

HALF- YEAR FINAN CIAL REPORT 2024

REPLY HALF YEAR FINANCIAL REPORT AT JUNE 30 2024

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BOARD OF DIRECTORS AND CONTROLLING BODIES

BOARD OF DIRECTORS AND CONTROLLING BODIES

Chairman and Chief Executive Officer

Mario Rizzante

Chief Executive Officer

Tatiana Rizzante

Executive Directors

Filippo Rizzante

Marco Cusinato

Elena Maria Previtera

Daniele Angelucci (1)

Patrizia Polliotto (1) (2) (3)

Domenico Giovanni Siniscalco (1) (2)

Secondina Giulia Ravera (1) (2)

Federico Ferro Luzzi (1) (2)

Board of Statutory Auditors

President

Ciro Di Carluccio

Statutory Auditors

Piergiorgio Re

Donatella Busso

Independent Auditors

PwC S.p.A.

(1) Non-executive Director

(2) Independent Director according to the Corporate Governance Code

(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

THE GROUP'S FINANCIAL HIGHLIGHTS

YE 2023	%	Economic figures (euro/000)	1 ST half 2024	%	1 ST half 2023	%	1 ST half 2022	%
2,117,983	100.0	Revenue	1,114,336	100.0	1,038,908	100.0	889,722	100.0
352,093	16.6	Gross operating income	180,459	16.2	154,006	14.8	144,447	16.2
292,745	13.8	Operating income	146,646	13.2	123,677	11.9	122,874	13.8
271,581	12.8	Income before taxes	146,285	13.1	113,561	10.9	108,654	12.2
186,699	8.8	Group net income	99,942	9.0	78,451	7.6	75,598	8.5

YE 2023	Financial figures (Euro/000)	1 ST half 2024	1 ST half 2023	1 ST half 2022
1,114,840	Group equity	1,185,363	1,013,823	851,766
1,883	Non-controlling interest	1,733	1,730	1,470
2,373,983	Total assets	2,333,231	2,120,338	1,796,254
83,818	Net working capital	56,676	54,711	8,951
911,828	Net invested capital	952,248	913,984	687,495
249,794	Cashflow	118,199	108,148	79,568
204,898	Net financial managerial position (*)	234,848	101,570	165,711

YE 2023	Data per single share (in Euros)	1 ST half 2024	1 ST half 2023	1 ST half 2022
37,411,428	Number of shares	37,411,428	37,411,428	37,411,428
7.83	Operating Income per share	3.92	3.31	3.28
5.01	Net Income per share	2.67	2.10	2.03
6.68	Cash flow per share	3.16	2.89	2.13
29.80	Shareholders' equity per share	31.68	27.1	22.77

YE 2023	Other information	1 ST half 2024	1 ST half 2023	1 ST half 2022
14,798	Number of employees	15,307	14,307	11,606

(*) for ESMA net financial indebtedness see Note 29

REPLY LIVING NETWORK

Reply Living Network

Reply specialises in the design and implementation of solutions based on new communication channels and digital media.

With a consolidated presence at an international level, Reply stands out for its ability to guide companies in the digital transformation process, through the new technological paradigms of Artificial Intelligence (AI), Big Data, Cloud Computing, Digital Media and the Internet of Things (IoT).

Reply is characterised by:

- a **culture** oriented towards technological innovation;
- a flexible **structure**, capable of anticipating market developments and interpreting new technological drivers;
- a delivery **methodology** with proven success and scalability;
- a **network** of companies specialised in areas of expertise;
- a **team** made up of specialists from the best universities;
- a highly experienced **management** team;
- continuous **investment** in research and development;
- a network of long-term **relationships** with its customers.

The organisational model

With over 15,000 employees, Reply operates with a network structure made up of companies that specialise in the fields of processes, applications and technologies, which represent excellence in their respective areas of expertise.

Processes

For Reply, understanding and using technology means introducing a new enabling factor to processes, thanks to an in-depth knowledge of the market and the specific industrial contexts of implementation.

Applications

Reply designs and creates software solutions aimed at meeting the needs of the company's core business, in various industrial sectors.

Technologies

Reply optimises the use of innovative technologies, creating solutions capable of guaranteeing customers maximum efficiency and operational flexibility.

Reply services

In every Reply project, strategy, creativity, and consultancy converge synergistically to create concrete solutions that respond to the challenges of each sector with an integrated approach.

Reply services include:

- strategic, communication, design, process and technological consultancy;
- system integration to make the best use of potential technology, combining business consultancy with innovative technological solutions with high-added value;
- digital services based on new communication channels and digital trends.

Industry Focus

Leveraging its network model, Reply combines a deep understanding of key industry sectors with the expertise to guide customers through technological evolution, ensuring long-term sustainable growth.

Automotive

In a highly competitive market, characterised by the entry of new players and the introduction of important innovations in the field of electrification and digitalisation of the sector, Reply supports the main car manufacturers with projects that cover all phases of engineering, production processes, logistics and commercial. Over the years, this has allowed her to confirm her role as a strategic partner for the digitalization of production and maintenance activities, as well as for the design and implementation of advanced connectivity systems and services, both on board the vehicle and for the end customer.

Reply provides integrated support to companies in the sector which ranges from the logistical management of supplies and raw materials to the planning and execution of production, also covering the distribution and after-sales assistance phases, up to the creation of financing services for the direct purchase to the end customer.

Furthermore, thanks to its proprietary platforms (LEA Reply for logistics and Brick Reply for production execution systems) and expertise in cloud computing and artificial intelligence, Reply develops customised solutions to actively contribute to the transformation of the entire supply chain.

The aim is to optimise production processes and support decisions with business intelligence platforms.

Reply has been involved in important projects in the V2X (Vehicle-to-everything) field for the creation of connectivity solutions with the electricity grid, the evolution towards autonomous driving and the digitalisation of the vehicle (Software Defined Vehicle), alongside customers in transforming their services and infrastructure globally.

By introducing AI, Reply has contributed to innovating vehicles, increasing their sustainability (thanks to more recent battery management), comfort and on-board safety (with anti-drowsiness sensors, for example). Membership of the main international consortia such as Catena-X has allowed Reply to further develop its innovative vision by extending its skills in the automotive sector.

Various project lines have focused on the design and implementation of new interfaces to be used on board the vehicle and in commercial processes. The use of voice conversational systems, integrated with generative artificial intelligence, is in fact growing both in the interaction between driver and vehicle and in the digital configurators offered by car manufacturers in the pre-sale phase. Furthermore, Reply is collaborating with some large industrial groups in the sector, helping them to develop new business and distribution models, to optimise and specialise their territorial presence with direct-to-consumer sales models.

Energy & Utilities

Reply operates in the Energy & Utility sector, supporting the main global and European players in the transformation of their business toward energy transition. This occurs through the design and implementation of vertical applications based on IoT, artificial intelligence and cloud computing. Driven by carbon neutrality objectives at a global level, the main operators are in fact investing in technological innovation projects to increase their resilience.

The skills and solutions that Reply makes available to players throughout the supply chain, range from the optimisation of renewable energy production to the management of assets and smart grids, up to the management of energy flexibility and electric mobility. These new tools allow the processes of forecasting and monitoring the energy component to evolve, optimise operations and activate new services and interaction models with end customers and businesses.

The ongoing transformation of the transport ecosystem is increasingly oriented towards smart mobility models and V2X scenarios, this is pushing energy service companies to offer integrated digital solutions for the automatic management of production, storage, along with the conscious and optimised use of energy. Reply is involved in projects that concern both the creation of new application architectures for the development of charging infrastructure, processes, and the creation of systems that enable new models of energy flexibility and

Financial Institutions

By leveraging specialist skills in the financial sector, in synergy with experience in designing and implementing AI and cloud-based solutions, Reply consolidated its role as a strategic partner for the main European financial institutions. The teams of specialists, with significant vertical application and functional skills, have accompanied banks, insurance companies, asset & wealth managers and companies specialised in the consumer credit sector in experimenting and then bringing into production innovative solutions in the commercial, transactional and governance fields.

The Group has leveraged its ability to design and implement solutions that involve the entire application and infrastructure stack of financial institutions, starting from the definition of new AI-based architectures up to cloud migration projects for critical systems. Particular attention was paid to the evolution of core systems: on the one hand, using AI to accelerate legacy modernisation; on the other, assisting customers in the adoption of completely new, efficient, and cloud-based core systems.

Alongside the evolution of areas in which Reply has long held a role of European leadership, such as mobile/digital banking, risk management, regulatory reporting, and innovative investment services, AI-driven solutions are increasingly being consolidated in various business contexts, such as procurement and cybersecurity. The use of generative artificial intelligence has also enabled several use cases: for example, Reply customers can now independently extract ESG KPIs from financial reports, optimise the operational efficiency of call centre operators, evaluate the risk profiles of policyholders and use large language models (LLM) and text-to-image models to make their marketing and communication activities more effective.

Government & Healthcare

The Reply approach in the public administration and healthcare sector is characterised by the ability to integrate artificial intelligence and cloud computing technologies into existing infrastructures, thus ensuring that operators can benefit from data-driven decision-making capabilities and advanced automation, to transform and optimise procedures, improve services to citizens and patients and promote more agile and effective management of resources. This not only accelerates decision-making and operational processes but also contributes to an ever-increasing personalisation of services. Collaboration with central and local public administration bodies is focused on the activation of services linked to critical national infrastructures, which are fundamental for the correct functioning of the government, the country, and the economy.

In the healthcare sector, the Reply offering has further expanded with the development of artificial intelligence solutions for predictive and precision medicine, radiomics and digital pathology. The Group continues to invest in technologies that allow large volumes of biomedical data to be interpreted, improving the capacity for early diagnosis, personalisation of treatments and continuous patient monitoring. Furthermore, 2023 saw further strengthening in the field of interoperability and data security, as Reply considers the creation and maintenance of digital ecosystems to be of paramount importance, secure, reliable and easily accessible for all stakeholders.

