



**REPLY
INTERIM
MANAGEMENT REPORT
AT 31 MARCH 2021**

REPLY

INTERIM MANAGEMENT

REPORT AT MARCH

2021

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BOARD OF DIRECTORS AND CONTROLLING BODIES

BOARD OF DIRECTORS

Chairman and Chief Executive Officer

Mario Rizzante

Chief Executive Officer

Tatiana Rizzante

Executive Directors

Filippo Rizzante

Daniele Angelucci

Marco Cusinato

Elena Maria Previtiera

Patrizia Polliotto (1) (2) (3)

Secondina Giulia Ravera (1) (2)

Francesco Umile Chiappetta (1) (2)

Board of Statutory Auditors

President

Ciro Di Carluccio

Statutory Auditors

Piergiorgio Re

Ada Alessandra Garzino Demo

Independent Auditors

PwC 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)

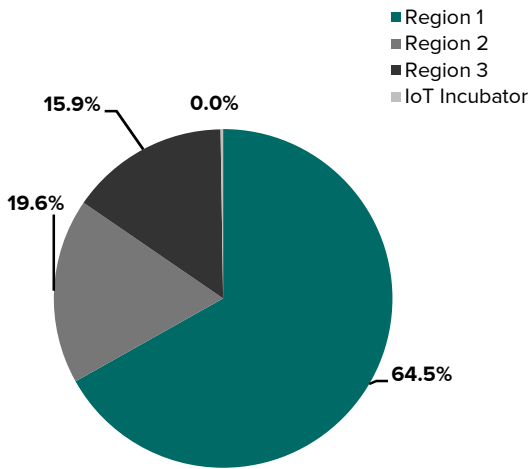
Economic figures	Q1 2021	%	Q1 2020	%
Revenue	352,387	100.0	316,993	100.0
EBITDA	59,596	16.9	47,624	15.0
EBIT	47,945	13.6	38,035	12.0
EBT	47,575	13.5	33,941	10.7

	31/03/2021	31/03/2020
Investments	3,383	4,147

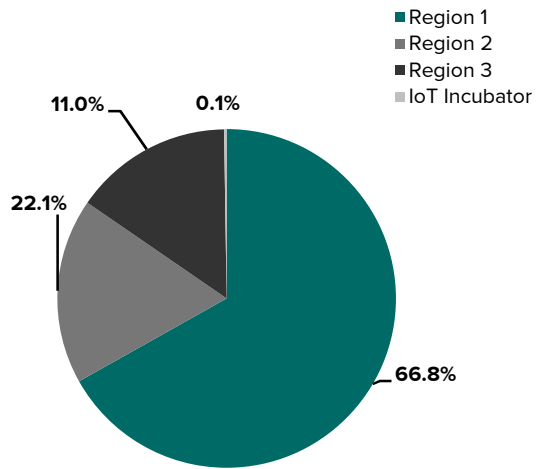
	31/03/2021	31/12/2020
Net financial position	227,948	158,661

