

Alkemy S.p.A.

Interim Financial Report
at 30 September 2024

Alkemy Group

Parent Alkemy S.p.A.

Registered office in Milan, at Via San Gregorio 34

Share Capital Euro 595,534.32

VAT no.: 05619950966

Milan Company Registration no. 1835268



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Corporate bodies of Alkemy S.p.A.

Board of Directors

Alessandro Mattiacci	Chairman
Duccio Vitali	Chief Executive Officer
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
Mara 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 2024:

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Net revenue (1)	84,454	85,874
Adjusted gross operating profit (EBITDA) (2)	5,765	8,976
Adjusted operating profit (3)	1,853	5,570
Profit for the period	(1,835)	2,353
Average number of employees	920	940

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Italy net revenue	52,512	52,385
Abroad net revenue	31,942	33,489
Net revenue	84,454	85,874

	Figures in thousands of euros	
	30 Sep. 2024	31 Dec. 2023
Net invested capital	76,223	79,489
Net financial debt	(30,030)	(31,773)
Equity	46,193	47,716

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



The Group and its business

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

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

Alkemy has now entered its eleventh 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, the USA 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 to construct a long-term relationship with customers, by 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.

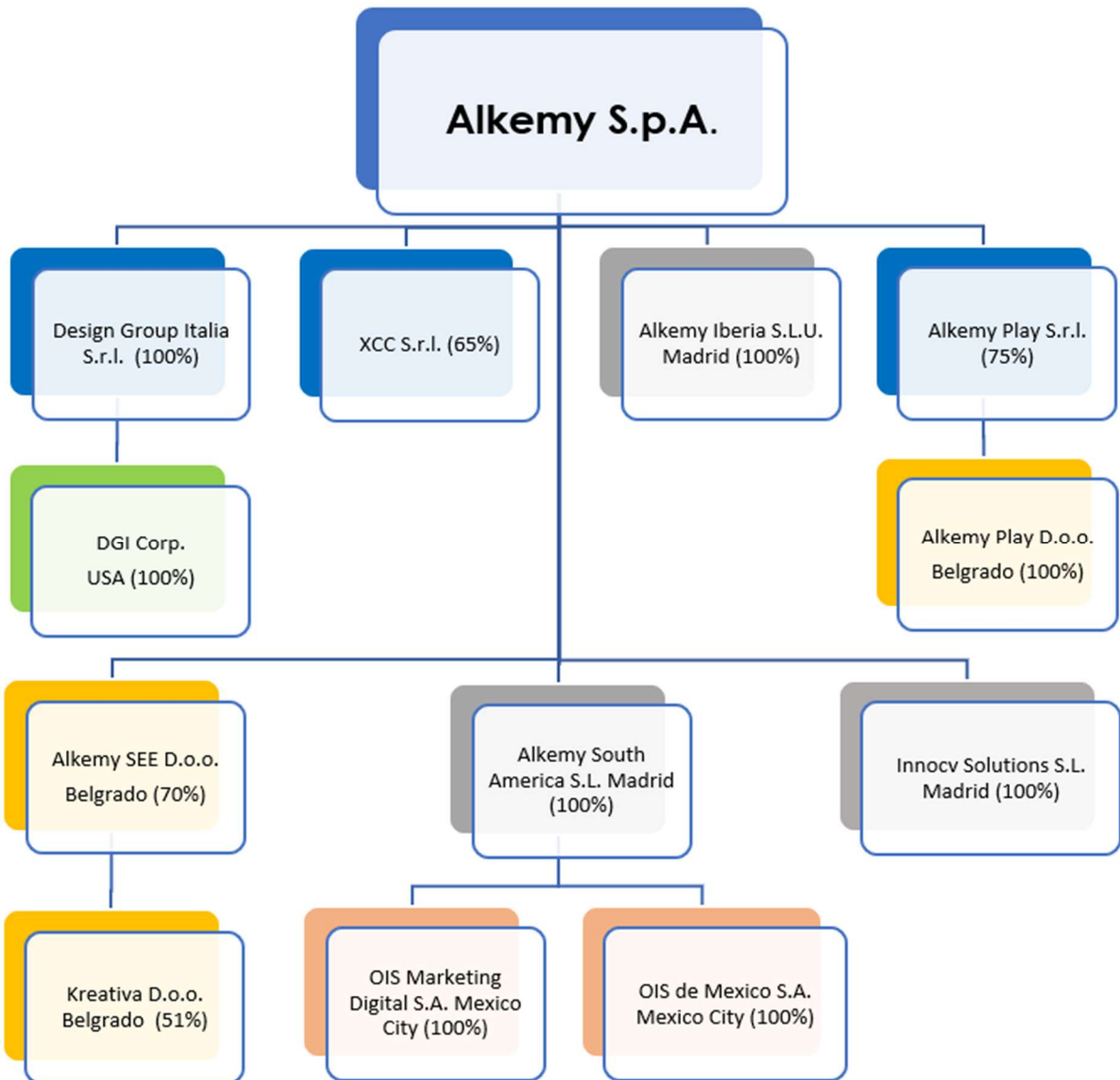
From when it was listed, in just two years, Alkemy has managed to almost double its turnover and in December 2019, it finalised the switch to Borsa Italiana's main market, in the STAR segment dedicated to medium enterprises that undertake to meet standards of excellence in terms of transparency, corporate 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 2024, the Alkemy Group structure is as follows:



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

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



services. The company holds a 51% stake in **Kreativa D.o.o.**

Alkemy Iberia S.L.U.: formerly Ontwice Interactive Service S.L., merged with Alkemy Iberia S.L. in 2022 and taking on its name. The company is based in Madrid and operates in strategic consultancy and digital advisory and is one of Spain's most important digital agencies.

Alkemy South America S.L.: a 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.**, operating on local markets in digital services, communication and media and **OIS Marketing Digital S.A.**, a non-operating company.

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 in the first half of 2026.

Design Group Italia ID S.r.l. ("DGI"): company operating in the field of 'innovation & design'. The put & call options envisaged by contract, enabled the Parent to acquire the entire share capital in the third quarter of 2023. The company is the sole shareholder of a legal entity operating in the USA: **DGI Corp.**

Innocv Solutions 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

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

The five Industries are:

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

The Competence Centres, which represent and apply the different disciplines practised within the Group, are as follows:

- > **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;

- > **Marketing & Media:** 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.

The competence centre Brand Experience has integrated the activities of DGI, a leader in **Product, Service & Space Design:** on a 'design thinking' basis, the company is dedicated to the design of services, physical and digital products that affect everyday life and physical spaces/environments in which people and brands can interact and share meaningful experiences; it operates in an omni-channel logic, with a focus on value creation through experiential innovation. Analysing customers' businesses, including their processes, culture and resources, it aims to foster additional commercial opportunities and innovate the end customer experience.



This 'client-driven' organisation confirms Alkemy's growing focus on customers' needs, with the aim of further developing the portfolio of companies served with an increase in the average size and duration of projects, through the widespread proposal of the Group's entire commercial offer, further characterised and tailored to the specificities of each Industry. This approach is applied for the supply of all national companies, with expected improvements in terms of margin growth from 2025 onwards.

Significant events during the period

Useful information on the following significant events that took place during the first nine months of 2024, is provided.

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

During the aforementioned Board of Directors' meeting of 28 March, Mr Paolo Cederle was appointed General Manager of Alkemy S.p.A.; he is a senior manager of high standing and extensive experience, including at an international level, in various large groups. On 29 April he was vested with the appropriate powers for the management of all the Italian and Spanish companies, to support the implementation of the new organisation active from the current financial year and the development of the Group's business.

On 3 June, Retex S.p.A. a Benefit corporation (a subsidiary of Fondo Strategico Italiano SGR) announced, by means of a notice published pursuant to Article 102, paragraph 1, of Legislative Decree. 24 February 1998, No. 58, a voluntary, all-inclusive tender offer (henceforth the "Takeover Bid") for a total of 5,685,460 shares of Alkemy S.p.A., representing 100% of the Company's share capital, at the price of 12 euro per share. The promotion of the Takeover Bid was completed by Retex S.p.A. on 24 June with the filing of the Offer Document with Consob, which was approved on 24 July. Acceptance of the Offer began on 19 August and ended on 10 October. Please refer to (i) Note 4 for a description of the accounting effects of the Takeover Bid on the Alkemy Group's consolidated financial statements and (ii) the section on significant subsequent events on the following pages, relating to the aforementioned Takeover Bid.

It should be noted that as at 30 September 2024, the Takeover Bid had no effect on the maturity of outstanding loans. Indeed, the Company obtained a waiver letter from the lending bank, confirming its waiver of the request for early repayment, for the only loan agreement that included 'change of control' clauses.

It should also be noted that the aforementioned Takeover Bid launched on the Parent's share capital had no effect on the expiry of the existing Put Options and Earn-outs.

It should be noted that the agreements in place with the minority shareholders of XCC S.r.l. and the



former shareholders of Innocv Solutions S.L., provide for specific clauses to anticipate the exercise of the PUT options or to bring forward the payment of the earn-outs in the event of a "change of control", which can potentially be activated in the event of a successful Takeover Bid. As at the date of presentation of this Interim Report, neither the minority shareholders of XCC, nor the former shareholders of Innocv, nor the Company, have expressed their intention to make use of such clauses.

On 14 June, the provisions of the agreement with the previous shareholders of Innocv Solutions S.L. were implemented with the payment of the first earn-out tranche.