Privacy protection and data security are central elements in Reply's proprietary solutions and platforms, ensuring that innovation is introduced in an ethical and responsible manner. An example of such solutions is those developed to support medicine verification activities in compliance with the EU Falsified Medicines Directive (FMD) adopted by the Finnish Medicines Verification Organisation (FIMVO).

Logistics

Reply continues to invest in the development of its LEA Reply platform, which constitutes the heart of its 360° supply chain management offering: warehouse management & fulfilment to planning and visibility, transport management and the decarbonisation of supply chains. The solution, which has been positioned among the global leaders in logistics and WMS (Warehouse Management System) by various market analysts, today supports important e-commerce platforms and the omnichannel of customers in various industries such as automotive, fashion, retail, food & beverage.

LEA Reply allows you to optimise both man-operated and highly automated contexts, thanks to the possibility of integrating and controlling autonomous systems, robots and drones, with a significant increase in capabilities and 24x7 coverage. The introduction of additional artificial intelligence and machine learning capabilities into LEA Reply has enabled logistics operators to have greater visibility of goods across supply chains.

The proactive management of logistics flows, made possible by an increasingly broad and efficient use of data, allows performance to be optimised, with positive impacts on business results, sustainability and the ecological impact of operations. Furthermore, the ability offered by LEA Reply to create advanced Supplier Portals allows companies to establish and evolve ecosystems to optimise supply chain collaboration.

Manufacturing

Reply supports the digital transformation that has been characterising the industrial sector in recent years, making procurement, production and maintenance processes smarter and more interconnected. Through the integration of automation, sensors and data collected from plants, factories become agile, dynamic and adaptable ecosystems. The adoption of artificial intelligence in this context leads to more informed decisions, optimising costs and raising both the efficiency and quality of production.

Reply accompanies numerous industrial groups in the adoption of cloud-native digital platforms (Digital Manufacturing Platforms) and the introduction of Industrial IoT solutions. Procurement, control and planning systems such as ERP, MOM and MES, enhanced with artificial intelligence capabilities and based on cloud-native modular architectures, are relevant areas, in which Reply has continued to support industrial companies in their complex transformation process and decarbonisation. Reply's expertise ranges from product life cycle management strategy to production processes, also thanks to consolidated experience in the implementation of solutions from leading vendors such as Microsoft, Oracle, SAP, and Dassault.

The Reply portfolio of solutions, specific for the manufacturing sector, integrates innovative platforms and proprietary accelerators, such as Brick Reply (Manufacturing Execution System) and Axulus Reply (Industrial IoT), with tailor-made formulas that combine edge computing and computer vision in an advanced way. These digital applications, enriched by artificial intelligence and perfectly integrated into production plants, thanks to modular architectures and interconnected services, demonstrate Reply's commitment to promoting the optimisation of industrial processes through technological innovation.

Retail & Luxury

Reply leads relevant global players in the retail and luxury sectors, along the entire value chain: from the design and implementation of omnichannel, physical and digital sales solutions, to the setup and evolution of logistics networks; from the efficiency of operations to the commercial development of B2C and B2B customers. Thanks to its vertical skills, Reply professionals support customers in the study of solutions and processes to optimise investments and, at the same time, introduce elements of discontinuity to make the company scalable towards new operational and business models.

Particular emphasis was given to the introduction and enhancement of artificial intelligence in various fields: from distribution processes to commercial and organisational ones. Solutions such as recommendation engines, dynamic price optimisation, advanced inventory management, conversational customer engagement and communication systems have been supported by extensive use of Generative AI in marketing and communication, with successful experiences in the industries of luxury, consumer goods and large-scale retail trade.

The main luxury, fashion, retail and consumer goods brands are investing significantly in areas that influence, in more or less direct ways, the customer experience, in particular during the purchasing process on the different channels available. Reply has been involved in projects within physical stores, through the optimisation of processes and the digitalisation of operational and clientele tools, as well as in the creation of virtual and holographic experiences, to give 3D even more emphasis. Reply has managed to bring its customers into contact with cutting-edge technologies and to experiment with the potential of AI, whose strong architectural, application, process and change management implications are starting to be seen.

Telco & Media

Reply is alongside the main telecommunications company groups in tackling their transformation into software-based operators. This process begins with redefining application architectures to prepare them to adopt AI-based technologies and introduce new services to monetise their core assets, such as network and connectivity. The review of Business Support Systems (BSS) continues, from a composable and OTT-like perspective, open to the new frontier of AI, to enable business-centric evolutions. Reply has also built a strong position in the infrastructure areas, specialising in Network Engineering, Network Operations as well as Network Testing & Validation.

Telcos are undergoing an extremely rapid evolution: applications, architectural, and development paradigms must adapt equally rapidly. Reply is supporting them in the transition from traditional CRM systems towards Customer Knowledge paradigms. Operational functions and traditional workflows can be integrated with tasks and sub-tasks performed by agents trained based on corporate and specialised knowledge for atomic use cases. Telco service interfaces will become increasingly hybrid, conversational and programmatic, automatically generated by large language models.

In the media sector, Reply works alongside the main European publishers both in the rethinking of business models and in operations. By leveraging its assets, such as the Discovery Reply asset management platform, and vertical skills in domains such as security, Reply has supported the creation of network operations centres, highly innovative studios and systems for the valorisation and distribution of multimedia assets. The Group's specialised companies and agencies also accompanied companies in the sector with the creation of content, especially in the 3D, mixed reality and social media fields.

AI driver innovation

With the significant experience gained over the last decade in artificial intelligence technologies, Reply has managed to enhance its customers' investments in Generative AI, supporting them both in daily operations and in the innovation path towards new business models.

Knowledge Management & Digital Humans

Managing knowledge thanks to artificial intelligence means not only transforming the way data is accessed and information extracted but also rethinking decision-making processes and the way organisations work. Supported by generative artificial intelligence, document management, and knowledge management activities,

in addition to simplifying data collection and management, allow the autonomous generation of information that is useful for improving both internal processes and interactions with end customers. The reliability of these solutions, however, depends on the quality of the data and information used in their configuration and interrogation, underscoring the need to carefully contextualise these systems. Reply is supporting companies in the enterprise-level use of large language models, through customisation and the extension of their knowledge on the specialised topics specific to each sector. To do this, it designed the MLFRAME Reply framework which applies a proprietary methodology of database analysis, algorithm training and results validation, to quickly create conversational generative models applicable to specific corporate knowledge domains. This framework acts as an engine that allows us to extract, through natural language, knowledge before reaggregating it and redistributing it in a conversational form, enabling the artificial intelligence component that is the basis of the new generation of "human-like" interaction systems, such as digital assistants.

In fact, the method of querying corporate knowledge assumes considerable importance. One of the solutions that is experiencing particular interest is that of AI-driven "digital humans" to manage specific knowledge domains. These digital figures, which allow fluid interaction in natural language, thanks to real-time 3D and graphic hyperrealism technologies, reproduce the physical appearance of a human, his movements and the complexity of emotions and expressions. The digital humans created by Reply stood out for their extreme customisation (of appearance, personality and competence), responded to specific branding needs and were used with employees, customers and other stakeholders in a wide variety of contexts: entertainment, education, online services, marketing and healthcare. Among the various projects carried out in this domain, it is possible to mention the launch, in collaboration with the Einaudi Foundation, of the digital human by Luigi Einaudi, Italian intellectual and Head of State.

AI-Powered Experiences

In the context of customer experience, Reply is applying artificial intelligence technologies to rethink customer engagement processes, from pre-sales and sales to post-sales, redefining the relationship with each product and service, thanks to immersive and hyper-personalised experiences.

Reply is exploring the opportunities offered by large language models, text-to-image models and synthetic data to create and manage successful campaigns and new communication models that combine a high possibility of content profiling and respect for privacy and the security of customer data. In fact, AI extends the creative possibilities of designers and content creators while at the same time facilitating the downstream consumption of digital content on a global level, also in the field of employment branding & engagement.

Thanks to Reply's distinctive network model, the Group's communication agencies are working in strong synergy with technology companies specialised in artificial intelligence and machine learning, both to offer companies new ways of interacting with B2B and B2C customers and in making the processes of optimising the production and distribution of content generated on the various communication channels more effective.

Automation

The use of generative Artificial Intelligence in the management of corporate knowledge is redefining the approach to workers' daily tasks, allowing them to achieve a significant increase in their productivity. Reply is supporting client companies both in the preparation and optimisation of the information underlying the "copilots" created through the specialisation of the Large Language Model and in the implementation of application suites that accelerate daily work in the office and in hybrid work mode.

With Generative AI, the focus is progressively broadening from the automation of the simplest operations to the end-to-end digitalisation of entire processes, not just operational ones. Reply has implemented several copilots and accelerators in sectors such as Banking, Telco, Insurance and for organisational areas such as procurement and logistics, which integrate AI models with the platforms offered by a large ecosystem of partners specialised in hyper-automation. Particular attention was paid to change management activities to ensure that copilots become co-workers in all respects and are appreciated and increasingly adopted by organisations.

However, the most disruptive aspect of AI is its entry into the physical world. This means building components and systems to make the physical world intelligent and **autonomous**, such as intelligent machines or objects capable of moving on wheels, using robotic legs or flying, as well as interacting with the space around them. Reply is experimenting with how to apply different classes of algorithms to bring innovation to services and products in very different sectors, such as the management of self-driving vehicles or new edge communication networks, to create an always-connected ecosystem in which to live and work.

Software Development

One of the areas in which the copilot concept has reached considerable maturity is application development. Reply's activity has been particularly oriented towards the study and design of the next generation of information systems, thanks also to the public release and rapid adoption of numerous tools that support and integrate development activities with generative artificial intelligence technologies. These platforms are changing the nature of developers' work, allowing them greater productivity and visibility across the entire application development cycle, from analysis to design, up to testing & fixing and maintenance.

