

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

Interim Financial Report  
at 30 September 2023

**Alkemy Group**

Parent Alkemy S.p.A.

Registered office in Milan, at Via San Gregorio 34

Share Capital Euro 595,534.32

VAT no.: 05619950966

Milan Company Registration no. 1835268



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

### Board of Directors

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

### Board of Statutory Auditors

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

### Independent Auditors

KPMG S.p.A.



## Highlights

Below are the key performance data of the Alkemy Group in the first nine months of 2023:

	Figures in thousands of euros	
	9 months 2023	9 months 2022
Net revenue	85,874	74,660
Adjusted gross operating profit (EBITDA) (1)	8,976	7,904
Adjusted operating profit (2)	5,570	5,534
Profit for the period	2,353	3,635
Average number of employees	940	783

	Figures in thousands of euros	
	9 months 2023	9 months 2022
Italy revenue	52,385	50,099
Abroad revenue	33,489	24,561
Net revenue	85,874	74,660

	Figures in thousands of euros	
	30 Sep. 2023	31 Dec. 2022
Net invested capital	80,594	77,535
Net financial debt	(34,466)	(34,129)
Equity	46,128	43,406

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



## **The Group and its business**

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

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

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

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

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

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

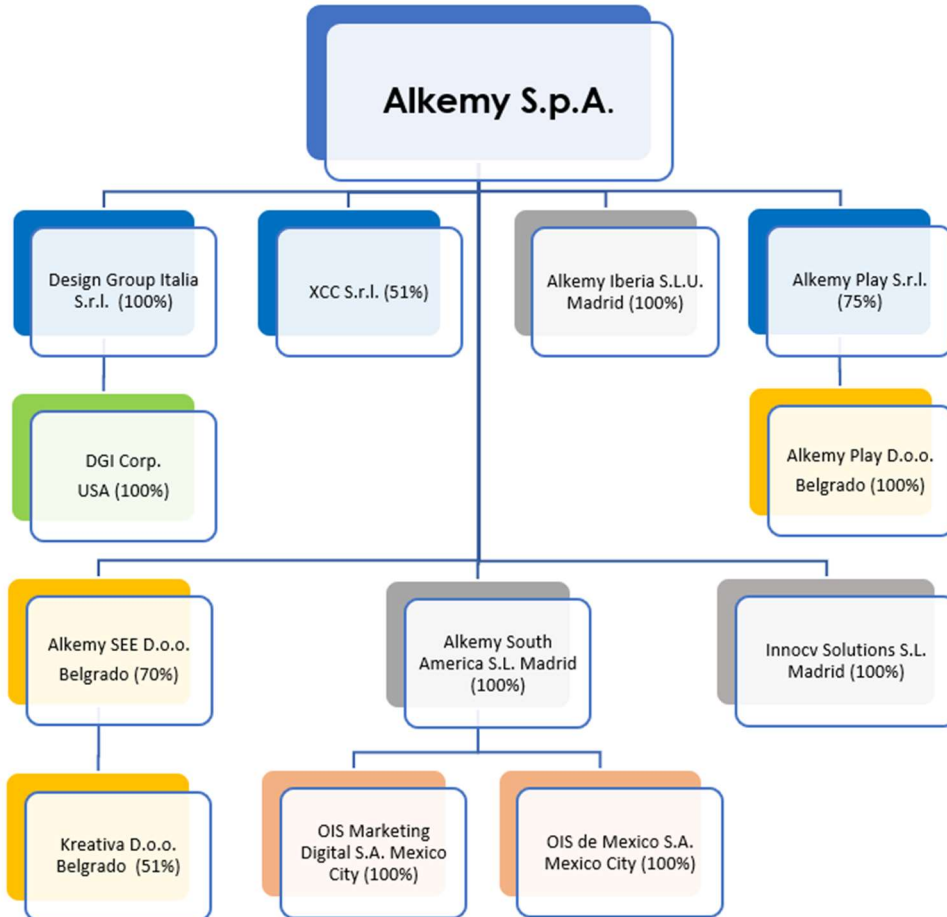
From when it was listed, in just two years, Alkemy has managed to almost double its turnover and in December 2019, it finalised the switch to Borsa Italiana's main market, in the STAR segment dedicated to medium enterprises that undertake to meet standards of excellence in terms of transparency, corporate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



## Group structure

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

At 30 September 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 with Alkemy Iberia S.L. in 2022 and taking on its name. The company is based in Madrid and operates in strategic consultancy and digital advisory and is one of Spain's most important digital agencies.