	31/03/2021	31/03/2020
Employees	9,395	8,386

REVENUE BY REGION (*)
31 March 2021

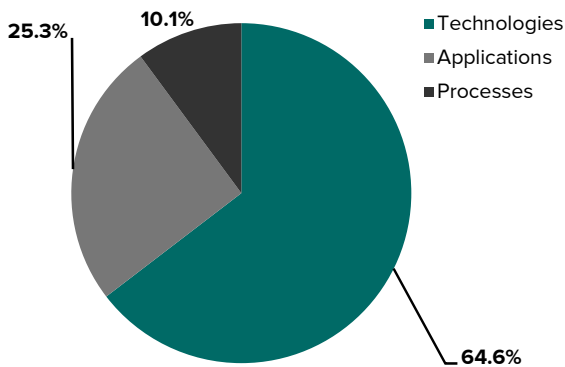


REVENUE BY REGION (*)
31 March 2020

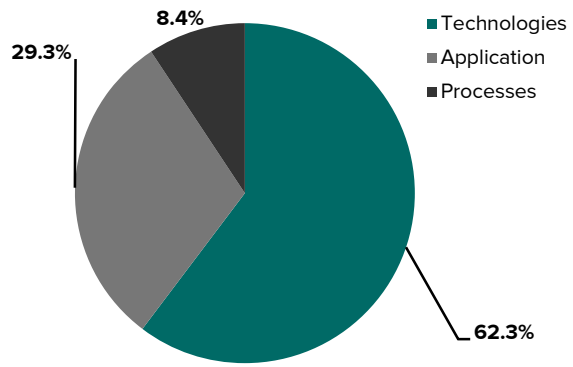


(*)
Region 1: ITA, USA, BRA, POL, ROU, CHN (Nanjing)
Region 2: DEU, CHE, CHN (Beijing), HRV
Region 3: GBR, LUX, BEL, NLD, FRA, BLR

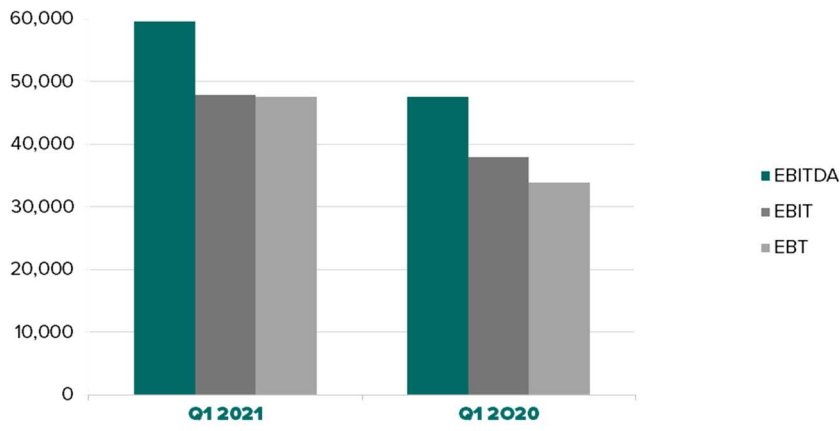
REVENUE BY BUSINESS LINE
31 March 2021



REVENUE BY BUSINESS LINE
31 March 2020



TREND IN MARGINS



REPLY LIVING NETWORK

REPLY LIVING NETWORK

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

Reply partners with key industrial groups to define business models, enabled by new technological and communication paradigms such as Artificial Intelligence (AI), big data, cloud computing, digital communication and the Internet of Things.

REPLY'S 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 – For Reply, the understanding and use of technology leads to the introduction of new enabling factors for business processes, thanks to an in-depth knowledge of both the market and the specific industrial contexts of implementation.

Applications – Reply designs and implements software solutions intended to satisfy core business needs, in various industrial sectors.

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

REPLY'S SERVICES INCLUDE:

Consulting – with a focus on strategy, communication, design, processes and technology

System Integration – making the best use of the potential of technology, combining business consulting with innovative technological solutions and high added-value

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

MARKET FOCUS

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

TELCO & MEDIA AND HI-TECH

The unbundling of networks, the separation between hardware and software, cloud and edge computing are becoming differentiating elements for operators, called upon to offer more flexible proprietary architectures and to promote greater fixed-mobile integration. Networks are becoming increasingly 'fluid' and digitisation is becoming a key element, not only to facilitate the automation of different processes, but also to improve customer experience, help generate new opportunities, reduce costs and adapt to new connectivity needs. The ever-greater diffusion of connected objects also requires a reconfiguration of the entire infrastructure that must transmit, in real time, huge volumes of data. This data is no longer generated by smartphones and other mobile devices alone, but by a myriad of other sources: a pervasive connectivity that goes by the name the 'Internet of Everything'.

Reply is playing an active role in this new era of 'smart connection'. The Group has defined an integrated offer of strategic and technological consulting services to support evolution related to the 5G network and to the design, definition and management of new generation networks. It helps leading players in the sector to implement digital transformation strategies, covering the three main processes that are profoundly transforming today's networks: unbundling, virtualisation and automation. Moreover, Reply supports operators in the management of the new cloud-native RAN architecture, capable of meeting even the challenges related to the creation of multi-vendor networks and offering a wide range of innovative services. These range from business and technology consulting, to the design and implementation of innovative use cases, through the adoption of 'disruptive' technologies such as drones, holograms and small cells.

