



Alkemy S.p.A.

Interim Financial Report
at 30 June 2021

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



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Corporate bodies of Alkemy S.p.A.

Board of Directors

Alessandro Mattiacci	Chairman
Vittorio Massone	Deputy Chairman
Duccio Vitali	Chief Executive Officer
Massimo Canturi Riccardo Lorenzini	Director and General Manager 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 at 30 June 2021 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 2021:

	Figures in thousands of euros	
	30 June 2021	30 June 2020
Net revenue	44,549	37,115
Gross operating profit (loss) (Adjusted gross operating profit) ¹	5,041	2,925
Operating profit (Adjusted operating profit) ²	4,033	1,719
Period profit	1,576	644
Average number of employees	590	518

	Figures in thousands of euros	
	30 June 2021	30 June 2020
Italy revenue	30,433	27,644
Export revenue	14,116	9,471
Net revenue	44,549	37,115

	Figures in thousands of euros	
	30 June 2021	31 Dec. 2020
Net invested capital	56,689	43,774
Net financial position	(24,109)	(12,378)
Equity	32,580	31,396

¹ Adjusted gross operating profit is the value determined by deducting the Costs for services, goods and other operating costs and Personnel expense, with the exclusion of non-recurring costs, from revenue.

² Adjusted operating profit is the value determined by deducting the Costs for services, goods and other operating costs and Personnel expense, Amortisation, depreciation and impairment, with the exclusion of non-recurring costs, from revenue.



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 ninth year, boasting an ever more extensive alchemy of integrated competences in the areas of Consulting, Communication, Performance, Technology, Data & Analytics and Design, which form a professional community numbering 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 10 offices: in addition to the Milan headquarters, it also operates in Turin, Rome, Cagliari and Rende (Cosenza), Madrid, Belgrade, Mexico City, New York and Reykjavik.

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.

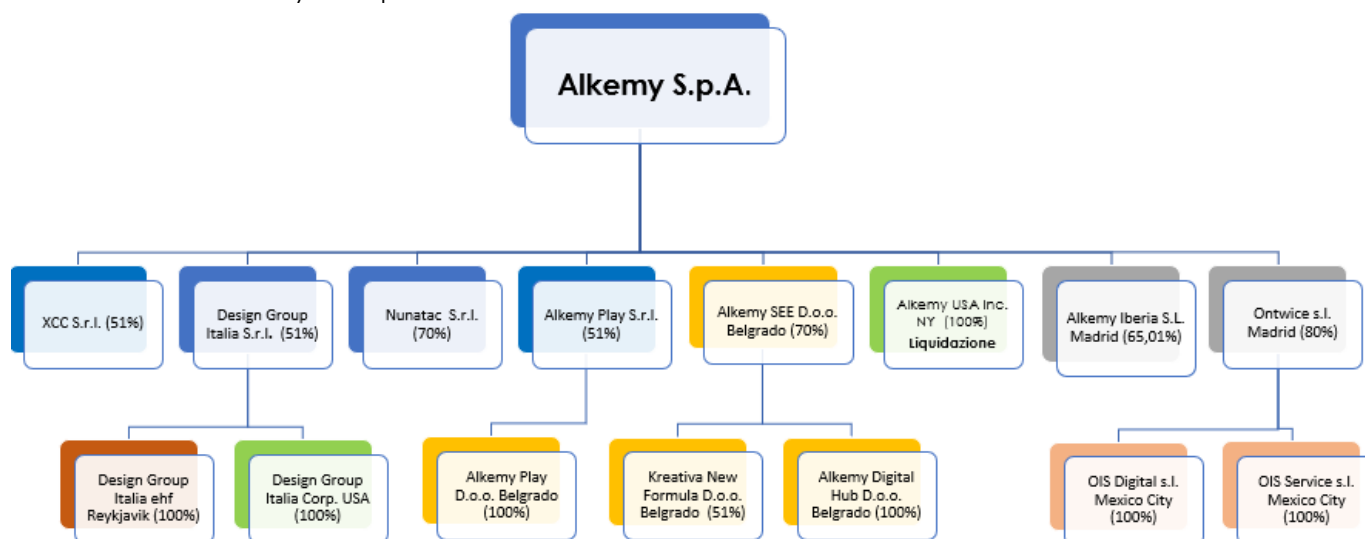
From when it was listed, in just two years, Alkemy has doubled up its turnover and in December 2019, it finalised the switch to Borsa Italiana's main market, in the STAR segment dedicated to medium enterprises that undertake to meet standards of excellence in terms of transparency, corporate governance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



Group structure

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

Below is the Alkemy Group structure at 30 June 2021.



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

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 based in Belgrade, established in 2016 with capital held 30% by the Chief Executive Officer, a local entrepreneur; it operates in strategic consultancy and digital advisory services. The company has a 51% stake in **Kreativa New Formula D.o.o.** and holds 100% of **Alkemy Digital Hub D.o.o.**

Alkemy USA Inc. in liquidation: company based in New York, acquired in 2013, not operative.

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

Ontwice Interactive Service S.L.: company based in Madrid, acquired in July 2018, of which Alkemy S.p.A. holds 80% of the capital (with completion of the remaining 20% of the share capital through put&call options to be exercised in September 2021); it is one of the leading digital agencies in Spain. It 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 and previously held by Ontwice Interactive Service S.L.

eXperience Cloud Consulting S.r.l. ("XCC"): company acquired in April 2021, specialised in Cloud Computing solutions in CRM, Gold Consulting Partner of Salesforce, qualified to implement and develop integrated, multi-channel digital business solutions, from the CRM Cloud through to Marketing Automation, for B2B, B2C, Commerce and Retail. The put&call options envisaged by



contract, will allow the Parent to acquire the whole of the capital by the first half of 2026.

Design Group Italia S.r.l. ("DGI"): company operating in "innovation & design", in which the stake held has gone from 20% to 51% of the share capital, following exercise of the put option in June 2021. The put&call options envisaged by contract, will allow the Parent to acquire the entire capital in 2023. The Company controls two legal entities operating respectively in Iceland and the USA.

Business areas

In response to the continuous evolutions of the market on which the Company operates and to anticipate the needs of its customers, in February 2020, 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 too, designed to stimulate the relevant progress and update.

Starting April 2021, with completion scheduled during the second quarter, a new Group organisation has started operating in Italy, structured by function (rather than competence), with the aim of ensuring a better focus on key accounts, with the establishment of a dedicated sales structure ("go-to-market"), supported by a pre-sales/business development unit and a delivery structure, whose priority aim is to execute projects/services offered commercially, through competence centres representing and applying the various disciplines practised within the Group, specifically:

- > **Consulting:** it analyses, designs and quantitatively assesses (business case and business plan) innovative solutions aiming to 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.
- > **Performance Marketing:** with the aim of speeding up on-line performance, it offers Alkemy customers the know-how and most innovative tools to promote its on-line brands and products. It thus manages all planning and procurement activities for its customers on the main digital media, search engines and social media, determining the investments needed to strengthen and improve consumer perception of the brands and products and speeding up sales on proprietary and third party e-commerce channels, thereby overcoming conventional marketing approaches;
- > **Tech:** this is Alkemy's technological soul and it is specialised in the design, development and operation of technologies for the digital evolution of the B2B and B2C channels, front-end solutions, CRM, CMS, Portals, Apps, etc. The business unit consolidates and strengthens Alkemy's mission, reinforcing technological competences and the capacity to oversee one of the areas enjoying greatest growth and development: that of Digital Transformation;
- > **Data & analytics:** it offers concrete support to businesses in order to improve their business performance through the analysis of data available (both that of CRM or of other internal systems, and data coming from all actions on the digital world) and the implementation of analytics models. The techniques used for data analysis range from traditional statistical analysis through to Advanced Analytics & Machine Learning, Real Time Next Best Action,



Digital Customer Intelligence, Campaign Plan Optimisation, Data Environment Design, Implementation and Management

- > **Brand Experience:** it plans, designs and realises the enterprises' brand experience, in a fully integrated manner, putting the end consumer right at the heart through digital and physical touchpoints and more "traditional" forms of communication, with the ultimate aim of generating value both for the customer itself and the end consumer. Developing and transforming the touchpoints into a unique experience, which communicates consistently a strong, innovative, distinctive brand, Alkemy offers its services as an essential partner; it assists the customer in preparing and structuring brand strategies and creativity, advertising campaigns, products or services for commercial businesses and, in general, communication with consumers; including through the management of the corporate digitisation process using a BPO (Business Process Outsourcing) model for the digital processes.
- > **Product & Space Design:** on a "design thinking" base, it is devoted to designing services, physical and digital products that impact everyday lives and the physical spaces/environments in which people and brands interact and can share significant experiences; it takes an omni-channel approach, focussing on creating value through innovating the experience. Analysing customers' businesses, including their processes, culture and resources, it aims to foster additional commercial opportunities and innovate the end customer experience.

Interim Report on Operations

Performance H1 2021

During H1 2021, all Italian and foreign companies of the Group continued their work almost entirely from remote, also in line with the instructions given by the various local governments on the prevention of the spread of the pandemic, which differ in the various regions and countries in which the Group has its offices and businesses. The start-up of the vaccination campaign in Italy, to which many Group workers have gladly adhered, is in any case helping work to resume *in situ*, in compliance with current regulations. The Group's management continues to constantly monitor the developments of the pandemic events, in order to be able to react promptly, taking all action necessary to limit any possible further impact on worker health and safety and business.

In this complex, uncertain context, but in which we are in any case starting to see clear signs of a recovery, the general business performance, as better detailed below, was very much positive. The Alkemy Group closed to the first half of the year with 20% growth in revenue and income over 30 June 2020 and with a considerable improvement seen in margins, resulting in adjusted period consolidated EBITDA of 5,041 thousand euros (2,925 thousand euros in the comparison period) and an important generation of operative cash for approximately +3.9 million euros (+3.4 million euros in the comparison period). The reduction in the Net Financial Position, from -12.4 million euros to -24.1 million euros is mainly due to items that do not relate to the core business and which are instead connected with the change in the Group scope. Finally, please note that at 30 June 2021, the Group's average number of employees in the period increased by almost 14% (590 vs 518 at 30 June



2020), as confirmation of management's positive expectations in terms of the business performance in future periods.

Key financial figures

The Group's reclassified income statement for H1 2021, compared with the figures booked at 30 June 2020, is as follows:

	Figures in thousands of euros	
	30 June 2021	30 June 2020
Net revenue	44,549	37,115
Services, goods and other operating costs	22,197	20,036
Personnel expense	17,311	14,154
Gross operating profit (loss) (Adjusted gross operating profit)	5,041	2,925
Amortisation, depreciation and impairment	1,008	1,206
Operating profit (adjusted EBIT)	4,033	1,719
Expense on (income from) equity investments	308	(17)
Financial income (expense)	272	574
Non-recurring expense (income)	855	-
Pre-tax profit	2,598	1,162
Income taxes	1,022	518
Period profit	1,576	644
Other items recognised in equity	28	(110)
Comprehensive period result	1,604	534
Equity attributable to non-controlling interests	18	(11)
Profit (loss) attributable to the owners of the parent	1,586	545

The Group's consolidated economic position for H1 2021 shows total net revenue of 44,549 thousand euros, as compared with 37,115 thousand euros during the previous period, up 7,434 thousand euros (+20%), due to the foreign sector for 4,645 thousand euros and for 2,789 thousand euros to the Italy sector.

Revenue recorded in Italy, which accounts for 68.3% of consolidated revenue (74.5% in the same period of 2020), totals 30,433 thousand euros (27,644 thousand euros in the comparison period), up 10.1% only partly due to the inorganic growth consequent to the acquisition of the majority share of Design Group Italia S.r.l. (DGI) and eXperience Cloud Consulting S.r.l. (XCC). The Italian profit/loss for the first half also exceeded expectations, following the general holding fast of the key Italian accounts and related active contracts, which did not suffer the generalised partial lock-down. Abroad, revenue reached 14,116 thousand euros, as compared with the 9,471 thousand euros of the same period of 2020 (+49%), in particular thanks to the positive results booked by the Spanish and Mexican subsidiaries.