In this context, Reply has created a proprietary framework, KICODE Reply, which, thanks to a system of autonomous agents, uses generative AI to manage both IT and functional software development activities based on natural language commands. The contribution of AI ranges from the collection and modernization of requirements in specifications and user stories to project management, from writing routine code to the preparation and execution of test cases, up to the management of release cycles and control of the integrity of the code, allowing you to automate repetitive tasks and increase the overall efficiency and quality of the software.

Artificial intelligence, in addition to facilitating the automation and rapid migration of critical systems towards modern architectures, introduces new application perspectives. Reply is supporting customers in creating applications that are conceptually different from existing ones, bringing conversational interaction to the transactional sphere as well. This paradigm shift not only modernises processes but extracts untapped value from legacy infrastructures, redefining the trajectory of modernisation initiatives.

Foundations

Over the years, Reply has consolidated its leadership in international markets by combining a constant commitment to innovation with a solid offering built on the foundations of digital innovation.

Cloud Computing

Cloud computing is, alongside artificial intelligence, the technological area in which Reply has a distinctive role at an international level. Infrastructure-as-a-Service (IaaS) and Platform-as-a-Service (PaaS) capabilities have been recognised globally by the most important players: AWS, Microsoft, Google and Oracle. All proprietary solutions are developed in Software-as-a-Service mode, as are those based on partnerships with vendors such as Adobe, Salesforce and SAP.

Reply's expertise extends from the architectural design of multi-cloud solutions to 24x7 system and operational management, with vertical skills in sectors such as manufacturing, financial services, automotive, utilities and retail, for both the implementation of new applications and for cloud migration projects and the redesign of existing platforms, including business-critical ones.

The offering in cloud governance is having a further acceleration, thanks to the significant experiences in cloud security, cloud operations management, cloud data management and cloud financial management. The latter field, in particular, thanks to the internationalisation of business units specialised in FinOps, has aroused the interest of large global companies, to guarantee the economic and environmental sustainability of their cloud investments.

Cybersecurity

The significant global growth of cybercrime requires companies to take increasingly structured control to guarantee the security of data, information, infrastructures and workstations. Reply has always invested in cybersecurity, combining its IT experts with specialists in complementary areas, such as risk management and compliance, to also offer customers specialised support on European frameworks, as in the case of the DORA Regulation for financial institutions.

Today the Group has a structured offering that covers all areas of IT security and data, application and device protection. Specialised teams guarantee client companies not only a rapid response to attacks but also the design of preventive solutions that make company systems robust and improve the code thanks to AI, regardless of whether they are placed on-premises or in cloud computing.

The "pervasive security" paradigm, combined with DevSecOps methodologies, allows joint working groups between Reply and customers to build solid defences. IT security and compliance are taken into account right from the design of the solutions, without penalising the user experience, as in the case of industrial and Internet of Things solutions.

Connected Products & Solutions

Reply's experience in the Internet of Things has been consolidated over the years thanks to numerous projects carried out for large global clients in the automotive, logistics, telco and insurance sectors. In recent years, in particular, a new generation of connected devices, enabled by edge computing and AI technologies, has allowed the design of increasingly advanced solutions, offering client companies to launch new value-added services, linked to connected products, both in the consumer and industrial sectors.

Today, solutions such as smart home, wearable devices, connected vehicles and connected healthcare permeate the daily lives of consumers, who can interact with increasingly advanced interfaces, made more effective by cloud computing and natural language processing. The benefits of the solutions designed and implemented by Reply go beyond ease of use: connected products can help improve the quality of life, health and safety of users.

With its connected solutions, Reply supports manufacturing companies and logistics operators in collecting data along the entire value chain, obtaining benefits in terms of predictability of maintenance interventions, greater efficiency of production and movement of goods. Reply also collaborates with customers in the creation of new business models, both through the launch of connected products managed remotely throughout their life cycle and in the design of "servitisation" models of connected industrial machinery.

Customer Experience

Driven by artificial intelligence and the widespread adoption of the cloud, interaction platforms between companies and customers are becoming increasingly conversational, thanks to the possibility of combining the effectiveness of machine learning and natural language processing in systems with the efficiency of operations. The objective is to allow information deriving from industrial and logistical systems and processes to be integrated into digital interfaces, but also into the equipment of sales points, at the service of an integrated customer experience.

By leveraging company assets implemented over the years, such as ERPs, digital experience platforms (DXPs), customer relationship management (CRM) solutions and customer data platforms (CDPs), companies can have a complete view of the status and customer perspectives, but also use this information to make the individual experience unique. In this sense, Reply is supporting companies in the transition from classic e-commerce platforms towards omnichannel systems, in which the choice of products, the configuration of services, delivery and payment can take place transparently in the points of sale or via digital channels.

The possibility of integrating 3D and mixed reality systems is paving the way towards experiences in which products are configured and tested before purchase, with growing customisation, especially in the fashion and luxury sectors. The last few years have seen the emergence of a new wave of investments, across all industries, in the optimisation of customer relationship systems and services. Artificial intelligence is improving both support activities and the collection of feedback and customer intelligence, with renewed attention to Voice-of-Customer and loyalty management.

Data

Data is increasingly the basis of any digital product, service, or business process. Companies are capitalising on recent years' investments in solutions such as ERP, CRM and CDP by using AI to extract new business value. Reply supports its customers with innovative solutions for the effective management of information, both structured and unstructured, that emerges every day from business processes, as well as the collection and use of data in real-time. This last aspect is particularly relevant in contexts such as automotive and industrial production, where performance in real-time data management can have profound implications in terms of the physical safety of users.

The distinctive ability to combine data platforms, IoT and cloud computing has allowed Reply to build solid collaborations over time with all customers in the main sectors in which it operates. Its expertise in artificial intelligence technologies now allows it to support them in the growing adoption of synthetic data. This new type of data offers the possibility to quickly generate simulation, analysis and design scenarios through realistic data, protecting the privacy and confidentiality of the original data, especially in the financial, pharmaceutical and healthcare sectors.

Reply, on one hand, is focusing its attention on large ecosystems, corporate and otherwise, in which enormous volumes of data emerge and evolve along the value chain; on the other, is supporting companies in adding new value to zero-party and first-party customer data, aggregating different and heterogeneous sources to give visibility to their needs and opportunities, in full respect of their privacy. Thanks to this approach, data becomes the basis of commercial personalisation initiatives, both in the B2C and B2B fields.

A glimpse into the near future

Reply continues to prioritize technological innovation, thanks to international working groups and the establishment of multidisciplinary competence centres, and to monitor emerging technologies and business opportunities. Their commitment to experimentation and development aims to accelerate Reply customers' time-to-market with innovative solutions.

At the centre of the vast array of emerging technologies lies artificial intelligence, especially in the fields of Generative AI and large language models. These technologies are rapidly evolving into multimodal systems capable of processing text, images, video, audio and more; a tangible example of this expansion is given by open-source models, such as local large language models (L3M). In parallel, Reply is exploring the potential development of multi-agent AI systems for collaborative problem-solving on a larger scale, going beyond current LLM models.

The concept of "embodied AI" is taking shape in digital agents such as digital humans and in physical entities such as autonomous mobile robotic systems. These systems learn similarly to humans, especially through imitation learning, and a notable improvement in motor skills is expected. Introducing the ability to infuse systems with emotion through affective computing is improving the empathetic aspects of conversational user experiences.

In the field of Quantum Computing, the focus is on building universal quantum computers and post-quantum security. In parallel, neuromorphic computing uses organic and inorganic materials to develop artificial neurons and synapses, bringing the design of computer chips closer to the functionality of organic neurons.

Finally, significant advances are expected in the context of telecommunications networks, where, thanks to softwarisation, edge computing, the integration of artificial intelligence, satellite technology, WiFi-7 and large-scale implementations of the Internet of Things, connectivity and data processing will be redefined for a new era of technological innovation.

INTERIM FINANCIAL REPORT 2024

FINANCIAL REVIEW OF THE GROUP

INTRODUCTION

The Half-Year condensed report for the period ended June 30, 2024 has been prepared in accordance with the Legislative Decree. 58/1998, as amended, and the "Regolamento Emittenti" issued by Consob.

The Report also conforms with the requirements of the International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") adopted by the European Union and has been prepared in accordance with IAS 34 – Interim Financial Reporting.

TREND OF THE FIRST HALF

Since the start of the year, the Group has recorded a consolidated turnover of €1,114.3 million, which is an increase of 7.3% compared to the same period in 2023.

All indicators are positive for the period. In the first half of 2024, consolidated EBITDA of €180.5 million compared to the €154.0 million recorded in 2023 and corresponds to 16.2% of turnover.

EBIT, from January to June, was €146.6 million (€123.7 million in 2023), corresponding to 13.2% of turnover.

Pre-tax profit, from January to June 2024, was €146.3 million (€113.6 million in 2023), corresponding to 13.1% of turnover.

As regards the second quarter 2024, the Group's performance was also positive, with consolidated turnover for the period of €560.0 million, up by 8.0% compared to 2023. EBITDA, from April to June 2024, amounted to €93.2 million, with EBIT of €74.5 million and pre-tax profit of €73.2 million.

As at 30 June 2024, the Group's net financial managerial position was positive for €234.8 million, while at 31 March 2024 was positive for €368.9 million. The financial position at 31 December 2023 was positive for €204.9 million.

In the first half of 2024 Reply has experienced a positive trend, both in terms of revenue and profitability. These achievements were possible thanks to the leadership gained in the two main directions of technological transformation: artificial intelligence and cloud computing.