On 18 June, the purchase of a further 14% of XCC S.r.l.'s share capital from minority shareholders was formalised, bringing the company's stake to 65%.

The liquidity required for both transactions was raised through the signing of a medium- to long-term loan with Unicredit, in the amount of EUR 4.5 million, to be repaid in five years (with 12 months grace period) in quarterly instalments at a variable rate equal to the Euribor reference rate plus a spread of 1.35%. To hedge against the risk of future increases in interest rates, the Company entered into a derivative instrument ("collar") with Unicredit, constructed in a manner consistent with the repayment terms of said loan.

Performance during the first nine months of 2024

In the first nine months of 2024, the general macroeconomic environment continues to be characterised by great uncertainty, especially as a result of the unpredictable development of geopolitical tensions, mainly due to the continuation of the two ongoing conflicts, and shows no general prospects of recovery, with unfavourable impacts on business and corporate expectations. Italian GDP is expected to grow by 0.8% in the current year (compared to an estimated 1% at the end of the previous quarter) and by a maximum of 1% in 2025. (source: Bank of Italy and Confindustria Research Department). The expected cut in interest rates by the ECB is continuing progressively during the last quarter of the year, as a consequence of the reduction in inflation, but this has not yet generated any real impact on the European economic system.

In this complex macroeconomic situation with low visibility, the general trend of the Alkemy Group's business, as better detailed below, has, on the whole, not been positive in the third quarter of 2024.

Indeed, the Alkemy Group closed the first nine months of 2024 with a -1.7% reduction in revenue and income over the corresponding period of 2023, with worsening margins, resulting in adjusted consolidated EBITDA of 5,765 thousand euros (8,976 thousand euros in the corresponding period of 2023, -35.8%). The decrease in the Group's profitability is mainly attributable to the Parent Company, whose sales largely involved services with lower added value than in 2023, principally as a result of the significant reduction in Consulting activities, concentrated with a specific strategic customer; in addition, the Mexican subsidiary had to renegotiate contractual terms with its main customer during



the third quarter, which resulted, on the one hand, in less favourable financial conditions, but on the other, will ensure the continuity of the working relationship over the coming years. The generation of operating cash flow in the period was positive (+6.5 million euro), although less than in the comparative period (+7.1 million euro). At 30 September 2023, the net financial debt amounts to -30 million euro, slightly better than at 31 December 2023 (-31.8 million euro).

Finally, it should be noted that at the end of the first nine months of 2024, the average number of Group employees decreased by 2.1% (920 compared to 940 at 30 September 2023).

Key economic data

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

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Net revenue	84,454	85,874
Services, goods and other operating costs	(38,445)	(36,916)
Personnel expense	(40,244)	(39,982)
Adjusted gross operating profit (EBITDA)	5,765	8,976
Amortisation, depreciation and impairment losses	(3,912)	(3,406)
Adjusted operating profit	1,853	5,570
Net Financial income (expense)	(1,693)	(1,511)
Non-recurring expense	(2,328)	(794)
Pre-tax profit (loss)	(2,168)	3,265
Income taxes	333	(912)
Profit (loss) for the period	(1,835)	2,353
Other comprehensive income recognised in equity	(58)	99
Comprehensive income for the period	(1,893)	2,452
Profit for the year attributable to non-controlling interests	(57)	(23)
Profit for the year attributable to the owners of the parent	(1,836)	2,475

The Group's consolidated economic situation for the first nine months of 2024 shows total net revenues of euro 84,454 thousand, compared to 85,874 thousand in the comparative period, with a decrease of euro -1,420 thousand (-1.7%), which is the result of the combined effect of the increase in net revenues from the Italian segment of euro 127 thousand and the decrease in revenues from the foreign segment of euro 1,547 thousand.

Revenue recorded in Italy, which accounts for 62.2% of consolidated revenue (61% in the same period of 2023), totals 52,512 thousand euros, in line with the corresponding period of the previous

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



year (52,385 thousand euros).

Abroad, revenue comes to 31,942 thousand euros, compared with the 33,489 thousand euros in the same period of 2023 (-4.6%).

The overall decrease of euro 1,547 thousand in revenues from foreign companies is mainly the result of the combined effect of (i) the increase in revenues from DGI Corp, Innocv Solution S.L and Kreativa D.o.o. (compared to the same period in 2023, i.e. +1,085 thousand euros, +1,011 thousand euros and +365 thousand euros respectively) and (ii) the decrease in the revenues of Alkemy Iberia S.L.U and the Mexican companies (by -2,900 thousand euros and -964 thousand euros respectively compared to the same period in 2023).

