019) refers to the Fondir contribution.

During the first half of 2019, the item also included 199 thousand euros referring to the portion of the grant relating to the subsidised finance project "Next Shop" and 12 thousand euros referring to the portion of the grant for the subsidised finance project "Smart".

Government grants refer for 247 thousand euros to research and development activities carried out by the Parent, which entailed investments made during the period for a total of 639 thousand euros, divided up between personnel expense for 320 thousand euros and 319 thousand euros in consultancy, on projects that obtained an approval decree and grant related to income.

On a Group level, total allocation of resources, in terms of personnel expense and external consultancy, came to 1,506 thousand euros (2,197 thousand euros in H1 2019). In addition to the parent, in 2020 Research and Development projects were also carried out by Nunatac S.r.l. and Alkemy Play S.r.l., allocating resources for a total of 867 thousand euros.

The tax asset accrued on investments made in research and development pursuant to Italian Decree Law no. 145/2013, comes to 115 thousand euros (851 thousand euros in H1 2019).

3. Costs for services, goods and other operating costs

Services, goods and other operating costs comes to 20,036 thousand euros (24,620 thousand euros in H1 2019), as detailed hereto:

		Figures in thousands of euros
	H1 2020	**H1 2019**
Services	19,727	24,055
Purchase of raw materials	125	250
Change in inventories	28	(2)
Lease costs	53	43
Other operating costs	103	274
Total	**20,036**	**24,620**

Services

Costs for services come to 19,727 thousand euros (24,055 thousand euros in H1 2019) and are detailed below:

		Figures in thousands of euros
	H1 2020	**H1 2019**
Services for customers	18,097	21,938
Consultancy and legal expenses	240	162
Travel and transfer expenses	153	366
Administrative services	136	135
Maintenance services	132	154
Other consultancy	129	159
Restaurant vouchers	123	202
Insurance	98	81
Audit fees	86	88
Collaborators' fees	82	35
Postal, telephone and data transmission services	70	78
Logistics services	64	216
Payslip processing	63	65
Marketing services	50	68

Condominium and supervisory expenses	43	47
Cleaning expenses	38	44
Board Statutory Auditors' fees	31	26
Banking services	26	43
Utilities	19	33
Commercial services	15	108
Other services	32	6
Total services	**19,727**	**24,055**

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 period reduction is linked to the insourcing of certain activities previously outsourced.

Purchase of raw materials

Costs for the purchase of raw materials total 125 thousand euros (250 thousand euros in H1 2019) and mainly regard the purchase of goods for resale to B2C customers of the eCommerce BU and the purchase of licences for resale.

Lease costs

Lease costs come to 53 thousand euros (43 thousand euros in H1 2019).

Other operating costs

Other operating costs come to 103 thousand euros (274 thousand euros in H1 2019) and mainly regard costs from previous years, as well as, to a lesser extent, sanctions, stamp duty and membership rates and fees.

4. Personnel expense

Personnel expense comes to 14,154 thousand euros (14,322 thousand euros in H1 2019) and consist of the following:

	Figures in thousands of euros	
	H1 2020	**H1 2019**
Wages and salaries	9,785	10,012
Directors' fees	675	751
Social security expenses	2,810	2,780
Costs for defined benefit plans	516	503
Cost for share-based payments	360	266
Other personnel expense	8	10
Total personnel expense	**14,154**	**14,322**

This item includes all costs incurred during the period, directly or indirectly relating to employees and collaborators, as well as directors' fees for 675 thousand euros.
The average number of employees during the period was 518, as compared with 530 in the same period of last year.

515 employees were on the workforce as at 30 June 2020, as compared with 542 in the same period of last year.

The cost of share-based payments includes the cost relative to the new long-term incentive plan for three strategic managers, as well as the Chairman and Chief Executive Officer of the Parent Company, as described in the Interim Report on Operations to which you are referred for more details.

5. Depreciation

Amortisation/depreciation comes to 858 thousand euros (861 thousand euros in H1 2019) and consists of:

- 489 thousand euros (467 thousand euros in H1 2019) and relate to the depreciation of leased property. plant and equipment;
- 209 thousand euros (234 thousand euros in H1 2019) for the amortisation of intangible fixed assets;
- 160 thousand euros (the same amount in H1 2019) for the depreciation of property. plant and equipment.

6. Provisions and impairment

Provisions come to 348 thousand euros (129 thousand euros in H1 2019) and are detailed as follows:

- 179 thousand euros (99 thousand euros in H1 2019) refers to the impairment of trade receivables;
- 139 thousand euros (zero in H1 2019) refer to the impairment of a receivable relative to a subsidised finance project;
- 30 thousand euros (10 thousand euros in H1 2019) refers to the provision for risks.

7. Net gains (losses on) equity investments

Net gains (losses) on equity investments amount to 17 thousand euros (zero in H1 2019) and refer to the equity-accounted associate Design Group Italia. This company was acquired by the Parent Company in July 2019.