FINANCIAL SERVICES

The digital world, and more generally the new technologies, are also radically transforming the financial sector. Leading analysts expect the digital financial platforms market will experience enormous growth in the near future. This is partly due to the increase in the number of digital native retail customers, but also as a result of the inevitable technological evolution, increasingly more oriented towards highly scalable cloud platforms.

Reply's key skills enable customers to develop new decision-making models designed to help them analyse risks and optimise internal operational processes based on Robotic Process Automation (RPA) techniques. The diffusion of systems and solutions based on artificial intelligence is another key element of transformation, driven by the explosion of big data and the growing digitalisation of services and processes, both internal and external.

Reply is accompanying the European banking world in this transformation process: it helps financial institutions not only in the definition of multi-channel strategies and the implementation of open banking models, but also in allowing new architectures and new technologies to co-exist with legacy systems and architectures.

Reply operates in the most important European countries, with a consulting division focused on Governance, Risk and Control (GRC), offering solutions that help financial institutions in the implementation of European Banking Union regulations. Reply also boasts a strong presence in the Wealth Management domain, where it has developed specific solutions for the latest consulting models, including through advanced robo-advisory platforms.

The Group also operates in the mobile payment sector, in the mobile-commerce and e-commerce services realms and in related platforms, offering solutions, services and consultancy for the banking and insurance market, as well as for new, emerging players in the payments ecosystem. This is complemented by Reply's commitment on the innovation front, driven by cutting-edge projects such as those related to quantum computing and blockchain technology.

Reply also supports leading players in the Insurance sector, helping them in the design, execution and governance of major transformation programmes: including the turnaround and optimisation of operating models, thanks to the adoption of Intelligent Process Automation and Machine Learning models and techniques. The requirements imposed by the global Covid-19 pandemic have provided strong momentum to the development of hybrid distribution solutions through the 'remotisation' of relations between the company, intermediaries and customers, together with the design and activation of new, data-driven business models.

MANUFACTURING

Today, digital innovation has inevitably made its way into factories and is revolutionising not only production, but also the entire supply chain, from procurement to logistics, sales and maintenance. Within the Industry 4.0 revolution, production plants are being transformed into open and flexible ecosystems which can also manage communication flows and the distribution chain better, thus generating a virtuous mechanism capable of minimising costs and maximising results.

Reply collaborates with some of the leading groups in the sector, accompanying them in this complex transformation process that covers a range of different areas including:

- supply and purchase management
- the design and implementation of control and planning systems based on the new generation of cloud-based ERP solutions
- the planning and control of production units
- the design and definition of logistics supply networks

Reply enhanced its portfolio of Industry 4.0 and Logistics 4.0 solutions, continuing its 're-platforming' of the proprietary Lea Reply and Brick Reply solutions, focused on the Supply Chain Execution and Manufacturing Execution System, as well as launching Axulus Reply, a new solution aimed at the Industrial Internet of Things, to the market.

Reply confirmed its leadership position in the IT solutions sector for logistics in support of the automotive industry, developing integrated projects involving the entire supply chain: from production, thanks to the focus on Industrial Internet of Things and the support of the edge computing technology, to the ability to 'sensorise' production and logistics lines, without ignoring the transport and after-sales distribution activities. This 'holistic' view enables car manufacturers to exploit all the data available within the company, with the aim of monitoring and increasing the efficiency of business processes, as well as developing new applications both for internal use and for customers.

Electrification, increasingly connected vehicles and autonomous driving: these are the paradigms of the automotive world that are leading the way for a profound transformation, supported by continuous and significant investments.

Within this context, Reply has developed skills and worked on projects related to the introduction of new technologies such as AI applied to the development of autonomous driving and quality assurance (e.g. remote diagnostics, vehicle diagnostic repair), as well as to new types of services integrated with smart cities, such as the intelligent search for available parking spaces.

Moreover, on the connectivity front, Reply collaborates with the leading OEMs in the industry to create commercial versions of V2I (Vehicle to Infrastructure) connectivity platforms. It also studies solutions and service platforms for the connected vehicle, capable of integrating data from onboard systems with distributed network data, in order to calculate the optimal routes between the different charging stations available.

