



REPLY
INTERIM
MANAGEMENT REPORT
AT 31 MARCH 2018

REPLY

**INTERIM MANAGEMENT
REPORT AT MARCH 2018**

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BOARD OF DIRECTORS AND CONTROLLING BODIES

Chairman and Chief Executive Officer

Mario Rizzante

Chief Executive Officer

Tatiana Rizzante

Executive Directors

Filippo Rizzante

Daniele Angelucci

Claudio Bombonato

Elena Maria Previtiera

Fausto Forti (1) (2) (3)

Secondina Giulia Ravera (1) (2)

Francesco Umile Chiappetta (1) (2)

Board of Statutory Auditors

President

Giorgio Mosci

Statutory Auditors

Piergiorgio Re

Ada Alessandra Garzino Demo

Independent Auditors

EY S.p.A.

(1) Directors not invested with operational proxies

(2) Independent Directors according to the Corporate Governance code drawn up by the Committee for Corporate Governance

(3) Lead Independent Director

This report has been translated into English from the original Italian version, in case of doubt the Italian version shall prevail.

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

(thousand Euros)

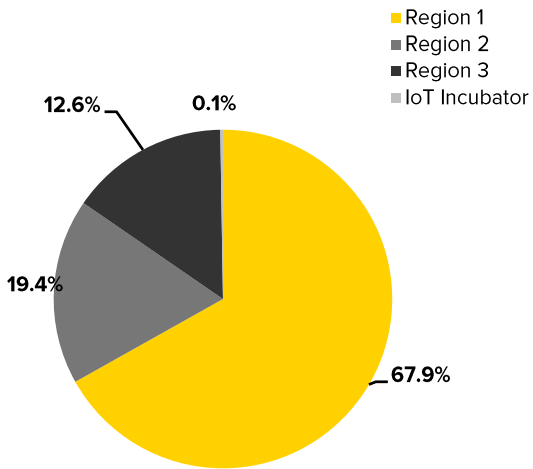
Economic figures	Q1 2018	%	Q1 2017	%
Revenue	238,880	100.0	208,405	100.0
EBITDA	32,201	13.5	28,059	13.5
EBIT	28,673	12.0	25,155	12.1
EBT	28,303	11.8	25,344	12.2

	31/03/2018	31/03/2017
Investments	3,206	2,522

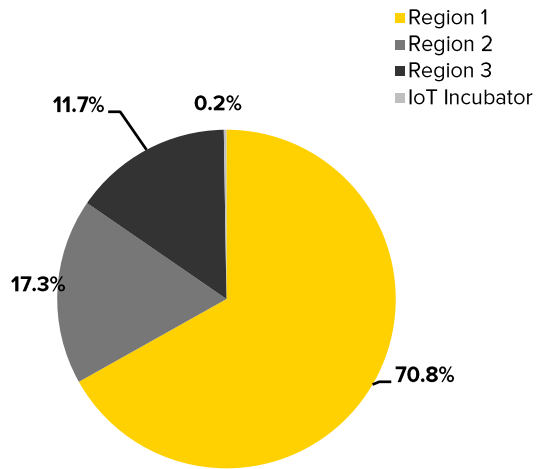
	31/03/2018	31/12/2017
Net financial position	124,033	57,030

	31/03/2018	31/03/2017
Employees	6,664	6,205

REVENUE BY REGION (*)
31 March 2018

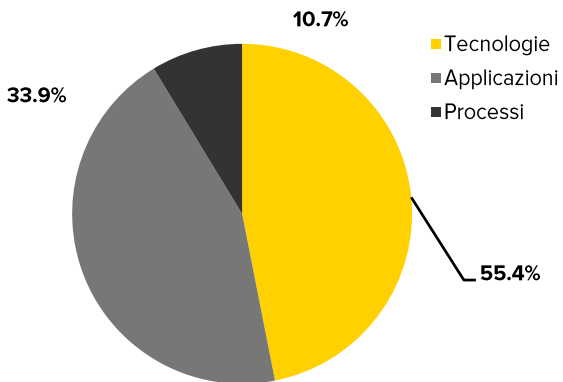


REVENUE BY REGION (*)
31 March 2017

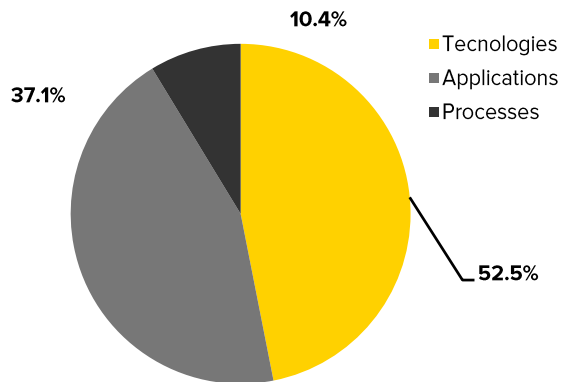


(*)
 Region 1: ITA, BRA, POL, ROU, USA
 Region 2: DEU, CHE, CHN, HRV
 Region 3: GBR, BEL, BLR, FRA, LUX, NLD, PRT

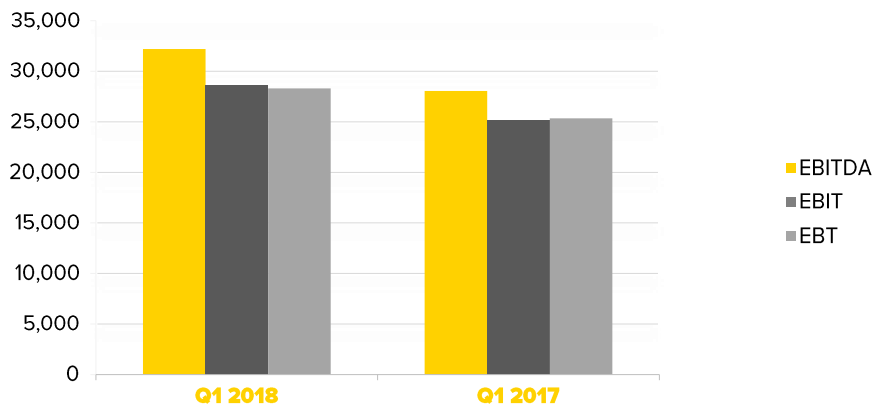
REVENUE BY BUSINESS LINE
31 March 2018



REVENUE BY BUSINESS LINE
31 March 2017



TREND IN MARGINS



REPLY LIVING NETWORK

REPLY LIVING NETWORK

Reply is a group that specialises in consulting, system integration and digital services with a focus on the conception, design and development of solutions based on the new communication channels and digital media.

Composed of a network of companies, Reply partners with key industrial groups in defining business models. This is made possible by the new technological and communication paradigms such as Artificial Intelligence, Big Data, Cloud Computing, Digital Communication and the Internet of Things.

THE ORGANISATIONAL MODEL

Reply operates through a network of companies that specialise in processes, applications and technologies and are centres of excellence in their respective fields of expertise.

Processes – at Reply, the understanding and use of technology involves introducing a new enabling approach for processes, based on an in-depth knowledge of both the market and the specific industrial contexts of implementation.