8. Financial income

Financial income comes to 447 thousand euros (137 thousand euros in H1 2019) and mainly refers to the effects of exchange gains for 445 thousand euros (137 thousand euros in H1 2019) as well as to interest on bank current accounts. Exchange gains mainly refer to the Ontwice Group, which, as shown by the next item, also causes exchange losses for 573 thousand euros (160 thousand euros in H1 2019).

9. Financial expense

Financial expense comes to 1,021 thousand euros (667 thousand euros in H1 2019) and is detailed below:

	H1 2020	H1 2019
	Figures in thousands of euros	
Exchange losses	573	160
Interest from put option liabilities	290	403
Interest expense on loans	92	13
Interest on leases	44	54
Interest expense on employee benefits (IAS 19)	14	24
Interest expense on current accounts	2	1
Other financial expense	6	12
Total financial expense - third parties	**1,021**	**667**

10. Income taxes

Tax has been calculated in compliance with current tax legislation and is detailed hereto:

	H1 2020	H1 2019
	Figures in thousands of euros	
Current income tax	316	267
Current IRAP tax	116	103
Change in deferred tax assets	95	18
Change in deferred tax liabilities	14	15
Previous years' tax	(23)	-
Total taxes	**518**	**403**

11. Earnings (loss) per share

Basic earnings per share are calculated by dividing the Group's profit (loss) 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 (loss) per share is shown in the table below:

Figures expressed in units of euros	H1 2020	H1 2019
Profit		
Group profit (loss) for the period	655,000	815,000
Group profit (loss) for the year, attributable to ordinary shares	655,000	815,000
Number of shares		
Average number of outstanding ordinary shares	5,527,074	5,420,755
Adjusted average number of ordinary shares	5,527,074	5,493,146
Basic earnings per share	0.119	0.150
Diluted earnings per share	0.119	0.148

Statement of financial position

Assets

Non-current assets

12. Property, plant and equipment

The item totals 902 thousand euros (980 thousand euros as at 31 December 2019); changes are shown below:

Figures in thousands of euros	Land and buildings	Plant and machinery	Other assets	Total
Balance at 31 December 2019	**77**	**29**	**874**	**980**
Investments	-	-	82	82
Depreciation	(2)	(8)	(150)	(160)
Balance at 30 June 2020	**75**	**21**	**806**	**902**

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

Other assets mainly includes computers and IT equipment purchased for Group employees, as well as furniture and furnishings of the company office and secondary offices.
Period increases are mainly due to the purchase of computers and IT equipment.

13. Right-of-use assets

The item totals 3,501 thousand euros (3,907 thousand euros as at 31 December 2019); period changes are shown below:

			Figures in thousands of euros
	Land and buildings	Other assets	Total
Balance at 31 December 2019	**3,551**	**356**	**3,907**
Investments	-	265	265
Decreases	(182)	-	(182)
Depreciation	(357)	(132)	(489)
Balance at 30 June 2020	**3,012**	**489**	**3,501**

"Other" includes right-of-use of company cars and period increases mainly relate to the stipulation of new rental contracts to replace those that expired during the period.
The reduction in the right-of-use of land and buildings relates to the notice given on the lease contract for the Rome offices in Lungotevere Mellini, following the decision to transfer the Rome offices of the Parent Company and the subsidiary BizUp to a single site. This transfer will take place during the next year.

14. Goodwill and impairment

Attention note no. 8/20 issued by Consob on 16 July 2020 "COVID-19 - Attention to financial disclosures" and the recent communications given by ESMA remind Directors to perform a careful assessment of the fact that the COVID-19 pandemic constitutes an impairment indicator such as to require the conduct of activities in respect of the recoverability of intangible assets with an undefined useful life, recorded in the financial statements.
To this end, it is recalled that the Group, at each closing date of the financial statements, to verify if there is any permanent loss in value, examines any impairment indicators that may suggest such. As regards the impairment tests performed when preparing the consolidated financial statements as at 31 December 2019, please note that the audits performed had not resulted in any impairment.
As at 30 June 2020, in light of the indications provided by the national and international regulators, the Group performed impairment testing, as explained below.

Goodwill comes to 31,757 thousand euros (31,752 thousand euros as at 31 December 2019), as detailed hereto:

		Figures in thousands of euros
	30 June 2020	**31 Dec. 2019**
Goodwill for the Ontwice Group	12,673	12,673
Goodwill for BizUp	6,883	6,883
Goodwill for Nunatac	6,603	6,603
Goodwill for Alkemy Tech	2,898	2,898
Goodwill for Seolab	1,167	1,167
Goodwill for Kreativa	981	976
Goodwill for Between	552	552
Total goodwill	**31,757**	**31,752**

The increase is due to the exchange differences for goodwill relating to Kreativa New Formula D.o.o.

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

Goodwill is not amortised, but only tested for impairment. The Group checks the potential recovery of goodwill and other non-current assets with an indefinite useful life once a year, testing each identified cash generating unit ("CGU").

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

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

As mentioned in the paragraph on "Basis of preparation", considering the rather unique situation that has arisen following the COVID-19 health emergency, the recoverability of goodwill has also been tested as at 30 June 2020.