**Alkemy South America S.L.:** company established in 2021, based in Madrid that wholly owns the two Mexican companies based in Mexico City, **Ontwice Interactive Services de Mexico S.A.** and **OIS**



**Marketing Digital S.A.**, both operating on local markets in digital services, communication and media.

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

**Design Group Italia ID S.r.l. ("DGI")**: company operating in "innovation & design", in which the stake held has gone from 51% to 100% of the quota capital, following exercise of the put option in July and August 2023. The company is the sole shareholder of a legal entity operating in the USA: **DGI Corp.**

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

## **Business units**

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

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



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

## Performance during the first nine months of 2023

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

In this complex macroeconomic context with little in the way of visibility, the general trend of the Alkemy Group's business, as better detailed below, has been reasonably positive. The Alkemy Group closed H1 2023 with 15% growth in revenue and income over the corresponding period of 2022 and with an improvement seen in margins, resulting in an adjusted consolidated gross operating profit of 8,976 thousand euros (7,904 thousand euros in the corresponding period of 2022, +13.6%) and a positive generation of operating cash flow (+7.1 million euros). At 30 September 2023, the net financial debt amounts to 34.5 million euros, slightly up on that at 31 December 2022 (34.1 million euros).





Finally, the Group's average number of employees at the end of the first nine months of 2023 increased by more than 20% (940 vs 783 at 30 September 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 nine months of 2023, compared with the figures for the same period in 2022, is as follows <sup>(3)</sup>:

	Figures in thousands of euros	
	9 months 2023	9 months 2022
<b>Net revenue</b>	<b>85,874</b>	<b>74,660</b>
Services, goods and other operating costs	36,916	34,280
Personnel expense	39,982	32,476
<b>Adjusted gross operating profit (EBITDA)</b>	<b>8,976</b>	<b>7,904</b>
Amortisation, depreciation and impairment losses	3,406	2,370
<b>Adjusted operating profit</b>	<b>5,570</b>	<b>5,534</b>
Net Financial expenses (income)	1,511	123
Non-recurring expense	794	425
<b>Pre-tax profit</b>	<b>3,265</b>	<b>4,986</b>
Income taxes	912	1,351
<b>Profit for the period</b>	<b>2,353</b>	<b>3,635</b>
Other items recognised in equity	99	192
<b>Comprehensive income for the period</b>	<b>2,452</b>	<b>3,827</b>
Comprehensive income attributable to non-controlling interests	(23)	(5)
Comprehensive income attributable to the owners of the parent	2,475	3,832

The Group's consolidated financial performance for the first nine months of 2023 shows total net revenue of 85,874 thousand euros, as compared with 74,660 thousand euros in the corresponding period of the previous year, up 11,214 thousand euros (+15%), due to the Italy sector for 2,286 thousand euros and for 8,928 thousand euros to the foreign sector.

Revenue in Italy, which accounts for 61% of consolidated revenue (67.1% in the same period of 2022), totals 52,385 thousand euros (50,099 thousand euros in the corresponding period of the previous year), up 2,286 thousand euro (+4.6%). This is mainly due to the positive effects of the Go-To-Market strategy which enabled strong monitoring of existing customers and more than offset the uncertainty which partly still affects the reference market.

Abroad, revenue comes to 33,489 thousand euros, compared with the 24,561 thousand euros in the same period of 2022 (+36.4%).

The overall increase of 8,928 thousand euros in revenue achieved by the foreign companies is mainly

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



the result of the combined effect of (i) the inorganic growth due to the acquisition of Innocv Solutions S.L. in July 2022 (+5,875 thousand euros), (ii) the increase in revenue of the Mexican subsidiaries (+879 thousand euros on the corresponding period of the previous year, +6.6%, due entirely to the favourable trend of the Euro-Mexican peso exchange rate), (iii) the increase in revenue of Kreativa D.o.o. and of Alkemy Iberia S.L.U. (+992 thousand euros and +935 thousand euros, respectively, compared with the corresponding period of the previous year) and (iv) the increase in revenue of DGI Corp. (+221 thousand euros on the same period of the previous year), when revenue came to 654 thousand euros. The effect of the Euro-Serbian dinar and the Euro-Dollar exchange rate had no significant impacts.