RETAIL

The global Covid-19 pandemic has strongly called into question traditional retail models and has forced a significant acceleration of digitisation processes along the entire distribution chain. Commercial processes and logistics have been heavily affected by the many regulations and limitations imposed by countries around the world in order to contain the spread of infections. In particular, the closure of physical stores has also meant that goods are piling up in warehouses, calling into question the business continuity of the various sectors. Many businesses – even those who had not yet adopted e-commerce – found themselves forced to review their strategy and to make the conscious decision to accelerate the development and consolidation of new, hybrid sales methods such as Click and Collect – i.e. purchasing online and then picking up in-store.

During this delicate transition phase, Reply has supported numerous retailers operating in diverse product sectors, accompanying them as they expand the number of touchpoints served and introduce new payment systems. Thanks to our data-driven approach, it was not only possible to ensure that the sales methods became more flexible, adapting them to the ever-changing healthcare and regulatory environment, but also to leverage this contingent need, by initiating a series of strategic innovations to accompany the full digitalisation of sales processes. These results were made possible by the optimisation of IT, operational and logistical complexity associated with the different business models, based on a cross-channel approach.

ENERGY & UTILITIES

The future of energy is increasingly more green, and progressive decarbonisation requires an evolution of processes and operating models that only digital technologies are able to support. The entire value chain is affected by this revolution: from production to sales, from consumption monitoring to enabling new interaction models, such as vehicle-to-grid or private micro-grids.

Nearly all major operators launched industrial-scale technological innovation projects last year, with the aim of becoming increasingly more flexible and resilient. Among the technologies and platforms available and adaptable in the energy sector, cloud computing is the most widespread solution among operators today, albeit at different levels. The Internet of Things, however, is fast becoming the hub of investments, representing an increasingly key element for enabling the development of monitoring processes, optimising operations and activating new interaction services and models with customers.

In this scenario, Reply is one of the reference partners for the sector, thanks to its knowledge of the market and ability to design, implement and manage innovative digital solutions and technological platforms suitable for the reference market, leveraging, above all, the adoption of cloud and Internet of Things solutions. These are all skills and expertise that Reply has relied on to implement international-scale Internet of Things projects for leading operators in the sector, ranging from energy and demand management to the management of electric car charging, smart metering, smart grid, asset management and renewable generation solutions.

HEALTHCARE & GOVERNMENT

The public sector and healthcare have been the two sectors at the very centre of the social and market changes imposed by the global Covid-19 pandemic and the management of the health emergency. Globally, over the past year many governments have made significant investments in their healthcare sectors to deal with various aspects of the pandemic. These include not only operational aspects related to hospitals and the management of Covid-19 patients, but also greater attention to cost optimisation, to the management of medical supplies and of the entire logistics process. In addition, there has been a focus on the digitalisation of a series of processes and solutions, such as contact tracking applications. Among several big projects in this area, Reply has made available to Bavarian healthcare institutions a solution capable of managing information on contacts and the chains of Covid-19 infections.

On the digitalisation front of the healthcare sector, another issue that is acquiring increasing importance during this ongoing pandemic phase is telemedicine, a service whose benefits have never been more apparent at a time when access to treatment is strongly conditioned by restrictive anti-contagion measures. This is, in fact, a pillar of the so-called 'connected care' ecosystem: an integrated approach between the real and virtual realms, thanks to which doctors and healthcare professionals can remotely visit patients, follow their rehabilitation and monitor their vital parameters. Activities such as diagnosis, reporting, payment of care services and observation of therapeutic progress can be carried out through videoconferencing systems, connected to secure and transparent digital health records, also thanks to artificial intelligence systems.

Within this context, Reply has supported healthcare companies and public institutions, on the one hand, in their reaction to the Covid-19 pandemic, and on the other, in the process of digitalisation of care, helping them to evolve their proprietary platforms in order to create solutions based on the Internet of Things, cloud computing and machine learning systems. Moreover, thanks to partnerships with vendors such as InterSystems, Oracle and Microsoft, Reply has been able to design and implement interoperable and optimised applications in terms of compliance and security.

SUMMARY REPORT OF THE FIRST QUARTER

SUMMARY REPORT OF THE FIRST QUARTER 2021 AND EXPECTED BUSINESS DEVELOPMENTS

Since the beginning of the year, the Group has recorded a consolidated turnover amounting to €352.4 million, an increase of 11.2% compared to the corresponding data for 2020.

