

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

Interim Financial Report  
at 31 March 2023

**Alkemy Group**

Parent Alkemy S.p.A.

Registered office in Milan, at Via San Gregorio 34

Share Capital Euro 595,534.32

VAT no.: 05619950966 Milan Company Registration no.  
1835268



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## **Corporate bodies of Alkemy S.p.A.**

### **Board of Directors**

Alessandro Mattiacci Chairman

Duccio Vitali Chief Executive Officer

Massimo Canturi Director

Riccardo Lorenzini Director

Giulia Bianchi Frangipane Independent Director

Serenella Sala Independent Director

Ada Ester Villa Independent Director

### **Board of Auditors**

Gabriele Gualeni Chairman

Mauro Bontempelli Standing Auditor

Daniela Bruno Standing Auditor

Marco Garrone Alternate Auditor

María Luisa Sartori Alternate Auditor

### **Independent Auditors**

KPMG S.p.A.



## Highlights

Below are the key data on operations of the Alkemy Group for the first three months of 2023:

	Figures in thousands of euros	
	Q1 2023	Q1 2022
Net revenue	28,034	23,428
Adjusted gross operating profit (EBITDA)(1)	2,516	2,285
Adjusted operating profit (2)	1,580	1,637
Profit for the period	650	1,085
Average number of employees	926	750

	Figures in thousands of euros	
	Q1 2023	Q1 2022
Italy revenue	17,293	16,343
Abroad revenue	10,741	7,085
Net revenue	28,034	23,428

	Figures in thousands of euros	
	31 Mar. 2023	31 Dec. 2022
Net invested capital	79,027	77,535
Net financial debt	(34,847)	(34,129)
Equity	44,180	43,406

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



## **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 EURONEXT MILAN market. Alkemy enables the evolution of enterprises' business defining the relevant strategy through the use of technology, data and creativity. The aim is to improve the operations and services supplied by large and medium enterprises, stimulating the evolution of their business model hand-in-hand with technological innovation and consumer 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 tenth year, boasting an ever more extensive alchemy of integrated competences in the areas of Consulting, Communication, Performance, Technology, Data & Analytics and Design, which form a professional community numbering over 1000 people offering different experiences and abilities but who are very much united in their values and business culture. Alkemy is today an international business operating in Italy, Spain, Mexico and the Balkans, established on the basis of a partnership model with customers to enable innovation and growth through digital leverage. Alkemy's aim is, in fact, to construct a long-term relationship with customers, acting not as simple suppliers of services, but rather as an integrated partner to be engaged continuously, in support of programmes of change, transformation and acceleration.

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

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

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

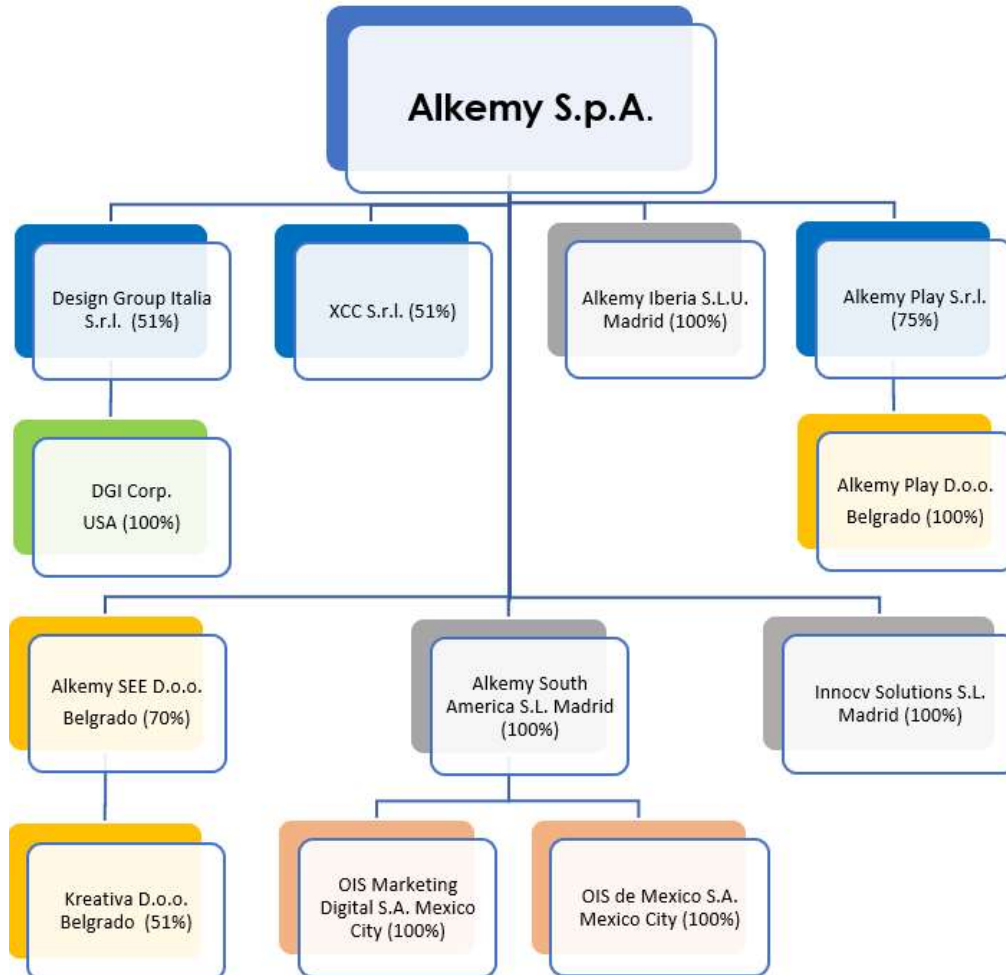
From when it was listed, in just two years, Alkemy has managed to almost double its turnover and in December 2019, it finalised the switch to Borsa Italiana's main market, in the STAR segment dedicated to medium enterprises that undertake to meet standards of excellence in terms of transparency, corporate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