Operating costs (net of non-recurring items) went from 76,898 thousand euros during the first nine months 2023 to 78,689 thousand euros in the first nine months 2024, up 1,791 thousand euros (+2.3%), more than proportionally to the decrease in net revenues. Specifically:

- costs for services, goods and other operating costs, net of non-recurring items, which came to 38,445 thousand euros in the first nine months of 2024 (36,916 thousand euros in the first nine months of 2022) rose by 4.1% on the same period of the previous year;
- personnel expense, net of non-recurring items, which came to 40,244 thousand euros in the first nine months of 2024 (39,982 thousand euros in the first nine months of 2022) rose by 0.7% on the same period of the previous year, largely as a result of the effects of the renewal of the national collective bargaining agreement for the services sector.

The incidence of operating costs on revenue, net of non-recurring costs, increased to 93.2% compared to 89.6% at the end of the first nine months of 2023.

The effects of the above resulted in an adjusted EBITDA of EUR 5,765 thousand, down 35.8% from the adjusted EBITDA of the same period in 2023 (EUR 8,976 thousand). The adjusted gross operating profit margin ⁽⁵⁾ for the first nine months of 2024 was 6.8% (10.5% at the end of the first nine months of 2023).

It should be noted that the trend for foreign currency exchange rates against the euro did not lead to significant changes in revenue and adjusted EBITDA.

Adjusted EBIT, gross of financial income and expense and non-recurring expense, comes to 1,853 thousand euros, down 3,717 thousand euros on the corresponding period of the previous year (5,570 thousand euros), mainly as a result of higher operating costs (+1,791 thousand euros on the corresponding period of the previous year, when they were -1,420 thousand euros).

Financial expense, net of the related income, comes to 1,693 thousand euros as compared with 1,511 thousand euros for the corresponding period of the previous year. The change from the previous year, which is described in more detail in the following pages, is related to the increase in market interest rates.

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



Non-recurring expense comes to 2,328 thousand euros (794 thousand euros in the third quarter of the previous year) and mostly refers to non-recurring personnel expense (2,105 thousand euros). This amount is mainly related for 1,806 thousand euros to costs for the early implementation of the effects of the 2024-2026 Long-Term Incentive Plan, as a consequence of the presentation of the above-mentioned Takeover Bid for the Company's shares in compliance with the Plan regulation.

The pre-tax profit is -2,168 thousand euros, down 5,433 thousand euros from the pre-tax profit of the first nine months of 2023 (3,265 thousand euros), mainly as a result of the effect of the trends for adjusted EBIT and the above-mentioned impact of the non-recurring items compared to the corresponding period of the previous year.

The profit for the period is negative to the tune of 1,835 thousand euros, compared with 2,353 thousand euros for the first nine months of 2023.

Reclassified statement of financial position

Below is the Group's reclassified statement of financial position at 30 September 2024, compared with that at 31 December 2023:

	Figures in thousands of euros	
	30 Sep. 2024	31 Dec. 2023
Non-current assets	68,352	67,526
Current assets	44,254	50,678
Current liabilities	(29,280)	(32,113)
Net working capital	14,974	18,565
Post-employment benefits	(6,987)	(6,477)
Provision for risks, charges and deferred tax liabilities	(116)	(125)
Net invested capital	76,223	79,489
Equity	46,193	47,716
Non-current financial debt	25,344	25,956
Current financial debt	4,686	5,817
Net financial debt	30,030	31,773
Total sources of finance	76,223	79,489

The reclassified statement of financial position data at 30 September 2024 indicates net invested capital of 75,223 thousand euros, compared with 79,489 thousand euros at 31 December 2023, which consists of:

- non-current assets of 68,352 thousand euros (67,526 thousand euros at 31 December 2023) of which 54,868 thousand euros for goodwill and 5,898 thousand euros for right-of-use assets (at 31 December 2023 they came to 54,871 thousand euros and 6,274 thousand euros respectively);



- net working capital of 14,974 thousand euros (18,565 thousand euros at 31 December 2023);
- post-employment benefits of 6,987 thousand euros (6,477 thousand euros at 31 December 2023);
- provisions for risks and deferred tax liabilities of 116 thousand euros (125 thousand euros at 31 December 2023).

Equity of 46,193 thousand euros decreased by 1,523 thousand euros on 31 December 2023 (-3.2%), mainly due to:

- the comprehensive income for the period (-1,893 thousand euros);
- +420 thousand euro as the change in the fair value valuation of payables for put options.

The net financial debt is 30,030 thousand euros (debt of 31,773 thousand euros at 31 December 2023) and its change with respect to the previous year end is detailed in the next paragraph.