Applications – Reply designs and implements application solutions aimed at satisfying companies' core business requirements.

Technology – Reply optimises the use of innovative technologies, implementing solutions capable of ensuring maximum efficiency and operational flexibility for customers.

Reply's services include:

Consulting – focusing on strategy, communication, design, process and technology.

System Integration – making the most of the potential offered by technology, combining business consulting with innovative technological solutions and high level value-add.

Digital Services – innovative services based on new communication channels and digital trends.

MARKET FOCUS

For every market segment in which the company operates, Reply combines specific sector expertise with wide experience in the provision of services and a wealth of advanced technological capabilities.

TELCO & MEDIA

In a world that is evolving towards an increase in digital contacts, the types of relationship with the end customer are drastically changing. The digitalisation of services and the virtualisation of interactions present new challenges in terms of supply, business models and operational processes, often leading to scenarios of cross-industry competition. To counteract this, Reply works with major telecom and media operators to define and implement digital transformation strategies and apply these to the main core processes.

In particular, the increasingly widespread adoption of the Internet of Things requires continual network reconfigurations to support the vast volumes of real-time data, generated not just by smartphones and mobile devices, but also by countless smart objects with widely different functional characteristics.

This new age of “smart connections” is characterised by a different approach to networks which, through on-demand network provisioning, must be adapted and reconfigured according to the changing demands of consumers and the services supported.

Reply delivers integrated strategic and technological consulting services to support the design, definition and management of the new-generation networks, based on SDN (Software Defining Network) models, capable of integrating and managing virtual networks (Network Virtualisation) through network engineering services and network operations. The solutions developed by Reply are also applied to the network mediation layers used in the automotive world to enable 3G-4G communication between the Service Operations Centre and Network Operations Centre (NOC-SOC) and cars equipped with a black box. Reply also collaborates with leading European operators in the renewal of Operations Support systems / Business Support Systems (OSS/BSS) to support increasingly more customer-focused service models and an omnichannel configuration of the portfolio offering.

In the network security field, Reply released an innovative solution based on the Ethereum Blockchain models, designed to enable the identification, prevention and neutralisation of attacks by hackers on SDN networks. These networks are typically more flexible and adaptable to the requirements of the service, but at the same time more vulnerable to external attacks.

Finally, Reply is involved in the creation and implementation of services and applications designed for latest generation mobile devices. These include on-demand or linear audio/video content, integration with connected products, customer support services and omnichannel customer engagement solutions.

FINANCIAL SERVICES

Reply is increasingly active in supporting the digital transformation of Europe’s financial institutions. Reply is working with some of the major players in the sector on many key issues, such as the design of complete multi-channel digital experiences and customer engagement strategies. This work includes everything from digital branding to the implementation of application strategies; the development of a new generation of portals and multi-channel touchpoints to the complete redefinition of the underlying technological architecture; and the analysis of new customer journeys, relying on evolved marketing initiatives with a data-driven focus.

In the wealth management area, Reply maintains a strong market presence and has developed a wide range of specific skills and solutions aimed, for example, at emerging consulting models and remote advice solutions and platforms. In the area of Governance Risk Control (GRC), Reply operates with a dedicated consulting division, comprising a European network that is distributed across 13 countries with over 200 business consultants and is highly specialised in risk evaluation and risk control. In this field, Reply is working with several leading financial institutions on a broad range of activities connected with the implementation of European Banking Union standards and on the development of related models and solutions.

In the increasingly strategic field of big data, Reply is heavily investing in and collaborating with leading financial institutions (banks and insurance companies) in two directions: the concrete integration of new big data technologies and architectures with existing systems; and the development of skills, analytics and machine learning models, aimed at extracting tangible business value from available databases.

Another area in which Reply boasts a strong presence and a high level of specialisation is the mobile payments realm and related m-commerce services. Reply offers consulting services, as well as a wide range of models and architectural solutions based on different standards, technologies and usage profiles, aimed at the banking/insurance market and at emerging players in the payments industry. Where relevant, Reply takes advantage of the new opportunities offered by the PSD2 legislation (revised Payment Service Directive).

IoT solutions represent another theme of great interest to Reply, in particular applied to the auto, home and health insurance sectors in which the company is active with cutting-edge projects for a number of key players.

Lastly, Reply is involved with numerous projects in the most advanced frontiers of innovation, including the most recent biometric recognition and digital identity technologies; the testing and assessment of “fintech” peer-to-peer lending models; crowdfunding; blockchain technology solutions; and the design of specific e-marketplaces for financial institutions.

MANUFACTURING & RETAIL

Reply partners with companies in this sector to support them through the transformation and management of information systems, from strategic design to the understanding and redefinition of key processes, and the implementation of solutions that integrate core applications in the manufacturing and distribution sectors. The areas of focus and development of skills are on the support of supplier relationship management processes; the design and implementation of control systems and planning based on the new generation of Cloud ERP solutions; the planning and control of production units through Manufacturing Execution Systems (MES); and the distribution and handling of products across complex logistics networks through Supply Chain Execution (SCE) processes.

Native Cloud platforms and applications, together with a focus on the enabling aspects of digital transformation, represent the main technological component of Reply’s portfolio offering.

Industry 4.0 and Logistics 4.0 are increasingly important elements for the strategic development of companies in the sector. In particular, the introduction of greater levels of flexibility on the shop floor is a new competitive challenge for processing companies. In 2017, Reply significantly increased its product offer in this area. The porting reengineering on the Cloud platform of proprietary SCE and MES solutions was completed. Using IoT, cloud computing and big data models, communication to the latest generation of

sensors on production lines and within products was further boosted, creating a backbone for the next generation of applications in the logistics and manufacturing sector.

ENERGY & UTILITIES

The energy and utilities sector confirmed the growth of innovative technologies on an industrial scale, across the entire value chain. Driven by market and regulatory pressures, operators are firmly investing in the digitisation, programming optimisation and operation of installations for the generation, transport and distribution of electricity.

For larger operators that already have their sights set on full digitalisation, cloud computing has become the key provisioning tool of computational capabilities and storage in all segments of the value chain. Many operators have also launched their first big data architecture projects (so-called data lakes) and complex analytics, specifically in the area of electricity generation. In parallel, the IoT is gradually gaining ground in all segments of the value chain, especially in the areas of generation and sales for optimising the operation of plants and for the development of new digital services.

Reply is one of the key partners delivering extensive transformation for companies operating in the sector. It combines knowledge of the market and of its unique processes, with a distinctive capability to design, implement and manage applications and technological solutions, supporting the “core business”; trading and risk management; pricing and forecasting; smart metering; billing; and CRM areas. Moreover, the company’s consolidated expertise in the introduction of new technologies (IoT, big data, cloud, mobile, etc.) is vertically applied, with dedicated and highly focused teams, to operating models for the various areas of the energy and utility value chain, and in particular in the definition and development of new smart metering, electric mobility, monitoring and optimisation of systems, smart grid and asset and work management models. Finally, Reply also assists its customers in the adoption of new energy management models aimed at boosting energy efficiency, a field in which it provides a complete portfolio offering, aimed at both energy sales companies and final consumers.