## Group structure

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

At 31 March 2023, the Alkemy Group structure is as follows:



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

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

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



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

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

**Experience Cloud Consulting S.r.l. ("XCC"):** company acquired in April 2021, specialised in Cloud Computing solutions in CRM, Gold Consulting Partner of Salesforce, qualified to implement and develop integrated, multi-channel digital business solutions, from the CRM Cloud through to Marketing Automation, for B2B, B2C, 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 ID 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 Q2 2023. The Company controls a legal entity operating in the USA: **DGI Corp.**

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

## Business areas

The current Group operative organisation in Italy, structured by function (rather than competence, as it was in the past), aims to ensure a better focus on key accounts; it consists of a dedicated sales structure ("go-to-market"), which includes a pre-sales/business development unit and a delivery structure, whose priority aim is to execute projects/services offered commercially, through competence centres representing and applying the various disciplines practised within the Group. Specifically:

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



solutions, CRM, CMS, Portals, Apps, etc. The business unit consolidates and strengthens Alkemy's mission, reinforcing technological competences and the capacity to oversee one of the areas enjoying greatest growth and development: that of Digital Transformation;

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

## Operating performance during Q1 2023

During the first three months of 2023, the national and European economic markets maintained a high degree of uncertainty with less-than-positive impacts on business and enterprise expectations; the continuation of the war in Ukraine, coupled with the major acceleration seen in inflation and the consequent high interest rates policy applied by central banks, keeps significant tension and negativity on the market.

In this complex macroeconomic context with little in the way of visibility, the general trend of the Alkemy Group's business, as better detailed below, has been reasonably positive. The Alkemy Group closed the first three months of 2023 with 19.7% growth in revenue and income over the same period of 2022 and with an improvement seen in margins, resulting in adjusted consolidated EBITDA of 2,516 thousand euros (2,285 thousand euros in the comparison period, +10.1%) and a positive generation





of operative cash (+2.5 million euros). The Net Financial Position last 31 March came to -34.8 million euros, in line with 31 December 2022 (-34.1 million euros).

Finally, please note that at the end of Q1 2023, the Group's average number of employees increased by more than 23% (926 vs 750 at 31 March 2022), as confirmation of management's positive expectations in terms of the business performance in future periods.

### Key income statement figures

The Group's reclassified income statement for the first three months of 2023, compared with the same period of 2022, is as follows <sup>(3)</sup>:

	Figures in thousands of euros	
	Q1 2023	Q1 2022
<b>Net revenue</b>	<b>28,034</b>	<b>23,428</b>
Services, goods and other operating costs	11,788	10,256
Personnel expense	13,730	10,887
<b>Adjusted gross operating profit (EBITDA)</b>	<b>2,516</b>	<b>2,285</b>
Amortisation, depreciation and impairment losses	936	648
<b>Adjusted operating profit</b>	<b>1,580</b>	<b>1,637</b>
Net Financial expenses (income)	520	87
Non-recurring expense	276	-
<b>Pre-tax profit</b>	<b>784</b>	<b>1,550</b>
Income taxes	134	465
<b>Profit for the period</b>	<b>650</b>	<b>1,085</b>
Other items recognised in equity	82	67
<b>Comprehensive income for the period</b>	<b>732</b>	<b>1,152</b>
Comprehensive income attributable to non-controlling interests	5	1
Comprehensive income attributable to the owners of the parent	727	1,151

The Group's financial performance in the first three months of 2023 shows total net revenue of 28,034 thousand euros, as compared with 23,428 thousand euros for the comparison period, up 4,606 thousand euros (+19.7%), due to the Italy sector for 950 thousand euros and for 3,656 thousand euros to the foreign sector.