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

Reply's performance is shown below in the following reclassified consolidated income statement of the first half and is compared to the corresponding figures of the previous year:

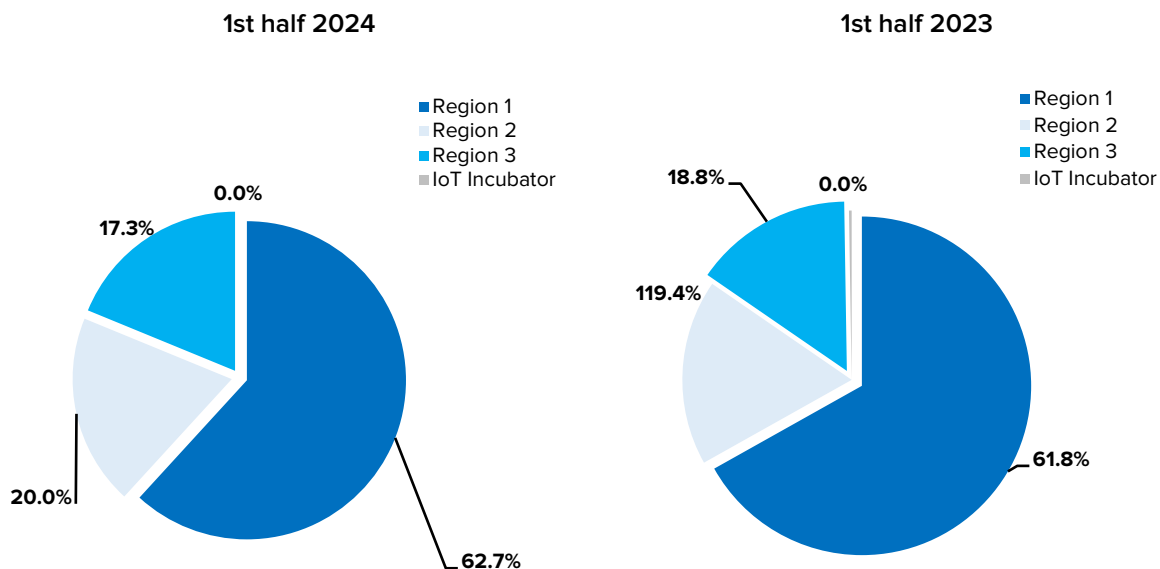
(thousand Euros)	1 st half 2024	%	1 st half 2023	%
Revenues	1,114,336	100.0	1,038,908	100.0
Purchases	(21,259)	(1.9)	(15,139)	(1.5)
Personnel	(628,223)	(56.4)	(574,295)	(55.3)
Services and other costs	(284,904)	(25.6)	(297,974)	(28.7)
Other operating (costs)/income	510	-	2,506	0.2
Operating costs	(933,876)	(83.8)	(884,901)	(85.2)
Gross operating income (EBITDA)	180,459	16.2	154,006	14.8
Amortization, depreciation and write-downs	(31,427)	(2.8)	(31,421)	(3.0)
Other non-recurring (costs)/income	(2,386)	(0.2)	1,092	0.1
Operating income (EBIT)	146,646	13.2	123,677	11.9
(Loss)/gain on investments	(3,223)	(0.3)	(4,512)	(0.4)
Financial income/(expenses)	2,861	0.3	(5,603)	(0.5)
Income before taxes	146,285	13.1	113,561	10.9
Income taxes	(44,764)	(4.0)	(33,618)	(3.2)
Net income	101,521	9.1	79,944	7.7
Non-controlling interests	(1,580)	(0.1)	(1,493)	(0.1)
Net income of the parent company	99,942	9.0	78,451	7.6

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME OF THE SECOND QUARTER

Reply's second quarter performance is shown below in the following reclassified consolidated income statement and is compared to corresponding figures of the previous second quarter:

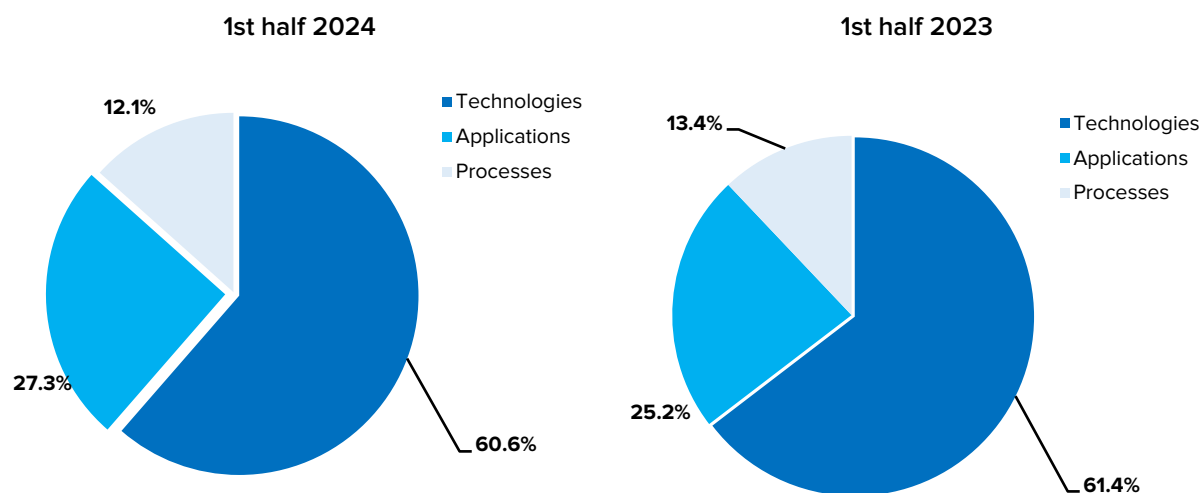
(thousand Euros)	Q2 2024	%	Q2 2023	%
Revenues	560,034	100.0	518,346	100.0
Purchases	(10,485)	(1.9)	(5,527)	(1.1)
Personnel	(319,793)	(57.1)	(291,802)	(56.3)
Services and other costs	(136,167)	(24.3)	(149,350)	(28.8)
Other operating (costs)/income	(431)	(0.1)	1,319	0.3
Operating costs	(466,876)	(83.4)	(445,360)	(85.9)
Gross operating income (EBITDA)	93,159	16.6	72,985	14.1
Amortization, depreciation and write-downs	(16,233)	(2.9)	(15,984)	(3.1)
Other non-recurring (costs)/income	(2,386)	(0.4)	1,092	0.2
Operating income (EBIT)	74,540	13.3	58,092	11.2
(Loss)/gain on investments	(3,223)	(0.6)	(4,425)	(0.9)
Financial income/(expenses)	1,853	0.3	(2,172)	(0.4)
Income before taxes	73,170	13.1	51,495	9.9

REVENUE BY REGION (*)

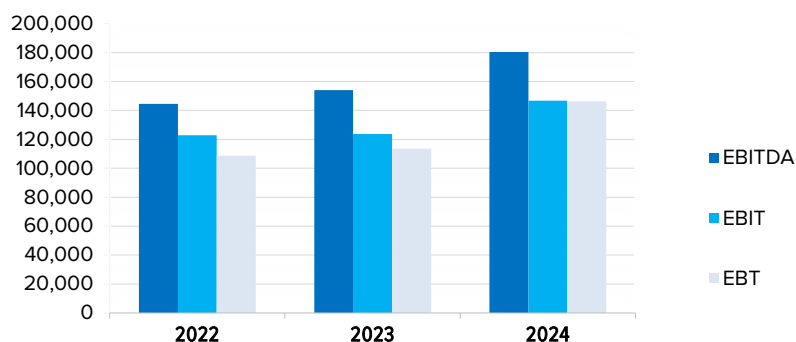


(*)
 Region 1: ITA, USA, BRA, POL, ROU, CHN (Nanjing),
 Region 2: DEU, CHE, CHN (Beijing), HRV
 Region 3: GBR, LUX, BEL, NLD, FRA, BLR, SGP, HKG, MYS

REVENUE BY BUSINESS LINES



TREND IN KEY ECONOMIC INDICATORS



ANALYSIS OF THE FINANCIAL STRUCTURE

The table below illustrates the Group's financial structure as at June 30, 2024, compared to December 31, 2023:

(thousand Euros)	30/06/2024	%	31/12/2023	%	Change
Current assets	829,610	-	910,908	-	(81,298)
Current liabilities	(772,934)	-	(827,090)	-	54,156
Working capital, net (A)	56,676	-	83,818	-	(27,142)
Non-current assets	1,069,307	-	1,046,457	-	22,850
Noncurrent liabilities	(173,736)	-	(218,450)	-	44,714
Fixed capital (B)	895,572	-	828,007	-	67,564
Invested capital, net (A+B)	952,248	100.0	911,826	100.0	40,422
Shareholders' equity (C)	1,187,095	124.7	1,116,723	122.5	70,372
NET FINANCIAL MANAGERIAL POSITION (A+B-C)	(234,847)	(24.7)	(204,898)	(22.5)	(29,950)

Net invested capital as at June 30, 2024, amounted to 952,248 thousand Euros, was funded by Shareholders' equity for 1,187,095 thousand Euros and by available overall funds of 234,847 thousand Euros.

It is to be noted that net invested capital includes Due to minority shareholders and Earn-out for a total of 109,868 thousand Euros (114,368 thousand Euros at 31 December 2023); this item is not included in the net financial managerial position. For the ESMA Net financial indebtedness, in which Due to minority shareholders and Earn-out are not included, see note 29.