HEALTHCARE & GOVERNMENT

In Italy, the need for cost savings together with the reorganisation of key departments in public administration, including health, has driven consolidation in central government. The restructure of spending centres and, at regional level, the restructure of organisational models has been undertaken to centralise the services supplied to citizens, whether relating to the health sector or otherwise. The slogan for this digital transformation is Digital PA.

Telemedicine or digital healthcare, a realm that is expected to move therapies and patient monitoring increasingly out of the hospital environment, represents an important area of specialisation for Reply. The key areas that can potentially impact the organisational model are telemonitoring at the patient’s home; and electronic prescriptions and healthcare for the management of patients suffering from chronic diseases. Reply has developed a specific platform for these areas, designed to facilitate an integrated network of communications between patients and community operators at various levels: hospitals, nursing homes, healthcare centres, community centres and more.

Lastly, Reply is working with various government agencies in the United Kingdom, including the Ministry of Defence (MoD), for which it has helped define and implement a new approach in the use of IT architecture. Designed to support decision-making processes, this new architecture is capable of integrating flows of

heterogeneous information to improve data management and, at the same time, ensure the complete visibility of available resources.

TECHNOLOGICAL INNOVATION

Technological innovation forms the basis for Reply's development. The company has always pursued the objective of providing its customers with the tools necessary to increase flexibility and efficiency. Reply is involved in a continuous process of research, selection and marketing of innovative solutions for sustaining the creation of value within organisations.

ARTIFICIAL INTELLIGENCE

Artificial intelligence, one of the founding dreams of information technology itself, is a discipline that has existed for a long time. For years a mere fantasy due to the unavailability of systems and data, this technology is now becoming a reality which is capable of bringing about concrete benefits in different contexts. Over the next few years, revolutions are expected in all fields, especially in the industrial sector, but also in areas related to society and to the private life of individuals.

Today artificial intelligence is ready to be used within companies. The machine learning solution is, in fact, already adoptable and can automate processes by improving their quality. Reply applies the results of research on artificial intelligence to real-life scenarios in different sectors, implementing projects that integrate the latest machine learning technologies into company systems, from Deep Learning to Cognitive Computing, from Recommendation Systems to Predictive Engines, from Data Robotics to Chatbots. Reply collaborates in these areas with the world's leading AI technology players.

Specifically, Reply's solutions within the artificial intelligence realm is based on three key elements: human-computer interaction (with the study of natural language conversation and recognition systems), processes (intelligent process automation) and decisions (data prediction and data prescription). The essential factor for implementing artificial intelligence projects is the availability of data because without a wide availability of data, both historical and updated in real time, AI is not able to produce results. With this in mind, Reply works not only with the machine learning and neural networks technologies, but also with the management and treatment of big data through advanced analytics techniques.

BLOCKCHAIN

Blockchain technology represents a new opportunity to profoundly redesign the concepts of trust, property and trade. This is a further leap for web-based systems, which follows the joint statement of social networks and mobile devices. The disruptive potential of blockchain protocols lie in the opportunities they create for cutting out the middleman in virtually any guarantor-regulated trading process or trusted third-party (TTP). The high potential of and the wide range of applications from this technology have been recognised at a cross-industry level.

Reply's Competence Centre, focused on the blockchain technology, is engaged in different countries (Benelux, France, Germany, Italy, the UK) and across various vertical industries (banking, insurance, telco & media, energy, retail, healthcare, real estate, etc.), and works to accelerate the customer adoption of the most pervasive blockchain technologies, such as Bitcoin, Ethereum, Hyperledger and Multichain. Moreover,

the company's proven expertise in system integration is reflected in the blockchain world, and in its ability to interface with Blockchain-as-a-Service services offered by major IT vendors, meaning that Reply's blockchain solutions fall within the "enterprise-ready" software product category.

CLOUD COMPUTING

Cloud computing has established itself as one of the most important areas of transformation that companies have had to face. The offer of virtual environments and services by leading vendors worldwide has in fact modified, if not revolutionised the concept of IT as it had been traditionally interpreted, transforming it from being a simple commodity to one of the basic elements on which to configure the digital transformation of an enterprise.

At the same time, the ever increasing maturity of the cloud in its various forms (IaaS, PaaS or SaaS) is leading service providers and system integrators to define specific offer portfolios aimed at highly strategic issues, such as the coexistence of cloud with traditional on-premise applications and the challenge of data management security.

In order to fulfil the requirements for strategic, technological and change management transformation necessary for the implementation of the most effective cloud models based on specific situations, Reply has defined a portfolio of services structured along the following lines:

- consulting support (from the business process to operational management), capable of helping clients to understand, select and develop the most appropriate technological solutions and applications;
- an end-to-end provider service which, supported by the partnership with major vendors worldwide including Amazon Web Services, Google, Microsoft, Oracle, SAP and Salesforce, allows customers to benefit from the most effective solutions for their needs, both in terms of the model and the technology chosen; and
- SaaS services and solutions, based on Reply's proprietary application platforms.

CUSTOMER ENGAGEMENT

The rapid evolution of data analytics tools was triggered by the major innovations of technology companies and is characterised by the use of data-driven analysis methodologies, the benefits of which are the result of a large availability of data and increasing computational capacity for their analysis. Specifically, the data-driven approach is defining a new model for the design and management of marketing initiatives aimed at the customer. Indeed, once the needs of the individual customer have been interpreted, based on data and analysis provided by CRM (Customer Relationship Management) platforms, it becomes possible to define one-to-one marketing campaigns, launched in real time to meet specific needs.

With the aim of exploiting this competitive advantage and establishing a consultative and strategic platform, Reply has created a competence centre focused on the customer robotics approach. Thanks to the experience gained through initiatives carried out in various sectors (e.g. automotive, financial services, utilities, retail, etc.), Reply has defined a framework for the development and implementation of processes related to direct interactions with customers, integrating Machine Learning, Artificial Intelligence and Cognitive Systems models, all aimed at the recognition and anticipation of needs across various digital channels.

The customer robotics approach facilitates the conception, design and implementation of services aimed at providing data-driven customer service tools, such as recommendation systems for products and conversational systems capable of understanding and interacting independently, using natural language. Finally, Reply is constantly investing in developing its expertise in leading CRM and e-commerce platforms and solutions, thanks to a solid ecosystem of partnerships with world leaders in the industry, including Microsoft, Oracle, SAP and Salesforce.

DATA & ANALYTICS

Big data technologies have moved on from being a strictly technological field, to become one of the key levers in the digital transformation of companies. Indeed, significant data projects have been launched to define programmes aimed at improving business performance (e.g. risk management in financial institutions), innovating service models (e.g. passenger car policies in the insurance sector) or to understanding and serving customers better (e.g. loyalty programmes in the retail sector).

By combining technological skills in data analysis, data modelling and data process re-engineering, Reply has made it easier for its customers to approach the issue of big data, favouring the activation of a real and solid pathway of cultural change and introducing a new approach to data management.