Revenue recorded in Italy, which accounts for 61.7% of consolidated revenue (69.8% in the same period of 2022), totals 17,293 thousand euros (16,343 thousand euros in the corresponding period of the previous year), up 950 thousand euros (+5.8%); this result is mainly due to the holding fast of key Italian accounts and the related active contracts.

Abroad, revenues come to 10,741 thousand euros, compared with the 7,085 thousand euros booked for the comparison period of 2022 (+51.6%).

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



The comprehensive increase of 3,656 thousand euros in revenues achieved by the foreign companies is mainly the result of the combined provisions of (i) the inorganic growth consequent to the acquisition of Innocv Solutions S.L., which took place in July 2022 (+2,466 thousand euros) and (ii) the increase in revenues of the Mexican subsidiaries (compared with the comparison year, +896 thousand euros, i.e. +23.6%, of which 601 thousand euros due to the favourable trend of the euro-Mexican peso exchange rate), (iii) the increase in revenues of DGI Inc. (+131 thousand euros on the same period of last year, when revenues had come in at 171 thousand euros). Note that the effect of the euro-Serbian dinar and the euro-dollar exchange rate had not significant impact.

Operating costs (net of non-recurring items) went from 21,143 thousand euros during Q1 2022 to 25,518 thousand euros in Q1 2023, up 4,375 thousand euros (+20.7%), in line with the growth of revenues achieved and the different consolidation scope. More specifically, costs for services, goods and other operating costs net of non-recurring items, which came to 11,788 thousand euros in the first quarter of 2023 (10,256 thousand euros in the first quarter of 2022), rose by 14.9% on the same period of the previous year and personnel expense (net of non-recurring items), of 13,730 thousand euros in the first quarter of 2023 (10,887 thousand euros in the first quarter of 2022) rose by 26.1% on the same period of the previous year as a consequence mainly to the different consolidation scope. The incidence of operating costs on revenue, net of non-recurring costs, came to 91% (90.3% at the end of Q1 2022).

The increase in revenue and careful management of operating costs have led to a better gross operating profit (adjusted EBITDA) of 2,516 thousand euros, up 10.1% on the adjusted EBITDA of Q1 2022, of 2,285 thousand euros. The adjusted EBITDA Margin<sup>(4)</sup> for Q1 2023 came to 9%, almost in line with the same period of FY 2022.

Note that the specified favourable euro-Mexican peso exchange rate has resulted in an increase in adjusted EBITDA of 71 thousand euros, calculated at equal rates with respect to the comparison period.

Adjusted EBIT, gross of financial income and expense and non-recurring expenses, comes to 1,580 thousand euros, a decrease of 57 thousand euros on the Q1 2022 result (1,637 thousand euros).

Financial expense, net of the related income, comes to 520 thousand euros as compared with 87 thousand euros for the previous year. The change compared with last year, as better detailed over the next few pages, is linked to the growth of financial liabilities in place at 31 March 2023 compared with the same date of 2022, as well as to the rising trend of market interest rates.

Non-recurring expenses came to 276 thousand euros (zero at the end of the first quarter of the previous year) and mainly refer to non-routine staff-related costs (272 thousand euros).

The pre-tax result comes to 784 thousand euros, down 766 thousand euros (-49.4%) on the pre-tax result recorded for Q1 2022 (1,550 thousand euros), mainly due to the greater impact of financial and

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



non-routine items compared with the same period of the previous year.

Net profit for the year totals 650 thousand euros, as compared with 1,085 thousand euros in Q1 2023.

### Reclassified statement of financial position

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

	Figures in thousands of euros	
	31 Mar. 2023	31 Dec. 2022
<b>Non-current assets</b>	<b>68,247</b>	<b>66,710</b>
Current assets	43,870	45,617
Current liabilities	(27,084)	(29,021)
<b>Net working capital</b>	<b>16,786</b>	<b>16,596</b>
Post-employment benefits	(5,779)	(5,543)
Provision for risks, charges and deferred tax liabilities	(227)	(228)
<b>Net invested capital</b>	<b>79,027</b>	<b>77,535</b>
<b>Equity</b>	<b>44,180</b>	<b>43,406</b>
Non-current financial debt	30,315	29,942
Current financial (position)	4,532	4,187
<b>Net financial debt</b>	<b>34,847</b>	<b>34,129</b>
<b>Total sources of finance</b>	<b>79,027</b>	<b>77,535</b>

The reclassified statement of financial position data at 31 March 2023 indicate net invested capital of 79,027 thousand euros, to be compared with 77,535 thousand euros at 31 December 2022, which consists of:

- 68,247 thousand euros in non-current assets (66,710 thousand euros at 31 December 2022) of which 54,870 thousand euros for goodwill and 6,117 thousand euros for right-of-use assets (respectively 54,868 thousand euros and 4,633 thousand euros at 31 December 2022);
- 16,786 thousand euros, net working capital (16,596 thousand euros at 31 December 2022);
- 5,779 thousand euros, severance indemnity (5,543 thousand euros at 31 December 2022);
- for Euro 227 thousand, for the provisions for risks and deferred tax liabilities, to compared with Euro 228 thousand at 31 December 2022.