Main financial figures

The table below details the net financial debt at 30 September 2024 compared with that at 31 December 2023:

	Figures in thousands of euros	
	30 Sep. 2024	31 Dec. 2023
Bank deposits	8,424	12,025
Cash on hand	3	4
Cash and cash equivalents	8,427	12,029
Current financial assets	-	86
Bank loans and borrowings	(10,605)	(10,314)
Put option and earn-out liabilities	(9,491)	(9,553)
Loans and borrowings from other financial backers	(1,298)	(1,693)
Lease liabilities – IFRS 16	(3,950)	(4,396)
Non-current financial liabilities	(25,344)	(25,956)
Bank loans and borrowings	(10,856)	(11,532)
Put option and earn-out liabilities	-	(4,202)
Loans and borrowings from other financial backers	(88)	(88)
Lease liabilities – IFRS 16	(2,169)	(2,110)
Current financial liabilities	(13,113)	(17,932)
Net financial debt	(30,030)	(31,773)

The Group's net financial position at 30 September 2024 is negative for 30,030 thousand euros (negative for 31,773 thousand euros at 31 December 2023), with a period improvement of 1,743 thousand euros. This change, detailed and explained in the Statement of Cash Flows given over the next few pages, is mainly due for:



- +4,264 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;
- +780 thousand euros for the decrease in bank loans and borrowings and loans and borrowings from other financial backers, mainly due to the combined effect (i) of the repayment of instalments envisaged by the bank loan repayment plans (+5,418 thousand euros), (ii) +264 thousand euros for invoice discounting (net of disbursements) and (iii) -4,718 thousand euros for new loans obtained during the period;
- +387 thousand euros for the decrease in financial payables for the application of IFRS 16, mainly due to the effect of the payment of rentals for the period, that was partially offset by the signing of new contracts and the extension of existing contracts;
- -3,602 thousand euros for the decrease in cash and cash equivalents.

Significant subsequent events

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

On 7 October Massimo Canturi, a non-executive, non-independent director, who was not a member of any internal committee, resigned from his position as a member of Alkemy's Board of Directors for personal reasons.

On 11 October, the shareholder Retex S.p.A. requested the convening of a shareholders' meeting to resolve on the revocation of the current Board of Directors and the appointment of a new Board of Directors.

Retex deemed it to be in the best interest of Alkemy, its shareholders and all its stakeholders (including its employees), to proceed, as soon as technically possible, with the convening of a Shareholders' Meeting to appoint a new Board of Directors, in order to allow Retex, as the new controlling shareholder, to be adequately represented in the Company's management body. As a result of this request, a shareholders' meeting was convened for 3 December to resolve on the above.

Outlook

At the date of approval of this Interim Financial Report as at 30 September 2024, we believe the Alkemy Group's business development in the fourth quarter of the current year will be consistent with what we have seen during the first nine months of 2024. Business performance will continue to be significantly influenced by external factors, including political (the war in Ukraine and the Israeli-Palestinian conflict, which has also spread to Lebanon and Iran) and economic factors (slowly declining inflation and the consequent prudent monetary policy around interest rates). The general uncertainty that characterised the global markets in 2024 was exacerbated in the second half of the year, especially at a European level, with significant impacts on companies' expectations, which



were not always positive, and which often led to the blocking, reduction or postponement of planned investments.

With specific regard to the Company's performance, based on the current status of its orders backlog, new contracts activated and bids and tenders pending confirmation, revenues are expected to be slightly different from 2023, while the expected trend for overall profitability is a decrease compared to the previous year, which will be substantially in line with results for the first nine months of the year; this is still mainly attributable to the effect of the different mix of services rendered and to be rendered, which are characterised by lower margins. We expect the positive effects of the ongoing management and operational measures and the arrival - starting in the second half of 2024 - of several new senior sales managers - to be seen from 2025 onwards.



Alkemy S.p.A.

Consolidated financial statements
at 30 September 2024 and comments



Financial statements

Income statement

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Revenue	82,207	83,306
Other income	2,247	2,568
Total revenue and other income	84,454	85,874
Services, goods and other operating costs	(38,668)	(36,938)
- of which non-recurring	(223)	(22)
Personnel expense	(42,349)	(40,754)
- of which non-recurring	(2,105)	(772)
Total costs and other operating costs	(81,017)	(77,692)
Gross operating profit	3,437	8,182
Amortisation/depreciation	(3,328)	(3,050)
Provisions and impairment losses	(584)	(356)
Operating profit	(475)	4,776
Other financial income	672	718
Other financial expense	(2,365)	(2,229)
Pre-tax profit (loss)	(2,168)	3,265
Income taxes	333	(912)
Profit/(loss) for the period	(1,835)	2,353
- Owners of the parent	(1,778)	2,376
- Non-controlling investors	(57)	(23)



Statement of comprehensive income

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Profit/(loss) for the period	(1,835)	2,353
Items that will be reclassified to profit or loss:		
Translation differences on foreign operations	(71)	99
Total items that will be reclassified to profit or loss	(71)	99
Items that will not be reclassified to profit or loss		
Actuarial gains (losses)	17	-
Related tax	(4)	-
Total	13	-
Other comprehensive income (expense) net of tax	(58)	99
Comprehensive income for the period	(1,893)	2,452
Attributable to:		
- Owners of the parent	(1,836)	2,475
- Non-controlling investors	(57)	(23)