In particular, Reply has partnered with companies to support them in the application of big data technologies, by creating architectures based on the new “data lake” concept; and in the development and application of advanced analytics models, bringing together business experts and data scientists to define core business processes with a data-driven focus.

Reply has also initiated the development of a specific offering in the machine learning field, designed to address the growing demand by companies to automate lower impact digitised processes, such as invoice reconciliation. At the same time, Reply works with companies to increase their ability to build value-added services based on innovative process automation models through deep learning, image recognition and prescriptive analytics.

To better support its customers in the introduction of advanced, data-use techniques, Reply has also developed a training programme aimed at establishing a new generation of data scientists capable of capitalising on the latest machine learning and data analysis techniques.

DESIGN CONSULTING

In an increasingly digital and more connected world, the concept of customer experience has become a key differentiating factor, both in B2C and in B2B environments. Reply helps its customers to create innovative and distinctive product-service experiences. This process begins with the analysis of people’s needs, strategic business objectives and technological enablers, it then transforms them into integrated customer journeys and prototypes that make the results immediately tangible and verifiable. Finally they are developed in an iterative and agile way, until they are launched on the market.

At the same time, a customer-centric approach requires a change in the organisation, which must be aligned not so much to its internal functions – and to the underlying IT systems – but to the customer journey. Reply supports organisations in managing change to make them more customer-centric; receptive to market inputs and feedback; and agile in releasing new products and services, by mobilising cross-functional teams that operate in full autonomy and towards specific objectives.

Reply continued to invest in the acquisition of skills, further expanding the two design studios in Milan and Munich that offer support to customers across Europe.

DIGITAL EXPERIENCE

Real time marketing, artificial intelligence and analysis of the customer journey are the three transformation technologies that will have the most impact on the relationships that brands have with their customers and prospects. In fact, the use of these technologies enables brands to improve their marketing results through continuous enhancement in customer experience, customer loyalty and an increase in their customer base. Taking full advantage of these emerging capabilities also means building a vision of the individual customer that is increasingly more data-driven. The growing interest in cross-device identification tools and Account-Based Marketing (ABM) solutions underlines the increasing interest among marketers towards technologies and models that are capable of offering targeted and coherent interactions among owned, earned and paid media.

In response, Reply has developed an extended and specialised set of skills. These range from digital storytelling to a multi-platform strategic vision; contextual interaction to omnichannel loyalty; and data recognition components used to capture large quantities of information and subsequent data analysis expertise required to transform the data into powerful and effective market insights.

To extend this scenario further, it is necessary to ensure coherent communication between the various media involved, through a unified consulting, conceptual and productive supply chain that also incorporates a multimedia asset management strategy. In addition to the creation and management of every aspect of the interactive digital brand image, Reply's areas of expertise include creativity and technology as applied to important fields, such as mobile telephony, e-commerce, gaming and the Internet of Things. These are areas that commercial brands need to master, both now and especially in the future, as already demonstrated by major global communication markets.

In recent years, Reply has developed specific expertise and solutions to support companies in the development of immersive experience projects through the application of augmented reality and virtual reality. These technologies are expected to have an increasingly strong impact on the marketing strategies of highly innovative brands.

Another important field in which Reply supports its corporate customers is communication via digital social media networks. Today, this is a mainstream activity that has expanded significantly over the last few years and is the acknowledged global arena for brand-user relationships. Reply has therefore added to its portfolio an offering aimed at supporting companies in strategic activities that are needed to position a brand correctly, including within social media channels. This includes monitoring and assessment activities; the design and architecture of relational KPIs; promotional activities such as couponing and social gaming; content marketing; CRM; and social caring.

Social networks are increasingly more connected to the digital marketing activities that Reply integrates into a universal relationship model, based on analytical skills and paid, owned and earned media activation designed to enable and optimise a company positioning integrated with its own ecosystem over the relevant relationship channels. These channels include social media networks; search engines; comparison websites; shopping marketplaces and social shopping networks; affiliation networks; email; applications; and lead generation channels.

DIGITAL PAYMENTS

The widespread adoption of mobile devices among consumers and the creation of new payment channels that see the mobile component as a supporting factor, make the payment sector one of the areas with the highest growth rate.

Reply has defined a dedicated offer, based on consultancy services and technological platforms, to assist banks, financial institutions, telecoms, utilities and retailers in creating and supplying innovative remote and proximity digital payment services.

One of Reply's key technological assets in this area is HI CreditsTM, a platform which enables personalised and contextualised payment services by capitalising on the available smartphone technologies. HI CreditsTM can handle all major payment card circuits, token-based digital payment solutions (Apple Pay, Samsung Pay and Google Pay) and money transfers based on current accounts in person-to-person (P2P) and person to business (P2B) modes.

The expansion of new payment tools requires the acceptance network to adapt in order to manage new types of digital payments. Reply has developed a range of services that make it possible to manage new digital payment tools including Alipay, Jiify and WeChat, both on the traditional POS network and on a smartphone or tablet.

Another innovation relating to the acceptance network is the introduction, by leading hardware vendors, of POS solutions running on Android, which make it possible to develop new services directly on the POS device and to distribute them using a business model based on proprietary app stores. Reply has developed significant expertise in the planning, design and implementation of payment apps for Android POS devices.

E-COMMERCE

Mobile consumers are increasingly demanding a completely integrated experience from companies, as personalised and as unified as possible through various physical and digital channels. In a similar purchasing scenario, the success of this lies in the ability to invest in services that promote and enrich relations and interaction between sellers and customers, by constantly innovating and extending sales models with new multi-channel strategies capable of offering consumers different touchpoints for purchasing products and delivering a unique experience that is integrated and agile. One example is the increasingly widespread success of purchasing processes based on the "click and collect" models, which are extremely useful in order to avoid additional delivery costs or unexpected events such as delays.

Purchases are made online and the product is collected free of charge at the shop.

The growing use of social media to compare prices and products has further enriched and modified purchasing processes. The buying journey is increasingly based on an exchange of information and multi-channel interactions in which the transaction is begun and completed between chats, social media, online stores and physical shops.

This evolution of the traditional purchasing scenario has led Reply to define an omnichannel strategy centered on customer needs. This allows companies to provide the final consumer with a completely unified and integrated experience, through online, mobile and physical channels, where the client feels monitored and supported during the process (e.g. voice assistants, recommendation engine). Reply provides end-to-end management of the entire corporate sales cycle chain, for all business models (B2B, B2C, B2B2C).

Reply's offering ranges from the management of products and catalogues to promotions and pricing optimisation; warehouse and logistics management to integrated call centre systems; and customer engagement both in physical stores, using proximity commerce techniques, and on online channels, by exploiting the potential of social media. Last but not least, Reply is able to build a digital experience that is not only rich and fluid for the end customer, but is also able to create an emotional relationship with the brand.

ENTERPRISE ARCHITECTURE & AGILE DELIVERY

The recent paradigm shifts in areas such as cloud computing, the mobile world, IoT and big data, along with more mature models of agile and DevOps delivery, have rendered the IT landscape unrecognisable compared to a few years ago.