Equity of 44,180 thousand euros increased by 774 thousand euros on 31 December 2022 (+1.8%), mainly due to:

- +732 thousand euros for the comprehensive income for the period;
- +40 thousand euros for the increase in the long-term incentive plan reserve.

The net financial debt is 34,847 thousand euros (debt of 34,129 thousand euros at 31 December 2022)



and its change with respect to the previous year is detailed in the next paragraph.

### Main financial figures

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

	Figures in thousands of euros	
	31 Mar. 2023	31 Dec. 2022
Bank deposits	8,374	9,110
Cash on hand	5	5
<b>Cash and cash equivalents</b>	<b>8,379</b>	<b>9,115</b>
<b>Current financial assets</b>	<b>291</b>	<b>291</b>
Bank loans and borrowings	(10,979)	(11,918)
Put option and earn-out liabilities	(13,627)	(13,436)
Loans and borrowings from other financial backers	(1,146)	(1,163)
Lease liabilities from application of IFRS 16	(4,563)	(3,425)
<b>Non-current financial liabilities</b>	<b>(30,315)</b>	<b>(29,942)</b>
Bank loans and borrowings	(8,161)	(8,935)
Put option liabilities	(3,260)	(3,225)
Loans and borrowings from other financial backers	(88)	(88)
Lease liabilities from application of IFRS 16	(1,693)	(1,345)
<b>Current financial liabilities</b>	<b>(13,202)</b>	<b>(13,593)</b>
<b>Net financial debt</b>	<b>(34,847)</b>	<b>(34,129)</b>

The Group's net financial position at 31 March 2023 is negative for 34,847 thousand euros (negative for 34,129 thousand euros at 31 December 2022), with a period decline of 718 thousand euros. This change, detailed and explained in the Statement of Cash Flows given over the next few pages, is due to:

- +1,730 thousand euros for the reduction in payables to banks and loans and borrowings from other financial backers, mainly by way of the combined provisions (i) of advances on invoices (reimbursements net of disbursements made by the Parent Company) for a total of +812 thousand euros, (ii) of the repayment of the instalments envisaged on the bank loan amortisation plans (+1,048 thousand euros) and (iii) of the new medium/long-term loan obtained by the Parent Company for -90 thousand euros;
- -1,486 thousand euros for the increase in financial liabilities due to the application of IFRS 16, mainly due to the effect of the signing of new lease contracts and partly offset by period payments made of charges;
- -736 thousand euros for the decrease in cash and cash equivalents;
- -226 thousand euros for the increase in put option and earn-out payables, as a result of the interest accrued during the period.



## **Significant subsequent events**

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

The Alkemy S.p.A. financial statements at 31 December 2022, which were approved by the Company's Board of Directors last 27 March, were submitted to the Shareholders' Meeting on 27 April 2023; they resolved in their favour, ruling that the period profit should be carried forward.

In view of the forthcoming closure of the Long Term Incentive Plan 2020/2023, the same Shareholders' Meeting held on 27 April 2023 approved a new Long Term Incentive Plan 2024/2026, confirming the alignment with the strategic objectives of the business plan adopted by the Company for the period 2024/2026 and, therefore, with the long-term interests that the Company accordingly intends to pursue.

## **Outlook**

At the date on which this consolidated interim report at 31 March 2023 is approved, it is considered that the evolution of this year's operations will still mainly depend on exogenous factors that are, to a large extent, linked to the evolution of the war in Ukraine, to inflation and to the consequent increasing rates monetary policy. Indeed, the economic effects deriving from the war in Ukraine are helping drive the increase in inflation caused above all by the widespread increase in the prices of energy products: there are therefore significant negative impacts on almost all economic segments and, in general, on the companies' expectations, which are not always positive due to the general uncertainty of the markets. At present, only limited significant effects have been seen on Alkemy Group customers, although some are suffering more directly the difficulties consequent to the inflation, with possible fallout on the purchase of the services proposed by the Group.