The following table provides a breakdown of net working capital:

(thousand Euros)	30/06/2024	31/12/2023	Change
Work in progress	215,891	47,061	168,830
Trade receivables	473,065	739,474	(266,409)
Other assets	140,654	124,373	16,281
Current operating assets (A)	829,610	910,908	(81,298)
Trade payables	186,346	191,001	(4,655)
Other liabilities	586,588	636,089	(49,501)
Current operating liabilities (B)	772,934	827,090	(54,156)
Working capital, net (A-B)	56,676	83,818	(27,142)
<i>% return on investments</i>	2.6%	2.9%	

NET FINANCIAL MANAGERIAL POSITION AND CASH FLOWS STATEMENT

(thousand Euros)	30/06/2024	31/12/2023	Change
Cash and cash equivalents, net	399,762	383,608	16,155
Current financial assets	33,974	32,872	1,102
Due to banks	(29,617)	(32,285)	2,668
Due to other providers of finance	(179)	(236)	57
Financial liabilities IFRS 16	(34,446)	(31,670)	(2,777)
Short-term financial position	369,494	352,290	17,205
Due to banks	(40,371)	(52,291)	11,919
Financial liabilities IFRS 16	(94,275)	(95,101)	825
M/L term financial position	(134,647)	(147,392)	12,745
Total net financial managerial position	234,848	204,898	29,950

Change in the item cash and cash equivalents is summarized in the table below:

(thousand Euros)	1st half 2024
Cash flows from operating activities (A)	118,199
Cash flows from investment activities (B)	(31,591)
Cash flows from financial activities (C)	(70,452)
Change in cash and cash equivalents (D) = (A+B+C)	16,155
Cash and cash equivalents at beginning of period (*)	383,608
Cash and cash equivalents at year end (*)	399,762
Total change in cash and cash equivalents (D)	16,155

(*) Liquid assets and cash equivalents net, are offset with bank overdrafts

The complete consolidated cash flow statement and the details of cash and other cash equivalents net are set forth below in the financial statements.

OTHER INFORMATION

RESEARCH AND DEVELOPMENT ACTIVITIES

Reply offers high technology services and solutions in a market where innovation is of primary importance.

Reply considers research and continuous innovation a fundamental asset in supporting clients with the adoption of new technology.

Reply dedicates resources to Research and Development activities in order to project and define highly innovative products and services as well as possible applications of evolving technologies. In this context, Reply has developed its own platforms.

Reply has important partnerships with major global vendors so as to offer the most suitable solutions to different company needs. Specifically, Reply boasts the highest level of certification amongst the technology leaders in the Enterprise sector.

INTERGROUP TRANSACTIONS AND WITH RELATED PARTIES

During the period, 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.

The company in the notes to the financial statements and the condensed consolidated financial statements provides the information required pursuant to Art. 154-ter of the TUF [Consolidated Financial Act] as indicated by Consob Reg. no. 17221 of 12 March 2010, indicating that there were no significant transactions concluded during the period as defined by Art. 4, paragraph 1, let a) of the aforementioned regulation that have significantly affected the Group's financial or economic position. The information pursuant to Consob communication of 28 July 2006 are presented in the annexed tables herein.

HUMAN RESOURCES

At June 30, 2024 the number of employees of the Group was 15,307 with an increase of 509 compared to December 31, 2023 and an increase of 1,000 resources compared to June 30, 2023.

RISK MANAGEMENT

With regard to the information required by Article 2428 of the Italian Civil Code in relation to risk management, please refer to the specific disclosure on the condensed half-year consolidated financial statements as at 30 June 2024 entitled "NOTE 3 Risk Management".

PILLAR 2

In December 2021, the Organisation for Economic Co-operation and Development (OECD) published the document "Tax Challenges Arising from the Digitalisation of the Economy – Administrative Guidance on the Global Anti-Base Erosion Model Rules (Pillar Two)".

In this context, the European Commission has adopted EU Directive no. 2022/2523 on global minimum taxation for multinational groups of companies, with an obligation for Member States to transpose EU provisions into their national law by 31 December 2023 and to apply them from tax periods starting from that date

The Pillar Two rules aim to ensure, through a system of common rules, a minimum level of effective taxation of not less than 15% in each jurisdiction in which a multinational group operates.

In transposition of Directive no. 2022/2523, Italy issued Legislative Decree 209/2023. The national provisions apply with reference to tax periods starting from 31 December 2023 and, therefore, for Reply Group from 2024.

Reply has carried out an assessment of the Group's potential exposure to the aforementioned discipline by carrying out a simulation based on data relating to the financial years 2022 and 2023. For both years, the possibility of resorting to the simplified regimes referred to in art. 39 of Legislative Decree no. 209/2023 (so-called Transitional Safe Harbours") was positive. On the basis of the simulations carried out so far, no significant impact is expected for the Group deriving from the application of the aforementioned regulations.

In this regard, it is confirmed that the amendment to IAS 12 did not entail any change to the Half-Year Financial Report, prepared in accordance with IAS 34. Income taxes are therefore recognised using the rate that would be applicable to the expected profit or loss for the full year.

EVENTS SUBSEQUENT TO 30 JUNE 2024

No significant events have occurred subsequent to 30 June 2024.

OUTLOOK ON OPERATIONS

In the first half of 2024 Reply has experienced a positive trend, both in terms of revenue and profitability. These achievements were possible thanks to the leadership gained in the two main directions of technological transformation: artificial intelligence and cloud computing.

The strength of Reply has always been its ability to interpret innovation by making it relevant to the needs of companies. From this perspective, the first six months of 2024 were characterized by significant development in our main lines of offering. In particular, we witnessed a strong growth in demand from our customers for a new class of objects and services natively designed to integrate the most advanced artificial intelligence solutions onboard. This new way of interpreting artificial intelligence requires companies to pay great attention both in rethinking the underlying data models and in designing new architectures and conversational interfaces capable of fully exploiting its potential in complete security.

Being able to guide the growing spread of artificial intelligence along with awareness of its potential and associated risks, is certainly the main challenge for the near future. In this scenario, Reply positions itself as a highly technological player capable of supporting its clients in creating the new digital economy.

Turin, August 1, 2024

/s/ Mario Rizzante

For the Board of Directors
The Chairman
Mario Rizzante

HALF YEAR CONDENSED FINANCIAL STATEMENTS AT 30 JUNE 2024

CONSOLIDATED STATEMENT OF INCOME (*)

(thousand Euros)	Note	1st half 2024	1st half 2023	2023
Revenues	5	1,114,336	1,038,908	2,117,983
Other income	6	16,873	8,063	23,947
Purchases	7	(21,259)	(15,139)	(29,364)
Personnel	8	(628,223)	(574,295)	(1,139,331)
Services costs	9	(301,778)	(306,037)	(619,657)
Amortization, depreciation and write-downs	10	(31,427)	(31,421)	(75,205)
Other operating and non-recurring (cost)/income	11	(1,877)	3,598	14,372
Operating income		146,646	123,677	292,745
(Loss)/gain on investments	12	(3,223)	(4,512)	(13,877)
Financial income/(expenses)	13	2,861	(5,603)	(7,287)
Income before taxes		146,285	113,561	271,581
Income taxes	14	(44,764)	(33,618)	(83,122)
Net income		101,521	79,944	188,459
Non-controlling interest		(1,580)	(1,493)	(1,760)
Net result of the Parent company		99,942	78,451	186,699
<i>Earnings per share</i>	15	2.68	2.10	5.01

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Consolidated statement of income are reported in the Annexed tables herein and fully described in Note 36.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousand Euros)	Note	1 st half 2024	1 st half 2023
Profit of the period (A)		101,521	79,944
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) from employee benefit plans		1,290	(836)
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	27	1,290	(836)
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedges		28	323
Gains/(losses) on exchange differences on translating foreign operations		8,251	2,639
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2)		8,279	2,962
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B) = (B1) +(B2)	27	9,569	2,126
Total comprehensive income (A)+(B)		111,090	82,070
Total comprehensive income attributable to:			
Owners of the parent		109,511	80,577
Non-controlling interest		1,580	1,493

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

(thousand Euros)	Note	30/06/2024	31/12/2023	30/06/2023
Tangible assets	18	119,834	108,197	103,156
Goodwill	17	633,238	626,481	630,084
Intangible assets	16	78,912	81,509	99,107
RoU Assets	19	116,113	114,758	112,438
Equity investments	20	39,041	41,373	49,189
Other financial assets	21	7,300	7,448	8,915
Deferred tax assets	22	74,869	66,693	66,745
Non-current assets		1,069,307	1,046,457	1,069,634
Inventories	23	215,891	47,061	167,810
Trade receivables	24	473,065	739,474	419,797
Other receivables and current assets	25	140,654	124,373	136,220
Financial assets	21	33,974	32,872	41,840
Cash and cash equivalents	21, 26	400,340	383,742	285,037
Current assets		1,263,924	1,327,523	1,050,704
TOTAL ASSETS		2,333,231	2,373,980	2,120,338
Share Capital		4,863	4,863	4,863
Other reserves		1,080,558	923,277	930,509
Net result of the period		99,942	186,699	78,451
Equity of the Parent company	27	1,185,363	1,114,840	1,013,823
Non-controlling interest		1,733	1,883	1,730
NET EQUITY	27	1,187,095	1,116,723	1,015,554
Due to minority shareholders and Earn-out	28	33,258	86,523	105,996
Financial liabilities	29	40,371	52,291	66,018
Financial liabilities from RoU	29	94,275	95,101	96,207
Employee benefits	30	69,528	69,677	45,162
Deferred tax liabilities	31	49,321	41,605	44,278
Provisions	32	21,629	20,644	14,925
Noncurrent liabilities		308,382	365,841	372,586
Due to minority shareholders and Earn-out	28	76,610	27,845	25,340
Financial liabilities	29	30,373	32,655	33,003
Financial liabilities from RoU	29	34,446	31,670	30,080
Trade payables	33	186,346	191,001	158,674
Other current liabilities	34	509,504	607,705	484,543
Provisions	32	474	539	559
Current liabilities		837,753	891,415	732,198
TOTAL LIABILITIES		1,146,135	1,257,256	1,104,785
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,333,231	2,373,980	2,120,338

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Consolidated statement of financial position are reported in the Annexed tables herein and fully described in Note 36.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(thousand Euros)	Share capital	Treasury shares	Capital reserve	Earning reserve	Cash flow hedge reserve	Translation reserve	Reserve for actuarial gains/(losses)	Non-controlling interests	Total
At January 1^o, 2023	4,863	(17,122)	299,533	684,679	2,599	(3,659)	(603)	1,579	971,869
Dividends distributed	-	-	-	(37,278)	-	-	-	(1,120)	(38,398)
Change in treasury shares	-	-	-	-	-	-	-	-	-
Increase for purchase of treasury shares	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	78,451	323	2,639	(836)	1,493	82,070
Other changes	-	-	-	235	-	-	-	(221)	14
At June 30, 2023	4,863	(17,122)	299,533	726,087	2,922	(1,020)	(1,439)	1,731	1,015,555