Operating costs (net of non-recurring items) went from 34,190 thousand euros during H1 2020 to 39,508 thousand euros in H1 2021, up 5,318 thousand euros (+15.6%), with growth that is less than proportional to the revenue achieved. More specifically, costs for services, goods and other operating costs (net of non-recurring items), which came to 22,197 thousand euros in 2021 (20,036 thousand euros H1 2020), rose by 10.8% on the same half of last year and personnel expense (net of non-recurring items), of 17,311 thousand euros in 2021 (14,154 thousand euros H1 2020) rose by 22.3%



on the same half of last year. The incidence of operating costs on revenue therefore records a reduction of 3.43 percentage points: this result is primarily due to the efficiency-enhancing action taken that has led to the insourcing of certain activities previously outsourced, above all in the technology area.

The increase in revenue and careful management of operating costs have led to a better adjusted gross operating profit of 5,041 thousand euros, up 72.3% on the 2,925 thousand euros of the first half of 2020. The H1 2021 adjusted EBITDA Margin³ came to 11.3%, up 3.4 percentage points on the comparative period (7.9%).

Operating profit, net of non-recurring items, comes to 4,033 thousand euros, more than double the result of the first six months of 2020 (1,719 thousand euros).

Period financial income and expense comes to 272 thousand euros as compared with 574 thousand euros for the comparison period.

The period result is positive for 1,576 thousand euros, as compared with 644 thousand euros for the comparison period.

Main balance sheet figures

Below is the Group's reclassified statement of financial position at 30 June 2021, compared with that at 31 December 2020:

	Figures in thousands of euros	
	30 June 2021	31 Dec. 2020
Non-current assets	52,530	40,877
Current assets	35,521	35,251
Current liabilities	(24,801)	(26,961)
Net working capital	10,720	8,290
Post-employment benefits	(6,248)	(5,087)
Provision for risks, charges and deferred tax	(313)	(306)
Net invested capital	56,689	43,774
Equity	32,580	31,396
Non-current financial liabilities	21,952	16,969
Current own funds	2,157	(4,591)
Net financial position	24,109	12,378
Total sources of finance	56,689	43,774

The equity and financial data at 30 June 2021 indicate net invested capital of 56,689 thousand euros, to be compared with 43,774 thousand euros at 31 December 2020 and consists of:

- 52,530 thousand euros in fixed assets (40,877 thousand euros at 31 December 2020) of which 41,250 thousand euros for goodwill and 6,007 thousand euros for rights of use (at the end of last year, they respectively came to 31,755 thousand euros and 3,122 thousand euros);
- 10,720 thousand euros, net working capital (8,290 thousand euros at 31 December 2020);
- 6,248 thousand euros, post-employment benefits (5,087 thousand euros at 31 December

³ The adjusted EBITDA Margin is calculated by comparing the adjusted gross operating profit to total revenue and income.



2020).

Equity, of 32,580 thousand euros, records a rise of 1,184 thousand euros on 31 December 2020, mainly due to the positive comprehensive net period result (1,604 thousand euros), the increase in the long-term incentive plan reserve (596 thousand euros), the dividends resolved in the favour of Spanish minority shareholders (-706 thousand euros) and the purchase of treasury shares (-456 thousand euros).

The net financial position (negative) is 24,109 thousand euros and the related reduction of 11,731 thousand euros on 31 December 2020 (negative for 12,378 thousand euros) is detailed in the next paragraph.

Main financial figures

The table below details the net financial position at 30 June 2021 compared with that at 31 December 2020:

	Figures in thousands of euros	
	30 June 2021	31 Dec. 2020
Bank deposits	15,384	18,835
Cash on hand	5	5
Cash and cash equivalents	15,389	18,840
Non-current financial assets	388	-
Current financial assets	82	82
Bank loans and borrowings	(9,852)	(11,353)
Put option liabilities	(7,440)	(3,115)
Loans and borrowings from other financial backers	(389)	(86)
Lease liabilities from application of IFRS 16	(4,659)	(2,415)
Non current financial liabilities	(22,340)	(16,969)
Bank loans and borrowings	(4,286)	(4,616)
Put option liabilities	(11,876)	(8,923)
Loans and borrowings from other financial backers	(17)	(16)
Lease liabilities from application of IFRS 16	(1,449)	(776)
Current financial liabilities	(17,628)	(14,331)
Net financial position	(24,109)	(12,378)

The Group's net financial position at 30 June 2021 is negative for 24,109 thousand euros (negative for 12,378 thousand euros at 31 December 2020), with a period reduction of 11,731 thousand euros. This change, detailed and explained in the Statement of Cash Flows given over the next few pages, is mainly due to:

- +1,831 thousand euros for the reduction in current bank loans, due to the combined (i) repayment of the instalments envisaged on the repayment plans and (ii) extension of the consolidation scope following, in particular, the acquisition of the majority of DGI S.r.l.;
- -7,278 thousand euros for the recording of new put liabilities relating to the companies DGI S.r.l. and XCC S.r.l.;
- -3,451 thousand euros for the decrease in cash and cash equivalents;
- -2,917 thousand euros for the increase in lease liabilities due to the application of IFRS 16, mainly as a result of (i) the stipulation of two new lease contracts for properties situated



respectively in Milan and Rome, (ii) the extension of the term of additional contracts relative to the Milan site and (iii) the extension of the consolidation scope, following, in particular, the acquisition of the majority share of DGI S.r.l..

The increase in short-term debt is mainly linked to the approach of the date of exercise of the put options on the shares held by the non-controlling investors, which, for the companies Nunatac, Ontwice Spain, Alkemy Iberia, and for a first portion of Kreativa New Formula, is contractually envisaged in the next 12 months.

Significant events during the period

On 06 April 2021, the binding agreement was completed, signed by Alkemy SPA on 11 March 2021 for the acquisition of 51% of the share capital of eXperience Cloud Consulting S.r.l. ("XCC"), an Italian company specialised in Cloud Computing solutions, Gold Consulting Partner of Salesforce, qualified to implement and develop integrated, multi-channel digital business solutions, from the CRM Cloud through to Marketing Automation, for B2B, B2C, Commerce and Retail. The purchase was made by means of paying 1.4 million euros (5.6 times the 2020 booked gross operating profit), through the use of own funds. The total equity value of the transaction is estimated at approximately 2.750 million euros.

As already mentioned previously, starting April 2021, the new Group organisation is in place in Italy, operating by functions (rather than competence), the positive effects of which are already visible in the results achieved. During Q2 2021, the final operating steps and processes were defined and implemented, meaning that it was fully up and running during the second half of 2021.

On 23 April 2021, the shareholders' meetings of the two Mexican subsidiaries appointed Luca Nan, an Italian manager with considerable experience on the South American markets, as new CEO. He has been tasked by the Parent Company with consolidating business in Mexico and developing the Alkemy business model in that region, exploiting the expected post-Covid recovery. The greater focus on that area is confirmed by the resolution passed by the shareholders' meeting of Ontwice s.l. (Madrid) passed last 7 May, to proceed with the spin-off of the Mexican investees, which, upon completion of the transaction, will be fully held by a new legal entity (Alkemy South America s.l. with registered office in Madrid), which will act as a holding company for the south American business. Completion of the spin-off, giving rise to said legal entity, took place early September following the relevant entry made with the local Company Register.

The Alkemy S.p.A. financial statements at 31 December 2020, which were approved by the Company's Board of Directors last 22 March, were submitted to the Shareholders' Meeting on 26 April 2021; they resolved in their favour, ruling that the profit should be carried forward. The same Shareholders' Meeting also confirmed the appointment of Massimo Canturi as director, who had been co-opted on 23 July 2020 from the Board of Directors of Alkemy S.p.A., of which he was a member. Following his appointment, the Board of Directors, which met on that same date, confirmed the powers and position of General Manager conferred upon Massimo Canturi by Board resolution passed on 11 September 2020.

The Shareholders' Meeting held on 26 April 2021 also approved the amendments to the Long Term



Incentive Plan 2020/2023, with effect from 01/01/2021, in order to bring it into line with the strategic objectives of the business plan adopted by the Company for the period 2021/2023 and, therefore, with the long-term interests that the Company accordingly intends to pursue.

This meeting of the Shareholders of Alkemy S.p.A. also resolved to purchase and dispose of ordinary shares in the Company for the purposes and according to the terms approved by the Board of Directors on 22 March 2021, namely the purchase of treasury shares for up to eighteen months, in order to: (i) use the treasury shares as an investment, for an efficient use of the cash and cash equivalents generated by the Company's core business and (ii) be able to use the treasury shares to assign to the beneficiaries of potential incentive plans resolved by the competent corporate bodies in the favour of Company employees and directors; and (iii) allow for the use of the treasury shares under the scope of transactions linked to core management, i.e. projects consistent with the growth and expansion lines the Company intends to pursue in connection with which the share exchange opportunities shall take concrete form with the main aim of perfecting the corporate integration with potential strategic partners. For more information, refer to the next section.

On 11 June 2021, Alkemy S.p.A. acquired a further 31% of the share capital of Design Group Italia (DGI); consequently, the Company now holds a comprehensive stake of 51%, giving it control over the share capital. This transaction follows the agreement stipulated with three founding members on 16 July 2019, which envisaged not only the purchase of 20% of DGI but also put&call options by virtue of which Alkemy was to acquire the entire capital in two subsequent tranches, of which the first is that already exercised and mentioned here and the next, for 49% of the capital, will be exercised in 2023. The price for 31% of the capital of DGI came to approximately Euro 1.3 million, which was paid using own funds.

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

In Italy, where most of the Group's operations take place, the digital market is less mature than the rest of the continent and, in particular, as compared with France, the Anglo-Saxon countries and Northern Europe.

However, every single business, citizen, institution, public administration and therefore the whole country, precisely starting from the end of the first quarter of 2020, had to react to what was happening following the sudden pandemic, finding a ready solution to some of the problems that had arisen in the digital tools. This emergency significantly boosted the behavioural change of all Italians who, with no particular distinction drawn between different ages, income, social classes and geographic areas, rapidly adapted to the new contexts and different working (and other) scenarios as they arose, adopting digital tools with a now irreversible trend. Clear evidence is provided, for example, with: the massive use of the internet, now 84% of the population (it had been 70% in 2019), the increase in e-commerce (+6.3% in value on 2019, despite the 8.9% reduction in the GDP), the extensive adoption of remote working (for at least 15% of workers), the common use of communication platforms, both at work and in teaching, the increased use of home banking and the further spread of social networks (+58%). This trend was confirmed during H1 2021, also in view of the vaccination campaign still in progress, which is finally allowing the country to gradually return to normality.

Consequently, the growth rate set to characterise Italy over the next few years could be even more



significant, with the potential for both a recovery of the gap with respect to other European countries and an extension of the potential business area associated with Alkemy's business, in light, above all, of the evidence that the use of digitisation has become a need (and no longer an option) for all companies of any segment.

In 2020, Alkemy's reference domestic market was worth approximately 5.7 billion euros, down by approximately 1.5% on 2019 following the impacts of the health emergency. The annual growth expected for the period 2020-2023 is 9.2%.

In the other countries in which the Group operates, in different times, dimensions and manners, a significant market recovery is being seen in terms of consumptions, GDP and employment, with positive prospects for the sector in which Alkemy operates too, growth expectations for which are returning back towards pre-Covid forecasts.