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



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

Consolidated financial statements  
at 31 March 2023 and comments



## Financial statements

### Consolidated income statement

		Figures in thousands of euros	
	Notes	Q1 2023	Q1 2022
Revenue	1	27,353	23,222
Other income	2	681	206
<b>Total revenue and other income</b>		<b>28,034</b>	<b>23,428</b>
Services, goods and other operating costs	3	(11,792)	(10,256)
- of which non-recurring		(4)	-
Personnel expense	4	(14,002)	(10,887)
- of which non-recurring		(272)	-
<b>Total costs and other operating costs</b>		<b>(25,794)</b>	<b>(21,143)</b>
<b>Gross operating profit</b>		<b>2,240</b>	<b>2,285</b>
Amortisation/depreciation	5	(923)	(648)
Provisions and impairment losses	6	(13)	-
<b>Operating profit</b>		<b>1,304</b>	<b>1,637</b>
Other financial income	7	178	204
Other financial expense	8	(698)	(291)
<b>Pre-tax profit (loss)</b>		<b>784</b>	<b>1,550</b>
Income taxes	9	(134)	(465)
<b>Profit/(loss) for the period</b>		<b>650</b>	<b>1,085</b>
- Owners of the parent		645	1,084
- Non-controlling investors		5	1



## Consolidated statement of comprehensive income

	Figures in thousands of euros	
	Q1 2023	Q1 2022
<b>Profit/(loss) for the period</b>	<b>650</b>	<b>1,085</b>
<b>Items that will be reclassified to profit or loss:</b>		
Foreign operations - foreign currency translation differences	82	67
<b>Total items that will be reclassified to profit or loss</b>	<b>82</b>	<b>67</b>
<b>Other comprehensive income (expense) net of tax</b>	<b>82</b>	<b>67</b>
<b>Comprehensive income for the period</b>	<b>732</b>	<b>1,152</b>
<b>Attributable to:</b>		
- Owners of the parent	727	1,151
- Non-controlling investors	5	1





## Statement of financial position

	Figures in thousands of euros	
<b>Assets</b>	<b>31 Mar. 2023</b>	<b>31 Dec. 2022</b>
Property, plant and equipment	2,207	2,209
Right-of-use assets	6,117	4,633
Goodwill	54,870	54,868
Intangible assets	1,983	1,934
Equity investments	5	5
Other financial assets	550	588
Deferred tax assets	2,248	2,206
Other assets	267	267
<b>Non-current assets</b>	<b>68,247</b>	<b>66,710</b>
Trade receivables	39,143	41,541
Other financial assets	291	291
Tax assets	2,558	2,065
Other assets	2,169	2,011
Cash and cash equivalents	8,379	9,115
<b>Current assets</b>	<b>52,540</b>	<b>55,023</b>
<b>Total assets</b>	<b>120,787</b>	<b>121,733</b>



	Figures in thousands of euros	
<b>Liabilities and Equity</b>	<b>31 Mar. 2023</b>	<b>31 Dec. 2022</b>
<b>Equity</b>		
Share capital	596	596
Reserves	42,533	36,828
Profit/(loss) for the period	645	5,583
<b>Equity attributable to owners of the parent</b>	<b>43,774</b>	<b>43,007</b>
Equity attributable to non-controlling investors	406	399
<b>Total equity</b>	<b>44,180</b>	<b>43,406</b>
<b>Non-current liabilities</b>		
Financial liabilities	12,125	13,081
Lease liabilities	4,563	3,425
Put option and earn-out liabilities	13,627	13,436
Employee benefits	5,779	5,543
Provisions	99	100
Deferred tax liabilities	128	128
<b>Non-current liabilities</b>	<b>36,321</b>	<b>35,713</b>
<b>Current liabilities</b>		
Financial liabilities	8,249	9,023
Lease liabilities	1,693	1,345
Put option and earn-out liabilities	3,260	3,225
Trade payables	14,159	16,217
Tax liabilities	2,046	1,622
Other liabilities	10,879	11,182
<b>Current liabilities</b>	<b>40,286</b>	<b>42,614</b>
<b>Total liabilities</b>	<b>76,607</b>	<b>78,327</b>
<b>Total liabilities and equity</b>	<b>120,787</b>	<b>121,733</b>



## Consolidated statement of cash flows

	Figures in thousands of euros	
	31 Mar. 2023	31 Mar. 2022
<b>Cash flow from operating activities</b>		
Profit/(loss) for the period	650	1,085
Financial income	(178)	(204)
Financial expense	698	291
Income taxes	134	465
Amortisation/depreciation	923	648
Provisions and impairment losses	13	-
Cost for share-based payments	40	111
Decrease (increase) in trade receivables	2,384	4,989
Increase (decrease) in trade payables	(2,235)	(664)
Decrease (increase) in other assets	24	(385)
Increase (decrease) in other liabilities	123	(947)
<b>Cash flows from operating activities</b>	<b>2,576</b>	<b>5,389</b>
Interest paid	(184)	(54)
Income tax paid	(133)	(247)
<b>Net cash flows from operating activities</b>	<b>2,259</b>	<b>5,088</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	(492)	(646)
Decrease (increase) in financial assets	-	(45)
<b>Net cash flows used in investing activities</b>	<b>(492)</b>	<b>(691)</b>
<b>Cash flows from financing activities</b>		
Change in financial liabilities	(1,773)	(206)
Change in financial liabilities pursuant to IFRS 16	(476)	(394)
Dividends paid to non-controlling investors	(214)	(101)
Payment of put options	(40)	(1,730)
<b>Net cash flows from (used in) financing activities</b>	<b>(2,503)</b>	<b>(2,431)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(736)</b>	<b>1,966</b>
<b>Opening balance</b>	<b>9,115</b>	<b>10,458</b>
<b>Closing balance</b>	<b>8,379</b>	<b>12,424</b>