Operating costs (net of non-recurring items) went from 66,756 thousand euros in the first nine months of 2022 to 76,898 thousand euros in the first nine months of 2023, up 10,142 thousand euros (+15.2%), in line with the growth in revenue achieved and the different consolidation scope, also considering the higher investments in human resources made during the period to support future growth. Specifically:

- costs for services, goods and other operating costs, net of non-recurring items, which came to 36,916 thousand euros in the first nine months of 2023 (34,280 thousand euros in the first nine months of 2022) rose by 7.7% on the same period of the previous year;
- personnel expense, net of non-recurring items, which came to 39,982 thousand euros in the first nine months of 2023 (32,476 thousand euros in the first nine months of 2022) rose by 23.1% on the same period of the previous year mainly due to the different consolidation scope.

The incidence of operating costs on revenue, net of non-recurring costs, increased to 89.5% compared to 89.4% at the end of the first nine months of 2022.

The increase in revenue and careful management of operating costs have led to a better gross operating profit (adjusted EBITDA) of 8,976 thousand euros, up 13.6% on the adjusted EBITDA of the corresponding period of the previous year, of 7,904 thousand euros. The adjusted EBITDA Margin<sup>(4)</sup> for the first nine months of 2023 came to 10.5%, in line with the corresponding period of 2022 (10.6%).

The above-mentioned favourable Euro-Mexican peso exchange rate has resulted in an increase in adjusted EBITDA of 171 thousand euros, calculated using the same rates as those of the corresponding period of the previous year.

Adjusted operating profit (adjusted EBIT), gross of financial income and expense and non-recurring expense, comes to 5,570 thousand euros, up 36 thousand euros on the corresponding period of the previous year (5,534 thousand euros), mainly as a result of higher amortisation/depreciation and impairment losses (+1,036 thousand euros on the corresponding period of the previous year). The increase in amortisation/depreciation is due to investments as of the second half of 2022.

Financial expense, net of the related income, comes to 1,511 thousand euros as compared with 123

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



thousand euros for the corresponding period of the previous year. This increase, which is described later on, is due to the rise in financial liabilities at 30 September 2023 compared to the same period of 2022, and to the increase in market interest rates.

Non-recurring expense comes to 794 thousand euros (425 thousand euros in the third quarter of the previous year) and mostly refers to non-recurring personnel expense (772 thousand euros).

The pre-tax profit comes to 3,265 thousand euros, down 1,721 thousand euros (-34.5%) on the pre-tax profit of the first nine months of 2022 (4,986 thousand euros), mainly as a result of the effect of higher amortisation/depreciation and impairment losses and financial and non-recurring items, compared to the corresponding period of the previous year.

The profit for the period totals 2,353 thousand euros, as compared with 3,635 thousand euros for the first nine months of 2022.

### Reclassified statement of financial position

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

	Figures in thousands of euros	
	30 Sep. 2023	31 Dec. 2022
<b>Non-current assets</b>	<b>68,504</b>	<b>66,710</b>
Current assets	44,776	45,617
Current liabilities	(26,155)	(29,021)
<b>Net working capital</b>	<b>18,621</b>	<b>16,596</b>
Post-employment benefits	(6,306)	(5,543)
Provision for risks, charges and deferred tax liabilities	(225)	(228)
<b>Net invested capital</b>	<b>80,594</b>	<b>77,535</b>
<b>Equity</b>	<b>46,128</b>	<b>43,406</b>
Non-current financial debt	26,951	29,942
Current financial debt (position)	7,515	4,187
<b>Net financial debt</b>	<b>34,466</b>	<b>34,129</b>
<b>Total sources of finance</b>	<b>80,594</b>	<b>77,535</b>

The reclassified statement of financial position data at 30 September 2023 indicates net invested capital of 80,594 thousand euros, compared with 77,535 thousand euros at 31 December 2022, which consists of:

- non-current assets of 68,504 thousand euros (66,710 thousand euros at 31 December 2022) of which 54,867 thousand euros for goodwill and 6,622 thousand euros for right-of-use assets (at the end of the previous year, they respectively came to 54,868 thousand euros and 4,633 thousand euros);
- net working capital of 18,621 thousand euros (16,596 thousand euros at 31 December



2022);

- post-employment benefits of 6,306 thousand euros (5,543 thousand euros at 31 December 2022);
- provisions for risks and deferred tax liabilities of 225 thousand euros (228 thousand euros at 31 December 2022).