In 2018, with the increasingly widespread emergence of 3D printing, virtual reality, artificial intelligence, machine learning and big data, all organisations will need to understand that those who do not know how to seize the opportunity to innovate, will be penalised by the market.

In order to excel in the digital economy, characterised by the convergence between the physical and the digital worlds, organisations must remove the boundaries between IT and business. This will allow enterprises to be agile in exploiting the new developments available to them, although they must proceed with caution to avoid damaging existing systems and processes.

This new technological approach requires agile delivery models in which small, highly qualified, multi-disciplinary teams implement a process of end-to-end change in a very short timeframe, working directly with the managers of the various business areas involved. Reply supports its customers in the realm of enterprise architecture through a vast catalogue of architectural frameworks, methods and models, consolidated in many projects completed for large industrial, media and service groups.

INDUSTRY 4.0

The fourth industrial revolution is the combined effect of connectivity, data processing power, latest generation mechanical automation, machine learning and artificial intelligence. Industry 4.0 models are quickly redefining production sites around the world, transforming them into systems closely interconnected with the supply chain, logistics, sales, the products themselves and the support and maintenance chain.

Plants become open ecosystems that need to be able to adapt autonomously to new tasks, to carry out maintenance activities and to predict the best input and output flows through constant communication with supply chains, while attaining levels of efficiency and control that minimise costs and maximise results. For this new global world of interconnected production, Reply has developed a suite of integrated solutions capable of ensuring its customers are flexible, connected and efficient. In particular, Reply's mission is to accompany its customers along the entire transformation journey: from the planning and development of solutions that open up the production sites and interconnect them to the entire digital world, to the design and implementation of solutions capable of rendering products "smart", connected and digital. The digitisation of companies is a transformation expected to take place in the medium term, made possible and concrete by the use of all the vertical and horizontal pillars offered by Industry 4.0 (robotics, digital twin, cloud and fog computing, augmented reality, big data, artificial intelligence and machine learning, etc.).

THE INTERNET OF THINGS

The drive to converge the telco, media and consumer electronics sectors is making it necessary to treat objects that currently lack connectivity as “networked devices”. One of the main developments currently underway consists of the gradual interconnection not only of computers and devices, but also of a multiplicity of material objects, giving rise to networks that are increasingly pervasive and integrated with people’s daily lives.

Reply has designed and developed HI Reply™, a platform of services, devices and middleware, on which to base specific vertical applications covering advanced logistics, environmental security, contactless payment and product traceability. In 2017, Reply continued to follow the trend of verticalisation started in previous years, consolidating its position in the smart home, healthcare, insurance and automotive sectors. Following the incentives promoted at local level (Industry 4.0 in Germany and Calenda Plan in Italy), which have led to a push in the application of the IoT in industry, Reply has designed a proprietary Manufacturing Operation Management solution. Finally, within the IoT ecosystem, Reply has developed specific vertical solutions for the energy sector.

MOBILE

In the mobile sector, Reply supports companies in defining interaction scenarios with their users based on omnichannel applications and architectures capable of meeting the needs that the new market scenario is imposing. These are the appeal of and high usability of services; high performance of services; the creation of architectures that are capable of integrating new channels and types of devices with flexibility to provide services and content suitable for each platform.

With the exponential growth of mobile video, where the quality and stability of the service is essential to ensuring its success, Reply is involved in major European projects for the provision of OTT-TV services, working with design, development, validation and monitoring teams.

In addition, Reply has established its own application factory dedicated to mobile applications for both the business and consumer worlds. The factory includes a user experience laboratory, together with teams of developers specialised in various platforms, which bases its activity on a data-driven approach using tools and methods that focus on users and on their needs and behaviours.

AUGMENTED REALITY, VIRTUAL REALITY

The success of virtual reality continued during the course of 2017, both in the pure entertainment market with the release of various high-quality products (including Reply’s Theseus-VR), and in the professional field. The different visors launched on the market in recent months (Google Daydream, ACER, ASUS, HP, Lenovo, etc.) which go alongside the most popular products currently available (OCULUS and HTC Vive), together with the general reduction in prices, are proof of a continuously expanding market.

Augmented reality, which in 2017 had as its reference product Microsoft’s HoloLens headset, also saw an important mobile development with the release of the respective development platforms of two leading players (Google and Apple). The areas in which this technology saw the greatest amount of development are the professional sectors as relating to companies’ production processes (training, maintenance support, quality control) and sales support (e-commerce).

By combining experience in the 3D sector, from the gaming world, mobile skills and wearable devices, Reply has been able to develop an offering specifically orientated towards the development of solutions designed to increase user involvement.

This offer portfolio includes the development of augmented reality applications (aimed at visualising a virtual product in a real environment) and immersive reality applications designed specifically to provide users with an unforgettable experience, transporting them into a navigable virtual environment.

RISK MANAGEMENT, PRIVACY & SECURITY

Reply's Risk & Regulatory Management Consultancy division operates at a European level, providing services for risk, finance, treasury and compliance initiatives within the financial services sector. In these areas, Reply has developed a consolidated experience in change and remediation programmes driven by regulatory developments, and has developed programmes aimed at the strategic and operational improvement and optimisation of the same.

Over recent years, IT-related risks have increased dramatically in terms of both their impact and their frequency, leading to serious security violations and causing hundreds of millions of client data records to be compromised worldwide. The parameters that should be considered and monitored are often interconnected and are therefore difficult to catalogue in an orderly manner or to tackle individually.

In order to deal with this increasingly complex environment, Reply has defined an integrated, coherent and comprehensive range of services to support its customers in defining the best possible security governance and security technology strategies.

In particular, Reply provides support across all the implementation phases of an integrated information security plan, from strategic planning and the definition of enterprise security architectures, to the implementation of specific IT countermeasures. Lastly, thanks to its cyber security command centre, Reply assists large organisations with advanced computer security incident response services.

SOCIAL MEDIA

In recent years, social media has profoundly changed the way in which individuals of all age groups communicate and interact, in both their private and professional lives.

The Internet has correspondingly transformed itself from a purely informative tool, to an immense space for dialogue and conversation, and for the research, purchase and evaluation of product/service brands.

New opportunities can be capitalised on by brands that are able to analyse and take advantage of the interactions generated on social media, be they customers, prospects, employees, partners or suppliers. The strategic assets in this realm are the ability to observe relevant phenomena, the process of defining the most effective social media marketing activities to meet a brand's business needs, data-driven content curation and social analytics activities.

Reply offers an innovative approach for maximising the value of brands' digital identity on social networks, with a view to integration with other relational touch points, from search engines – nowadays closely interconnected with social media – to television, for second screen interaction analysis.

Social media represents a valuable system of data that makes it possible to better understand users and to generate actionable insight. For example, data on user expectations supports those marketing initiatives focused on anticipating emerging trends; analytics data supports communication teams in defining

communication clusters; advertisement interaction data makes it possible to optimise campaigns to decrease the dispersion of communication and to improve the conversion performance.