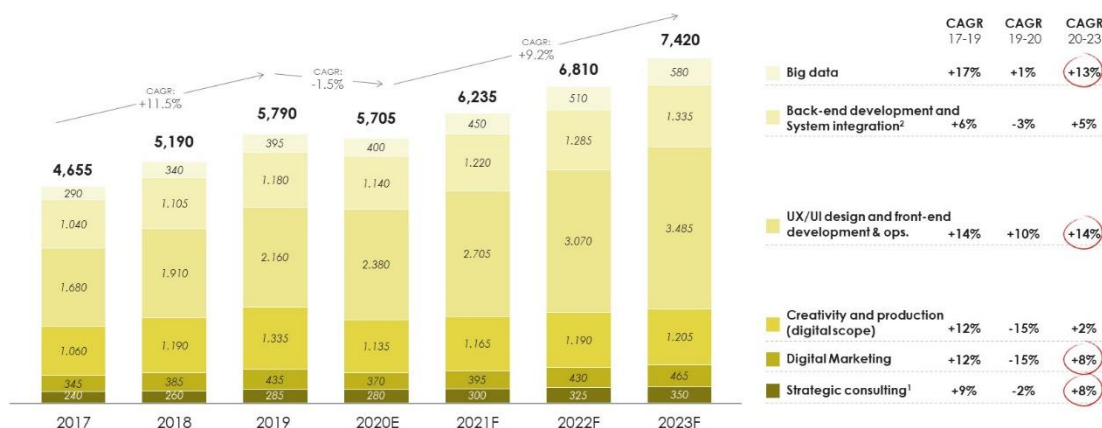
Supplementing the Italian market with that of foreign countries, the compound annual growth rate in the three years 2020-2023 of the potential comprehensive market is forecast to exceed 11% over the three years.

A



Alkemy market forecast per business area - Historic and future trend

Reference market value of Alkemy, 2017-2023, figures in million euros



Source: Alkemy analysis on industry report Assoconsult, IAB, Nielsen, Politecnico di Milano, PWC, Accenture, Asinform

(1) Only includes digital and innovation consultancy
(2) Includes CRM, Middleware and Asset Management

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 foreign 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.



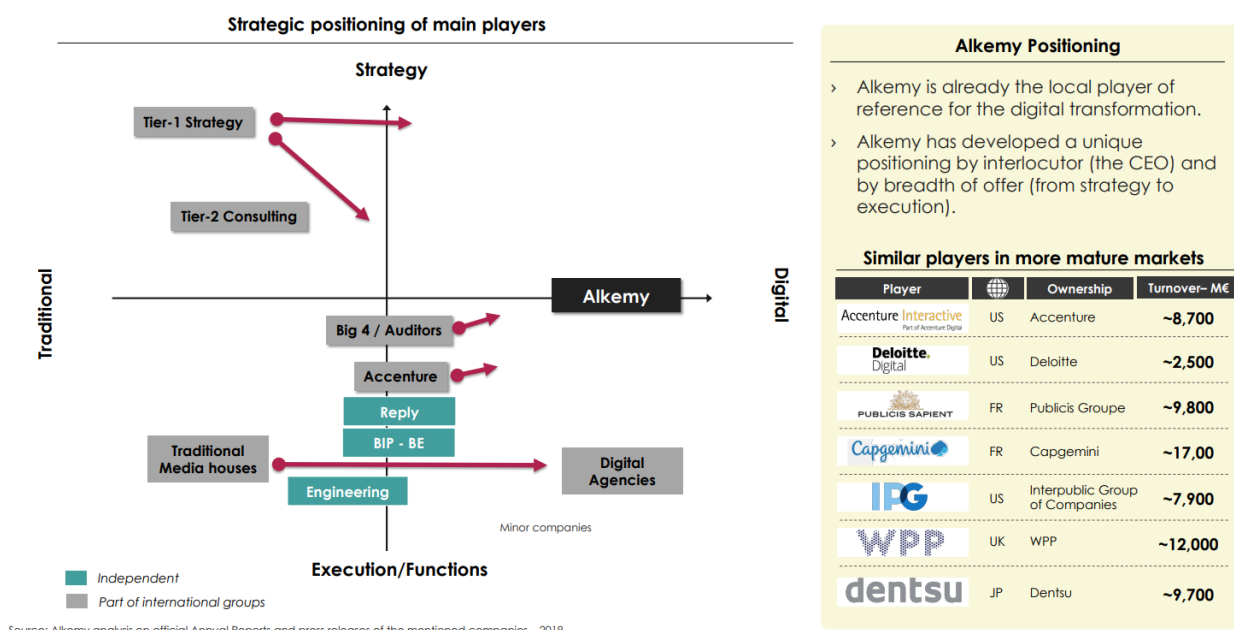
More specifically, on the more advanced, digitally more evolved markets, the lead players have consolidated their market positions, aggregating small independent players and thereby anticipating the same process implemented by Alkemy.

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.

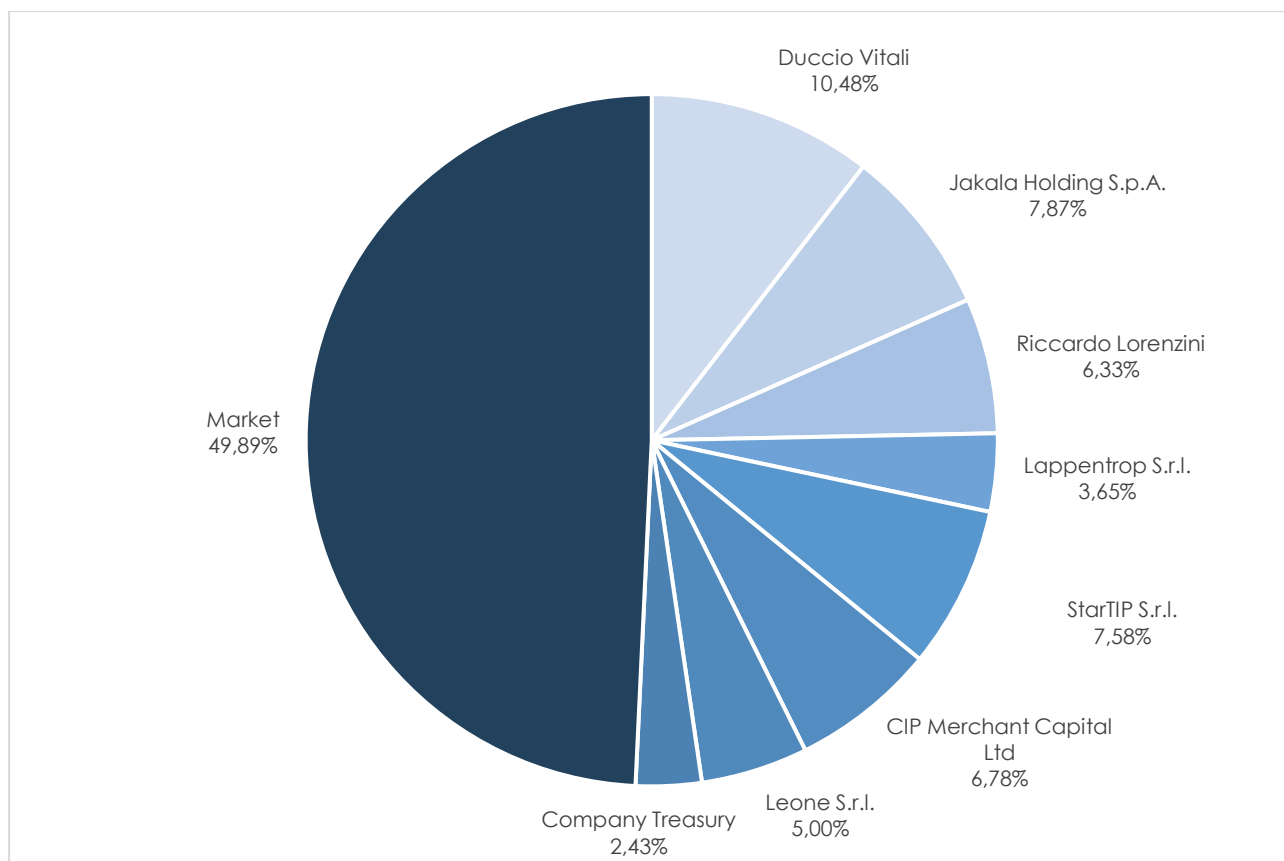
The STAR segment of Borsa Italiana is dedicated to medium enterprises with capitalisation of between 40 million and 1 billion euros, which undertake to respect requirements of excellence in terms of:

- 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, at 30 June 2021, a total of 7,122,600 voting rights and, specifically:

(i) 4,096,620 ordinary shares, without loyalty shares, conferring 4,096,620 voting rights (ii) 1,512,990 ordinary shares, with loyalty shares, conferring 3,025,980 voting rights.

Ownership structure (significant shareholdings) at 30.06.2021



*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 30.06.2021: €14.90

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

Capitalisation at 30.06.2021: €83,583,189.00

Alkemy share performance during H1 2021

During the first half of 2021, the Alkemy share performed positively from the start of the year of 112%. The share price in fact benefited on the one hand from the excellent margins achieved in 2020 and the early months of 2021 and on the other, from the greater market trust in respect of the handling of the Covid-19 emergency. The period low of 6.50 euros was reached on 25 January 2021. Over the following months, the security grew progressively, up to its peak since listing, of 15.70, on 10 June 2021.

The graph below compares the performance of the Alkemy security with the FTSE Italia Small Cap and the FTSE Italia STAR index from the listing date of 5 December 2017 to 30 June 2021.



A total of 2.445 million in Alkemy shares were traded in H1 2021, an increase of more than 30% on the 1.856 million euros of shares traded in H1 2020. The value of trades made in H1 2021 came to 24.457 million euros, up more than 182% on H1 2020's 18.563 million euros.



The graph below shows the performance of the Alkemy security and the turnover of exchanges from 05 December 2017 to 30 June 2021 and the daily turnover of exchanges.



Analyst Coverage

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

Valuation and consensus

- Intermonte: bases the valuation of the Alkemy share on the DCF model and peer analysis
The target price went from 15.10 euros, with an OUTPERFORM recommendation dating back to May 2021, to 18.30 euros with an OUTPERFORM recommendation in August 2021.
- Intesa Sanpaolo: bases the valuation of the Alkemy share on the DCF model and peer analysis
The target price went from 10.70 euros, with a BUY recommendation dating back to February 2021, to 14.50 euros with an ADD recommendation in May 2021.
- Mediobanca: bases the valuation of the Alkemy share on the DCF model and peer analysis
The target price went from 10.40 euros, with an OUTPERFORM recommendation dating back to February 2021, to 16.40 euros with an OUTPERFORM recommendation in May 2021.



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 2021, the Group met its current and non-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 grace period) for the remainder. The reasoning behind this choice is, on the one hand, the desire not to have non-recurring operations interfere with the Group's ordinary operations, and, on the other, to maintain a suitable period of time for the growth, integration and consolidation of investments made and, therefore, to be able to repay the liability 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 and 4 cap options to hedge the risk of a rise in interest rates for the majority of the medium-term loans stipulated in 2020.

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 H1 2021, the Group invested in property, plant and equipment and intangible assets for a total amount of 562 thousand euros (115 thousand euros in H1 2020), as follows:

- tangible fixed assets for 331 thousand euros (82 thousand euros in H1 2020), mainly relating to hardware purchases for internal use;
- intangible fixed assets for 231 thousand euros (33 thousand euros during H1 2020), mainly relative to the implementation of the CRM software, essential 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 38 of the interim condensed consolidated financial statements.

Research and development

During the period, the Group launched various initiatives in research and development (R&D), with the continued pursuit of projects that had started in previous years, incurring costs for both personnel expense (212 thousand euros) and external consultancy (51 thousand euros), for a total of 263 thousand euros (1,506 thousand euros in H1 2020). For these projects, partly backed by Special



Finance tenders, the parent Alkemy S.p.A. consequently recognised proceeds for grants of 120 thousand euros (247 thousand euros in H1 2020) as well as obtaining multi-year loans correlated with these initiatives, at subsidised rates and conditions, for 96 thousand euros.

Treasury shares

The meeting of the Shareholders of Alkemy S.p.A. held on 26 April 2021 resolved to purchase and dispose of ordinary shares in the Company for the purposes and according to the terms approved by the Board of Directors on 22 March 2021, namely the purchase of treasury shares for up to eighteen months, in order to: (i) use the treasury shares as an investment, for an efficient use of the cash and cash equivalents generated by the Company's core business and (ii) be able to use the treasury shares to assign to the beneficiaries of potential incentive plans resolved by the competent corporate bodies in the favour of Company employees and directors; and (iii) allow for the use of the treasury shares under the scope of transactions linked to core management, i.e. projects consistent with the growth and expansion lines the Company intends to pursue in connection with which the share exchange opportunities shall take concrete form with the main aim of perfecting the corporate integration with potential strategic partners.