The recoverable amount of the three identified CGUs, to which the individual goodwill entries refer, has been verified through the value in use, determined by applying the unlevered discounted cash flow. If the recoverable amount exceeds the carrying amount of the CGU, no impairment is recognised; if not, the difference between the carrying amount and the recoverable amount, as resulting from the impairment test, determines the amount of the adjustment to be made.

The main assumptions on which the recoverable amount is calculated regard the discount rate, the use of the latest budgets and medium-term forecasts and the expected growth rate at the end of the explicit forecasting period.
Discounting regarded forecast cash flow as resulting from the 2020-2023 three-year plan approved by the Board of Directors on 23 July 2020.
The terminal value was calculated using the "perpetual income" method determined by the normalised cash flow projection relative to the first year after the explicit forecasting period, assuming a growth rate of 1.50%.
In discounting cash flows, the Group adopted a rate that expresses the weighted average cost of capital (WACC) comprising a weighted average of the cost of capital and the cost of debt. The rates were differentiated for each CGU, taking into account the specific risk level of the countries in which the subsidiaries are based.
More specifically, with reference to the valuations as at 30 June 2020, the Group applied a discounting rate of 8.27% for the CGU - Italy, 11.09% for the CGU - Spain/Mexico and 13.72% for the CGU - the Balkans.
The results of the impairment testing did not reveal any impairment loss on goodwill.

Sensitivity analyses were also carried out, assuming changes in: (i) the discount rate (up/down 1.5 percentage points); (ii) the growth rate (up/down 0.5 percentage points) used to determine the terminal value. These analyses also failed to reveal any impairment loss on goodwill.

15. Intangible assets with a finite useful life

Intangible fixed assets amount to 795 thousand euros (971 thousand euros as at 31 December 2019). Below are details on changes seen to intangible fixed assets:

				Figures in thousands of euros
	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other	Total
Balance at 31 December 2019	**210**	**27**	**734**	**971**
Investments	30	-	3	33
Depreciation	(55)	(3)	(151)	(209)
Balance at 30 June 2020	**185**	**24**	**586**	**795**

Industrial patents and intellectual property rights

This item mainly includes the costs incurred for the purchase of company management software. The increase is mainly due to the completion of the management control software that was commissioned during the first half of 2020.

Concessions, licences, trademarks and similar rights

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

Other

This item includes long-term 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) costs incurred by the parent company for the eCommerce platform, (ii) 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 dedicated to the supply of digital services for small and medium enterprises and (iii) costs incurred by the subsidiary BizUp S.r.l. in relation to the development of a platform dedicated to services for the development of branded content of customer companies.

16. Equity investments

Equity investments amount to 1,095 thousand euros (1,078 thousand euros as at 31 December 2019). The item refers to:

- 1,090 thousand euros for the investment in the associate Design Group Italia S.r.l.
- 5 thousand euros to the investment in the consortium company ICT SUD S.C.r.l., held by the Parent.

17. Non-current financial assets

Non-current financial assets come to 1,681 thousand euros (1,555 thousand euros as at 31 December 2019) and are detailed below:

	Figures in thousands of euros	
	30 June 2020	**31 Dec. 2019**
Amount due from insurance companies	1,553	1,427
Amounts due from employees	128	128
Total non-current financial assets	**1,681**	**1,555**

Amount due from insurance companies refers to insurance policies signed to cover directors' and employees' severance indemnity in reference to the subsidiary Nunatac S.r.l.

18. Deferred tax assets

Deferred tax assets amount to 1,072 thousand euros (1,203 thousand euros as of 31 December 2019).

They are determined on the temporary differences between the carrying amounts of the assets and liabilities taken in order to prepare the financial statements and the respective tax values, as well as on tax losses that can be carried forward indefinitely.

Deferred tax is recognised when it is considered, on the basis of forecasts for future results, that it is reasonably certain of being recovered in future years.

19. Other non-current receivables and assets

Other assets come to 181 thousand euros (165 thousand euros as at 31 December 2019) and mainly relate to guarantee deposits for leased offices.

20. Inventories

Inventories amount to 30 thousand euros (61 thousand euros as at 31 December 2019) and are made up of finished products held for sale.

Measurement was carried out applying the FIFO criterion.

21. Trade receivables

Trade receivables come to 27,616 thousand euros (31,791 thousand euros as at 31 December 2019), as detailed herewith:

	Figures in thousands of euros	
	30 June 2020	**31 Dec. 2019**
Italy	20,505	24,101
EU	4,202	4,934
Non-EU	2,909	2,756
Total trade receivables	**27,616**	**31,791**

There are no amounts due after one year.

trade receivables are stated net of a loss allowance of 1,321 thousand euros (1,286 thousand euros as at 31 December 2019). The loss allowance was calculated on the basis of the estimated expected loss throughout the life of the amount due, from when it is first recognised and during subsequent measurements. The estimate is mainly prepared by determining the average expected irrecoverability, based on historical indicators. For some categories, characterised by specific risk elements, specific valuations are instead made on the individual positions.

Below are period changes to the loss allowance:

	Figures in thousands of euros
Balance at 31 December 2019	**1,286**
Accruals	179
Uses	(144)
Balance at 30 June 2020	**1,321**

22. Current financial assets

Financial assets amount to 86 thousand euros (115 thousand euros as at 31 December 2019).