Equity of 46,128 thousand euros increased by 2,722 thousand euros on 31 December 2022 (+6.3%), mainly due to:

- the comprehensive income for the period (+2,452 thousand euros);
- fair value measurement of the put option liability relating to DGI S.r.l. following exercise of the option for the purchase of the company's residual capital (+416 thousand euros);
- -116 thousand euros for the increase in the long-term incentive plan reserve.

The net financial debt is 34,466 thousand euros (debt of 34,129 thousand euros at 31 December 2022) and its change with respect to the previous year end is detailed in the next paragraph.

## Main financial figures

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

	Figures in thousands of euros	
	30 Sep. 2023	31 Dec. 2022
Bank deposits	9,233	9,110
Cash on hand	4	5
<b>Cash and cash equivalents</b>	<b>9,237</b>	<b>9,115</b>
<b>Current financial assets</b>	<b>86</b>	<b>291</b>
Bank loans and borrowings	(11,911)	(11,918)
Put option and earn-out liabilities	(8,863)	(13,436)
Loans and borrowings from other financial backers	(1,505)	(1,163)
Lease liabilities from application of IFRS 16	(4,672)	(3,425)
<b>Non-current financial liabilities</b>	<b>(26,951)</b>	<b>(29,942)</b>
Bank loans and borrowings	(9,504)	(8,935)
Put option and earn-out liabilities	(5,147)	(3,225)
Loans and borrowings from other financial backers	(88)	(88)
Lease liabilities from application of IFRS 16	(2,099)	(1,345)
<b>Current financial liabilities</b>	<b>(16,838)</b>	<b>(13,593)</b>
<b>Net financial debt</b>	<b>(34,466)</b>	<b>(34,129)</b>

The Group's net financial debt at 30 September 2023 amounts to 34,466 thousand euros (34,129 thousand euros at 31 December 2022), having worsened by 337 thousand euros. This change, detailed and explained in the Statement of Cash Flows given over the next few pages, is due for:

- -2,001 thousand euros to the increase in financial liabilities following the application of IFRS



- 16, mainly as a result of new leases, mainly for new offices, offset, in part, by lease payments;
- -904 thousand euros to the increase in payables to banks and other lenders, mainly due to the combination of (i) invoice discounting (net of the disbursements made by the Parent) for a total of +434 thousand euros, (ii) the repayment of instalments envisaged by the loan repayment plans (+4,111 thousand euros) and (iii) -5,365 thousand euros for new medium-long term loans obtained in the period;
  - -205 thousand euros to the decrease in current financial assets, following the sale of the securities held by the company Innocv Solutions S.L.;
  - +2,651 thousand euros to the decrease in payables for out options and earn-outs, mainly as a result of the exercise of options in the period;
  - +122 thousand euros to the increase in cash and cash equivalents.

### **Significant subsequent events**

No significant events took place after the close of the third quarter.

### **Outlook**

At the date of approval of this interim financial report at 30 September 2023, the performance for the last quarter of the year will be driven mainly by external factors (the military conflict in Ukraine, the outbreak of the Israeli-Palestinian conflict, inflation and the resulting interest rate hike monetary policy). This general uncertainty has a significant impact on company expectations, which are not always positive as a result of widespread market concerns. At present, only limited significant effects have been seen on Alkemy Group customers, except for those customers more affected by the effects of inflation, with possible fallout on the purchase of the services offered by the Group.

Based on the results achieved in the first nine 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 revenue and margins.



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

Consolidated financial statements  
at 30 September 2023 and comments



## Financial statements

### Income statement

		Figures in thousands of euros	
	Notes	9 months 2023	9 months 2022
Revenue	1	83,306	73,593
Other income	2	2,568	1,067
<b>Total revenue and other income</b>		<b>85,874</b>	<b>74,660</b>
Services, goods and other operating costs	3	(36,938)	(34,449)
- of which non-recurring		(22)	(169)
Personnel expense	4	(40,754)	(32,732)
- of which non-recurring		(772)	(256)
<b>Total costs and other operating costs</b>		<b>(77,692)</b>	<b>(67,181)</b>
<b>Gross operating profit</b>		<b>8,182</b>	<b>7,479</b>
Amortisation/depreciation	5	(3,050)	(2,160)
Provisions and impairment losses	6	(356)	(210)
<b>Operating profit</b>		<b>4,776</b>	<b>5,109</b>
Other financial income	7	718	832
Other financial expense	8	(2,229)	(955)
<b>Pre-tax profit (loss)</b>		<b>3,265</b>	<b>4,986</b>
Income taxes	9	(912)	(1,351)
<b>Profit/(loss) for the period</b>		<b>2,353</b>	<b>3,635</b>
- Owners of the parent		2,376	3,640
- Non-controlling investors		(23)	(5)