During the second quarter, the Company therefore acquired a total of 35,000 treasury shares (0.62% of the Company's share capital) at the weighted average price of Euro 12.9939 each, net of commission, for a total outlay of 456 thousand euros.

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

The Company has also assigned and transferred 11,268 shares, worth 93 thousand euros, to the Parent Company's Chairman and CEO, in execution of the "Long Term Incentive Plan", in connection with 50% of the shares accrued by them on the 2020 result.

At 30 June 2021, the Company held 136,268 treasury shares, accounting for 2.43% of the share capital (112,536 at 31 December 2020, equal to 2.01% of the share capital) for an equivalent value of 1,456 thousand euros, deriving from buy-back plans carried out by the Company.

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 an appropriate manner to foster and encourage the relationship between the Company and the employees, offering a valid incentive for a lasting, professional relationship. During the last six years (2014, 2015, 2016, 2017, 2018 and 2019), the Group has adopted various stock option plans, thereby confirming its appreciation of this instrument, which is believed to strengthen the bond between the company and its employees.

Below, in chronological order, are the various resolutions passed in relation to the stock option plan assignments that are still being vested and/or exercised to date.

- on 16 November 2017, the Shareholders' Meeting resolved a further share capital increase for the purpose of future stock option plans, for a total of 222,200 new shares, to be exercised within 5 years, with strike price set at the listing price, whose first partial assignment is



envisaged for 2018 and the subsequent ones starting 2019, applicable to the results achieved by each beneficiary last year.

- on 12 June 2018, in response to the shareholders' meeting resolution passed on 16 November 2017, the Board of Directors of Alkemy S.p.A. decided to assign a new stock option plan (2018-2021) aimed at offering incentive to certain employees of the Parent and certain directors of BizUp S.r.l. More specifically, in view of a share capital increase for a nominal 7,663.72 euros (plus premium), up to 74,700 options have been assigned (for the subscription of an equal number of new ordinary shares in the Company for the price of 11.75 euros each), maturing each year in equal quantities, on the basis of the performance achieved during the year by the individual beneficiary, with their exercise, on a single occasion, at the end of the plan, after 36 months, during the second half of 2021;
- on 10 July 2019, in response to the shareholders' meeting resolution passed on 16 November 2017, the Board of Directors of Alkemy S.p.A., in view of a share capital increase for a nominal 15,133.78 euros (plus premium), up to 147,500 options were assigned (for the subscription of an equal number of new ordinary shares in the Company for a price of 11.75 euros each), decided to assign two new stock option plans:
 - the first (2019-2021) for a total of 96,500 options, aimed at offering incentive to certain employees of the Parent, of the subsidiaries Nunatac S.r.l. and Alkemy Iberia S.L. and of the investee DGI. More specifically, these options will vest each year in equal amounts, on the basis of the period performance achieved by the individual beneficiary, with exercise on a single occasion, at the end of the plan, after 24 months, during the second half of 2021.
 - the second (2019-2022) for a total of 51,000 options, aimed at offering incentive to three key managers in the Parent; more specifically, these options will vest every year in equal amounts, on the basis of the period performance achieved partly by the Group and partly by the individual beneficiary, with exercise on a single occasion, at the end of the plan, after 36 months, during the second half of 2022.

Significant subsequent events

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

On 8 July 2021, the Company acquired 30% of the residual share capital of the subsidiary Nunatac S.r.l. from the two founding members and two managers, thereby becoming its sole shareholder. The Company paid a price of approximately 4.9 million euros, using its own funds to do so. This transaction follows the exercise of the put&call options on the minority shares included in the agreement for purchasing 70% of Nunatac S.r.l., signed on 15 May 2018.

Starting from last 1 July, the Company launched another buyback tranche, which was concluded last 29 July, with the purchase of a total of 22,000 treasury shares or 0.39% of the share capital.

Outlook

At the date of approval of this interim financial report at 30 June 2021 is approved, all Italian and foreign companies of the Group continue their work almost entirely remotely, also in line with the instructions given by the various local governments on the prevention of the spread of the pandemic, which differ in the various countries and regions in which the Group has its offices and businesses. The Group's management continues to constantly monitor the developments of the pandemic events,



in order to be able to react promptly, taking all action necessary to limit any possible further impact on worker health and safety and business.

The evolution of operations forecast for H2 2021 will mainly depend on exogenous factors correlated primarily with the completion of the vaccination plan, this being the only effective solution by which to overcome the difficulties generated by the pandemic and confirm the country's economic recovery and, therefore, the resilience of the customer businesses, government support of the economy in general and investments in the digitisation of businesses.

Taking into account the results achieved in H1 2021, the progress made on the business in the following two months, except for the onset of any additional aggravating circumstances that are not always easy to predict (i.e. resuming of infections with the spread of additional pandemic variants and possible new lock-downs, delays in the vaccination plan), it is confirmed that the Group's expectation is to resume organic growth, both in terms of revenue and, above all, margins, benefiting both from the rationalisation and efficiency-enhancing of carried out last year and from the new organisation of the national companies that the Group implemented a few months back.

Milan, 13 September 2021

for the Board of Directors
the Chief Executive Officer
Duccio Vitali



Alkemy S.p.A.

Interim condensed consolidated financial statements
at 30 June 2021



Financial statements

Consolidated income statement (*)

Figures in thousands of euros			
	Notes	30 June 2021	30 June 2020
Revenue from sales and services	1	43,750	36,667
Other revenue and income	2	799	448
Total revenue and income		44,549	37,115
Services, goods and other operating costs	3	(22,211)	(20,036)
- of which non-recurring		(14)	-
Personnel expense	4	(18,152)	(14,154)
- of which non-recurring		(841)	-
Total costs and other operating costs		(40,363)	(34,190)
Gross operating profit		4,186	2,925
Amortisation and depreciation	5	(1,005)	(858)
Provisions and impairment losses	6	(3)	(348)
Operating profit		3,178	1,719
Net gains (losses on) equity investments	7	(308)	17
Financial income	8	143	447
Financial expense	9	(415)	(1,021)
Pre-tax profit (loss)		2,598	1,162
Income taxes	10	(1,022)	(518)
Profit/(loss) for the period		1,576	644
Attributable to:			
- Owners of the parent		1,558	655
- Non-controlling interests		18	(11)
Earnings (loss) per share	11		
Basic		0.282	0.119
Diluted		0.282	0.119

(*) In accordance with CONSOB Resolution no. 15519 of 27 July 2006, the effects of related party transactions on the Income Statement are highlighted in the specific table in annex 2 and are also described in Note 38.



Consolidated statement of comprehensive income

Figures in thousands of euros			
	Notes	30 June 2021	30 June 2020
Profit/(loss) for the period		1,576	644
Items that will be reclassified to profit or loss:			
Foreign operations - foreign currency translation differences		28	(110)
Total items that will be reclassified to profit or loss	25	28	(110)
Total other profit/(loss) net of the tax effect		28	(110)
Total comprehensive income/(expense)		1,604	534
Attributable to:			
- Owners of the parent		1,586	545
- Non-controlling interests		18	(11)



Statement of financial position (*)

Figures in thousands of euros			
Assets	Notes	30 June 2021	31 Dec. 2020
Non-current assets			
Property, plant and equipment	12	1,208	855
Right-of-use assets	13	6,007	3,122
Goodwill	14	41,250	31,755
Intangible assets with a finite useful life	15	693	650
Equity investments	16	5	1,174
Non-current financial assets	17	2,287	1,646
Deferred tax assets	18	1,214	1,470
Other non-current receivables and assets	19	254	205
Total non-current assets		52,918	40,877
Current assets			
Trade receivables	20	30,937	31,044
Current financial assets	21	82	82
Tax assets	22	1,610	1,441
Other current assets	23	2,974	2,766
Cash and cash equivalents	24	15,389	18,840
Total current assets		50,992	54,173
Total assets		103,910	95,050

(*) In accordance with CONSOB Resolution no. 15519 of 27 July 2006, the effects of related party transactions on the Statement of financial position are highlighted in the specific table in annex 2 and are also described in Note 38.



Statement of financial position (*)

Figures in thousands of euros			
Liabilities and Shareholders' Equity	Notes	30 June 2021	31 Dec. 2020
Equity	25		
Share capital		588	588
Reserves		30,162	28,762
Profit/(loss) for the period		1,558	1,792
Equity attributable to owners of the parent		32,308	31,142
Equity attributable to non-controlling interests	26	272	254
Total net equity		32,580	31,396
Non-current liabilities			
Financial liabilities	27	10,241	11,439
Lease liabilities	29	4,659	2,415
Put option liabilities	30	7,440	3,115
Employee benefits	31	6,248	5,087
Provisions for risks and charges	32	222	222
Deferred tax liabilities	33	91	84
Total non-current liabilities		28,901	22,362
Current liabilities			
Financial liabilities	27	4,303	4,632
Lease liabilities	29	1,449	776
Put option liabilities	30	11,876	8,923
Trade liabilities	34	13,437	14,688
Tax liabilities	35	2,739	1,688
Other liabilities	36	8,625	10,585
Total current liabilities		42,429	41,292
Total liabilities		71,330	63,654
Total liabilities and equity		103,910	95,050

(*) In accordance with CONSOB Resolution no. 15519 of 27 July 2006, the effects of related party transactions on the Statement of financial position are highlighted in the specific table in annex 2 and are also described in Note 38.



Consolidated statement of cash flows

Figures in thousands of euros			
	Notes	30 June 2021	30 June 2020
Cash flow from operating activities			
Profit/(loss) for the period		1,576	644
Expense on (income from) equity investments	7	308	(17)
Financial income	8	(143)	(447)
Financial expense	9	415	1,021
Income taxes	10	1,022	518
Amortisation	5	1,005	858
Provisions and impairment losses	6	3	348
Cost for share-based payments	4	390	360
Decrease (increase) in inventories		-	31
Decrease (increase) in trade receivables		3,565	3,868
Increase (decrease) in trade liabilities		(1,443)	(4,233)
Decrease (increase) in other assets		(310)	3,817
Increase (decrease) in other liabilities		(2,144)	(3,137)
Financial expenses paid		(163)	(136)
Income tax paid		(216)	(109)
Net cash flows from operating activities		3,865	3,386
Investments			
(Investments) divestments of tangible and intangible assets		(562)	(115)
Decrease (increase) in financial assets		(226)	(126)
Change in the scope of consolidation net of cash and cash equivalents		(1,949)	-
Net cash flows used in investing activities		(2,737)	(241)
Cash flows from financing activities			
Change in financial liabilities		(2,479)	2,052
Change in financial liabilities pursuant to IFRS 16		(600)	(480)
Change in treasury shares		(456)	-
Dividends paid to non-controlling interests		(1,023)	(334)
Exercise of put options		-	(90)
Other changes to loans		(21)	-
Net cash flows from financing activities		(4,579)	1,147
Net increase/(decrease) in cash and cash equivalents		(3,451)	4,292
Opening net cash and cash equivalents		18,840	9,581
Closing net cash and cash equivalents		15,389	13,873

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 2019	588	(912)	203	29,926	2,057	(139)	31,723	174	31,897
Allocation of 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

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 2020	588	(1,093)	202	29,418	235	1,792	31,142	254	31,396
Allocation of profit for the year	-	-	-	-	1,792	(1,792)	-	-	-
Stock options	-	-	-	53	-	-	53	-	53
Change in long-term incentive plan reserve	-	-	-	596	-	-	596	-	596
Purchase of treasury shares	-	(456)	-	-	-	-	(456)	-	(456)
Assignment of treasury shares	-	93	-	-	-	-	93	-	93
Dividends to non-controlling interests	-	-	-	-	(706)	-	(706)	-	(706)
Other comprehensive profit (loss)	-	-	-	28	-	-	28	-	28
Profit for the period	-	-	-	-	-	1,558	1,558	18	1,576
Balance at 30 June 2021	588	(1,456)	202	30,095	1,321	1,558	32,308	272	32,580



Notes to the consolidated financial statements

General information

Alkemy S.p.A. (hereinafter also "Alkemy" or the "Company"), Parent 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 Company's registered and administrative office is at Via San Gregorio 34, Milan, Italy and is registered with the 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 at 30 June 2021, reviewed by KPMG S.p.A., was authorised by resolution passed by the Board of Directors on 13 September 2021.