Statement of financial position

	Figures in thousands of euros	
Assets	30 Sep. 2024	31 Dec. 2023
Property, plant and equipment	1,832	1,939
Right-of-use assets	5,898	6,274
Goodwill	54,868	54,871
Intangible assets	2,678	2,079
Equity investments	5	5
Other financial assets	49	245
Deferred tax assets	2,724	1,818
Other assets	340	295
Non-current assets	68,394	67,526
Trade receivables	38,658	45,929
Other financial assets	49	107
Tax assets	1,967	2,258
Other assets	3,580	2,470
Cash and cash equivalents	8,427	12,029
Current assets	52,681	62,793
Total assets	121,075	130,319



	Figures in thousands of euros	
Liabilities and Equity	30 Sep. 2024	31 Dec. 2023
Equity		
Share capital	596	596
Reserves	46,961	43,184
Profit/(loss) for the period	(1,778)	3,463
Equity attributable to owners of the parent	45,779	47,243
Equity attributable to non-controlling investors	414	473
Total equity	46,193	47,716
Non-current liabilities		
Financial liabilities	11,903	12,007
Lease liabilities	3,950	4,396
Put option and earn-out liabilities	9,491	9,553
Employee benefits	6,987	6,477
Provisions	96	107
Deferred tax liabilities	20	18
Other liabilities	42	-
Non-current liabilities	32,489	32,558
Current liabilities		
Financial liabilities	10,944	11,620
Lease liabilities	2,169	2,110
Put option and earn-out liabilities	-	4,202
Trade payables	15,781	16,196
Tax liabilities	2,294	3,174
Other liabilities	11,205	12,743
Current liabilities	42,393	50,045
Total liabilities	74,882	82,603
Total liabilities and equity	121,075	130,319



Statement of cash flows

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Cash flow from operating activities		
Profit/(loss) for the period	(1,835)	2,353
Financial income	(672)	(718)
Financial expense	2,365	2,229
Income taxes	(333)	912
Amortisation/depreciation	3,328	3,050
Provisions and impairment losses	584	356
Cost for share-based payments	1,841	138
Other non monetary elements	112	(162)
Decrease (increase) in trade receivables	6,613	2,188
Increase (decrease) in trade payables	(486)	(2,457)
Decrease (increase) in other assets	(815)	(1,772)
Increase (decrease) in other liabilities	(4,224)	971
Cash flows from operating activities	6,478	7,088
Net interest paid	(1,064)	(525)
Income tax paid	(331)	(662)
Net cash flows from operating activities	5,083	5,901
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets	(2,091)	(1,470)
Decrease (increase) in financial assets	86	207
Net cash flows used in investing activities	(2,005)	(1,263)
Cash flows from financing activities		
Change in financial liabilities	(682)	819
Change in lease liabilities – IFRS 16	(1,740)	(1,513)
Change in treasury shares	(43)	(120)
Dividends paid to non-controlling investors	-	(1,016)
Payment of put options	(4,215)	(2,686)
Net cash flows from (used in) financing activities	(6,680)	(4,516)
Net increase/(decrease) in cash and cash equivalents	(3,602)	122
Opening balance	12,029	9,115
Closing balance	8,427	9,237

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
Balance at 31 Dec. 2022	596	(1,793)	202	33,284	5,135	5,583	43,007	399	43,406
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
Balance at 30 Sep. 2023	596	(1,776)	202	33,267	11,087	2,376	45,752	376	46,128
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
Balance at 31 Dec. 2023	596	(1,776)	202	33,426	11,332	3,463	47,243	473	47,716
Allocation of profit for the year	-	-	-	-	3,463	(3,463)	-	-	-
Repurchase of treasury shares	-	(43)	-	-	-	-	(43)	-	(43)
Assignment of treasury shares	-	1,818	-	-	(652)	-	1,166	-	1,166
Change in put option liabilities	-	-	-	-	420	-	420	-	420
Long Terms Incentive Plan	-	-	-	(1,166)	-	-	(1,166)	-	(1,166)
Other movements	-	-	-	(5)	-	-	(5)	(2)	(7)
Other comprehensive income (expense)	-	-	-	(58)	-	-	(58)	-	(58)
Profit/(loss) for the period	-	-	-	-	-	(1,778)	(1,778)	(57)	(1,835)
Balance at 30 Sep. 2024	596	(1)	202	32,197	14,563	(1,778)	45,779	414	46,193



Notes to the consolidated financial statements

Basis of presentation and consolidation standards

The Alkemy Group Interim Financial Report at 30 September 2024 has been prepared as STAR issuer, in accordance with the provisions of Borsa Italiana Notice no. 7587 of 21 April 2016 "STAR Issuers: information on interim management statements"; the related contents are consistent with that established by Art. 154-ter, paragraph 5 of Italian Legislative Decree no. 58, dated 24 February 1998.