VIDEO & GAMING GENERATION

The video game market continues to see a strong performance, expanding to all age groups and remaining equally divided between female and male audiences. Mistakenly considered to be a niche phenomenon by some, video gaming is actually a mass phenomenon and one of the main consumer areas in the leisure and entertainment sector.

Video games are also a language of communication, a culture that permeates the whole of society.

Companies must continually improve the dialogue with its customers by seeking new forms of "customer engagement", among which games play an important role.

Reply has developed a portfolio offering capable of meeting all of a brand's needs, from the use of virtual reality and augmented reality to the production of educational games (edutainment) or games designed to promote a product or a message (advergames). Reply is constantly investing in this area in order to offer, through the use of the latest technologies, increasingly innovative and engaging game experiences.

Reply was able to further assert the company's ability to create quality products, with a focus on the international market. In particular, the release of Theseus-VR, made available on all leading VR videogame marketplaces (VR Playstation, OCULUS Store, Steam VR), achieving good visibility and recognition from critics.

SUMMARY REPORT OF THE FIRST QUARTER 2018 AND EXPECTED BUSINESS DEVELOPMENTS

SUMMARY REPORT OF THE FIRST QUARTER 2018 AND EXPECTED BUSINESS DEVELOPMENTS

Since the beginning of the year, the Group has recorded a consolidated turnover amounting to €238.9 million, an increase of 14.6% compared to the corresponding data for 2017.

All indicators are positive for the period. In the first quarter of 2018 the consolidated EBITDA was €32.2 million (€28.1 million in 2017), equal to 13.5% of the turnover, with an EBIT of €28.7 million (€25.2 million in 2017), equal to 12.0% of the turnover.

The profit before tax, from January to March 2018, was €28.3 million (€25.3 million in 2017), equal to 11.8% of the turnover.

The net financial position of the Group on 31 March 2018 is also positive by €124.0 million, an increase compared to the €57.0 million recorded on 31 December 2017 and to the €80.6 million on 31 March 2017.

The mission of the Group has always been to support our customers in a process of innovation using technology, to gain competitive advantage. The growth registered in 2017 and the positive start in 2018 are a solid foundation on which further develop Reply. Our goal now is to make it a consultancy and technology reference point for the frontiers of Cloud Computing, Blockchain and Artificial Intelligence.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

Reply's performance is summarized in the following reclassified consolidated statement of income.

CONSOLIDATED FINANCIAL STATEMENT AT 31 MARCH 2018

(thousand Euros)	Note	Q1 2018	%	Q1 2017	%
Revenue	4	238,880	100,0	208,405	100,0
Purchases	5	(4,044)	(1.7)	(2,947)	(1.4)
Personnel	6	(118,365)	(49.6)	(105,494)	(50.6)
Services and other expenses	7	(84,373)	(35.3)	(72,283)	(34.7)
Other operating expenses/(income)		104	-	377	0.2
Operating expenses		(206,678)	(86,5)	(180,346)	(86,5)
Gross operating margin		32,202	13,5	28,059	13,5
Amortization and write-downs	8	(3,528)	(1.5)	(2,904)	(1.4)
Operating margin		28,673	12,0	25,155	12,1
Financial (loss)/income	9	(370)	(0.2)	189	0.1
Income before taxes		28,303	11,8	25,344	12,2

NET FINANCIAL POSITION

The Group's net financial position as at 31 March 2018, analyzed by due date and with comparative figures as at 31 December 2017, is shown in the following statement:

(thousand Euros)	31/03/2018	31/12/2017
Cash and cash equivalents, net	149,646	86,398
Current financial assets	1,828	2,042
Due to banks	(12,633)	(16,365)
Due to other providers of finance	(798)	(942)
Net financial position, short term	138,043	71,133
Due to banks	(13,226)	(13,381)
Due to other providers of finance	(784)	(721)
Net financial position M/L term	(14,010)	(14,102)
Total net financial position	124,033	57,030

NOTE 1 – ACCOUNTING PRINCIPLES

Notwithstanding Legislative Decree no. 25 of 15 February 2016 has eliminated the obligation to publish Interim Management Statements, these have as at 31 March 2018, in relation to the first quarter of financial year 2018, been prepared, in capacity of STAR segment issuer, as required by Borsa Italiana S.p.A. under communication no. 7587 of 21 April 2016. The contents herein are pursuant to Art. 154-ter, paragraph 5 of Legislative Decree 24 February 1998, no. 58.

The interim report herein has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union. The designation “IFRS” also includes all valid International Accounting Standards (“IAS”), as well as all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), formerly the Standing Interpretations Committee (“SIC”).

The accounting policies applied in these financial statements are consistent with those adopted in preparing the annual report.

The preparation of the interim report requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities the financial statements reported herein. If in the future such estimates and assumptions, which are based on management’s best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Moreover, these valuation procedures, in particular those of a more complex nature regarding matters such as any impairment of non-current assets, are only carried out in full during the preparation of the annual financial statements, when all the information required is available, other than in the event that there are indications of impairment, when an immediate assessment is necessary

The values indicated in the accounting statements are expressed in thousands of Euros.

The Interim Management report as at 31 March 2018, was not subject to audit by Reply’s Independent auditors, as allowed by existing laws.

NOTE 2 – GROUP ACTIVITIES

Reply [MTA, STAR: REY] is specialized in the implementation of solutions based on new communication and digital media.

Reply, consisting of a network of specialized companies, assists important European industries belonging to Telco & Media, Manufacturing & Retail, Bank & Insurances and Public Administration sectors, in defining and developing new business models utilizing Big Data, Cloud Computing, CRM, Mobile, Social Media and Internet of Things paradigms. Reply offers consulting, system integration, application management and business process outsourcing www.reply.com.

NOTE 3 - CONSOLIDATION

Companies included in consolidation are consolidated on a line-by-line basis.

Compared to 31 March 2017 there have been no changes in consolidation owing to Business Combinations.

Furthermore, the list of the Reply Group's companies and equity investments, presented as an annex herein, also includes in consolidation the following newly incorporated companies with respect to 31 March 2017:

- Sense Reply S.r.l., a company incorporated in the month of July 2017 under Italian law of which Reply S.p.A. holds 100% of the share capital;
- Sprint Reply S.r.l., a company incorporated in the month of December 2017 under Italian law of which Reply S.p.A. holds 100% of the share capital;
- Go Reply GmbH, a company incorporated in the month of January 2018 under German law of which Reply AG holds 100% of the share capital.

NOTE 4 - REVENUES

Revenues from sales and services, including change in work in progress, amounted to 238,880 thousand Euros (208,405 thousand Euros in the first quarter of 2017) with an increase of 14.6%.

This item includes revenues generated from consulting activities, turn-key projects and assistance and maintenance services and other minor amounts.