Reporting standards

Basis of preparation

The interim condensed consolidated financial statements at 30 June 2021 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 at 31 December 2020.

In preparation of the interim condensed consolidated financial statements at 30 June 2021, the same accounting standards have been applied, as adopted in the preparation of the consolidated financial statements at 31 December 2020, 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 2021".

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 Italian Legislative Decree 38/2005 and other rules and provisions issued by CONSOB regarding financial statements.

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

The preparation of the interim condensed consolidated financial statements and notes thereto in accordance with the IFRS requires the Directors to make estimates and assumptions that impact the revenue, costs, assets and liabilities of the interim report and the disclosure of potential assets and liabilities at 30 June 2021. 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, no indicators have been seen of impairment, which would require impairment testing to be carried out ahead of the usual year-end process.

Format and contents of the financial statements

The financial statements have the following characteristics:

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

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

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

Share-based payments (share incentive plan)

Employee benefits (long term incentive plan - LTIP) include, as per the substantive nature of remuneration they assume, the cost of share-based incentive plans. The cost of the incentive is determined with reference to the fair value of the instruments attributed and the forecast number of shares that will effectively be assigned; the portion pertaining to the year is determined *pro rata*



temporis throughout the vesting period, i.e. the period running between the grant date and the date of assignment. The fair value of the shares underlying the incentive plan is determined at the grant date, taking into account forecast achievement of the performance parameters associated with market conditions and is not rectified during following years; when the benefit is obtained, the forecast relative to these conditions is reflected by adjusting the number of shares to effectively be assigned, throughout the vesting period. Starting 01 January 2021, the incentive plan, as it was approved by the Shareholders' Meeting on 26 April 2021, is based only on shares and the equivalent cost of the purchase has been reclassified from "Other liabilities" to a new equity reserve.

Basis of consolidation

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

The consolidated financial statements refer to the same reporting date as the Parent.

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

in relation to the consolidation scope, :

- in April 2021, the Parent Company purchased 51% of the share capital of eXperience Cloud Consulting S.r.l.;
- in May 2021, Alkemy S.p.A. exercised the call option over 31% of the share capital of Design Group Italia S.r.l., consequently increasing its stake from 20% to 51%.

At 30 June 2021, the scope of consolidation was as follows:

Company name	% held	Registered office
Direct subsidiaries:		
Alkemy Play S.r.l.	51%	Milan
Alkemy USA Inc. in liquidation	100%	USA - New York
Alkemy SEE D.o.o.	70%	Serbia – Belgrade
Alkemy Iberia S.L.	65%	Spain - Madrid
Nunatac S.r.l.	70%	Milan
Design Group Italia S.r.l.	51%	Milan
eXperience Cloud Consulting S.r.l.	51%	Rome
Ontwice Interactive Service S.L.	80%	Spain - Madrid
Indirect subsidiaries:		
Alkemy Play D.o.o.	51%	Serbia – Belgrade
Alkemy Digital Hub D.o.o.	70%	Serbia – Belgrade
Kreativa New Formula D.o.o.	36%	Serbia – Belgrade
Design Group Italia ehf.	51%	Iceland - Reykjavik
Design Group Italia Corp.	51%	USA - New York
Ontwice Interactive Service S.A. Mexico City	80%	Mexico - Mexico City
Ontwice Interactive Service Digital S.A. Mexico City	80%	Mexico - Mexico City



New accounting standards, amendments and interpretations applicable starting 1 January 2021

Below is a list of the standards, amendments, interpretations and improvements in force starting 1 January 2021, for which there has been no significant impact on the Group's 2021 Interim Financial Report.

- With Regulation no. 2020/2097, issued by the European Commission on 16 December 2020, the amendments to IFRS 4 "Insurance contracts" were approved. The amendments aim to remedy the temporary accounting consequences caused by the offsetting between the date of coming into force of IFRS 9 "Financial instruments" and the date of coming into force of the future IFRS 17 "Insurance contracts". More specifically, the amendments to IFRS 4 extend the expiry of the temporary exemption from applying IFRS 9 through to 2023, so as to bring the date of coming into force of IFRS 9 into line with the new IFRS 17. The provisions take effect starting 1 January 2021;
- With Regulation no. 2021/25 issued by the European Commission on 13 January 2021, the document "Interest Rate Benchmark Reform - Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the amendments)" was approved, whereby the IASB initiated the second phase of the interest rate benchmark reform. These amendments regard the accounting method to be applied in the event of changes in the base used to determine contractual cash flows of financial assets or liabilities and the impacts of such changes on the hedges involved by the IBOR reform (hedge and/or hedged item). These amendments take effect starting 1 January 2021;
- Regulation no. 2021/1080, issued by the European Commission on 28 June 2021, approved the documents "Annual Improvements to IFRS Standards 2018-2020 Cycle" and the amendments to IAS 16 "Property, plant and equipment", IAS 37 "Provisions, contingent liabilities and contingent asset" and IFRS 3 "Business combinations". The Annual Improvements and amendments to the standards indicated will be effective starting 1 January 2022.

Accounting standards, amendments and interpretations not yet applicable

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

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

- Standard IFRS 17 "Insurance Contracts" (published respectively on 18 May 2017 and on 25 June 2020). The amendments apply to financial years starting on or after 1 January 2023;
- Amendment to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and Deferral effective date (published respectively on 23 January 2020 and on 15 July 2020). The amendments apply to financial years starting on or after 1



January 2023;

- Amendment to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimate" (published on 12 February 2021). The amendments apply to financial years starting on or after 1 January 2023;
- Amendment to IAS 1 "Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Estimates" (published on 12 February 2021). The amendments apply to financial years starting on or after 1 January 2023;
- Amendment to IAS 12 "Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (published on 06 May 2021). The amendments apply to financial years starting on or after 1 January 2023;
- Amendment to IFRS 16 "Leases". On 31 March 2021, the IASB issued the document "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)" whereby the period of application of the amendment to IFRS 16, issued in 2020, relative to the booking of the benefits granted to tenants, in connection with Covid-19, is extended by one year.

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 2021, 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 exposed to the risk of changes in interest rates in connection with the variable rate indexed loans payable.

Financial liabilities of 39,968 thousand euros at 30 June 2021 and 31,300 thousand euros at 31 December 2020 respectively include 13,716 thousand euros and 15,283 thousand euros of variable rate loans.

In February 2021, as already mentioned in the Report on Operations, for the non-recurrent loans entered into in 2019 and 2020, the Parent subscribed four cap options (at a fixed price, already paid) to hedge the risk of future rises in the interest rates, in connection with an equal number of loans accounting for approximately 72% of the bank loans and borrowings entered into at 30 June 2021.

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 currency risk generated by commercial and financial transactions implemented by the individual companies in currencies other than the functional currency of the company performing the transaction.

This exposure is monitored, but at the 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 "Abroad".

Below is the data of H1 2021 and 2020, broken down by segment as required by IFRS 8, indicating any inter-segment adjustments.

Figures in thousands of euros				
Period closed at 30 June 2021	Italy	Abroad	Inter-segment adjustments	Total
Revenue from sales and services	30,259	13,998	(507)	43,750
Other revenue and income	681	124	(6)	799
Total revenue and income	30,940	14,122	(513)	44,549
Services, goods and other operating costs	(13,827)	(8,897)	513	(22,211)
- of which non-recurring	(14)	-	-	(14)
Personnel expense	(14,443)	(3,709)	-	(18,152)
- of which non-recurring	(841)	-	-	(841)
Total costs and other operating costs	(28,270)	(12,606)	513	(40,363)
Gross operating profit	2,670	1,516	-	4,186
Amortisation and depreciation	(880)	(125)	-	(1,005)
Impairment and provisions	(37)	34	-	(3)
Operating profit	1,753	1,425	-	3,178
Financial income	1,221	137	(1,215)	143
Financial expense	(577)	(146)	-	(723)
Pre-tax profit/(loss)	2,397	1,416	(1,215)	2,598
Income taxes	(620)	(402)	-	(1,022)
Profit/(loss) for the period	1,777	1,014	(1,215)	1,576
Attributable to:				
- Owners of the parent	1,777	996	(1,215)	1,558
- Non-controlling interests	-	18	-	18

Figures in thousands of euros				
Period closed at 30 June 2020	Italy	Abroad	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
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
Amortisation and 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)

Italy segment

The Italy segment includes the following companies: Alkemy S.p.A., Nunatac S.r.l., Alkemy Play S.r.l., Xcc S.r.l., DGI S.r.l. and Alkemy USA Inc.. It also includes DGI ehf, DGI Corp. and Alkemy Play D.o.o., which operate exclusively for the Italian parent companies by the same names.

Revenue for the Italy segment for H1 2021 came to 30,940 thousand euros, up 3,256 thousand euros on the previous period (+11.76%), due to the combination of (i) the general holding fast of the key Italian accounts and related active contracts, which did not suffer the generalised partial lock-down, for a total of 1,777 thousand euros and (ii) the inorganic growth following the acquisition of the majority share of Design Group Italia S.r.l. (DGI) and eXperience Cloud Consulting S.r.l. (XCC) for a total of 1,479 thousand euros.

Revenue of 30,259 thousand euros comprises revenue from sales and services (27,273 thousand euros in H1 2020) and 681 thousand euros for other revenue and income (411 thousand euros in H1 2020); details are given in the notes.

Operating costs, represented by costs for services, goods and other items and for personnel expenses, total 28,270 thousand euros, up 2,725 thousand euros (+10.7 %) on the previous period, mainly in relation to the increase in costs for staff following the insourcing of certain activities.

Gross operating profit came to 2,670 thousand euros (2,139 thousand euros in H1 2020) up 531 thousand euros.

Amortisation, depreciation and impairment came to 917 thousand euros, down 155 thousand euros on H1 2020 (-14.5%). This item includes:

- amortisation/depreciation for property, plant and equipment and intangible assets with a finite useful life for a period total of 880 thousand euros (743 thousand euros in H1 2020);
- the accrual to the loss allowance of 37 thousand euros (329 thousand euros in H1 2020), allocated mainly in view of potential future losses connected with specific disputed loans at the reporting date.

The Italy segment therefore recorded a pre-tax profit of 2,397 thousand euros (1,761 thousand euros in H1 2020), which, less tax, gave rise to a net profit of 1,777 thousand euros, as compared with a profit of 1,450 thousand euros for the previous period.



Abroad segment

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

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

H1 2021 Abroad segment revenue came to 14,122 thousand euros as compared with 9,477 thousand euros in H1 2020 (+49.01%). The increase in revenue is mainly due to the positive results booked by the Spanish and Mexican subsidiaries.

Operating costs and personnel expense go from 8,691 thousand euros in H1 2020, to 12,606 thousand euros, up during the period as a result of that specified above.

gross operating profit therefore comes to 1,516 thousand euros, as compared with 786 thousand euros in H1 2020.

Operating profit comes to 1,425 thousand euros, as compared with last period's 652 thousand euros.

The period net result totals 1,014 thousand euros, as compared with 291 thousand euros in H1 2021.

Additionally, in order to assure a complete disclosure, below are the trade receivables at 30 June 2021 and at 31 December 2020, divided up by segment:

Figures in thousands of euros				
Period closed at 30 June 2021	Italy	Abroad	Inter-segment adjustments	Total
Trade receivables	24,576	7,264	(902)	30,937

Figures in thousands of euros				
Period closed at 30 June 2020	Italy	Abroad	Inter-segment adjustments	Total
Trade receivables	23,055	4,695	(134)	27,616



Notes to the consolidated financial statements

Consolidated income statement

1. Revenue from sales and services

Revenue from sales and services comes to 43,750 thousand euros (36,667 thousand euros at H1 2020) and can be broken down as follows:

	Figures in thousands of euros	
	H1 2021	H1 2020
Sales of services	43,750	36,665
Sales of products	-	2
Total revenue from sales and services	43,750	36,667

Turnover booked during the first half of 2021 is up 7,083 thousand euros on the same period of last year and this is due to the combination of (i) the recovery of the foreign companies' business, having been worst struck by the effects of the COVID-19 pandemic during the previous period, for a total of 4,605 thousand euros, (ii) the inorganic growth following the acquisition of the majority share of Design Group Italia S.r.l. and eXperience Cloud Consulting S.r.l. for a total of 1,392 thousand euros and (iii) the general resilience of the key Italian accounts and related active contracts, which did not suffer the generalised partial lock-down, for a total of 1,086 thousand euros.