23. Tax assets

Tax assets come to 1,207 thousand euros (3,663 thousand as at 31 December 2019) and are detailed as follows:

	Figures in thousands of euros	
	30 June 2020	**31 Dec. 2019**
VAT asset	691	591
Tax assets	263	1,295
Tax asset pursuant to DL.145/2013	115	1,624
Withholding taxes	18	19
Other tax assets	120	134
Total tax assets	**1,207**	**3,663**

The reduction in tax receivables is mainly due to the offsetting of the tax credit for research and development for 1,624 thousand euros plus IRES credits for 836 thousand euros.
The tax asset for 115 thousand euros is for the amount accrued in connection with subsidised finance projects for investments made in H1 2020 in research and development, pursuant to Decree Law no. 145/2013.

24. Other current assets

Other assets of 3,701 thousand euros (5,153 thousand euros as at 31 December 2019) are detailed as follows:

	Figures in thousands of euros	
	30 June 2020	**31 Dec. 2019**
Government grants	3,073	4,019
Impairment of government grants	(139)	0
Prepayments	558	941

Other receivables	209	193
TOTAL	**3,701**	**5,153**

It is specified that public grants reduce during the half-year by 946 thousand euros in respect of payments received for 1,193 thousand euros and new entries for 247 thousand euros correlated to research and development carried out during the period.

25. Cash and cash equivalents

The balance of 13,873 thousand euros (9,581 thousand euros as at 31 December 2019) is detailed hereto:

	Figures in thousands of euros	
	30 June 2020	**31 Dec. 2019**
Bank deposits	13,864	9,572
Cash and petty cash	9	9
TOTAL	**13,873**	**9,581**

Generation and use of cash flows for the period are analysed in the statement of cash flows.

Liabilities and equity

Non-current liabilities

26. Equity

Changes in and a breakdown of equity are given in the changes to the equity amounts, to which you are referred.

Share capital

The Parent's share capital comes to 588 thousand euros (588 thousand euros as at 31 December 2019) and is fully paid-up.
The share capital at 30 June 2020, in line with last year, is therefore represented by 5,609,610 shares.
On 16 November 2017, the shareholders' meeting had resolved to split existing shares, in the amount of ten new shares for each pre-existing share, and to eliminate the shares' nominal amount.

Treasury shares

The reserve for treasury shares in portfolio totalled 912 thousand euros (912 thousand euros at 31 December 2019).
At 30 June 2020, the Company portfolio held 82,536 treasury shares, accounting for 1.47 % of the share capital.

Legal reserve

The legal reserve totals 203 thousand euros, in line with the year ended at 31 December 2019.

Other reserves

Other reserves come to 29,931 thousand euros (29,926 thousand euros as at 31 December 2019), as follows:

- share premium reserve for 30,966 thousand euros (unchanged on 31 December 2019);
- stock option reserve of 544 thousand euros (429 thousand euros as at 31 December 2019);
- FTA reserve negative for 147 thousand euros (negative for 147 thousand euros as at 31 December 2019);
- other reserves negative for 1,164 thousand euros (unchanged on 31 December 2019) in relation to the put option liabilities of the companies established in 2017;
- gains (losses) entered as shareholders' equity for a negative 268 thousand euros (loss for 158 thousand euros as at 31 December 2019); the item relates to the discounting of post-employment benefits, envisaged by IAS 19 (negative for 161 thousand euros) and the conversion reserve (negative for 107 thousand euros).

The change in the stock option reserve is due to the cost of the first half of FY 2020 of the stock option plans in place.

Retained earnings

Profits carried forward comes to 3,661 thousand euros (2,057 thousand euros as at 31 December 2019); the period change is due to:

- 2,361 thousand euros, the reduction in the fair value of put option liabilities;
- 139 thousand euros, the reduction relative to the allocation of result of the previous year, in accordance with the resolution passed by the shareholders' meeting of the Parent on 24 April 2020;
- 618 thousand euros, the reduction relating to the dividends resolved in the favour of non-controlling investors.

27. Equity attributable to non-controlling interests

Equity attributable to non-controlling interests comes to 274 thousand euros (174 thousand euros as at 31 December 2019) and mainly refers to the portion pertaining to the non-controlling investors of the subsidiaries in the Balkans area.

28. Financial liabilities

Current and non-current financial liabilities come to 13,571 thousand euros (11,501 thousand euros as at 31 December 2019) and are broken down below according to due dates:

- 8,353 thousand euros (8,968 thousand euros as at 31 December 2019) refer to non-current financial liabilities;
- 5,218 thousand euros (2,533 thousand euros as at 31 December 2019) refer to current financial liabilities.

There are financial liabilities due after 5 years, for the amount of 272 thousand euros.