All indicators are positive for the period. In the first quarter of 2021 the consolidated EBITDA was €59.6 million compared to €47.6 million in 2020, equal to 16.9% of the turnover.

EBIT, from January to March, was €47.9 million (€38.0 million in 2020), and is equal to 13.6% of the turnover.

The profit before tax, from January to March 2021, was €47.6 million (€33.9 million in 2020), equal to 13.5% of the turnover.

The net financial position of the Group on 31 March 2021 is also positive by 227.9 million. The net financial position on 31 December 2020 was positive for €158.7 million.

The first quarter of 2021 was very positive, both in terms of revenue and margin growth. These results were possible thanks to the exclusive focus on new technological specialisation niches and the resilience of Reply network model. The combination of these two factors allowed Reply to quickly compensate for the slowdown in activities related to the most affected sectors, such as transport, manufacturing and tourism.

Today the evolution of the pandemic is still influencing economic performance. Entire sectors are still at a standstill and the dynamics of the markets will depend, mainly, on the completion of vaccination campaigns and the subsequent national reopening plans.

The next few months will be crucial for the recovery of the economy and Reply will work alongside its clients helping them to exploit technology, not only to emerge more quickly from the crisis, but also to seize the new business opportunities brought by a much more digital, connected and automated world than the one we knew twelve months ago.

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 2021

(thousand Euros)	Note	Q1 2021	%	Q1 2020	%
Revenue	4	352,387	100.0	316,993	100.0
Purchases	5	(6,190)	(1.8)	(5,404)	(1.7)
Personnel	6	(176,513)	(50.1)	(155,574)	(49.1)
Services and other expenses	7	(110,793)	(31.4)	(108,941)	(34.4)
Other operating (costs)/income		706	0.2	551	0.2
Operating expenses		(292,791)	(83.1)	(269,368)	(85.0)
Gross operating margin		59,596	16.9	47,624	15.0
Amortization and write-downs	8	(11,557)	(3.3)	(9,589)	(3.0)
Other non-recurring (costs)/income		(93)	-	-	-
Operating margin		47,945	13.6	38,035	12.0
(Loss)/gain on investments	9	252	0.1	(319)	(0.1)
Financial income/(expenses)	10	(623)	(0.2)	(3,775)	(1.2)
Income before taxes		47,575	13.5	33,941	10.7

NET FINANCIAL POSITION

The Group's net financial position as at 31 March 2021, analysed by due date and with comparative figures as at 31 December 2020, is shown in the following statement:

(thousand Euros)	31/03/2021	31/12/2020
Cash and cash equivalents	396,837	332,500
Current financial assets	1,915	2,108
Due to banks	(6,529)	(10,815)
Due to other providers of finance	(1,608)	(1,495)
Financial liabilities IFRS 16	(25,880)	(24,453)
Net financial position - Short term	364,734	297,844
Due to banks	(19,177)	(19,735)
Financial liabilities IFRS 16	(117,609)	(119,448)
Net financial position - Long term	(136,786)	(139,183)
Total net financial position	227,948	158,661

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 2021, in relation to the first quarter of financial year 2021, 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 2021 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.

Change in consolidation compared to 31 March 2020 are related to:

- Sagepath LLC, a company acquired in the month of August 2020 established under American law of which Reply Inc. holds 70% of share capital, specialized in digital transformation with skills in strategy, design and technology;
- Brightknight SA, a company acquired in the month of September 2020 incorporated under Belgium law of which Reply Ltd. holds 100% of share capital, specialized in Robotic Process Automation;
- Airwalk Holdings Ltd. and its subsidiaries, companies acquired in the month of November 2020 established under English law of which Reply Ltd. holds 100% of share capital, specialized in innovative services based on design and consulting models declined according to the paradigms of Cloud Computing;
- Mansion House Consulting Ltd. and its subsidiaries, companies acquired in the month of December 2020 and established under English law of which Reply Ltd. holds 100% of share capital, specialized in digital transformation in the financial field;
- Lid Reply GmbH, a company acquired in the month of February 2021 established under German law of which Reply S.p.A. holds 100% of share capital.