The following table shows the percentage breakdown of revenues by geographic area. Moreover, the breakdown reflects the business management of the Group by Top Management and the allocation approximates the localization of services provided:

Region (*)	Q1 2018	Q1 2017
Region 1	67.9%	70.8%
Region 2	19.4%	17.3%
Region 3	12.6%	11.7%
IoT Incubator	0.1%	0.2%
Total	100.0%	100.0%

(*)

Region 1: ITA, BRA, POL, ROU, USA

Region 2: DEU, CHE, CHN, HRV

Region 3: GBR, BEL, BLR, FRA, LUX, NLD, PRT

The following table shows the percentage breakdown of revenues by business line:

	Q1 2018	Q1 2017
Tecnologies	55.4%	52.5%
Applications	33.9%	37.1%
Processes	10.7%	10.4%
Total	100.0%	100.0%

NOTE 5 - PURCHASES

Detail is as follows:

(thousand Euros)	Q1 2018	Q1 2017	Change
Software licenses for resale	2,580	1,457	1,124
Hardware for resale	133	322	(189)
Other	1,330	1,169	162
Total	4,044	2,947	1,097

The items Software licenses for resale and Hardware for resale include change in inventory of software and hardware products for resale.

The item Other mainly includes costs incurred for fuel expenses and the purchase of office material.

NOTE 6 - PERSONNEL

Increase in personnel expenses amounting to 12,872 thousand Euros owes to the overall increase of the Group's business and to the increase of the number of employees.

As at 31 March 2018 the Group employees were 6,664 with an increase of 459 compared to the 6,205 employees at 31 March 2017.

NOTE 7 – SERVICES AND OTHER COSTS

Services and other costs amounting to 84,373 thousand Euros (72,283 thousand Euros in the first quarter 2017) comprised the following:

(thousand Euros)	Q1 2018	Q1 2017	Change
Consulting and commercial	50,220	45,262	4,958
Travelling and professional training expenses	8,339	7,450	889
Other services	14,293	9,462	4,831
Office charges	6,959	5,691	1,268
Rental and leasing	2,092	2,010	82
Other	2,472	2,409	63
Total	84,373	72,283	12,090

Overall change in Services and other costs, amounting to 12,090 thousand Euros, is attributable to an overall increase in the Group's business.

The item Other mainly includes marketing services, administrative and legal services, telephone and canteen expenses.

Office expenses include rent and all related charges.

NOTE 8 - AMORTIZATION, DEPRECIATION AND WRITE-DOWNS

Depreciation of tangible assets, amounting to 1,974 thousand Euros at 31 March 2018, has been determined on a straight-line basis at economic-technical rates that reflect the useful lives of the asset.

Amortization of intangible assets at 31 March 2018 amounted to 1,554 thousand Euros and is mainly related to:

- development charges capitalized according to IAS 38;
- software licenses used internally by the Group;
- amortization of other intangible assets arising from the allocation of the purchase price subsequent to several Business combinations.

NOTE 9 – FINANCIAL INCOME/(EXPENSES)

Detail is as follows:

(thousand Euros)	Q1 2018	Q1 2017	Change
Financial income	69	388	(320)
Financial losses	(134)	(271)	136
Other	(305)	72	(376)
Total	(370)	189	(560)

The item Financial income mainly includes interest on bank accounts.

Financial losses mainly include the interest costs related to bank advances and to the use of the credit lines for M&A operations.

The item Other includes the Exchange rate differences from the translation of balance sheet items not stated in local currency, as well as changes in fair value of financial liabilities pursuant to IAS 39.

NOTE 10 – NET FINANCIAL POSITION

The net financial position as at 31 March 2018 was positive for 124,033 thousand Euros with an improvement of 67,003 thousand Euros compared to 31 December 2017 owing to the cash flows generated by operating activities.

Due to banks, amounting to 25,859 thousand Euros, is referred mainly to credit lines for M&A operations.

NOTE 11 – EVENTS SUBSEQUENT TO 31 MARCH 2018

In the month of April Reply has strengthened its presence in the North American market with the investment in Valorem, a US-based company that specializes in Digital Strategy consulting and the implementation of Cloud, Analytics and differentiated User Experiences.

Valorem, with more than 300 people distributed among the main offices in Kansas City, Seattle St. Louis and Kochi (India), is a leader in the cloud design and value-added Digital Strategy and execution services based on Microsoft's Cloud Offerings, with major international groups such as Boeing, Intel, Jeppesen, Microsoft and Red Bull among its customer portfolio.

The investment in Valorem further enhances Reply's international growth strategy, particularly in the United States where the Group already has offices in Chicago and Detroit.

It is also reported that in April 2018, Reply has finalized the purchase of the real estate complex located in Turin and called "ex-Caserma De Sonnaz".

The property, after proper renovation, will be used to host the offices of the company.

NOTE 12 – OTHER INFORMATION

The following is to be noted:

- transactions among group companies are carried out at market prices and are eliminated during the consolidation process;
- transactions carried out by the group companies with related parties that in accordance to IAS 24 are Group companies and persons able to exercise control, joint control or have significant influence on the Group and its subsidiaries, are considered ordinary business and are carried out at normal market conditions;
- pursuant to art. 150, 1 of the Italian Legislative Decree n. 58 of 24 February 1998, no transactions have been carried out by the members of the Board of Directors that might be in potential conflict of interests with the Company.

For the Board of Directors

/s/ **Mario Rizzante**

Chairman

Mario Rizzante

Declaration pursuant to Article 154-bis, paragraph 2 of legislative decree no. 58 of 24 February 1998

The director responsible for preparing the Company's financial reports, Dott. Giuseppe Veneziano, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this interim management report at 31 March 2018 corresponds to the results documented in the books, accounting and other records of the company.

Turin, 15 May 2018

/f/ Giuseppe Veneziano
(Director responsible of drafting
financial statements)

Giuseppe Veneziano

ANNEXED TABLES

ANNEXED TABLES

REPLY

List of Group companies at 31 March 2018

Company name	Headquarters	Group interest
Parent company		
Reply S.p.A.	Turin – Corso Francia, 110 - Italy	
Companies consolidates on a line-by-line basis		
4brands Reply GmbH & CO. KG.	Minden, Germany	51.00%
Air Reply S.r.l. (*)	Turin, Italy	85.00%
Arlanis Reply S.r.l.	Turin, Italy	100.00%
Arlanis Reply AG	Potsdam, Germany	100.00%
Aktive Reply S.r.l.	Turin, Italy	100.00%
Atlas Reply S.r.l.	Turin, Italy	100.00%
Avantage Reply Ltd.	London, United Kingdom	100.00%
Avantage Reply (Belgium) Spri	Brussels, Belgium	100.00%
Avantage Reply (Luxembourg) Sarl	Itzig, Luxembourg	100.00%
Avantage Reply (Netherlands) BV	Amsterdam, Netherland	100.00%
Avvio Reply Ltd	London, United Kingdom	100.00%
Blue Reply S.r.l.	Turin, Italy	100.00%
Blue Reply GmbH	Guetersloh, Germany	100.00%
Bridge Reply S.r.l.	Turin, Italy	60.00%
Business Reply S.r.l.	Turin, Italy	100.00%
Breed Reply Ltd	London, United Kingdom	100.00%
Breed Reply Investment Ltd	London, United Kingdom	80.00%
Cluster Reply S.r.l.	Turin, Italy	100.00%
Cluster Reply GmbH & CO. KG	Munich, Germany	100.00%
Cluster Reply Informatica LTDA. (*)	San Paolo, Brazil	76.00%
Cluster Reply Roma S.r.l.	Turin, Italy	100.00%
ComSysto Reply GmbH (*)	Munich, Germany	100.00%
Concept Reply GmbH	Munich, Germany	100.00%
Consorzio Reply Energy	Turin, Italy	100.00%
Consorzio Reply Public Sector	Turin, Italy	100.00%
Data Reply S.r.l.	Turin, Italy	100.00%
Data Reply GmbH (*)	Munich, Germany	92.50%
Discovery Reply S.r.l.	Turin, Italy	100.00%
e*finance consulting Reply S.r.l.	Turin, Italy	100.00%
Ekip Reply S.r.l.	Turin, Italy	100.00%