The increase in financial liabilities for 2,070 thousand euros, net of repayments made during the half-year for 380 thousand euros, mainly relates to the deposit on receivables transferred by the Parent company to a factoring company for 1,615 thousand euros, as well as to three new loans disbursed during the period, specifically:

- to the medium/long-term loan stipulated by the Parent company in February 2020 to facilitate the Group's financial operations, with CREDEM for an amount of 500 thousand euros and a term of 36 months, with repayment in quarterly instalments with the last one falling due in February 2023;
- 314 thousand euros for the two long-term loans correlated to subsidised finance projects, obtained by the Parent company from Mediocredito Centrale at special rates and conditions.

Financial liabilities are illustrated below:

- 6,966 thousand euros (6,954 thousand euros at 31 December 2019) relate to the medium/long-term bank loan with Mediocredito Italiano stipulated by the parent company in 2019, repayment of which is on a straight-line basis every six months, starting 31 December 2020, each instalment being 875 thousand euros. The interest rate applied is the 6M Euribor, increased by a spread of 1.5 points. At disbursement, an up-front fee was withheld of 35 thousand euros. The contract envisages respect of two financial covenants, specifically: (i) leverage ratio, i.e. net financial position/EBITDA, to be calculated annually starting 31 December 2020; and (ii) the ratio of net financial position and shareholder's equity, to be calculated annually starting 31 December 2019; the date on which it was respected; the next measurement date is 31 December 2020;
- 1,615 thousand euros refer to receivables assigned (with recourse) by the parent company to a factoring company relative to a specific position with a telecommunications customer;
- 1,007 thousand euros (1,001 thousand euros at 31 December 2019) refer to a loan disbursed to the parent company by Intesa on 30 September 2019 for research and development activities; the contract envisages two covenants, specifically: (i) leverage ratio, i.e. net financial position/EBITDA, to be calculated annually starting 31 December 2020; and (ii) the ratio of net financial position and shareholder's equity, to be calculated annually starting 31 December 2019; the date on which it was respected; the next measurement date is 31 December 2020;
- 996 thousand euros (unchanged on 31 December 2019) refer to an additional Intesa loan with a term of 30 months, with repayment in five equal six-monthly instalments; the contract envisages respect of two financial covenants, specifically: (i) leverage ratio, i.e. net financial position/EBITDA, to be calculated annually starting 31 December 2020; and (ii) the ratio of net financial position and shareholder's equity, to be calculated annually starting 31 December 2019; the date on which it was respected; the next measurement date is 31 December 2020;
- 995 thousand euros (the same amount at 31 December 2019) refer to the medium-term loan agreement entered into by the Parent company with Banco BPM to facilitate the Group's financial operations, with a term of 42 months, plus 9 month grace period, with repayment in quarterly instalments ending on 29 December 2023;
- 602 thousand euros refer to the five loans obtained from Mediocredito Centrale correlated to subsidised finance projects;
- 501 thousand euros (624 thousand euros as at 31 December 2019) refer to the medium/long-term bank loan with Banca Intesa Sanpaolo S.p.A., entered into by the Parent in 2016 to purchase the subsidiary BizUp S.r.l. Repayment is on a straight-line basis once a quarter, starting 30 June 2017 with each instalment being for 125 thousand euros. The interest rate applied is the 3M Euribor, increased by a spread of 1.5 points;
- 499 thousand euros relate to the bank loan stipulated by the Parent company with CREDEM as described in the paragraph above;
- 134 thousand euros (235 thousand euros as at 31 December 2019) refer to the medium/long-term bank loan entered into in July 2017 with Credito Emiliano S.p.A., held by the Parent company and deriving from the merger of Alkemy Tech S.r.l. The 36-month loan has a fixed

interest rate of 0.7% and repayment in equal monthly instalments starting February 2018;

- 102 thousand euros (112 thousand euros as at 31 December 2019) refer to loans and borrowings from other backers in the medium/long-term, issued to the Spanish Ontwice Group by the Ministry for the Economy;
- 82 thousand euros refer to the medium/long-term bank loan issued to the Spanish Ontwice Group by Banca Santander;
- 56 thousand euros (112 thousand euros as at 31 December 2019) refer to the medium/long-term bank loan with Credito Emiliano S.p.A., entered into by the Parent company in August 2017. The 36-month loan has a fixed interest rate of 0.7% and repayment in equal monthly instalments starting September 2017;
- 14 thousand euros refer to loans and borrowings from other financial backers; more specifically, they are shareholder loans and refer to Kreativa for 9 thousand euros and to Digital Hub for 5 thousand euros.

29. Net financial position

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 consistent implementation of Commission Regulation implementing the Prospectus Directive, below is the Group's Net financial position as at 30 June 2020:

			Figures in thousands of euros
		30 June 2020	**31 December 2019**
A	Cash	9	9
B	Other cash and cash equivalents	13,864	9,572
C	Securities held for trading	-	-
D	Cash and cash equivalents (A+B+C)	13,873	9,581
E	Current loans	86	82
F	Current bank loans and borrowings	-	41
G	Current portion of non-current debt	3,573	2,458
H	Other current financial liabilities	4,819	3,248
I	**Current financial debt (F+G+H)**	**8,392**	**5,747**
	Of which secured	-	-
	Of which unsecured	8,392	5,747
J	**Net current financial debt (I-E-D)**	**(5,567)**	**(3,916)**
K	Non-current bank loans and borrowings	8,267	8,864
L	Bonds issued	-	-
M	Other non-current financial liabilities	11,535	14,179
N	**Non-current financial debt (K+L+M)**	**19,802**	**23,043**
	Of which secured	-	-
	Of which unsecured	19,802	23,043
O	**Net Financial Debt (J+N)**	**14,235**	**19,127**

30. Lease liabilities from right of use

Financial liabilities from right of use come to 3,550 thousand euros, specifically:

- 2,702 thousand euros refers to non-current financial liabilities (3,103 thousand euros at 31 December 2019);
- 848 thousand euros refers to current financial liabilities (844 thousand euros at 31 December

2019).