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



## Statement of changes in equity

Figures in thousands of euros

	Share capital	Treasury shares	Legal reserve	Other reserves	Retained earnings	Profit/(loss) for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling investors	Total equity
<b>Balance at 31 Dec. 2021</b>	<b>596</b>	<b>(1,743)</b>	<b>202</b>	<b>31,215</b>	<b>1,843</b>	<b>4,263</b>	<b>36,376</b>	<b>323</b>	<b>36,699</b>
Allocation of profit for the year	-	-	-	-	4,263	(4,263)	-	-	-
Stock options	-	-	-	4	-	-	4	-	4
Change in put option liabilities	-	-	-	-	(517)	-	(517)	-	(517)
Long Terms Incentive Plan	-	-	-	107	-	-	107	-	107
Other movements	-	-	-	-	(2)	-	(2)	-	(2)
Other comprehensive income (expense)	-	-	-	67	-	-	67	-	67
Profit/(loss) for the period	-	-	-	-	-	1,084	1,084	1	1,085
<b>Balance at 31 Mar. 2022</b>	<b>596</b>	<b>(1,743)</b>	<b>202</b>	<b>31,393</b>	<b>5,587</b>	<b>1,084</b>	<b>37,119</b>	<b>324</b>	<b>37,443</b>

Figures in thousands of euros

	Share capital	Treasury shares	Legal reserve	Other reserves	Retained earnings	Profit/(loss) for the year	Equity attributable to owners of the parent	Equity attributable to non-controlling investors	Total equity
<b>Balance at 31 Dec. 2022</b>	<b>596</b>	<b>(1,793)</b>	<b>202</b>	<b>33,284</b>	<b>5,135</b>	<b>5,583</b>	<b>43,007</b>	<b>399</b>	<b>43,406</b>
Allocation of profit for the year	-	-	-	-	5,583	(5,583)	-	-	-
Long Terms Incentive Plan	-	-	-	40	-	-	40	-	40
Other movements	-	-	-	-	-	-	-	2	2
Other comprehensive income (expense)	-	-	-	82	-	-	82	-	82
Profit/(loss) for the period	-	-	-	-	-	645	645	5	650
<b>Balance at 31 Mar. 2023</b>	<b>596</b>	<b>(1,793)</b>	<b>202</b>	<b>33,406</b>	<b>10,718</b>	<b>645</b>	<b>43,774</b>	<b>406</b>	<b>44,180</b>



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

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

The Alkemy Group Interim Financial Report at 31 March 2023 has been prepared as STAR issuer, in accordance with the provisions of Borsa Italiana Notice no. 7587 of 21 April 2016 "STAR Issuers: information on interim management statements"; the related contents are consistent with that established by Art. 154-ter, paragraph 5 of Italian Legislative Decree no. 58, dated 24 February 1998.

The Interim Financial Report is prepared on the basis of the booking and measurement criteria envisaged by the International Financial Reporting Standards (IFRSs) adopted by the European Union. The accounting standards adopted for the preparation of this Interim Financial Report are the same as those adopted for the preparation of the Group's annual Consolidated financial statements for the year ended at 31 December 2022, apart from the new standards in force from 1 January 2023, which had no significant impact on the period.

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

The Interim Financial Report is approved by Alkemy S.p.A.'s Board of Directors on 15 May 2023 and on that same date, the same body authorises its publication.



## Consolidated income statement

### 1. Revenue

Revenue comes to 27,353 thousand euros (23,222 thousand euros at 31 March 2022) and relate entirely to the sale of services.

Turnover achieved in the first three months of 2023 was up by 4,131 thousand euros (+17.8%) on the same period of the previous year. The increase is mainly due (i) to inorganic growth following the acquisition (during H2 2022) of the majority share of Innocv Solution S.L. for a total of 2,329 thousand euros and (ii) to the holding fast of key foreign accounts, in particular in relation to the Mexican subsidiaries (+896 thousand euros, of which 601 thousand euros relating to the favourable performance of the Euro-Mexican Peso exchange rate compared with the comparison period of the previous year), (iii) to the holding fast of the key Italian customers and related active contracts (+581 thousand euros) and (iv) to the increase in the revenues of DGI Corp. +131 thousand euros with respect to the same period of the previous year.

Note that the effect of the euro-Serbian dinar and the euro-US dollar exchange rate had exchange not significant impact.