Change in consolidation affects the Group's revenues and profits before tax on 31 March 2021 respectively by approximately 6.9% and 3.7%.

Furthermore, the list of the Reply Group companies, presented as an annex herein include the start-up companies Autonomous Reply GmbH, Concept Reply LLC, Laife Reply GmbH, Reply Sarl and WM Reply Ltd.

NOTE 4 - REVENUES

Revenues from sales and services, including change in work in progress, amounted to 352,387 thousand Euros (316,993 thousand Euros in the first quarter of 2020) with an increase of 11.2%.

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 2021	Q1 2020
Region 1	64.5%	66.8%
Region 2	19.6%	22.1%
Region 3	15.9%	11.0%
IoT Incubator	0.0%	0.1%
Total	100.0%	100.0%

(*)

Region 1: ITA, USA, BRA, POL, ROU, CHN (Nanjing)

Region 2: DEU, CHE, CHN (Beijing), HRV

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

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

	Q1 2021	Q1 2020
Technologies	64.6%	62.3%
Applications	25.3%	29.3%
Processes	10.1%	8.4%
Total	100.0%	100.0%

NOTE 5 - PURCHASES

Detail is as follows:

(thousand Euros)	Q1 2021	Q1 2020	Change
Software licenses for resale	5,174	3,745	1,429
Hardware for resale	141	480	(339)
Other	876	1,179	(304)
Total	6,190	5,404	786

The items Software licenses for resale and Hardware licenses 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 20,939 thousand Euros owes to the overall increase of the Group's business and to the increase of the number of employees.

Detail of personnel by category is provided below:

(number)	Q1 2021	Q1 2020	Change
Directors	341	313	28
Managers	1,186	1,041	145
Staff	7,868	7,032	836
Total	9,395	8,386	1,009

Change in consolidation brought an increase of 197 employees.

NOTE 7 – SERVICES AND OTHER COSTS

Services and other costs amounting to 110,793 thousand Euros (108,941 thousand Euros in the first quarter 2020) comprised the following:

(thousand Euros)	Q1 2021	Q1 2020	Change
Commercial and technical consulting	89,706	81,921	7,785
Travelling and professional training expenses	3,410	8,434	(5,025)
Other services costs	11,404	11,502	(99)
Office expenses	3,219	3,771	(552)
Lease and rentals	1,249	912	337
Other	1,806	2,401	(595)
Total	110,793	108,941	1,852

Change in Services and other costs, amounting to 1,852 thousand Euros, is analytically reported in the table above.

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

Office charges are related to costs incurred for the management of the locations in which the Group operates (expenditure on utilities, security services and cleaning services).

NOTE 8 - AMORTIZATION, DEPRECIATION AND WRITE-DOWNS

Depreciation of tangible assets, amounting to 2,475 thousand Euros at 31 March 2021 (2,333 thousand Euros at 31 March 2020) 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 2021 amounted to 1,723 thousand Euros (960 thousand Euros at 31 March 2020) and is mainly related to:

- amortization of other intangible assets arising from the allocation of the purchase price subsequent to several Business combinations (860 thousand Euros);
- software licenses used internally by the Group (426 thousand Euros);
- development charges capitalized according to IAS 38 (340 thousand Euros);

Amortization related to Right of Use assets arising from the adoption of IFRS 16 amounted to 7,358 thousand Euros (6,296 thousand Euros at 31 March 2020).

NOTE 9 – (LOSS)/GAIN ON INVESTMENTS

The item amounting to a net gain of 252 thousand Euros is related to the fair value adjustments to equity investments in start-up companies made by the Investment company Breed Investments Ltd.

NOTE 10 – FINANCIAL INCOME/(EXPENSES)

Detail is as follows:

(thousand Euros)	Q1 2021	Q1 2020	Change
Financial income	113	94	19
Financial losses	(390)	(250)	(140)
Other	(347)	(3,620)	3,273
Total	(623)	(3,775)	3,151

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 positive exchange rate differences from the translation of balance sheet items not stated in Euros amounting to 584 thousand Euros (negative 1,528 thousand Euros in the first quarter of 2020);
- the changes in fair value of financial liabilities pursuant to IFRS 9 amounting to negative 50 thousand Euros (negative 1,468 thousand Euros in the first quarter of 2020);

- the interest expenses arising from the application of the International Accounting Standard IFRS 16 for 881 thousand Euros (622 thousand Euros in the first quarter of 2020).