## Statement of comprehensive income

	Figures in thousands of euros	
	9 months 2023	9 months 2022
<b>Profit/(loss) for the period</b>	<b>2,353</b>	<b>3,635</b>
<b>Items that will be reclassified to profit or loss:</b>		
Foreign operations - foreign currency translation differences	99	192
<b>Total items that will be reclassified to profit or loss</b>	<b>99</b>	<b>192</b>
<b>Other comprehensive income (expense) net of tax</b>	<b>99</b>	<b>192</b>
<b>Comprehensive income for the period</b>	<b>2,452</b>	<b>3,827</b>
<b>Attributable to:</b>		
- Owners of the parent	2,475	3,832
- Non-controlling investors	(23)	(5)





## Statement of financial position

	Figures in thousands of euros	
Assets	30 Sep. 2023	31 Dec. 2022
Property, plant and equipment	2,066	2,209
Right-of-use assets	6,622	4,633
Goodwill	54,867	54,868
Intangible assets	2,022	1,934
Equity investments	5	5
Other financial assets	442	588
Deferred tax assets	2,157	2,206
Other assets	323	267
<b>Non-current assets</b>	<b>68,504</b>	<b>66,710</b>
Trade receivables	39,036	41,541
Other financial assets	86	291
Tax assets	2,890	2,065
Other assets	2,850	2,011
Cash and cash equivalents	9,237	9,115
<b>Current assets</b>	<b>54,099</b>	<b>55,023</b>
<b>Total assets</b>	<b>122,603</b>	<b>121,733</b>



	Figures in thousands of euros	
<b>Liabilities and Equity</b>	<b>30 Sep. 2023</b>	<b>31 Dec. 2022</b>
<b>Equity</b>		
Share capital	596	596
Reserves	42,780	36,828
Profit/(loss) for the period	2,376	5,583
<b>Equity attributable to owners of the parent</b>	<b>45,752</b>	<b>43,007</b>
Equity attributable to non-controlling investors	376	399
<b>Total equity</b>	<b>46,128</b>	<b>43,406</b>
<b>Non-current liabilities</b>		
Financial liabilities	13,416	13,081
Lease liabilities	4,672	3,425
Put option and earn-out liabilities	8,863	13,436
Employee benefits	6,306	5,543
Provisions	98	100
Deferred tax liabilities	127	128
<b>Non-current liabilities</b>	<b>33,482</b>	<b>35,713</b>
<b>Current liabilities</b>		
Financial liabilities	9,592	9,023
Lease liabilities	2,099	1,345
Put option and earn-out liabilities	5,147	3,225
Trade payables	13,661	16,217
Tax liabilities	2,307	1,622
Other liabilities	10,187	11,182
<b>Current liabilities</b>	<b>42,993</b>	<b>42,614</b>
<b>Total liabilities</b>	<b>76,475</b>	<b>78,327</b>
<b>Total liabilities and equity</b>	<b>122,603</b>	<b>121,733</b>