2. Other revenue and income

Other revenue and income totals 799 thousand euros (448 thousand euros during the first half of 2020), as follows:

	Figures in thousands of euros	
	H1 2021	H1 2020
Tax asset	347	115
Revenue for capitalised costs	242	-
Government grants	131	261
Other revenue	79	72
Total other revenue and income	799	448

The tax asset is mainly accrued (i) for 306 thousand euros on investments made by Nunatac S.r.l. in 4.0 training pursuant to Art. 1, paragraph 78-81 of Italian Law no. 145 of 30.12.2018 and (ii) for 38 thousand euros on investments in research and development made by the Parent Company pursuant to Decree Law no. 145/2013.

Revenue for capitalised costs came to 242 thousand euros and mainly relate to the internal implementation of software and platforms relative to the pursuit of the Group's commercial activities. Government grants of 131 thousand euros (261 thousand euros in H1 2020), are detailed as follows:

- 120 thousand euros (175 thousand euros in H1 2020) refers to the portion of the grant related



to income, relative to the subsidised finance project "SecureOpenNets";

- 11 thousand euros (14 thousand euros in H1 2020) refers to the Fondir contribution.

During the first half of 2020, the item also included 50 thousand euros referring to the portion of the grant relating to the subsidised finance project "D-All", 15 thousand euros relating to the portion of the contribution for the subsidised finance project "Protect ID" and 7 thousand euros referring to the portion of the grant for the subsidised finance project "Culture 4.0".

Government grants refer to research and development activities carried out by the Parent, which entailed investments made during the period for a total of 263 thousand euros, divided up between personnel expense for 212 thousand euros and 51 thousand euros in consultancy, on projects that obtained an approval decree and grant related to income.

3. Services, goods and other operating costs

Services, goods and other operating costs comes to 22,211 thousand euros (20,036 thousand euros in H1 2020), as detailed hereto:

Figures in thousands of euros		
	H1 2021	H1 2020
Services	22,055	19,727
Purchase of raw materials	54	125
Change in inventories	-	28
Lease costs	6	53
Other operating costs	96	103
Total	22,211	20,036



Services

Costs for services come to 22,055 thousand euros (19,727 thousand euros in H1 2020) and are detailed below:

	Figures in thousands of euros	
	H1 2021	H1 2020
Services for customers	20,205	18,097
Consultancy and legal expenses	284	240
Other consultancy	219	129
Administrative services	180	136
Maintenance services	172	132
Travel and transfer expenses	130	153
Meal vouchers	123	123
Insurance	118	98
Audit fees	113	86
Postal, telephone and data transmission services	103	70
Payslip processing	69	63
Marketing services	59	50
Commercial services	53	15
Condominium and supervisory expenses	50	43
Cleaning expenses	41	38
Collaborators' fees	36	82
Board Statutory Auditors' fees	31	31
Banking services	21	26
Utilities	16	19
Costs for non-recurring services	14	-
Logistics services	-	64
Other services	18	32
Total services	22,055	19,727

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 increase is connected with the positive period results and the Group's inorganic growth.

Purchase of raw materials

Costs for the purchase of raw materials total 54 thousand euros (125 thousand euros in H1 2020) and mainly regard the purchase of licenses for resale.

Lease costs

Lease costs come to 6 thousand euros (53 thousand euros in H1 2020) and relate to costs that, by nature, do not come under the scope of application of IFRS 16.

Other operating costs

Other operating costs come to 96 thousand euros (103 thousand euros in H1 2020) and mainly regard costs from previous years and membership fees, as well as, to a lesser extent, sanctions, stamp duty



and membership rates and fees.

4. Personnel expense

Personnel expense comes to 18,152 thousand euros (14,154 thousand euros in H1 2020) and consist of the following:

	Figures in thousands of euros	
	H1 2021	H1 2020
Wages and salaries	12,250	9,785
Non-recurring wages and salaries	841	-
Directors' fees	842	675
Social security expenses	3,208	2,810
Costs for defined benefit plans	580	516
Cost for share-based payments	390	360
Other personnel expense	41	8
Total personnel expense	18,152	14,154

This item includes all costs incurred during the period, directly or indirectly relating to employees and collaborators, as well as directors' fees for 842 thousand euros.

At 30 June 2021, "Non-recurring wages and salaries" includes all costs incurred for incentives to take redundancy, paid during the period.

The average number of employees during the period was 590, as compared with 518 in the same period of last year.

676 employees were on the workforce at 30 June 2021, as compared with 515 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, Chief Executive Officer and General Manager of the Parent as described in the Interim Report on Operations to which you are referred for more details.

5. Amortisation and depreciation

Amortisation and depreciation comes to 1,005 thousand euros (858 thousand euros in H1 2020) and consists of:

- 632 thousand euros (489 thousand euros in H1 2020) and relate to the depreciation of leased property, plant and equipment;
- 197 thousand euros (209 thousand euros in H1 2020) for the amortisation of intangible fixed assets;
- 176 thousand euros (160 thousand euros in H1 2020) for the depreciation of property, plant and equipment.

6. Provisions and impairment losses

Provisions come to 3 thousand euros (348 thousand euros in H1 2020) and relate to the impairment of



trade receivables (179 thousand euros in H1 2020).

At 30 June 2020, the item also included 139 thousand euros for the impairment of a receivable relative to a subsidised finance project and 30 thousand euros for the provision made for risks.

7. Net gains (losses on) equity investments

Net gains (losses on) equity investments amount to a negative 308 thousand euros (positive for 17 thousand euros in H1 2020) and refer to:

- -235 thousand euros to the adjustment to fair value of the equity investment in Design Group Italia held before acquiring the majority share, as envisaged by IFRS 3;
- -73 thousand euros to the equity measurement of the same investment, prepared at 31 May 2021, to include the economic results of the Company, which was already an associate before its full consolidation.

8. Financial income

Financial income comes to 143 thousand euros (447 thousand euros in H1 2020) and mainly refers to the effects of exchange gains for 139 thousand euros (445 thousand euros in H1 2020). Exchange gains essentially refer to the subsidiary Ontwice Interactive Services S.A. Mexico City, which also originates most of the exchange losses, of 125 thousand euros (573 thousand euros in H1 2020), included in financial expense, as detailed below. The decrease in exchange gains and losses compared with the previous period relates to the sales and purchases made in USD by the Mexican subsidiary and reflects the recovery of value of the Mexican currency against the dollar as compared with the early months of 2020, during which the USD/MXN exchange rate had risen by more than 20%.

9. Financial expense

Financial expense comes to 415 thousand euros (1,021 thousand euros in H1 2020) and is detailed below:

	Figures in thousands of euros	
	H1 2021	H1 2020
Exchange losses	125	573
Interest from put option liabilities	112	290
Interest expense on loans	103	92
Interest on leases	53	44
Interest expense on employee benefits (IAS 19)	8	14
Interest expense on current accounts	-	2
Other financial expense	14	6
Total financial expense - third parties	415	1,021

The reduction in the item is mainly due to the reduction in exchange losses, as described in the previous paragraph.



10. Income taxes

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

	Figures in thousands of euros	
	H1 2021	H1 2020
Current income tax	583	316
Current IRAP tax	110	116
Previous years' tax	(39)	95
Change in deferred tax assets	361	14
Change in deferred tax liabilities	7	(23)
Total taxes	1,022	518

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:

	euros	Figures expressed in units of	
		H1 2021	H1 2020
Profit			
Group profit (loss) for the period	1,558,000	655,000	
Group profit (loss) for the period, attributable to ordinary shares	1,558,000	655,000	
Number of shares			
Average number of outstanding ordinary shares	5,527,074	5,527,074	
Adjusted average number of ordinary shares	5,530,908	5,527,074	
Basic earnings per share	0.282	0.119	
Diluted earnings per share	0.282	0.119	



Statement of financial position

Assets

Non-current assets

12. Property, plant and equipment

The item totals 1,208 thousand euros (855 thousand euros at 31 December 2020); changes are shown below:

Figures in thousands of euros				
	Land and buildings	Plant and machinery	Other assets	Total
Balance at 31 December 2020	74	14	768	855
Change in the scope of consolidation	-	-	198	198
Investments	-	3	328	331
Amortisation	(2)	(4)	(170)	(176)
Balance at 30 June 2021	72	13	1,124	1,208

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 6,007 thousand euros (3,122 thousand euros at 31 December 2020); period changes are shown below:

Figures in thousands of euros			
	Land and buildings	Other assets	Total
Balance at 31 December 2020	2,592	530	3,122
Change in the scope of consolidation	923	90	1,013
Investments	2,222	293	2,515
Decreases	-	(11)	(11)
Amortisation	(462)	(170)	(632)
Balance at 30 June 2021	5,275	732	6,007

"Other assets" includes right-of-use of company cars and increases in the year mainly relate to the signing of new rental contracts to replace those that expired during the period.

The increase in the right-of-use of land and buildings mainly relates to the stipulation of two new rental contracts for properties situated respectively in Milan and Rome, as well as to the extension of the term of additional contracts relative to the Milan site.



14. Goodwill and impairment

Goodwill comes to 41,250 thousand euros (31,755 thousand euros at 31 December 2020), as detailed hereto:

	Figures in thousands of euros	
	30 June 2021	31 Dec. 2020
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 XCC	4,885	-
Goodwill for DGI	4,610	-
Goodwill for Alkemy Tech	2,898	2,898
Goodwill for Seolab	1,167	1,167
Goodwill for Kreativa	979	979
Goodwill for Between	552	552
Total goodwill	41,250	31,755

The increase is due to the acquisition of the majority share of Design Group Italia S.r.l. and eXperience Cloud Consulting S.r.l..

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.

At 31 December 2020, the Group tested for impairment; you are referred to the file of the Consolidated financial statements at 31 December 2020.

At 30 June 2021, an analysis was performed aimed at identifying any indicators of potential impairment of the Group's intangible assets with indefinite useful lives. More specifically, the performance of the period data was considered, along with interest rate trends, in order to assess the repercussions on the estimate of the discounting rate (WACC) to be applied to forecast cash flows. No indicators of impairment were seen such as to require testing at 30 June 2021.

15. Intangible assets with a finite useful life

Intangible fixed assets amount to 693 thousand euros (650 thousand euros at 31 December 2020). Below are details on changes therein:



Figures in thousands of euros					
	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other	Total
Balance at 31 December 2020	-	196	21	433	650
Change in the scope of consolidation	-	2	-	7	9
Investments	52	123	-	56	231
Amortisation	-	(56)	(3)	(138)	(197)
Balance at 30 June 2021	52	265	18	358	693

Development costs

This item includes costs incurred during the period by the Spanish subsidiaries to develop a big data management platform.

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 implementation of CRM software.

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 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 Parent Company 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 5 thousand euros (1,174 thousand euros at 31 December 2020).

The amount refers to the investment in the consortium company ICT SUD S.C.r.l., held by the Parent. At 31 December 2020, the item also included 1,069 thousand euros relative to the investment in Design Group Italia S.r.l., previously a related company and starting May 2021 consolidated on a line-by-line basis, following acquisition of the majority share, as described in full in the Interim Report on Operations.



17. Non-current financial assets

Non-current financial assets come to 2,287 thousand euros (1,646 thousand euros at 31 December 2020) and are detailed below:

Figures in thousands of euros		
	30 June 2021	31 Dec. 2020
Amount due from insurance companies	1,803	1,518
Amounts due from employees	72	128
Derivatives	24	-
Other non-current financial assets	388	-
Total non-current financial assets	2,287	1,646

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.