Please note that there are financial liabilities due beyond 5 years, for the amount of 393 thousand euros.

31. Put option liabilities

The liabilities to non-controlling investors in the short and medium-term total 11,073 thousand euros (13,342 thousand euros as at 31 December 2019) and refer to the commitment relating to the acquisition of the residual portion of the investment in the subsidiaries Nunatac, Ontwice, Alkemy Play, Alkemy Iberia and Kreativa New Formula, comprising a contractual structure of put and call options between the Company and the non-controlling investors.

The put options whose exercise is contractually envisaged by 30 June 2021, are classified as current financial liabilities; in particular, they refer 20% to the capital of Ontwice Interactive Service S.L., exercise of which is envisaged for September 2020.

The remaining put option liabilities can contractually be exercised after 30 June 2021.

As already mentioned in the paragraph on "basis of preparation", following the conjecture regarding the COVID-19 emergency, some assessment processes have been revised, including the recalculation of the fair value of put option liabilities, which now take into account the new redemption values expected when the option may be exercised. The new redemption values reflect the update to the three-year plan, as already described in Note 14.

The decrease of 2,269 thousand euros is therefore due to:

- 2,472 thousand euros, the reduction following said recalculation of the value of the put options;
- 290 thousand euros, the increase in interest on the passing of time (unwinding of the discounting of the strike price); and
- 90 thousand euros, the reduction for payment of the last instalment on the put option exercised for the 2019 purchase of BizUp and payment of which had been made by instalments.

32. Employee benefits

Employee benefits come to 4,469 thousand euros (4,356 thousand euros as at 31 December 2019) and refer to the post-employment benefits of employees and the end-of-office entitlement of the directors of the subsidiary Nunatac S.r.l.

The change during the period was instead as follows:

	Figures in thousands of euros
Balance at 31 December 2019	**4,356**
Accruals	516
Period uses	(403)
Balance at 30 June 2020	**4,469**

33. Provisions for risks and charges

The provision for risks and charges comes to 86 thousand euros (44 thousand euros at 31 December

2019).
The increase refers to the Spanish subsidiary Ontwice, which following an audit by the labour inspectorate, received a payment request for which the directors have prudently made a provision for risks of 42 thousand euros; this amount coincides with the potential liability connected with said dispute, for which the subsidiary has already prepared an appeal.

34. Deferred tax liabilities

Deferred tax liabilities amount to 31 thousand euros (17 thousand euros as of 31 December 2019).

Current liabilities

35. Trade payables

Trade payables come to 12,909 thousand euros (17,142 thousand euros as at 31 December 2019).
Below is a breakdown of trade payables by geographical segment

		Figures in thousands of euros
	30 June 2020	**31 Dec. 2019**
Italy	7,639	10,497
EU	3,437	3,652
Non-EU countries	1,833	2,993
Total trade payables	**12,909**	**17,142**

36. Tax liabilities

Tax payables come to 1,651 thousand euros (1,617 thousand euros as at 31 December 2019).
The item includes liabilities for tax that is both certain and quantified, in relation to VAT, income tax and withholdings, as substitute tax; the breakdown is as follows:

		Figures in thousands of euros
	30 June 2020	**31 Dec. 2019**
Withholdings	676	625
VAT	520	719
Current tax liabilities	211	27
Other tax liabilities	244	246
Total tax liabilities	**1,651**	**1,617**

Together with the subsidiaries BizUp S.r.l., Nunatac S.r.l. and Alkemy Play S.r.l., the Company has opted for the national tax consolidation scheme.

37. Other liabilities

Other current liabilities come to 5,757 thousand euros (8,112 thousand euros as at 31 December 2019), detailed as follows:

		Figures in thousands of euros
	30 June 2020	**31 Dec. 2019**
Due to employees	2,605	3,555
Social security charges	1,550	1,531
Payables for dividends to minority shareholders	618	334
Accrued expenses and deferred income	512	2,587
Other liabilities	472	105
Total non-current financial liabilities	**5,757**	**8,112**

Due to employees includes the amounts due to employees, directors and collaborators; the item includes accruals, in relation to holidays, permits and 13th month salaries.

Accrued expenses and deferred income for the period are recognised on an accruals basis. At 30 June 2020, there were no accruals or deferrals with a residual term of more than five years.