EOS Reply S.r.l.	Turin, Italy	100.00%
First Development Hub, LLC	Minsk, Belarus	100.00%
Forge Reply S.r.l.	Turin, Italy	100.00%
France Reply Ltd	London, United Kingdom	80.00%
Go Reply S.r.l.	Turin, Italy	100.00%
Go Reply GmbH	Guetersloh, Germany	100.00%
Healthy Reply GmbH	Düsseldorf, Germany	100.00%
Hermes Reply S.r.l.	Turin, Italy	100.00%
Hermes Reply Polska zo.o	Katowice, Poland	100.00%
Industrie Reply GmbH (formerly Logistics Reply GmbH)	Munich, Germany	100.00%
InEssence Reply GmbH	Düsseldorf, Germany	100.00%
IrisCube Reply S.p.A.	Turin, Italy	100.00%
Leadwise Reply GmbH	Darmstadt, Germany	100.00%
Lem Reply S.r.l.	Turin, Italy	100.00%
Like Reply S.r.l.	Turin, Italy	100.00%
Live Reply GmbH	Düsseldorf, Germany	100.00%
Logistics Reply S.r.l.	Turin, Italy	100.00%
Lynx Recruiting Ltd	London, United Kingdom	100.00%
Macros Reply GmbH	Munich, Germany	100.00%
Open Reply GmbH	Guetersloh, Germany	100.00%
Open Reply S.r.l.	Turin, Italy	100.00%
Pay Reply S.r.l	Turin, Italy	100.00%
Portaltech Reply Ltd.	London, United Kingdom	100.00%
Portaltech Reply S.r.l.	Turin, Italy	100.00%
Portaltech Reply GmbH	Guetersloh, Germany	100.00%
Power Reply S.r.l.	Turin, Italy	100.00%
Power Reply GmbH & CO. KG	Munich, Germany	100.00%
Profondo Reply GmbH	Guetersloh, Germany	100.00%
Protocube Reply S.r.l.	Turin, Italy	55.00%
Reply Consulting S.r.l.	Turin, Italy	100.00%
Reply AG	Guetersloh, Germany	100.00%
Reply do Brasil Sistemas de Informatica Ltda	Belo Horizonte, Brazil	100.00%
Reply Inc.	Michigan, USA	100.00%
Reply Ltd.	London, United Kingdom	100.00%
Reply Belgium SA	Mont Saint Guibert, Netherland	100.00%
Reply Digital Experience S.r.l. (formerly Bitmama S.r.l.)	Turin, Italy	100.00%
Reply France Sarl	Paris, France	100.00%
Reply Luxembourg Sarl	Sandweiler, Luxembourg	100.00%

Reply NL Ltd.	London, United Kingdom	100.00%
Reply Services S.r.l.	Turin, Italy	100.00%
Reply Verwaltung GmbH	Guetersloh, Germany	100.00%
Ringmaster S.r.l.	Turin, Italy	50.00%
Risk Reply Ltd	London, United Kingdom	80.00%
Riverland Reply GmbH	Munich, Germany	100.00%
Santer Reply S.p.A.	Milan, Italy	100.00%
Security Reply S.r.l.	Turin, Italy	100.00%
Sense Reply S.r.l.	Turin, Italy	90.00%
Solidsoft Reply Ltd.	London, United Kingdom	100.00%
Spark Reply S.r.l.	Turin, Italy	85.00%
Spark Reply GmbH	Germany	100.00%
Sprint Reply S.r.l.	Turin, Italy	100.00%
Square Reply S.r.l.	Turin, Italy	100.00%
Storm Reply S.r.l. (*)	Turin, Italy	95.00%
Storm Reply GmbH	Guetersloh, Germany	100.00%
Syskoplan Reply S.r.l.	Turin, Italy	100.00%
Reply GmbH (formerly Syskoplan Reply GmbH)	Zurich, Switzerland	100.00%
Syskoplan Reply GmbH & CO. KG	Guetersloh, Germany	100.00%
Sytel Reply Roma S.r.l.	Turin, Italy	100.00%
Sytel Reply S.r.l.	Turin, Italy	100.00%
Target Reply S.r.l.	Turin, Italy	100.00%
TamTamy Reply S.r.l.	Turin, Italy	100.00%
Technology Reply S.r.l.	Turin, Italy	100.00%
Technology Reply Roma S.r.l.	Turin, Italy	100.00%
Technology Reply S.r.l.	Bucharest, Romania	100.00%
TD China (TD Marketing Consultants, Beijing Co. Ltd)	China	100.00%
Tool Reply GmbH	Guetersloh, Germany	100.00%
Triplesense Reply GmbH	Frankfurt, Germany	100.00%
Twice Reply S.r.l.	Turin, Italy	98.00%
Twice Reply GmbH	Munich, Germany	100.00%
TD Reply GmbH (formerly Trommsdorf+drüner, innovation+marketing consultants GmbH)	Berlin, Germany	100.00%
WM360 Reply Ltd	London, United Kingdom	100.00%
Whitehall Reply S.r.l.	Turin, Italy	100.00%
Xister Reply S.r.l. (*)	Turin, Italy	89.20%
Xuccess Reply GmbH	Munich, Germany	100.00%

Companies carried at fair value

Amiko Digital Health Limited	England	22.70%
Appy Parking	England	11.30%
Callsign	England	3.60%
Canard Drones	Spain	19.60%
Cocoon Alarm Limited	England	23.60%
Connecterra Holdings Ltd	Belgium	19.50%
enModus Ltd	England	19.20%
Food Marble	England	13.60%
Inova Design Solutions Ltd	England	33.70%
Iotic Labs Limited	England	17.10%
Kokoon Technology Ltd	England	38.20%
Metron SAS	France	8.80%
RazorSecure Ltd	England	21.10%
Senseye Ltd	England	14.30%
Sensoria Inc.	USA	24.00%
Sentryo SAS	France	13.30%
TAG Sensors	Norway	15.30%
We Predict Ltd	England	16.60%
Wearable Technologies Ltd	England	18.50%
Zeetta Networks Limited	England	29.30%

(*) For these companies an option exists for the acquisition of their minority shares; the exercise of such option in future reporting periods is subject to the achievement of profitability parameters. The accounting reflects Management's best estimate as at the reporting date.

CORPORATE INFORMATION

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