### 2. Other income

Other income totals 681 thousand euros (206 thousand euros at 31 March 2022), as follows:

	Figures in thousands of euros	
	Q1 2023	Q1 2022
Revenue for capitalised costs	246	173
Tax asset	376	-
Government grants	11	3
Other revenue	48	30
<b>Total other revenue</b>	<b>681</b>	<b>206</b>

Revenue for capitalised costs came to 246 thousand euros and mainly relates to the internal implementation of software and platforms relative to the pursuit of the Group's commercial activities, in particular: the development of techniques applicable to the optimisation of marketing campaigns, as an alternative or in support of the current techniques typically employed and the customisation of the CRM Salesforce software entirely on the cloud, based on Contract Management & Customer Centricity processes under the scope of the Retail & Design segment.

The tax asset is mainly accrued on the investments in 4.0 training pursuant to Art. 1, paragraph 53 Law 205/2017 and pursuant to Art. 4 paragraph 1, MD/2018 amounts to 376 thousand euros (zero thousand euros at 31 March 2022) and mainly relates to investments made (i) for 250 thousand euros from the Parent company, (ii) for 100 thousand euros from the Spanish subsidiary Innocv Solutions S.L. and (iii) for 26 thousand euros from the subsidiary XCC S.r.l..



Government grants of 11 thousand euros (3 thousand euros at 31 March 2022) mainly refer to the contributions made by Fondimpresa and the Lombardy Region.

Other revenue came to 48 thousand euros (30 thousand euros at 31 March 2022) and mainly regards contingent assets and other operating revenue.

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

Services, goods and other operating costs comes to 11,792 thousand euros (10,256 thousand euros at 31 March 2022), as detailed hereto:

	Figures in thousands of euros	
	Q1 2023	Q1 2022
Services	11,625	10,162
Purchase of raw materials	41	27
Lease costs	93	36
Other operating costs	33	31
<b>Total</b>	<b>11,792</b>	<b>10,256</b>

#### Services

Costs for services come to 11,625 thousand euros (10,162 thousand euros at 31 March 2022) and are detailed below:



	Figures in thousands of euros	
	Q1 2023	Q1 2022
Services for customers	9,932	9,068
Maintenance services	232	148
Administrative services	212	63
Marketing services	179	96
Travel and transfer expenses	178	77
Restaurant vouchers	164	64
Other consultancy	133	163
Consultancy and legal expenses	124	101
Insurance	96	76
Audit and attestation fees	63	44
Postal, telephone and data transmission services	62	64
Condominium and supervisory expenses	44	31
Cleaning expenses	42	34
Utilities	36	19
Payslip processing	24	17
Banking services	18	19
Statutory Auditors' fees	16	16
Costs for non-recurring services	4	-
Collaborators' fees	4	15
Commercial services	-	16
Other services	62	31
<b>Total services</b>	<b>11,625</b>	<b>10,162</b>

Services mainly include commercial costs incurred for activities provided to customers, media space, costs for third party services, distribution costs and costs for collaborators. The year's increase, of 1,463 thousand euros (+14.4%) is connected with the Group's inorganic growth, the growth in business and the resumption of work being carried out on-site and transfers consequent to the end of the pandemic period.

#### **Purchase of raw materials**

Costs for the purchase of raw materials total 41 thousand euros (27 thousand euros at 31 March 2022) and mainly regard consumables for the office.

#### **Lease costs**

Lease costs come to 93 thousand euros (36 thousand euros at 31 March 2022) 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 33 thousand euros (31 thousand euros at 31 March 2022) and mainly regard contingent liabilities and entertainment expenses.

#### **4. Personnel expense**





Personnel expense comes to 14,002 thousand euros (10,887 thousand euros at 31 March 2022), up 3,115 thousand on the same period of 2022 (+28.6%), of which 1,926 thousand euros relate to changes in the consolidation scope; they comprise:

	Figures in thousands of euros	
	Q1 2023	Q1 2022
Wages and salaries	10,294	7,744
Non-recurring personnel expense	272	-
Directors' fees	298	526
Social security expenses	2,681	2,090
Costs for defined benefit plans	405	408
Cost for share-based payments	40	111
Other personnel expense	12	8
<b>Total personnel expense</b>	<b>14,002</b>	<b>10,887</b>

This item includes all costs incurred during the year, directly or indirectly relating to employees and collaborators, as well as directors' fees for 298 thousand euros.

"Non-recurring personnel expense" includes all costs incurred for incentives to take redundancy, recognised and paid in full during the year, as well as the one-off adjustment costs envisaged on the basis of the collective bargaining agreements of the Italian companies.

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

The average number of employees during the period was 926, as compared with 750 in the same period of the previous year.

923 employees were on the workforce at 31 March 2023, as compared with 753 in the same period of the previous year.

The amount of average wages and salaries per employee, net of directors' fees, costs for share-based payments and non-recurring personnel costs, rose mainly following the contractual increases and promotions, recognised starting Q2 2022.