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

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

The Interim Financial Report is approved by Alkemy S.p.A.'s Board of Directors on 14 November 2024 and on that same date, the same body authorises its publication.



Income statement

1. Revenue

Revenue comes to 82,207 thousand euros (83,306 thousand euros in the first nine months of 2023) and relates entirely to the sale of services.

Turnover for the first nine months of 2024 decreased by 1,099 thousand euros (-1.3%) on the same period of the previous year. The decrease is mainly attributable to the combined effect of (i) the decrease in revenues of Alkemy Iberia S.L.U. and Ontwice Interactive Service de Mexico S.A. (respectively, by -2,962 thousand euro and -923 thousand euro compared to the same period in 2023), and (ii) the increase in revenues of DGI Corp., the Italian companies, Innocv Solutions S.L. and Kreativa D.o.o. (respectively +1,085 thousand euro, +910 thousand euro, +660 thousand euro and +369 thousand euro compared to the same period in 2023).

2. Other income

Other income totals 2,247 thousand euros (2,568 thousand euros in the first nine months of 2023) and may be analysed as follows:

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Capitalisation of costs	1,345	826
Tax credit	247	1,018
Government grants	69	660
Other revenue	586	64
Total other income	2,247	2,568

Revenues for capitalised costs amounted to EUR 1,345 thousand and mainly related to the internal implementation of software and platforms inherent to the Group companies' business activities, specifically: the development of an AI reporting platform, software based on Deep Learning and Big Data technologies, and the customisation of Salesforce CRM software.

The tax credit amounts to 247 thousand euros (1,018 thousand euros in the first nine months of 2023) and relates to investments made by the Spanish subsidiary Innocv Solutions S.L. in research, development and technological innovation.

Government grants of 69 thousand euros (660 thousand euros in the first nine months of 2023) comprise 42 thousand euros from Fondimpresa, 15 thousand euros from the Lombardy Region and 12 thousand euros from the Ministry of Universities and research.

Other revenues amounted to 586 thousand euro (64 thousand euro in the first nine months of 2023) with 396 thousand euro connected to the cancellation of the obligation to repay part of a financial debt contracted by Innocv Solutions S.L. with the local Ministry of Economic Development, following



the approval of a technological innovation project, and 101 thousand euro connected to the release of part of the excess bad debt provision.

3. Services, goods and other operating costs

Services, goods and other operating costs come to 38,668 thousand euros (36,938 thousand euros in the first nine months of 2023). They may be analysed as follows:

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Services	38,073	36,233
Purchase of goods	355	357
Lease costs	120	172
Other operating costs	120	176
Total	38,668	36,938

Services

Costs for services come to 38,073 thousand euros (36,233 thousand euros in the first nine months of 2023) and are detailed below:

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Services for customers	33,475	31,160
Maintenance services	703	673
Restaurant vouchers	506	515
Travel and transfer expenses	485	559
Marketing services	417	534
Consultancy and legal expenses	357	317
Other consultancy	317	400
Administrative services	308	681
Insurance	308	308
Costs for non-recurring services	223	22
Audit and attestation fees	215	185
Postal, telephone and data transmission services	163	151
Condominium and supervisory expenses	148	128
Cleaning expenses	99	117
Utilities	92	102
Payslip processing	90	72
Banking services	67	58
Statutory Auditors' fees	58	54
Commercial services	1	-
Other services	41	197
Total services	38,073	36,233



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, amounting to € 1,840 thousand (+5.1%), is related to the different services rendered in favour of customers, as a result of the different mix of sales realised by the Group, with a negative impact on the overall margins.

Purchase of raw materials

Costs for the purchase of raw materials total 355 thousand euros (357 thousand euros in the first nine months of 2023) and mainly regard the purchase of materials related to some projects and consumable office materials.

Operating leases

Operating leases come to 120 thousand euros (172 thousand euros in the first nine months of 2023) and relate to costs which, by their nature, do not come under the scope of IFRS 16.

Other operating costs

Other operating costs amount to 120 thousand euros (176 thousand euros in the first nine months of 2023) and mainly refer to entertainment expenses, various taxes, revenue stamps and losses on receivables.

4. Personnel expense

Personnel expense comes to 42,349 thousand euros (40,754 thousand euros in the first nine months of 2023), an increase of 1,595 thousand on the same period in 2023 (+3.9%); this comprises:

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Wages and salaries	29,927	29,620
Non-recurring personnel expense	2,105	772
Directors' fees	844	858
Social security expenses	8,072	8,060
Costs for defined benefit plans	1,334	1,241
Cost of share-based payments	25	138
Other personnel expense	42	65
Total personnel expense	42,349	40,754

This item includes all costs incurred during the period, directly or indirectly relating to employees and collaborators, as well as directors' fees for 844 thousand euros.