Derivatives relate to the cap options subscribed to hedge the risk of a future rise in the interest rates applied to the medium-term loans stipulated in 2019 and 2020.

Other non-current financial assets refer to the securities deposit held by the company Design Group Italia S.r.l..

18. Deferred tax assets

Deferred tax assets amount to 1,214 thousand euros (1,470 thousand euros at 31 December 2020).

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.

The period decrease mainly relates to use of prepaid tax generated by previous tax losses, as a result of the tax income generated during the period.

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 254 thousand euros (205 thousand euros at 31 December 2020) and mainly relate to guarantee deposits for leased offices.



20. Trade receivables

Trade receivables come to 30,937 thousand euros (31,044 thousand euros at 31 December 2020), as detailed herewith:

Figures in thousands of euros		
	30 June 2021	31 Dec. 2020
Italy	17,907	21,221
EU	5,028	6,382
Non-EU	8,002	3,441
Total trade receivables	30,937	31,044

There are no amounts due after one year.

The reduction in the item is mainly due to a better customer management of collections.

trade receivables are stated net of a loss allowance of 1,581 thousand euros (1,538 thousand euros at 31 December 2020). 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 2020	1,538
Change in the scope of consolidation	40
Accruals	3
Balance at 30 June 2021	1,581

21. Current financial assets

Financial assets amount to 82 thousand euros (82 thousand euros at 31 December 2020).

22. Tax assets

Tax assets come to 1,610 thousand euros (1,441 thousand at 31 December 2020) and are detailed as follows:

Figures in thousands of euros		
	30 June 2021	31 Dec. 2020
VAT asset	766	736
Tax asset	719	330
Tax assets	109	354
Withholding taxes	11	1
Other tax assets	5	20
Total tax assets	1,610	1,441

The tax asset for 719 thousand euros is for the amount accrued mainly in connection with subsidised finance projects for investments made in research and development, pursuant to Decree Law no.



145/2013 and in training 4.0 pursuant to Art. 1, paragraph 78-81 of Italian Law no. 145 of 30.12.2018. The increase in tax assets is mainly due to the increase of this tax asset net of use in offsetting income tax receivable by the Spanish and Mexican subsidiaries for a total of 226 thousand euros.

23. Other current assets

Other assets of 2,974 thousand euros (2,766 thousand euros at 31 December 2020) are detailed as follows:

	Figures in thousands of euros	
	30 June 2021	31 Dec. 2020
Government grants	2,632	2,591
Impairment of government grants	(497)	(497)
Prepayments	711	561
Other receivables	128	111
Total other current assets	2,974	2,766

Government grants increase during the half-year by 41 thousand euros in respect of payments received for 79 thousand euros and new entries for 120 thousand euros correlated to research and development carried out during the period.

24. Cash and cash equivalents

The balance of 15,389 thousand euros (18,840 thousand euros at 31 December 2020) is detailed hereto:

	Figures in thousands of euros	
	30 June 2021	31 Dec. 2020
Bank deposits	15,384	18,835
Cash and petty cash	5	5
Total cash and cash equivalents	15,389	18,840

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



Liabilities and equity

Non-current liabilities

25. Equity

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

Share capital

The Parent's share capital comes to 588 thousand euros (no change on 31 December 2020) and is fully paid-up.

The share capital at 30 June 2021, 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 negative reserve for treasury shares comes to 1,456 thousand euros, for a total of 136,268 treasury shares, accounting for 2.43% of the share capital (1,093 thousand euros for a total of 112,536 treasury shares or 2.01% of the share capital at 31 December 2020). The period change is due (i) to the purchase of treasury shares worth 456 thousand euros, in the number of 35,000 treasury shares and (ii) for 93 thousand euros, in the number of 11,268, to the assignment of treasury shares to the Chairman and CEO of the Parent Company in execution of the "Long Term Incentive Plan", in connection with 50% of the shares accrued by them on the 2020 result.

At the date of approval of this interim financial report, the Company holds 158,268 treasury shares in its portfolio, accounting for 2.82% of the share capital, following the July 2021 further purchase of treasury shares.

Legal reserve

The legal reserve totals 202 thousand euros, in line with the year ended at 31 December 2020.

Other reserves

Other reserves come to 30,095 thousand euros (29,418 thousand euros at 31 December 2020), as follows:

- share premium reserve for 30,966 thousand euros (unchanged on 31 December 2020);
- reserve for the Long Term Incentive Plan for 596 thousand euros (zero at 31 December 2020);
- stock option reserve of 282 thousand euros (229 thousand euros at 31 December 2020);
- FTA reserve negative for 147 thousand euros (no change on 31 December 2020);
- other reserves negative for 1,164 thousand euros (unchanged on 31 December 2020) in



relation to the put option liabilities of the companies established in 2017;

- actuarial losses of 380 thousand euros (no change on 31 December 2020); the item relates to the discounting of post-employment benefits, envisaged by IAS 19.
- reserve for the translation of financial statements prepared in foreign currencies, negative for 58 thousand euros (negative for 86 thousand euros at 31 December 2020).

The Long Term Incentive Plan reserve has been formed during the period, as mentioned previously in the paragraph on "Reporting standards - share-based payments (share incentive plans)".

The change in the stock option reserve is due to the cost of the first half of 2021 of the stock option plans in place.

Retained earnings

Retained earnings come to 1,321 thousand euros (235 thousand euros at 31 December 2020); the period change is due to:

- 1,792 thousand euros, the increase relative to the allocation of last year's result, in accordance with the resolution passed by the shareholders' meeting of the Parent on 26 April 2021;
- 706 thousand euros, the reduction relating to the dividends resolved in the favour of non-controlling investors.

26. Equity attributable to non-controlling interests

Equity attributable to non-controlling interests comes to 272 thousand euros (254 thousand euros at 31 December 2020) and mainly refers to the portion pertaining to the non-controlling investors of the subsidiaries in the Balkans area.

27. Financial liabilities

Current and non-current financial liabilities come to 14,544 thousand euros (16,071 thousand euros at 31 December 2020) and are broken down below according to due dates:

- 10,241 thousand euros (11,439 thousand euros at 31 December 2020) refer to non-current financial liabilities;
- 4,303 thousand euros (4,632 thousand euros at 31 December 2020) refer to current financial liabilities.

There are financial liabilities due after 5 years, for the amount of 303 thousand euros.

The decrease in financial liabilities for 1,527 thousand euros is mainly due to:

- -2,479 thousand euros repayments made during the first half of the year
- +863 thousand euros the loans stipulated by the subsidiary DGI S.r.l., consolidated on a line-by-line basis starting May 2021;
- +96 thousand euros for the long-term loan correlated to subsidised finance projects, obtained by the Parent from Mediocredito Centrale at special rates and conditions.



Financial liabilities are illustrated below:

- 5,230 thousand euros (6,099 thousand euros at 31 December 2020) relative to a medium/long-term bank loan obtained from Mediocredito Italiano in 2019 for 7,000 thousand euros. Repayment is on a straight-line basis every six months, starting 31 December 2020 with each instalment being for 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 shall meet of two financial covenants, specifically: (i) leverage ratio, i.e. net financial debt/gross operating profit <3, to be calculated annually starting 31 December 2020; and (ii) the ratio of net financial debt and equity <1, to be calculated annually starting 31 December 2019.
- 3,499 thousand euros (same amount at 31 December 2020), the loan obtained from Banca Intesa Sanpaolo on 17 July 2020 with a term of 60 months, including a pre-amortisation period of 24 months, with repayment of principal in twelve quarterly instalments, the first due on 17 October 2022;
- 1,431 thousand euros (1,999 thousand euros), the medium-term loan agreement entered into with Banco BPM to facilitate the Group's financial operations, with a term of 24 months, with repayment in quarterly instalments ending on 16 September 2022;
- 936 thousand euros (897 thousand euros at 31 December 2020) refer to the five loans obtained from Mediocredito Centrale correlated to subsidised finance projects;
- 800 thousand euros obtained in total in 2021, respectively for 480 thousand euros from Banca Popolare di Sondrio and for 320 thousand euros from Finlombarda by the company Design Group Italia S.r.l. in 2017, with a term of 66 months including 12 months of pre-amortisation, with the repayment of principal in 12 six-monthly instalments, the first falling due on 01 October 2022;
- 753 thousand euros (875 thousand euros at 31 December 2020) refer to an additional Intesa Sanpaolo loan entered into in 2019 with a term of 30 months, with repayment in five straight-line six-monthly instalments due in 2024. The contract shall meet of two financial covenants, specifically: (i) leverage ratio, i.e. net financial debt/gross operating profit <3, to be calculated annually starting 31 December 2020; and (ii) the ratio of net financial debt and equity <1, to be calculated annually starting 31 December 2019.
- 717 thousand euros (857 thousand euros at 31 December 2020) refer to the medium-term loan agreement entered into by the Parent 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;
- 607 thousand euros (808 thousand euros at 31 December 2020) refer to a loan disbursed to the Parent Company by Intesa on 30 September 2019, for research and development. The contract shall meet of two financial covenants, specifically: (i) leverage ratio, i.e. net financial debt/gross operating profit <3, to be calculated annually starting 31 December 2020; and (ii) the ratio of net financial debt and equity <1, to be calculated annually starting 31 December 2019;



- 351 thousand euros (451 thousand euros at 31 December 2021) relate to the medium/long-term loan entered into by the company in February 2020 to facilitate the Group's financial operations, with CREDEM, for a term of 36 months, with repayment in quarterly instalments with the last one falling due in February 2023;
- 85 thousand euros (101 thousand euros at 31 December 2020) 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;
- 42 thousand euros relate to the medium/long-term bank loan obtained from Banca Popolare di Sondrio by the company Design Group Italia S.r.l. in 2017, with a term of 60 months;
- 34 thousand euros (134 thousand euros at 31 December 2020) refer to the medium/long-term bank loan entered into in July 2017 with Credito Emiliano S.p.A., held by the Parent 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;
- 32 thousand euros (56 thousand euros at 31 December 2020) refer to the medium/long-term bank loan with Credito Emiliano S.p.A., entered into by the Parent in August 2017. The 36-month loan has a fixed interest rate of 0.7% and repayment in equal monthly instalments starting September 2017;
- 21 thousand euros relate to the medium/long-term bank loan obtained from Banco BPM by the company Design Group Italia S.r.l. in 2017, with a term of 60 months;
- 6 thousand euros (44 thousand euros at 31 December 2020) refer to the medium/long-term bank loan issued to the Spanish Ontwice Group by Banca Santander.

At 31 December 2020, the item also included 251 thousand euros for 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., the repayment plan for which ended during the period.



28. 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 "Guidance on disclosure obligations in accordance with the Prospectus Regulation and with CONSOB's "Attention Note 5/21" dated 29 April 2021, below is the Group's Net financial position at 30 June 2021:

	Figures in thousands of euros	
	30 June 2021	31 December 2020
A Cash	15,389	18,840
B Cash equivalents	388	-
C Other current financial assets	82	82
D Cash and cash equivalents (A + B + C)	15,859	18,922
Current financial liabilities (including debt instruments but excluding the current portion of non-current financial liabilities)		
E	13,342	9,715
F Current portion of non-current financial liabilities	4,286	4,616
G Current financial debt (E + F)	17,628	14,331
H Net current financial debt (G - D)	1,769	(4,591)
I Non-current financial liabilities (excluding the current portion and debt instruments)	22,340	16,969
J Debt instruments	-	-
K Trade and other non-current payables	-	-
L Non current financial debt (I + J + K)	22,340	16,969
M Total financial debt (H + L)	24,109	12,378

29. Lease liabilities

Lease liabilities total 6,108 thousand euros (3,191 thousand euros at 31 December 2020) and are broken down below according to due dates:

- 4,659 thousand euros refers to non-current financial liabilities (2,415 thousand euros at 31 December 2020);
- 1,149 thousand euros refers to current financial liabilities (776 thousand euros at 31 December 2020).