## Statement of cash flows

Figures in thousands of euros

	30 Sep. 2023	30 Sep. 2022
<b>Cash flow from operating activities</b>		
Profit/(loss) for the period	2,353	3,635
Financial income	(718)	(832)
Financial expense	2,229	955
Income taxes	912	1,351
Amortisation/depreciation	3,050	2,160
Provisions and impairment losses	356	210
Cost for share-based payments	138	275
Other non monetary elements	(162)	-
Decrease (increase) in trade receivables	2,188	1,507
Increase (decrease) in trade payables	(2,457)	183
Decrease (increase) in other assets	(1,772)	(134)
Increase (decrease) in other liabilities	971	(4,365)
<b>Cash flows from operating activities</b>	<b>7,088</b>	<b>4,945</b>
Interest paid	(525)	(145)
Income tax paid	(662)	(1,147)
<b>Net cash flows from operating activities</b>	<b>5,901</b>	<b>3,653</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	(1,470)	(1,690)
Decrease (increase) in financial assets	207	1,735
Change in the consolidation scope net of cash and cash equivalents acquired	-	(4,361)
<b>Net cash flows used in investing activities</b>	<b>(1,263)</b>	<b>(4,316)</b>
<b>Cash flows from financing activities</b>		
Change in financial liabilities	819	4,644
Change in financial liabilities pursuant to IFRS 16	(1,513)	(1,244)
Change in treasury shares	(120)	(435)
Dividends paid to non-controlling investors	(1,016)	(542)
Payment of put options	(2,686)	(2,672)
<b>Net cash flows from (used in) financing activities</b>	<b>(4,516)</b>	<b>(249)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>122</b>	<b>(912)</b>
<b>Opening balance</b>	<b>9,115</b>	<b>10,458</b>
<b>Closing balance</b>	<b>9,237</b>	<b>9,546</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)	-	-	-
Repurchase of treasury shares	-	(435)	-	-	-	-	(435)	-	(435)
Assignment of treasury shares	-	385	-	-	(133)	-	252	-	252
Stock options	-	-	-	13	-	-	13	-	13
Change in put option liabilities	-	-	-	-	(375)	-	(375)	-	(375)
Long Terms Incentive Plan	-	-	-	10	-	-	10	-	10
Other movements	-	-	-	-	4	-	4	3	7
Other comprehensive income (expense)	-	-	-	192	-	-	192	-	192
Profit/(loss) for the period	-	-	-	-	-	3,640	3,640	(5)	3,635
<b>Balance at 30 Sep. 2022</b>	<b>596</b>	<b>(1,793)</b>	<b>202</b>	<b>31,430</b>	<b>5,602</b>	<b>3,640</b>	<b>39,677</b>	<b>321</b>	<b>39,998</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)	-	-	-
Repurchase of treasury shares	-	(120)	-	-	-	-	(120)	-	(120)
Assignment of treasury shares	-	137	-	-	(47)	-	90	-	90
Change in put option liabilities	-	-	-	-	416	-	416	-	416
Long Terms Incentive Plan	-	-	-	(116)	-	-	(116)	-	(116)
Other comprehensive income (expense)	-	-	-	99	-	-	99	-	99
Profit/(loss) for the period	-	-	-	-	-	2,376	2,376	(23)	2,353
<b>Balance at 30 Sep. 2023</b>	<b>596</b>	<b>(1,776)</b>	<b>202</b>	<b>33,267</b>	<b>11,087</b>	<b>2,376</b>	<b>45,752</b>	<b>376</b>	<b>46,128</b>



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

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

The Alkemy Group Interim Financial Report at 30 September 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 14 November 2023 and on that same date, the same body authorises its publication.



## Income statement

### 1. Revenue

Revenue comes to 83,306 thousand euros (73,593 thousand euros in the first nine months of 2022) and relates entirely to the sale of services.

Turnover for the first nine months of 2023 rose by 9,713 thousand euros (+13.2%) on the same period of the previous year. The increase is mainly due to (i) the inorganic growth following the acquisition of Innocv Solutions S.L. in July 2022 (+5,087 thousand euros), (ii) the increase in revenue from the Mexican subsidiaries (+856 thousand euros, i.e. +6.4% on the corresponding period of the previous year, due to the favourable trend of the Euro-Mexican peso exchange rate), (iii) the increase in revenue from Alkemy Iberia S.L.U. and Kreativa D.o.o. (+1,072 thousand euros and +990 thousand euros, respectively, compared with the corresponding period of the previous year) and (iv) the increase in revenue of DGI Corp. (+223 thousand euros on the same period of the previous year), when revenue came to 652 thousand euros.

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

### 2. Other income

Other income totals 2,568 thousand euros (1,067 thousand euros in the first nine months of 2022) and may be analysed as follows:

	Figures in thousands of euros	
	9 months 2023	9 months 2022
Tax asset	1,018	250
Revenue for capitalised costs	826	605
Government grants	660	4
Other revenue	64	208
<b>Total other income</b>	<b>2,568</b>	<b>1,067</b>

Revenue for capitalised costs came to 826 thousand euros and mainly relates to the internal implementation of software and platforms for the performance of the group companies' business operations. Specifically, they refer to the development of techniques applicable to the optimisation of marketing campaigns, as an alternative or to support the existing techniques typically proposed, as well as the customisation of the Salesforce CRM software entirely in the cloud, based on Contract Management & Customer Centricity processes in the Retail & Design segment.

The tax asset came to 1,018 thousand euros (250 thousand euros in the first nine months of 2022) and refers (i) for 743 thousand euros to the investments made by the Spanish subsidiary Innocv Solutions S.L. in technological research, development and innovation (of which 442 thousand euros relating to previous years), (ii) for 250 thousand euros, to investments made by the Parent in 4.0 training pursuant to Art. 1, paragraph 53 of Law no. 205/2017 and Art. 4, paragraph 1 of Ministerial decree 2018 and (iii) for 25 thousand euros, to the subsidiary XCC S.r.l..