The item "Non-recurring personnel costs" amounts to €2,105 thousand and mainly includes (i) € 1,806 thousand related to costs for the early execution of the effects of the 2024-2026 Long-Term Incentive Plan, as a consequence of the presentation of the aforementioned Takeover on the Company's shares and in compliance with the Plan's regulation and (ii) € 135 thousand related to an extraordinary fee paid to a director.

The average number of employees during the period was 920, compared with 940 in the same period of the previous year.

The Group had 918 employees at 30 September 2024, as compared with 945 in the same period of the previous year.

The 3.2% 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 2024.

5. Amortisation/depreciation

Amortisation/depreciation comes to 3,328 thousand euros (3,050 thousand euros in the first nine months of 2023) and consists of:

- 1,729 thousand euros (1,525 thousand euros in the first nine months of 2023) related to the depreciation of right-of-use assets;
- 1,051 thousand euros (952 thousand euros in the first nine months of 2023) related to the amortisation of intangible assets;
- 548 thousand euros (573 thousand euros in the first nine months of 2023) related to the depreciation of property, plant and equipment.

6. Provisions and impairment losses

Provisions recognised in profit or loss come to 584 thousand euros (356 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 672 thousand euros (718 thousand euros in the first nine months of 2023) and is detailed below:

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Exchange gains	429	496
Earn-out gain	54	-
Capital gains	-	2
Other financial income	189	220
Total other financial income	672	718



Exchange gains come to 429 thousand euros (496 thousand euros in the first nine months of 2023) and essentially refer to the subsidiary Ontwice Interactive Services S.A. Mexico City, which also generated most (391 thousand euros) of the total exchange losses of 715 thousand euros (515 thousand euros in the corresponding period of the previous year), included in financial expense, as detailed below.

Exchange gains and losses refer to purchases and sales made in US dollars by the Mexican subsidiaries.

Other financial income amounts to 189 thousand euros (220 thousand euros in the first nine months of 2023) and mainly refers to the return of the derivatives entered into to hedge the interest rate of loans.

This item also includes 54 thousand euro to reflect the fair value valuation of earn-outs in place with the former shareholders of Innocv Solutions S.L.

8. Other financial expense

Other financial expense comes to 2,365 thousand euros (2,229 thousand euros in the first nine months of 2023) and is detailed below: :

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Exchange losses	715	515
Interest expense on loans	577	541
Interest expense on put option and earn-out liabilities	425	644
Fair value loss on derivatives	199	135
Interest expense on employee benefits (IAS 19)	158	165
Interest on leases	130	130
Interest expense on current accounts	94	54
Other financial expense	67	45
Total other financial expense	2,365	2,229

The increase in foreign exchange losses is related to the revaluation of the Mexican Peso against the euro during the third quarter of 2024.

The decrease in interest expenses on put options and earn-outs is related to the payment of part of the related liabilities, which took place in 2024.



9. Income taxes

Income taxes are positive to the tune of 333 thousand (-912 thousand euros in the first nine months of 2023) and were calculated in accordance with the prevailing ruling tax legislation. They are detailed below:

	Figures in thousands of euros	
	9 months 2024	9 months 2023
Current income tax	579	628
Current IRAP	62	177
Change in deferred tax assets	(980)	114
Change in deferred tax liabilities	6	(7)
Total income taxes	(333)	912

The decrease in this item is in line with the lower pre-tax profit for the period.

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 2024:

	Figures in thousands of euros	
	30 Sep. 2024	31 Dec. 2023
A Cash	8,427	12,029
B Cash equivalents	-	-
C Other current financial assets	-	86
D Cash and cash equivalents (A + B + C)	8,427	12,115
E Current financial liabilities (including debt instruments but excluding the current portion of non-current financial liabilities)	7,057	11,472
F Current portion of non-current financial liabilities	6,056	6,460
G Current financial debt (E + F)	13,113	17,932
H Net current financial debt (G - D)	4,686	5,817
I Non-current financial liabilities (excluding the current portion and debt instruments)	25,344	25,956
J Debt instruments	-	-
K Trade payables and other non-current liabilities	-	-
L Non-current financial debt (I + J + K)	25,344	25,956
M Total financial debt (H + L)	30,030	31,773

Current financial liabilities include financial liabilities from current rights of use, advances on invoices and the current portion of payables to 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 and earn-out liabilities and the non-current portion of loans and borrowings from other financial backers.



Milan, 14 November 2024

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



Attestation in accordance with Article 154-bis, 2nd 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 2024, coincides with the documentary evidence, ledgers and accounting records.

Milan, 14 November 2024

signed Claudio Benasso

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