(thousand Euros)	Share capital	Treasury shares	Capital reserve	Earning reserve	Cash flow hedge reserve	Translation reserve	Reserve for actuarial gains/(losses)	Non-controlling interests	Total
At January 1^o, 2024	4,863	(17,122)	299,533	832,373	1,750	(4,805)	(1,753)	1,883	1,116,723
Dividends distributed	-	-	-	(37,279)	-	-	-	(1,975)	(39,254)
Change in treasury shares	-	-	-	-	-	-	-	-	-
Increase for purchase of treasury shares	-	-	150,000	(150,000)	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	99,942	28	8,251	1,290	1,580	111,090
Other changes	-	-	-	(1,710)	-	-	-	245	(1,465)
At June 30, 2024	4,863	(17,122)	449,533	743,326	1,778	3,446	(463)	1,733	1,187,095

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousand Euros)	1 st half 2024	1 st half 2023
Net result of the period	101,521	79,944
Income taxes	44,126	37,426
Depreciation and amortization	31,427	31,421
Other non-monetary expenses/(income)	14,063	11,172
Change in work in progress	(176,394)	(90,096)
Change in trade receivables	193,712	132,658
Change in trade payables	(4,655)	(10,161)
Change in other assets and liabilities	(29,614)	(42,851)
Change in deferred tax assets and liabilities	(461)	(5,451)
Change in employee benefits and provisions	771	1,955
Income tax paid	(60,278)	(36,843)
Interest paid	(1,786)	(2,495)
Interest collected	5,766	1,469
Net cash flows from operating activities (A)	118,199	108,148
Payments for tangible and intangible assets	(20,357)	(13,779)
Payments for financial assets	(954)	(5,370)
Payments for the acquisition of subsidiaries	(10,280)	(9,532)
Net cash flows from investment activities (B)	(31,591)	(28,682)
Dividends paid	(39,254)	(38,398)
Financing granted	1,000	6,500
Reimbursement of lease liabilities	(16,554)	(16,899)
Repayment of loans	(15,645)	(9,177)
Net cash flows from financing activities (C)	(70,452)	(57,974)
Net cash flows (D) = (A+B+C)	16,155	21,492
Cash and cash equivalents at beginning of period	383,608	263,252
Cash and cash equivalents at period end	399,762	284,744
Total change in cash and cash equivalents (D)	16,155	21,492

Detail of cash and cash equivalents

(thousand Euros)		
Cash and cash equivalents at beginning of period	383,608	263,252
Cash and cash equivalents	383,742	283,695
Bank overdrafts	(135)	(20,443)
Cash and cash equivalents at period end	399,762	284,744
Cash and cash equivalents	400,340	285,037
Bank overdrafts	(577)	(293)

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NOTE 1 – GENERAL INFORMATION

Reply [EXM, STAR: REY] specialises in the design and implementation of solutions based on new communication channels and digital media. Reply is a network of highly specialised companies supporting key European industrial groups operating in the telecom and media, industry and services, banking, insurance and public administration sectors in the definition and development of business models enabled for the new paradigms of AI, cloud computing, digital media and the Internet of Things. Reply services include: Consulting, System Integration and Digital Services. www.reply.com

NOTE 2 - ACCOUNTING PRINCIPLES AND BASIS OF CONSOLIDATION

Compliance with International accounting principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board 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”). Following the coming into force of European Regulation No. 1606 of July 2002, starting from 1 January, 2005, the Reply Group adopted International Financial Reporting Standards (IFRS). The accounting principles applied are consistent with those used for preparation of the Consolidated Financial Statements at December 31, 2023.

More specifically the half year condensed consolidated financial statements at June 30, 2024 have been prepared in accordance to IAS 34 Interim financial reporting.

The Half-Year financial report has been prepared in accordance with Consob regulations regarding the format of financial statements, in application of art. 9 of Legislative Decree 38/2005 and other Consob regulations and instructions concerning financial statements.

General principles

The accounting standards adopted are consistent with the recognition and measurement criteria used in the preparation of the consolidated financial statements as at 31 December 2023, to which reference should be made for further details, with the exception of what is set out below in this paragraph.

The consolidated financial statements have been prepared on the going concern assumption. In this respect, despite operating in a difficult economic and financial environment, the Group’s assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist with regards its ability to continue as a going concern.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that influence the application of accounting policies, the values of assets and liabilities recorded, and the amounts of revenues and costs for the period. Actual results may differ from estimates. In preparing these interim financial statements, the significant opinions made by management in the application of group accounting standards are the same as those for the consolidated financial statements ended December 31, 2023, with the exception of the change in estimates that are necessary for the determination of income taxes for the period.

The statement of financial position and the result of operations of all group companies whose functional currency is different from the presentation currency have been translated. These consolidated financial statements have been prepared in euros by rounding the amounts to thousands and are compared with the consolidated financial statements of the previous year, prepared on the basis of homogeneous criteria. Given the seasonality that characterizes the Group's business, the balance sheet and financial information relating to the twelve months up to the end of the interim period and comparative information for the previous twelve-month period have been provided.

Following is information on the financial statements adopted with respect to those indicated in IAS 1, the most significant accounting policies and the related measurement criteria adopted in the preparation of these consolidated financial statements.

Financial statements

The consolidated financial statements includes statement of income, statement of comprehensive income, statement of financial position, statement of changes in shareholders' equity, statement of cash flows and the explanatory notes.

The income statement format adopted by the Group classifies costs according to their nature, which is deemed to properly represent the Group's business.

The Statement of financial position is prepared according to the distinction between current and non-current assets and liabilities. The statement of cash flows is presented using the indirect method.

The most significant items are disclosed in a specific note in which details related to the composition and changes compared to the previous year are provided.

It should be noted that in order to comply with the indications contained in Consob Resolution no. 15519 of 27 July 2006 "as to the format of the financial statements", additional statements: income statement and statement of financial position have been disclosed showing the amounts of related party transactions.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED SINCE JANUARY 1ST, 2024

With regard to the accounting standards approved but not yet applicable or not yet approved by the European Union, please refer to the Annual Report as at 31 December 2023.

Standards issued by the IASB but not yet approved by the European Union

On May 30, 2024, the IASB published the document "Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7". This document clarifies some problematic aspects that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG objectives (i.e. green bonds). In particular, the amendments aim to:

- clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the assessment of the SPPI test;
- determine that the date on which the liabilities are settled by electronic payment systems is the date on which the liability is settled. However, an entity is allowed to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash on the settlement date under certain specific conditions.

With these amendments, the IASB has also introduced additional disclosure requirements with regard in particular to investments in equity instruments designated as FVOCI.

The amendments will apply from the financial statements for the years beginning on or after 1 January 2026. The Group is currently assessing the possible effects of the introduction.

On May 9, 2024, the IASB published the new IFRS 19 Subsidiaries without Public Accountability: Disclosures. This standard introduces some simplifications referring to the disclosure required by other international accounting standards. The principle can be applied by an entity that meets the following main criteria:

- It is a subsidiary company;
- Has not issued equity or debt instruments listed on a market and is not in the process of issuing them;
- Has its own parent company that prepares consolidated financial statements in accordance with IFRS.

The new standard will come into force from 1 January 2027, but early application is allowed. The adoption of this standard will not affect the Group's consolidated financial statements.

On April 9, 2024, the IASB published the new IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1 Presentation of Financial Statements. This standard aims to improve the presentation of the main financial statements and introduces important changes with reference to the income statement. In particular, the new standard requires to:

- Classify revenues and expenses into three new categories (operating section, investment section and financial section), in addition to the categories of taxes and discontinued operations already present in the income statement;
- Present two new sub-totals, the operating result and the result before interest and taxes.

Furthermore:

- Requests more information on the performance indicators defined by management;
- introduces new criteria for the aggregation and disaggregation of information; and
- introduces some changes to the cash flow statement format, including the request to use the operating result as a starting point for the presentation of the cash flow statement prepared using the indirect method and the elimination of some classification options for some currently existing items (such as interest paid, interest received, dividends paid and dividends received).

This standard will enter into force from 1 January 2027, but early application is allowed. The Group is currently assessing the possible effects of the introduction.

NOTE 3 - RISK MANAGEMENT

Credit risk

For business purposes, specific policies are adopted to assure its clients' solvency.

With regards to financial counterparty risk, the Group does not present significant risk in credit-worthiness or solvency.

Liquidity risk

The group is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.

The cash flows, funding requirements and liquidity of the Group companies are monitored and centrally managed under the control of the Group Treasury. The aim is to guarantee the efficiency and effectiveness of the management of current and perspective capital resources (maintaining an adequate level of reserves of liquidity and availability of funds via a suitable amount of committed credit lines).

The difficult economic situation of the markets and of financial markets necessitates special attention being given to the management of the liquidity risk, and in that sense particular emphasis is being placed on measures taken to generate financial resources through operations and maintaining an adequate level of liquid assets. The Group therefore plans to meet its requirements to settle financial liabilities as they fall due and to cover expected capital expenditures by using cash flows from operations and available liquidity, renewing or refinancing bank loans.

Exchange rate and interest rate risk

The Group entered into most of its financial instruments in Euros, which is its functional and presentation currency. Although it operates in an international environment, it has a limited exposure to fluctuations in the exchange rates.

The exposure to interest rate risk arises from the need to fund operating activities and M&A and investments, as well as the necessity to deploy available liquidity. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

The interest rate risk to which the Group is exposed derives from bank loans; to mitigate such risks, the Group, when necessary, has used derivative financial instruments designated as "cash flow hedges". The use of such instruments is disciplined by written procedures in line with the Group's risk management strategies that do not contemplate derivative financial instruments for trading purposes.