Government grants of 660 thousand euros (4 thousand euros in the first nine months of 2022) refer for 523 thousand euros to those disbursed by Anpal (the Italian National Agency for Active Labour Policies), for 89 thousand euros by Regione Lombardia and for 48 thousand euros by Fondimpresa. Other revenue came to 64 thousand euros (208 thousand euros in the first nine months of 2022) and mainly refers to prior year income and other operating revenue.

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

Services, goods and other operating costs come to 36,938 thousand euros (34,449 thousand euros in the first nine months of 2022). They may be analysed as follows:

	Figures in thousands of euros	
	9 months 2023	9 months 2022
Services	36,233	34,032
Purchase of raw materials	357	166
Lease costs	172	106
Other operating costs	176	145
<b>Total</b>	<b>36,938</b>	<b>34,449</b>

#### Services

Costs for services come to 36,233 thousand euros (34,032 thousand euros in the first nine months of 2022) and are detailed below:

	Figures in thousands of euros	
	9 months 2023	9 months 2022
Services for customers	31,160	29,703
Administrative services	681	385
Maintenance services	673	461
Travel and transfer expenses	559	420
Marketing services	534	453
Restaurant vouchers	515	340
Other consultancy	400	432
Consultancy and legal expenses	317	345
Insurance	308	259
Audit and attestation fees	185	137
Postal, telephone and data transmission services	151	184
Condominium and supervisory expenses	128	93
Cleaning expenses	117	97
Utilities	102	75
Payslip processing	72	75
Banking services	58	58
Statutory Auditors' fees	54	47
Costs for non-recurring services	22	169
Collaborators' fees	-	180
Commercial services	-	46
Other services	197	73
<b>Total services</b>	<b>36,233</b>	<b>34,032</b>





Services mainly include commercial costs incurred for activities provided to customers, media space, costs for third party services, distribution costs and costs for collaborators. The increase for the period (2,201 thousand euro or +6.5%) is due to the inorganic growth of the Group, the growth of the business, the return to office work and resumption of business trips following the end of the pandemic.

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

Costs for the purchase of raw materials total 357 thousand euros (166 thousand euros in the first nine months of 2022) and mainly regard the purchase of materials related to some projects and consumable office materials.

#### **Operating leases**

Operating leases come to 172 thousand euros (106 thousand euros in the first nine months of 2022) and relate to costs that, due to their contractual characteristics, do not come under the scope of IFRS 16.

#### **Other operating costs**

Other operating costs come to 176 thousand euros (145 thousand euros in the first nine months of 2022) and mainly refer to losses on receivables for 47 thousand euros, entertainment costs for 29 thousand euros and contingent liabilities for 23 thousand euros.

### **4. Personnel expense**

Personnel expense comes to 46,754 thousand euros (32,732 thousand euros in the first nine months of 2022), up 8,022 thousand on the same period in 2022 (+24.5%), of which 5,667 thousand euros relate to changes in the consolidation scope; it comprises:

	Figures in thousands of euros	
	9 months 2023	9 months 2022
Wages and salaries	29,620	23,382
Non-recurring personnel expense	772	256
Directors' fees	858	1,285
Social security expenses	8,060	6,203
Costs for defined benefit plans	1,241	1,297
Cost of share-based payments	138	276
Other personnel expense	65	33
<b>Total personnel expense</b>	<b>40,754</b>	<b>32,732</b>

This item includes all costs incurred during the period, directly or indirectly relating to employees and collaborators, as well as directors' fees for 858 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.

The average number of employees during the period was 940, compared with 783 in the same period of the previous year.

The Group had 945 employees at 30 September 2023, as compared with 904 in the same period of the previous year.

The 5% increase in average wages and salaries per employee, net of directors' fees, costs for share-based payments and non-recurring personnel expense, is mainly due to contract and merit-based raises paid in the course of 2022.

## **5. Amortisation/depreciation**

Amortisation/depreciation comes to 3,050 thousand euros (2,160 thousand euros in the first nine months of 2022) and consists of:

- 1,525 thousand euros (1,256 thousand euros in the first nine months of 2022) related to the depreciation of right-of-use assets;
- 952 thousand euros (436 thousand euros in the first nine months of 2022) related to the amortisation of intangible assets;
- 573 thousand euros (468 thousand euros in the first nine months of 2022) related to the depreciation of property, plant and equipment.