NOTE 11 – NET FINANCIAL POSITION

The net financial position as at 31 March 2021 was positive for 227,948 thousand Euros (158,661 thousand Euros compared to 31 December 2020).

The improvement in the item Cash and cash equivalents amounting to 64,337 thousand Euros compared to the previous period is entirely attributable to cash flows related to operating activities.

Due to banks, amounting to 25,707 thousand Euros, is referred mainly to credit lines for M&A operations.

NOTE 12 – EVENTS SUBSEQUENT TO 31 MARCH 2021

No significant events have occurred subsequent to 31 March 2021.

NOTE 13 – OTHER INFORMATION

The following is to be noted:

- there were no transactions with related parties, including intergroup transactions, which qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered, these transactions took place in accordance with the internal procedures containing the rules aimed at ensuring transparency and fairness, under Consob Regulation 17221/2010.
- 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

/f/ Mario Rizzante

Chairman

Mario Rizzante

DECLARATION OF THE DIRECTOR

DECLARATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2 OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, “SINGLE TEXT IN MATTER OF REGULATION OF FINANCIAL INTERMEDIATION” AND SUBSEQUENT CHANGES

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 2021 corresponds to the results documented in the books, accounting and other records of the company.

Turin, 14 May 2021

/f/ Giuseppe Veneziano

(Director responsible of drafting
financial statements)

Giuseppe Veneziano

ANNEXED TABLES

ANNEXED TABLES

LIST OF GROUP COMPANIES AT 31 MARCH 2021

Company name	Headquarters	Group interest
Parent company		
Reply S.p.A.	Turin – Corso Francia, 110 - Italy	
Companies consolidated on a line-by-line basis		
4brands Reply GmbH & CO. KG.	Minden, Germany	51.00%
Air Reply S.r.l.	Turin, Italy	85.00%
Airwalk Holding Ltd.	Kent, United Kingdom	100.00%
Airwalk Consulting Ltd.	Edinburgh, Scotland	100.00%
Airwalk Consulting Ltd. (Hong Kong)	Shueng Wan, Hong Kong	100.00%
AWC Partners Ltd.	London, United Kingdom	100.00%
Alpha Reply GmbH	Guetersloh, Germany	100.00%
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%
Autonomous Reply GmbH	Guetersloh, Germany	100.00%
Avantage Reply Ltd.	London, United Kingdom	100.00%
Avantage Reply (Belgium) Sprl	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%
Avvio Reply S.r.l.	Turin, Italy	100.00%
Blowfish Digital Holdings 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	92.50%
Brightknight SA	Belgium	100.00%
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	100.00%
Cluster Reply Roma S.r.l.	Turin, Italy	100.00%
Comsys D.O.O.	Zagreb, Croatia	100.00%

ComSysto Reply GmbH	Munich, Germany	100.00%
Concept Reply GmbH	Munich, Germany	100.00%
Concept Reply LLC	Michigan, USA	100.00%
Consorzio Reply Public Sector	Turin, Italy	100.00%
Core Reply S.r.l.	Turin, Italy	90.00%
Data Reply S.r.l.	Turin, Italy	100.00%
Data Reply GmbH	Munich, Germany	100.00%
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%
Elbkind Reply GmbH	Hamburg, Germany	100.00%
Eos Reply S.r.l.	Turin, Italy	100.00%
Envision Reply S.r.l.	Turin, Italy	100.00%
Forge Reply S.r.l.	Turin, Italy	100.00%
France Reply Ltd.	London, United Kingdom	100.00%
Go Reply S.r.l.	Turin, Italy	100.00%
Go Reply GmbH	Guetersloh, Germany	100.00%
Hermes Reply S.r.l.	Turin, Italy	100.00%
Hermes Reply Consulting (Nanjing) Co. Ltd.	China	100.00%
Hermes Reply Polska zo.o	Katowice, Poland	100.00%
Implico LLC	Seattle, USA	100.00%
Industrie Reply GmbH	Munich, Germany	100.00%
Industrie Reply LLC	Michigan, USA	100.00%
Infinity Reply GmbH	Düsseldorf, Germany	100.00%
IrisCube Reply S.r.l.	Turin, Italy	100.00%
Laife Reply GmbH	Munich, Germany	100.00%
Leadwise Reply GmbH	Darmstadt, Germany	100.00%
Lid Reply GmbH	Guetersloh, Germany	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%
Logistics Reply GmbH	Munich, Germany	100.00%
Lynx Recruiting Ltd.	London, United Kingdom	100.00%
Macros Reply GmbH	Munich, Germany	100.00%
Mansion House Consulting Ltd	London, United Kingdom	100.00%
Mansion House Consulting PTE Limited	Singapore	100.00%
MHC Holding Us Ltd.	London, United Kingdom	100.00%
Mansion House Consulting Inc.	Wilmington, USA	100.00%
MCG Systems AG	Colony, Germany	100.00%