38. Guarantees given and other commitments

Guarantees given

The following guarantees were in place at 30 June 2020:

- two sureties that the Parent has granted in regard to Intesa Sanpaolo S.p.A. to guarantee the obligations of BizUp s.r.l. in regard to said bank: 286 thousand euros to guarantee all types of bank transactions and 100 thousand euros to guarantee short-term facilities;
- four insurance sureties of the Parent issued in the favour of three customers, to guarantee the correct fulfilment, by the Company, of its contractual obligations for 456 thousand euros.

39. Related party transactions

Related party transactions are part of the company's routine business and were settled at arm's length. No atypical or unusual transactions were noted.

The related financial statements have 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 BizUp S.r.l., Nunatac S.r.l. and Alkemy Play S.r.l.

Below are details of related party transactions:

				Figures in thousands of euros
	Assets	**Liabilities**	**Revenue**	**Costs**
Design Group Italia S.r.l.	-	(330)	-	(80)
Codermine S.r.l.	-	(103)	-	(55)
Jakala Holding S.p.A.	12	(26)	-	-
Total	**12**	**(458)**	**-**	**(135)**

There are also payables due to directors in the amount of 124 thousand euros.

Fees paid to directors, statutory auditors and key management personnel

The fees paid in 2020 to the Parent's Board of Directors totalled 525 thousand euros (492 thousand euros in H1 2019), whilst those due to the Board of Statutory Auditors came to 31 thousand euros (26 thousand euros in H1 2019). The fees due to the Board of Directors also includes the remuneration of the Chief Executive Officer for the role of key manager.

The fees due to the other five key managers in force as at 30 June 2020 came to 355 thousand euros in the period (477 thousand euros including contributions). During the first half of 2019, this cost came to 420 thousand euros (585 thousand euros including contributions) and referred to seven key managers, two of whom ceased their employment in 2019.

40. Liabilities and main disputes

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

In 2014, the Parent was served an amicable notice 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.

In 2018, the Parent was notified a writ of summons by a customer, with a demand for compensation for damage. Following the first hearing held on 09 May 2019, the Court asked the parties to seek an amicable settlement to the dispute; the opposing party refused this, however, and has pursued proceedings. On 30 October 2019, the Court rejected the opposing party's additional demands, scheduling the hearing for the conclusions for this coming 11 November. The Company's lawyers believe that the risk of losing these proceedings is remote.

As mentioned in Note 33, following an audit by the labour inspectorate of the Spanish subsidiary Ontwice, a provision has been made for risks of 42 thousand euros, which coincides with the potential liability connected with said 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 half the amount, more than 60 thousand euros, already entered under sundry payables.

41. Subsequent events

Below are the events that took place after closure of the Interim condensed consolidated financial statements:

- On 17 July 2020, the Company obtained a loan from Intesa San Paolo S.p.A. for 3,500 thousand euros with a term of 60 months and first quarterly instalment of principal due after 27 months, with a guarantee for 3,000 thousand euros by Mediocredito Centrale S.p.A. by means of the Guarantee Fund for Small and Medium Enterprises (in accordance with Italian Decree Law no. 23/2020, Art.13, paragraph 1). This loan, backed by government benefits and issued at very favourable conditions, was requested by the Company prudently, in a bid to strengthen its total liquidity in the face of possible financial tension and contingent delays that may occur in the current economic context, characterised by extreme uncertainty.

- On 23 July 2020, following the resignation of the director (without delegations) Francesco Beraldi, who had collaborated with the Group since January 2015, the Company's Board of Directors co-opted Massimo Canturi, a manager with massive experience in the telecommunications, ICT and services sector.

Milan, 11 September 2020

for the Board of Directors
the Chief Executive Officer
Duccio Vitali

Annex 1

THE ALKEMY GROUP COMPANIES AS AT 30 June 2020

Below is a list of companies and significant equity investments held in the Group, indicating the companies divided up by type of control and consolidation method.

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

Figures expressed in thousands

Business name	Registered office	Currency	Share capital (in local currency)	Held by	Percentage of control
Parent company					
Alkemy S.p.A.	Milan	Euro	588		
Subsidiaries consolidated on a line-by-line basis:					
Nunatac S.r.l.	Milan	Euro	50	Alkemy S.p.A.	70
Bizup S.r.l.	Rome	Euro	85	Alkemy S.p.A.	100
Alkemy Play S.r.l.	Milan	Euro	10	Alkemy S.p.A.	51
Ontwice Interactive Services S.L.	Madrid	Euro	9	Alkemy S.p.A.	64
Alkemy Iberia S.L.	Madrid	Euro	10	Alkemy S.p.A.	65
Alkemy SEE D.o.o.	Belgrade	Serbian dinar	48,402	Alkemy S.p.A.	70
Alkemy USA Inc. (in liquidation)	New York	USD	520	Alkemy S.p.A.	100
Ontwice Interactive Services de Mexico S.A. de C.V.	Mexico City	Mexican peso	100	Ontwice Interactive Services S.L.	64
OIS Marketing Digital S.A. de C.V.	Mexico City	Mexican peso	50	Ontwice Interactive Services S.L.	64
Alkemy Digital Hub D.o.o.	Belgrade	Serbian dinar	120	Alkemy SEE D.o.o.	36
Kreativa New Formula D.o.o.	Belgrade	Serbian dinar	601	Alkemy SEE D.o.o.	36
Alkemy Play D.o.o.	Belgrade	Serbian dinar	-	Alkemy Play S.r.l.	51
Related companies measured using the equity method					
Design Group Italia S.r.l.	Milan	Euro	119	Alkemy S.p.A.	20