Fair value assessment hierarchy levels

The IFRS 13 establishes a fair value hierarchy which classifies the input of evaluation techniques on three levels adopted for the measurement of fair value. Fair value hierarchy attributes maximum priority to prices quoted (not rectified) in active markets for identical assets and liabilities (Level 1 data) and the non-observable minimum input priority (Level 3 data). In some cases, the data used to assess the fair value of assets or liabilities could be classified on three different levels of the fair value hierarchy. In such cases, the evaluation of fair value is wholly classified on the same level of the hierarchy in which input on the lowest level is classified, taking account its importance for the assessment.

The levels used in the hierarchy are:

- Level 1 inputs are prices quoted (not rectified) in markets active for identical assets and liabilities which the entity can access on the date of assessment;
- Level 2 inputs are variable and different from the prices quoted included in Level 1 observable directly or indirectly for assets or liabilities;
- Level 3 inputs are variable and not observable for assets or liabilities.

The following table presents the assets and liabilities which were assessed at fair value on 30 June 2024, according to the fair value hierarchical assessment level.

(thousand Euros)	Note	Level 1	Level 2	Level 3
Investments	20	-	-	39,041
Convertible loans	21	-	-	1,353
Financial securities	21	31,675	-	-
Derivative financial instruments	21	-	1,944	-
Total financial assets		31,675	1,944	40,394
Liabilities to minority shareholders and earn out	28	-	-	109,868
Total financial liabilities		-	-	109,868

The valuation of investments in start-ups within the Internet of Things (IoT) business, through the acquisition of equity investments and through the issuance of convertible loans, is based on data not directly observable on active stock markets, and therefore falls under the fair value hierarchical Level 3.

The item Financial securities is related to securities listed on the active stock markets and therefore falls under the fair value hierarchical Level 1.

To determine the effect of interest rate derivative financial instruments Reply refers to evaluation deriving from third party experts (banks and financial institutes). The latter, in the calculation of their estimates made use of data observed on the market directly (interest rates) or indirectly (interest rate interpolation curves observed directly): consequently, for the purposes of IFRS7 the fair value used by the Group for the exploitation of hedging derivatives contracts in existence as at 30 June re-enters under the hierarchy profile in level 2.

The fair value of Liabilities to minority shareholders and earn out was determined by Group management on the basis of the sales purchase agreements for the acquisition of the company's shares and on economic parameters based on budgets and plans of the purchased company. As the parameters are not observable on stock markets (directly or indirectly) these liabilities fall under the hierarchy profile in Level 3.

As at 30 June 2024, there have not been any transfers within the hierarchy levels.

The group owns several financial instruments that are not valued at fair value on the balance sheet. For most of these instruments (trade receivables, net of the related allowance for impairment, trade payables, other receivables, other payables) the carrying amount is considered to approximate their fair value. The fair value of long-term financial liabilities, reported in the notes for the sake of completeness, is obtained by discounting future contractual cash flows at the market interest rate that currently applies to similar financial instruments of the group.

NOTE 4 – CONSOLIDATION

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

There are no changes in consolidation compared to 30 June 2023, with the exception of the exit of WM Reply LLC.

Furthermore, the list of the Reply Group companies, presented as an annex herein, compared to 30 June 2023 includes the start-up companies: Aim Reply Ltd, Shield Reply Ltd, Sprint Reply Ltd and Whitehall AI Reply S.r.l.

NOTE 5 - REVENUE

Revenues from sales and services, including change in work in progress, amounted to 1,114,336 thousand Euros (1,038,908 thousand Euros at 30 June 2023).

This item includes consulting services, fixed price projects, assistance and maintenance services and other minor revenues.

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

Region (*)	1st half 2024	1st half 2023
Region 1	62.70%	61.80%
Region 2	20.00%	19.40%
Region 3	17.30%	18.80%
IoT Incubator	0.00%	0.00%
Total	100.00%	100.00%

(*)

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

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

Region 3: GBR, LUX, BEL, NLD, FRA, BLR, SGP, HKG, MYS

Disclosure required by IFRS 8 (“Operating segment”) is provided in Note 35 herein.

The following table shows the breakdown of revenues by Business Line:

Business line	1st half 2024	1st half 2023
Technologies	60.60%	61.40%
Applications	27.30%	25.20%
Processes	12.10%	13.40%
Total	100.00%	100.00%

NOTE 6 – OTHER REVENUES

Other revenues at 30 June 2024 amounted to 16,873 thousand Euros (8,063 thousand Euros at 30 June 2023) and mainly refer to miscellaneous income, non-recurring income and R&D contributions.

NOTE 7 - PURCHASES

Detail is as follows:

(thousand Euros)	1st half 2024	1st half 2023	Change
Software licenses for resale	16,596	11,011	5,585
Hardware for resale	850	1,049	(198)
Other	3,813	3,080	733
Total	21,259	15,139	6,120

Purchases of Software licenses and Hardware licenses for resale are recognized net of any change in inventory.

The item Other includes the purchase of fuel for 2,276 thousand Euros, the purchase of low value assets for 964 thousand Euros and the purchase of office stationery for 312 thousand Euros.

NOTE 8 - PERSONNEL

Detail is as follows:

(thousand Euros)	1st half 2024	1st half 2023	Change
Payroll employees	585,923	533,332	52,591
Executive Directors	42,300	40,963	1,337
Total	628,223	574,295	53,928

Personnel includes payroll employees and executive directors amounting to 628,223 thousand Euros compared with 574,295 thousand Euros of the first half 2023.

The increase in the cost of employees, amounting to 53,928 thousand Euros, is attributable to the total registered increase in the Group's business and in the increase in the number of employees.

Detail of personnel by category is provided below:

(number)	1st half 2024	1st half 2023	Change
Directors	462	451	11
Managers	1,706	1,744	(38)
Staff	13,139	12,112	1,027
Total	15,307	14,307	1,000

On 30 June 2024 the Group had 15,307 employees compared to 14,307 of the first half 2023.

Employees are mainly electronic engineers and economic, computer science, and business graduates from the best Universities.

NOTE 9 – SERVICE COSTS

Services and other costs comprised the following:

(thousand Euros)	1st half 2024	1st half 2023	Change
Commercial and technical consulting	193,221	210,616	(17,395)
Travelling and professional training expenses	24,151	21,089	3,062
Other services costs	56,939	47,956	8,983
Office expenses	9,286	10,499	(1,213)
Lease and rentals	3,918	4,027	(109)
Other	14,263	11,850	2,413
Total	301,778	306,037	(4,259)

The item Other services cost mainly includes marketing services, administrative and legal services, telephone and canteen, increase in these items is linked to the return to pre-pandemic levels.

Office expenses include services rendered by related parties referred to service contracts for the use of premises, domiciliation and provision of secretarial services for 1,853 thousand Euros and rent charged by third parties for 1,858 thousand Euros, utility costs for 3,356 thousand Euros, cleaning expenses for 1,347 thousand Euros and maintenance expenses for 872 thousand Euros.

NOTE 10 – AMORTIZATION, DEPRECIATION AND WRITE-DOWNS

Depreciation of tangible assets, calculated on the basis of economic-technical rates determined in relation to the residual useful lives of the assets, resulted in an overall charge as at 30 June 2024 of 7,638 thousand Euros. Details of depreciation are provided in the notes to tangible assets.

Amortization of intangible assets for the first half 2024 amounted to 6,708 thousand Euros. Details of depreciation are provided in the notes to intangible assets.

Amortization related to Right of Use assets arising from the adoption of IFRS 16 amounted to 17,057 thousand Euros.

NOTE 11 – OTHER OPERATING AND NON-RECURRING INCOME/(EXPENSES)

Other operating and non-recurring net income are related to events and operations that because of their nature do not occur continuously in normal operations, at 30 June 2024 they amounted to 1,877 thousand Euros (3,598 thousand Euros at 30 June 2023) and refer to:

- Other operating non-recurring income/(expenses): amounting to positive 510 thousand Euros related to net positive changes in the provision for risks and charges for contractual, commercial and litigation risks and to provisions allocated to adjust assets.
- Other non-operating and non-recurring income/(expenses): amounting to negative 2,386 thousand Euros related to the fair value adjustment of the liability relating to the deferred consideration for the purchase of investments in subsidiaries (Business combinations) which, for their nature, did not impact EBITDA.

NOTE 12 – (LOSS)/GAIN ON INVESTMENTS

The item amounting to negative 3,223 thousand Euros and is related to the fair value adjustments to equity investments in start-up companies made by the Investment company Breed Reply Investments Ltd..

NOTE 13 – FINANCIAL INCOME/(EXPENSES)

Detail is as follows:

(thousand Euros)	1st half 2024	1st half 2023	Change
Financial income	6,558	2,333	4,225
Interest expenses	(2,914)	(2,787)	(127)
Other	(783)	(5,149)	4,366
Total	2,861	(5,603)	8,465

Financial gains mainly include interest on bank accounts amounting to 5,766 thousand Euros and interest on financial investments amounting to 443 thousand Euros and interest on convertible loans investments amounting to 58 thousand Euros.

Interest expenses mainly include expenses related to loans for M&A operations.

The item Other mainly includes:

- the interest expenses arising from the adoption of the International Accounting Standard IFRS 16 for 1,846 thousand Euros (1,477 at 30 June 2023);
- the exchange rate differences from the translation of balance sheet items not stated in Euros for positive 716 thousand Euros (negative 2,871 thousand Euros at 30 June 2023);
- the changes in fair value of financial liabilities pursuant to IFRS 9 for negative 92 thousand Euros (negative 1,003 thousand Euros at 30 June 2023);
- the financial gain related to the fair value adjustments of the investments mainly held by Reply S.p.A. amounting to 432 thousand Euros (positive 287 thousand Euros at 30 June 2023).

NOTE 14 – INCOME TAXES

At June 30, 2024 income taxes amounted to 44,764 thousand Euros and were recognised in accordance to the expected annual average income tax rates.