Amortisation is up 516 thousand euros as a result of the capitalisations carried out in the second half of 2022.

## **6. Provisions and impairment losses**

Provisions recognised in profit or loss come to 356 thousand euros (210 thousand euros in the first nine months of 2022) and mainly refer to impairment losses on trade receivables.



## 7. Other financial income

Other financial income comes to 718 thousand euros (832 thousand euros in the first nine months of 2022) and is detailed below:

	Figures in thousands of euros	
	9 months 2023	9 months 2022
Exchange gains	496	447
Capital gains	2	-
Fair value gains on derivatives	-	313
Other financial income	220	72
<b>Total other financial income</b>	<b>718</b>	<b>832</b>

Exchange gains come to 496 thousand euros (447 thousand euros in the first nine months of 2022) and essentially refer to the subsidiary Ontwice Interactive Services S.A. Mexico City, which also generated most of the exchange losses totalling 515 thousand euros (439 thousand euros in the corresponding period of the previous year), included in financial expense, as detailed below.

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

Other financial income amounts to 220 thousand euros (72 thousand euros in the first nine months of 2022) and refers to the return of the derivatives entered into to hedge the interest rate of loans.

In 2022, this item included income from derivatives of 313 thousand euros generated by the fair value adjustment of these derivatives.

## 8. Other financial expense

Other financial expense comes to 2,229 thousand euros (955 thousand euros in the first nine months of 2022) and is detailed below:

	Figures in thousands of euros	
	9 months 2023	9 months 2022
Interest from put option and earn-out liabilities	644	93
Interest expense on loans	541	272
Exchange losses	515	439
Interest expense on employee benefits (IAS 19)	165	42
Fair value loss on derivatives	135	-
Interest on leases	130	83
Interest expense on current accounts	54	4
Other financial expense	45	22
<b>Total other financial expense</b>	<b>2,229</b>	<b>955</b>

The increase in this item is due to the rise in interest expense, mainly on loans, put option and earn-



out liabilities, in line with the general upward trend in interest rates and the increase in financial liabilities at 30 September 2023, compared to the same period of 2022.

## 9. Income taxes

Income taxes amount to 912 thousand (1,351 thousand euros in the first nine months of 2022) and were calculated in accordance with ruling tax legislation. They are detailed below:

	Figures in thousands of euros	
	9 months 2023	9 months 2022
Current income tax	628	765
Current IRAP tax	177	209
Previous years' tax	-	24
Change in deferred tax assets	114	354
Change in deferred tax liabilities	(7)	(1)
<b>Total income taxes</b>	<b>912</b>	<b>1,351</b>

The 439 thousand euros decrease in current taxes is due to the reduction in the 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 "Guidelines on disclosure obligations under the Prospectus Regulation" and with CONSOB's "Warning no. 5/21" dated 29 April 2021, below is the Group's net financial debt at 30 September 2023:

	Figures in thousands of euros	
	30 Sep. 2023	31 Dec. 2022
A Cash	9,237	9,115
B Cash equivalents	-	-
C Other current financial assets	86	291
<b>D Cash and cash equivalents (A + B + C)</b>	<b>9,323</b>	<b>9,406</b>
E Current financial liabilities (including debt instruments but excluding the current portion of non-current financial liabilities)	9,786	7,550
F Current portion of non-current financial liabilities	7,052	6,043
<b>G Current financial debt (E + F)</b>	<b>16,838</b>	<b>13,593</b>
<b>H Net current financial debt (G - D)</b>	<b>7,515</b>	<b>4,187</b>
I Non-current financial liabilities (excluding the current portion and debt instruments)	26,951	29,942
J Debt instruments	-	-
K Trade payables and other non-current liabilities	-	-
<b>L Non-current financial debt (I + J + K)</b>	<b>26,951</b>	<b>29,942</b>
<b>M Total financial debt (H + L)</b>	<b>34,466</b>	<b>34,129</b>

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



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

Milan, 14 November 2023

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



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

The Manager appointed to prepare the company's accounting documents, Claudio Benasso, attests, in accordance with paragraph two, Article 154-bis of the Consolidated Law on Finance (TUF), that the accounting information contained in this Alkemy Group interim report at 30 September 2023, coincides with the documentary evidence, ledgers and accounting records.

*Milan, 14 November 2023*

signed Claudio Benasso

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