Modcomp GmbH	Colony, Germany	100.00%
Neveling.net GmbH	Hamburg, 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%
Portaltech Reply Süd GmbH	Munich, Germany	100.00%
Power Reply S.r.l.	Turin, Italy	100.00%
Power Reply GmbH & CO. KG.	Munich, Germany	100.00%
Protocube Reply S.r.l.	Turin, Italy	70.00%
Red Reply GmbH	Frankfurt, Germany	100.00%
Reply Consulting S.r.l.	Turin, Italy	100.00%
Reply AG	Guetersloh, Germany	100.00%
Reply GmbH	Zurich, Switzerland	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 Sprl	Mont Saint Guibert, Netherland	100.00%
Reply Digital Experience 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%
Retail Reply S.r.l.	Turin, Italy	100.00%
Ringmaster S.r.l.	Turin, Italy	50.00%
Risk Reply Ltd.	London, United Kingdom	100.00%
Riverland Reply GmbH	Munich, Germany	100.00%
Sagepath LLC	Atlanta, USA	70.00%
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	100.00%
Spark Reply GmbH	Germany	100.00%
Spike Reply GmbH	Colony, Germany	100.00%
Sprint Reply S.r.l.	Turin, Italy	100.00%

Sprint Reply GmbH	Munich, Germany	100.00%
Spot Digital Ltd.	London, United Kingdom	100,00%
Storm Reply S.r.l.	Turin, Italy	100.00%
Storm Reply GmbH	Guetersloh, Germany	100.00%
Syskoplan Reply S.r.l.	Turin, Italy	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 Reply GmbH	Berlin, Germany	100.00%
TD Marketing Consultants, Beijing Co. Ltd.	China	100.00%
Threepipe Reply Ltd.	London, United Kingdom	100,00%
Tool Reply GmbH	Guetersloh, Germany	100.00%
TripleSense Reply GmbH	Frankfurt, Germany	100.00%
Valorem LLC	Kansas City, USA	100.00%
Valorem Private Ltd	India	99.99%
Valorem GmbH	Zurich, Switzerland	100.00%
WM Reply Inc.	Illinois, USA	80.00%
WM Reply LLC	Minsk, Belarus	100.00%
WM Reply Ltd	Auckland, NZ	100.00%
WM Reply Ltd.	London, United Kingdom	100.00%
Whitehall Reply S.r.l.	Turin, Italy	100.00%
Xister Reply S.r.l.	Turin, Italy	100.00%

Companies carried at fair value

Amiko Digital Health Ltd	England	15.53%
BlueGrove AS (formerly CageEye AS)	Norway	9.93%
Callsign Inc.	England	3.61%
Canard Drones Ltd	Spain	24.06%
Connecterra BV	Belgium	16.00%
enModus Ltd.	England	19.18%
FoodMarble Digestive Health Ltd	England	18.05%
iNova Design Ltd	England	34.05%
Iotic Labs Ltd	England	16.28%
Kokoon Technology Ltd	England	29.53%

Metron Sas	France	10.11%
RazorSecure Ltd	England	29.73%
Senseye Ltd	England	12.58%
Sensoria Inc.	USA	24.00%
TAG Sensors AS	Norway	15.60%
Ubirch GmbH	Germany	18.51%
We Predict Ltd	England	16.64%
Yellow Line Parking Ltd	England	9.86%
Zeetta Networks Ltd	England	29.28%

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