## 5. Amortisation/depreciation

Amortisation/depreciation comes to 923 thousand euros (648 thousand euros at 31 March 2022) and consists of:

- 478 thousand euros (396 thousand euros at 31 March 2022) relate to the amortisation/depreciation of right-of-use assets;
- 255 thousand euros (112 thousand euros at 31 March 2022) for the amortisation of intangible fixed assets;



- 190 thousand euros (140 thousand euros at 31 March 2022) for the depreciation of property, plant and equipment.

## 6. Provisions and impairment losses

Provisions recorded come to 13 thousand euros (zero at 31 March 2022) and refer to the impairment of non-trade receivables.

## 7. Other financial income

Other financial income comes to 178 thousand euros (204 thousand euros at 31 March 2022) and is detailed below:

	Figures in thousands of euros	
	Q1 2023	Q1 2022
Exchange gains	157	99
Fair value gains on derivatives	-	102
Other financial income	21	3
<b>Total other financial income</b>	<b>178</b>	<b>204</b>

Exchange gains come to 157 thousand euros (99 thousand euros at 31 March 2022) and essentially refer to the subsidiary Ontwice Interactive Services S.A. Mexico City, which also originates most of the exchange losses, of 171 thousand euros (168 thousand euros in the comparison period), included in financial expense, as detailed below.

Exchange gains and losses, whose effective values offset each other, increase on the previous year and relate to purchases and sales made in USD by the Mexican subsidiaries; they reflect the greater volatility of the Mexican currency compared with the dollar, as compared with the same period of 2022.

Last year, the item included income from derivatives for 102 thousand euros relating to the adjustment of the fair value of the loan interest rate hedges stipulated.

## 8. Other financial expense

Other financial expense comes to 698 thousand euros (291 thousand euros at 31 March 2022) and is detailed below:



	Figures in thousands of euros	
	Q1 2023	Q1 2022
Interest from put option and earn-out liabilities	226	33
Exchange losses	171	168
Interest expense on loans	145	42
Interest expense on employee benefits (IAS 19)	53	13
Interest on leases	37	29
Fair value loss on derivatives	35	-
Interest expense on current accounts	18	-
Other financial expense	13	6
<b>Total other financial expenses</b>	<b>698</b>	<b>291</b>

The increase in the item reflects the increase in interest expense, mainly on loans, put options and earn-out, in line with the general rates growth trend and the increase in financial liabilities at 31 March 2023.

## 9. Income taxes

Taxes come to 134 thousand euros (465 thousand euros as at 31 March 2022), were calculated in accordance with current tax law and are detailed as follows:

	Figures in thousands of euros	
	Q1 2023	Q1 2022
Current income tax	57	165
Current IRAP tax	90	68
Change in deferred tax assets	(14)	232
Change in deferred tax liabilities	1	-
<b>Total taxes</b>	<b>134</b>	<b>465</b>

The 86 thousand euro reduction in comprehensive current tax is connected with the reduction in pre-tax profit.

## 10. Net financial debt

In accordance with the requirements laid down by CONSOB communication of 28 July 2006 and in compliance with the ESMA update in regard to the "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 31 March 2023:



	Figures in thousands of euros	
	31 Mar. 2023	31 Dec. 2022
A Cash	8,379	9,115
B Cash equivalents	-	-
C Other current financial assets	291	82
<b>D Cash and cash equivalents (A + B + C)</b>	<b>8,670</b>	<b>9,197</b>
E Current financial liabilities (including debt instruments but excluding the current portion of non-current financial liabilities)	7,115	9,256
F Current portion of non-current financial liabilities	6,087	4,337
<b>G Current financial liabilities (E + F)</b>	<b>13,202</b>	<b>13,593</b>
<b>H Net current financial liabilities (G - D)</b>	<b>4,532</b>	<b>4,396</b>
I Non-current financial liabilities (excluding the current portion and debt instruments)	30,315	29,942
J Debt instruments	-	-
K Trade payables and other non-current liabilities	-	-
<b>L Non-current financial liabilities (I + J + K)</b>	<b>30,315</b>	<b>29,942</b>
<b>M Total financial debt (H + L)</b>	<b>34,847</b>	<b>34,338</b>

Current financial liabilities include the financial liabilities from current rights of use, the current portion of put option liabilities, the advances on invoices and the current portion of loans and borrowings from other financial backers.

Non-current financial liabilities include the non-current portion of payables to banks, the financial liabilities from non-current rights of use, the non-current portion of put option liabilities and the non-current portion of loans and borrowings from other financial backers.

Milan, 15 May 2023

for the Board of Directors  
the Chief Executive Officer  
Duccio Vitali



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

The Manager appointed to prepare the company's accounting documents, Claudio Benasso, attests, in accordance with paragraph two, Article 154-bis of the Consolidated Law on Finance (TUF), that the accounting information contained in this Alkemy Group interim report at 31 March 2023, coincides with the documentary evidence, ledgers and accounting records.

*Milan, 15 May 2023*

signed Claudio Benasso

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