Annex 2

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

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

Figures in thousands of euros

	30 June 2020	**of which with related parties**	**30 June 2019**	**of which with related parties**
Revenue from sales and services	36,667		39,930	10
Other revenue and income	448		1,738	
Total operating revenue and income	**37,115**		**41,668**	**10**
Costs for services, goods and other operating costs	(20,036)	(135)	(24,620)	(429)
Personnel expense	(14,154)	(880)	(14,322)	(969)
Total costs and other operating costs	**(34,190)**	**(1,015)**	**(38,942)**	**(1,398)**
Gross operating profit	**2,975**	**(1,015)**	**2,726**	**(1,388)**
Depreciation	(858)		(861)	
Provisions and impairment	(348)		(129)	
Operating profit	**1,719**	**(1,015)**	**1,736**	**(1,388)**
Net gains (losses on) equity investments	17		0	
Financial income	447		137	
Financial expense	(1,021)		(667)	
Pre-tax profit (loss)	**1,162**	**(1,015)**	**1,206**	**(1,388)**
Income taxes	(518)		(403)	
Profit (loss) for the year	**644**	**(1,015)**	**803**	**(1,388)**

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

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

Figures in thousands of euros

Assets	30 June 2020	of which with related parties	31 Dec. 2019	of which with related parties
Non-current assets				
Property, plant and equipment	902		980	
Right-of-use assets	3,501		3,907	
Goodwill	31,757		31,752	
Intangible assets with a finite useful life	795		971	
Equity investments	1,095		1,078	
Non-current financial assets	1,681		1,555	
Deferred tax assets	1,072		1,203	
Other non-current receivables and assets	181		165	
Total non-current assets	**40,984**	**-**	**41,611**	**-**
Current assets				
Inventories	30		61	
Trade receivables	27,616	12	31,791	12
Current financial assets	86		115	
Tax assets	1,207		3,663	
Other current assets	3,701		5,153	
Cash and cash equivalents	13,873		9,581	
Total current assets	**46,513**	**12**	**50,364**	**12**
Total assets	**87,497**	**12**	**91,975**	**12**

Figures in thousands of euros

Liabilities and Shareholders' Equity	30 June 2020	of which with related parties	31 Dec. 2019	of which with related parties
Equity				
Share capital	588		588	
Reserves	32,883		31,274	
Profit/(loss) for the year	655		(139)	
Equity attributable to owners of the parent	**34,126**	**-**	**31,723**	**-**
Equity attributable to non-controlling interests	**274**		174	
Total net equity	**34,400**	**-**	**31,897**	**-**
Non-current liabilities				
Financial liabilities	8,353		8,968	
Lease liabilities from right of use	2,702		3,103	
Put option liabilities	8,747		10,973	
Employee benefits	4,469		4,356	
Provisions for risks and charges	86		44	
Deferred tax liabilities	31		17	
Total non-current liabilities	**24,388**	**-**	**27,461**	**-**
Current liabilities				
Financial liabilities	5,218		2,533	
Lease liabilities from right of use	848		844	
Put option liabilities	2,326		2,369	
Trade payables	12,909	458	17,142	769
Tax liabilities	1,651		1,617	
Other liabilities	5,757	124	8,112	
Total current liabilities	**28,709**	**582**	**32,617**	**769**
Total liabilities	**53,097**	**582**	**60,078**	**769**
Total liabilities and equity	**87,497**	**582**	**91,975**	**769**

ATTESTATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 81-*TER* OF THE CONSOB REGULATION 11971 OF 14 MAY 1999 AS SUBSEQUENTLY AMENDED AND INTEGRATED

1. We the undersigned, Duccio Vitali, Chief Executive Officer and Claudio Benasso, the manager appointed to prepare the company's accounting documents of Alkemy S.p.A., having also taken into account the provisions of Art. 154-bis, paragraphs 3 and 4, of the Italian Legislative Decree no. 58 dated 24 February 1998, hereby certify:

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

   of the administrative and accounting procedures for the preparation of the interim condensed consolidated financial statements, during H1 2020.

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

   - are consistent with the underlying books and accounting records;
   - have been prepared in accordance with the Accounting Standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002;
   - provide a true and correct representation of the financial position of the issuer and the group of companies included in the scope of consolidation.

3. Finally, it is certified that the Interim Report on Operations contains a reliable analysis of the business outlook and management result, the financial position of the Company and group of companies included in the scope of consolidation and a description of the main risks and uncertainties to which they are exposed. The Interim Report on Operations also contains a reliable analysis of information on significant related party transactions.

Milan, 11 September 2020

Chief Executive Officer	Manager appointed to prepare the company's accounting documents
Duccio Vitali	**Claudio Benasso**