The increase on the previous year (of 2,917 thousand euros) mainly relates (i) to the stipulation of two new lease contracts for properties situated respectively in Milan and Rome, (ii) to the extension of the term of additional contracts relative to the Milan site and (iii) to the change in the consolidation area.

There are financial liabilities due after 5 years, for the amount of 625 thousand euros.

30. Put option liabilities

The liabilities to non-controlling investors in the short and medium-term total 19,316 thousand euros (12,038 thousand euros at 31 December 2020) and refer to the commitment relating to the acquisition of the residual portion of the investment in the subsidiaries Nunatac, DGI, XCC, 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 2022, 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 2021, 30% to the capital of Nunatac S.r.l., exercised in July 2021 and 15% the capital of Kreativa New Formula, the exercise of which is envisaged by the end of 2021.

The remaining put option liabilities can contractually be exercised after 30 June 2022.

The increase of 7,278 thousand euros is due to:

- 3,899 thousand euros, the entry of the put option on 49% of the share capital of XCC S.r.l., to be exercised in two tranches, respectively in 2024 and 2026;
- 3,267 thousand euros, the entry of the put option on 49% of the share capital of DGI S.r.l., to be exercised in 2023;
- 112 thousand euros, the increase in interest on the passing of time (unwinding of the discounting of the strike price).

31. Employee benefits

Employee benefits come to 6,248 thousand euros (5,087 thousand euros at 31 December 2020) 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 2020	5,087
Change in the scope of consolidation	984
Accruals	580
Period uses	(403)
Balance at 30 June 2021	6,248

32. Provisions for risks and charges

The provision for risks and charges comes to 222 thousand euros (no change on 31 December 2020) and relates to:

- 152 thousand euros accrued by the Spanish subsidiary Ontwice, following a claim for compensation for damages made by the Spanish customer;
- 45 thousand euros for risks relative to an assessment by the labour inspectorate at the Spanish subsidiary Ontwice, following which it received a request for payment of sanctions, against which the subsidiary has lodged an appeal.

33. Deferred tax liabilities

Deferred tax liabilities amount to 91 thousand euros (84 thousand euros at 31 December 2020).



Current liabilities

34. Trade liabilities

Trade liabilities come to 13,437 thousand euros (14,688 thousand euros at 31 December 2020).

Below is a breakdown of trade liabilities by geographical segment

Figures in thousands of euros		
	30 June 2021	31 Dec. 2020
Italy	6,553	7,508
EU	3,696	4,938
Non-EU countries	3,188	2,242
Total trade liabilities	13,437	14,688

35. Tax liabilities

Tax liabilities come to 2,739 thousand euros (1,688 thousand euros at 31 December 2020).

The item includes liabilities for tax that is both certain and quantified, in relation to VAT, income tax and withholdings, as substitute tax; the relevant breakdown is as follows:

Figures in thousands of euros		
	30 June 2021	31 Dec. 2020
Withholdings	1,041	588
VAT	823	671
Current tax liabilities	717	284
Other tax liabilities	158	145
Total tax liabilities	2,739	1,688

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

36. Other liabilities

Other current liabilities come to 8,625 thousand euros (10,585 thousand euros at 31 December 2020), detailed as follows:

Figures in thousands of euros		
	30 June 2021	31 Dec. 2020
Due to employees	4,633	4,380
Social security charges	1,778	1,440
Accrued expenses and deferred income	1,582	3,965
Other liabilities	632	800
Total non-current financial liabilities	8,625	10,585

Due to employees includes the amounts due to employees, directors and collaborators; the item includes accruals for 2021 not yet paid, in relation to bonuses, holidays, permits and 13th month salaries.



Note that during the period, a specific equity reserve including the previous debt relative to the “Long Term Incentive 2020-2023” plan, was formed, as described previously in the paragraph on “Accounting standards - share-based payments (share incentive plans)”.

Accrued expenses and deferred income are recognised on an accruals basis. At 30 June 2021, there were no accruals or deferrals with a residual term of more than five years.

Other liabilities total 632 thousand euros (800 thousand euros at 31 December 2020) and their decrease is mainly due for 313 thousand euros to the payment of the dividends to be paid to non-controlling investors by Ontwice S.l. Madrid, equal to 304 thousand euros at 30 June 2021.

37. Guarantees given and other commitments

Guarantees given

At 30 June 2021, the following are in place:

- three insurance sureties for 532 thousand euros of the Parent issued in the favour of two customers, to guarantee the correct fulfilment, by the Company, of its contractual obligations;
- surety for 80 thousand euros held by the subsidiary Design Group Italia S.r.l., issued in the favour of the Lombardy Regional Authority and in connection with a financed project.

38. 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 Nunatac S.r.l. and Alkemy Play S.r.l.

At 30 June 2021, only a credit of 5 thousand euros remained, due from Jakala S.p.A.

Fees paid to directors, statutory auditors and key management personnel

The fees paid in H1 2021 to the Parent's Board of Directors totalled 537 thousand euros (525 thousand euros in H1 2020), whilst those due to the Board of Statutory Auditors came to 31 thousand euros (same amount during the previous period). 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 four key managers in force at 30 June 2021 came to 305 thousand euros (426 thousand euros of business cost) as compared with 355 thousand euros in H1 2020 (477 thousand euros of business cost).



39. 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 11 November 2020. At this hearing, which was held with written discussion due to COVID-19, after having incorporated the additional conclusions of the parties, the judge withheld the case for decision, setting a deadline for the deposit of defence briefs as 11 January 2021 for the final statement and 30 January 2021 for the statement of defence. Following the success of the latest defence briefs filed, a favourable judgement has been given by the court, after which the opposing party paid the principal amount due as well as interest and legal expenses.

As mentioned in Note 32, the Spanish subsidiary Ontwice has two disputes in progress:

- a claim for compensation for damages made by a customer for an amount of 303 thousand euros, in connection with which the directors of the subsidiary chose make a provision for risks in the amount of 152 thousand euros;
- following an assessment by the labour inspectorate, a provision has been made for risks of 42 thousand euros, which coincides with the 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.

40. Subsequent events

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

- On 8 July 2021, the Company acquired 30% of the residual share capital of the subsidiary Nunatac S.r.l. from the two founding members and two managers, thereby becoming its sole shareholder. The Company paid a price of approximately 4.9 million euros, using its own funds to do so. This transaction follows the exercise of the put&call options on the minority shares included in the agreement for purchasing 70% of Nunatac S.r.l., signed on 15 May 2018.



- Starting last 1 July, the Company launched another buyback tranche, which was concluded last 29 July, with the purchase of a total of 22,000 treasury shares or 0.39% of the share capital.

Milan, 13 September 2021

for the Board of Directors
the Chief Executive Officer
Duccio Vitali

Annex 1

THE ALKEMY GROUP COMPANIES at 30 June 2021

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

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

For each company, moreover, the following information is given: business name, registered office and share/quota capital. The percentage held by Alkemy S.p.A. 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					
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
Alkemy Play S.r.l.	Milan	Euro	10	Alkemy S.p.A.	51
Design Group Italia I.D. S.r.l.	Milan	Euro	119	Alkemy S.p.A.	51
eXperience Cloud Consulting S.r.l.	Rome	Euro	10	Alkemy S.p.A.	51
Ontwice Interactive Service S.L.	Madrid	Euro	9	Alkemy S.p.A.	80
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 Service S.A. Mexico City	Mexico City	Mexican peso	100	Ontwice Interactive Service S.L.	80
Ontwice Interactive Service Digital S.A. Mexico City	Mexico City	Mexican peso	50	Ontwice Interactive Service S.L.	80
Alkemy Digital Hub D.o.o.	Belgrade	Serbian dinar	120	Alkemy SEE D.o.o.	70
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
Design Group Italia ehf.	Reykjavik	Icelandic króna	500	Design Group Italia I.D. S.r.l.	51
Design Group Italia Corp.	New York	USD	10	Design Group Italia I.D. S.r.l.	51

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

Figures in thousands of euros				
	30 June 2021	of which with related parties	30 June 2020	of which with related parties
Revenue from sales and services	43,750		36,667	
Other revenue and income	799		448	
Total revenue and income	44,549		37,115	
Services, goods and other operating costs	(22,211)	(31)	(20,036)	(135)
- of which non-recurring	(14)		-	
Personnel expense	(18,152)	(842)	(14,154)	(880)
- of which non-recurring	(841)		-	
Total costs and other operating costs	(40,363)	(873)	(34,190)	(1,015)
Gross operating profit	4,186	(873)	2,975	(1,015)
Amortisation and depreciation	(1,005)		(858)	
Provisions and impairment losses	(3)		(348)	
Operating profit	3,178	(873)	1,719	(1,015)
Net gains (losses on) equity investments	(308)		17	
Financial income	143		447	
Financial expense	(415)		(1,021)	
Pre-tax profit (loss)	2,598	(873)	1,162	(1,015)
Income taxes	(1,022)		(518)	
Profit (loss) for the year	1,576	(873)	644	(1,015)

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

Figures in thousands of euros				
Assets	30 June 2021	of which with related parties	31 Dec. 2020	of which with related parties
Non-current assets				
Property, plant and equipment	1,208		855	
Right-of-use assets	6,007		3,122	
Goodwill	41,250		31,755	
Intangible assets with a finite useful life	693		650	
Equity investments	5		1,174	
Non-current financial assets	2,287		1,646	
Deferred tax assets	1,214		1,470	
Other non-current receivables and assets	254		205	
Total non-current assets	52,918	-	40,877	-
Current assets				
Trade receivables	30,937	5	31,044	241
Current financial assets	82		82	
Tax assets	1,610		1,441	
Other current assets	2,974		2,766	
Cash and cash equivalents	15,389		18,840	
Total current assets	50,992	5	54,173	241
Total assets	103,910	5	95,050	241

Figures in thousands of euros

Liabilities and Shareholders' Equity	30 June 2021	of which with related parties	31 Dec. 2020	of which with related parties
Equity				
Share capital	588		588	
Reserves	30,162		28,762	
Profit/(loss) for the year	1,558		1,792	
Equity attributable to owners of the parent	32,308	-	31,142	-
Equity attributable to non-controlling interests	272		254	
Total net equity	32,580	-	31,396	-
Non-current liabilities				
Financial liabilities	10,241		11,439	
Lease liabilities	4,659		2,415	
Put option liabilities	7,440		3,115	
Employee benefits	6,248		5,087	
Provisions for risks and charges	222		222	
Deferred tax liabilities	91		84	
Total non-current liabilities	28,901	-	22,362	-
Current liabilities				
Financial liabilities	4,303		4,632	
Lease liabilities	1,449		776	
Put option liabilities	11,876		8,923	
Trade liabilities	13,437		14,688	430
Tax liabilities	2,739		1,688	
Other liabilities	8,625	225	10,585	339
Total current liabilities	42,429	225	41,292	769
Total liabilities	71,330	225	63,654	769
Total liabilities and equity	103,910	225	95,050	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 2021.

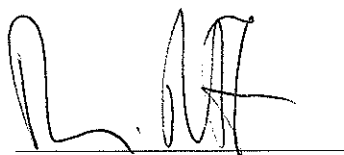
2. It is also attested that the interim condensed consolidated financial statements:

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

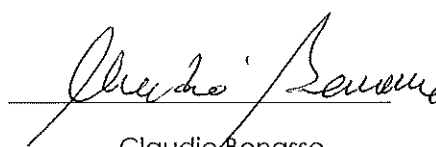
Milan, 13 September 2021

Chief Executive Officer



Duccio Vitali

Manager appointed to prepare the
company's accounting documents



Claudio Benasso



KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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

Report on review of condensed interim consolidated financial statements

To the shareholders of
Alkemy S.p.A.

Introduction

We have reviewed the accompanying Interim condensed consolidated financial statements of the Alkemy Group, comprising the statement of financial position as at 30 June 2021, the consolidated income statement and the consolidated statement of comprehensive income, consolidated statement of cash flows and statement of changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

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



Alkemy Group

*Report on review of condensed interim consolidated financial statements
30 June 2021*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Alkemy Group as at and for the six months ended 30 June 2021 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 13 September 2021

KPMG S.p.A.

(signed on the original)

Luigi Garavaglia
Director of Audit