NOTE 15 – EARNINGS PER SHARE

The basic earnings per share as at 30 June 2024 was calculated on the basis of the Group's net result amounting to 99,942 thousand Euros (78,451 thousand Euros as at 30 June 2023) divided by the weighted average number of shares as at 30 June 2024, net of treasury shares, which amounted to 37,278,236 (37,278,236 as at 30 June 2023).

(euros)	1st half 2024	1st half 2023
Group net result	99,942,000	78,451,000
No. of shares	37,278,236	37,278,236
Basic earnings per share	2,68	2,10

The basic earnings per share and diluted earnings per share are the same as there are no financial instruments potentially convertible in shares (stock options).

NOTE 16 - TANGIBLE ASSETS

Tangible assets as at 30 June 2024 amounted to 119,834 thousand Euros and are detailed as follows:

(thousand Euros)	30/06/2024	31/12/2023	Change
Buildings	82,434	71,434	11,001
Plant and machinery	5,772	5,759	14
Hardware	12,304	12,491	(188)
Other	19,324	18,513	811
Total	119,834	108,197	11,637

Change in tangible assets in the first half of 2024 is summarized in the table below:

(thousand Euros)	Buildings	Plants and machinery	Hardware	Other	Total
Historical cost	77,177	20,121	49,613	52,179	199,090
Accumulated depreciation	(5,743)	(14,363)	(37,121)	(33,666)	(90,893)
31/12/2023	71,434	5,759	12,491	18,513	108,197
Historical cost					
Increases	11,602	865	3,875	2,886	19,228
Disposals	-	(47)	(717)	(733)	(1,497)
Change in consolidation	-	-	-	-	-
Other changes	2	43	199	408	652
Accumulated depreciation					
Depreciations	(602)	(840)	(4,005)	(2,191)	(7,638)
Utilized	-	35	662	675	1,373
Change in consolidation	-	-	-	-	-
Other changes	(1)	(43)	(201)	(235)	(481)
Historical cost	88,781	20,982	52,969	54,740	217,473
Accumulated depreciation	(6,346)	(15,210)	(40,666)	(35,416)	(97,639)
30/06/2024	82,434	5,772	12,304	19,324	119,834

The item Buildings mainly includes:

- the net value of a building owned by the group amounting to 4,603 thousand Euros located in Guetersloh, Germany.
- the real estate complex located in Turin - “ex Caserma De Sonnaz” in the amount of 52,515 thousand Euros, that after proper renovation will be used to host the offices of the Group.
- the real estate complex located in Turin – Via Nizza 250 – in the amount of 27,447 thousand Euros that hosts the offices of the Group.

Increase in the item Building mainly refers to restructuring of the real estate complex located in Turin and called “ex Caserma De Sonnaz”.

Increase in the item Plant and machinery mainly refers to purchases of general devices and to plant systems for the offices in which the Group operates.

Change in the item Hardware is due to investments made by the companies included in Region 1 for 2,120 thousand Euros, 1,157 thousand Euros for purchases made by the companies included in Region 2 and 598 thousand Euros for purchases made by the companies included in Region 3.

The item Other as at 30 June 2024 mainly includes improvements to third party assets and office furniture. The increase of 2,886 Euros mainly refers to the purchases of furniture and fittings for 1,812 thousand Euros, to improvements made to the offices where the Group's companies operate for 711 thousand Euros and the purchase of other for 344 thousand Euros. The item Other is mainly related to mobile phones.

Other changes mainly refer to exchange differences.

As at 30 June 2024 tangible assets were depreciated by 44.9% of their value, compared to 45.7% at the end of 2023.

NOTE 17 - GOODWILL

This item includes goodwill arising from consolidation of subsidiaries purchased against payment made by some Group companies. The only movements in Goodwill in the first half of 2024 were related to exchange rate differences.

Goodwill was allocated to the cash generating units ("CGU"), identified in the countries in which the Group operates (Region 1 includes the CGU related to American companies). The breakdown reflects the business management of the Group by Management and is summarized as follows:

(thousand Euros)	Value at 31/21/2023	Increases	Exchange difference	Value at 30/06/2024
Region 1	200,071	-	4,655	204,726
Region 2	233,053	-	-	233,053
Region 3	193,357	-	2,102	195,459
Total	626,481	-	6,757	633,238

As at 30 June 2024 the Group did not detect any internal or external impairment indicator that required interim impairment testing.

NOTE 18 - OTHER INTANGIBLE ASSETS

Net intangible assets as at 30 June 2024 amounted to 78,912 thousand Euros (81,509 thousand Euros on 31 December 2023) and are detailed as follows:

(thousand Euros)	30/06/2024	31/12/2023	Change
Development costs	4,672	3,764	908
Software	3,448	3,689	(226)
Trademark	537	537	-
Other intangible assets	70,256	73,520	(3,279)
Total	78,912	81,509	(2,597)

Change in intangible assets in the first half of 2024 is summarized in the table below:

(thousand Euros)	Development costs	Software	Trademark	Other intangible assets	Total
Historical cost	36,541	25,984	537	119,477	182,539
Accumulated depreciation	(32,777)	(22,310)	-	(45,943)	(101,030)
31/12/2023	3,764	3,674	537	73,535	81,509
Historical cost					
Increases	2,004	640	-	5	2,649
Disposals	-	(5)	-	(18)	(23)
Other changes	-	18	-	2,304	2,322
Accumulated depreciation					
Depreciations	(1,096)	(902)	-	(4,709)	(6,708)
Utilized	-	5	-	19	24
Other changes	-	19	-	(880)	(862)
Historical cost	38,545	26,637	537	121,769	187,487
Accumulated depreciation	(33,873)	(23,189)	-	(51,513)	(108,575)
30/06/2024	4,672	3,448	537	70,256	78,912

Development costs refer to software and are accounted for in accordance with provisions of IAS 38.

The item Software mainly refers to software licenses purchased and used internally by the Group companies. This item includes 490 thousand Euros related to software development for internal use.

The item Trademark mainly refers to the value of the “Reply” trademark granted on 9 June 2000 to the Parent Company Reply S.p.A. (at the time Reply Europe Sàrl), in connection with the share capital increase that was resolved and subscribed to by the Parent Company. Such amount is not subject to systematic amortization.

Intangible assets include the customer lists following the completion of the PPA procedures under M&A activities.

NOTE 19 – ROU ASSETS

The application of the IFRS 16 accounting standard, in use since 1 January 2019, resulted in the accounting of the book value of the right-of-use asset (“RoU Asset”) that is equal to the book value of the liabilities for leasing on the date of first application, net of any accrued income/costs or deferred revenue/expenses related to the lease.

The table below shows the movements in the RoU Assets divided by category at 30 June 2024:

(thousand Euros)	31/12/2023	Net changes	Amortization	Exchange difference	30/06/2024
Buildings	93,587	7,495	(11,396)	558	90,244
Vehicles	20,576	10,359	(5,488)	-	25,447
Office equipment	595	-	(173)	-	422
Total	114,758	17,855	(17,057)	558	116,113

The net changes mainly refer to the signing of new financial leasing agreements, resulting in an increase in the value of the right of use, the redetermination of certain liabilities, increases in rents and the renegotiation of existing contracts.

NOTE 20 - EQUITY INVESTMENTS

The item Equity investments amounts to 39,041 thousand Euros and includes investments in start-up companies principally in the IoT field made by the Investment company Breed Reply Investments Ltd for 38,711 thousand Euros.

Note that the equity investments, mainly held through an Investment Entity, are designated at fair value and accounted for in accordance with IFRS 9 “Financial Instruments: Recognition and Measurements”. The fair value is determined using the International Private Equity and Venture Capital valuation guideline (IPEV) and, as per industry practice, any change therein is recognized in profit /(loss) in the period in which they occurred.

Detail of investments in start-up companies is as follows:

(thousand Euros)	Value at 31/12/2023	Net increases/disposals	Equity conversion	Net fair value adjustments	Exchange differences	Value at 30/06/2024
Investments	41,154	-	-	(3,254)	811	38,711

Net fair value adjustments

The net fair value evaluation amounting to 3,254 thousand Euros reflects the market value adjustments of the last rounds that took place in the first half 2024 on investments already in portfolio.

All fair value assessments fall within hierarchy level 3.

NOTE 21 - FINANCIAL ASSETS

Current and non-current financial assets amounted to 41,274 thousand Euros compared to 40,320 thousand Euros as at 31 December 2023.

Detail is as follows:

(thousand Euros)	30/06/2024	31/12/2023	Change
Short term securities	1,180	1,870	(690)
Financial investments	30,716	28,886	1,831
Derivative financial instruments	1,944	1,983	(39)
Loans to third parties	133	133	-
Current financial assets	33,974	32,872	1,102
Receivables from insurance companies	3,277	3,277	-
Guarantee deposits	2,256	2,459	(203)
Other financial assets	415	413	2
Convertible loans	1,353	1,299	54
Non-current financial assets	7,300	7,448	(147)
Total	41,274	40,320	954

Short-term securities mainly refer to Time Deposit investments.

The item Financial investments refers market investments held by the parent company Reply S.p.A..

The valuation of these short-term investments, based on their fair value at 30 June 2024, showed a positive difference amounting to 432 thousand Euros compared to the purchase cost of the same.

The item Derivative financial instruments refers to several loans established with Unicredit S.p.A. to hedge changes in floating interest rates on mortgages; the total underlying notional amounts to 44,667 thousand Euros. The effective component of the instruments is stated in the Statement of changes in net equity whereas the ineffective portion of the Derivative instruments is recorded at the income statement.

The item Receivables from insurance companies mainly refers to the insurance premiums paid against pension plans of some German companies and to directors' severance indemnities.

Convertible loans relate to the option to convert into shares of the following start-up company in the field of IoT, detail is as follows:

(thousand Euros)	Value at 31/12/2023	Increases/ disposals	Equity conversion	Capitalized interests	Net fair value adjustments	Exchange differences	Value at 30/06/2024
Convertible loans	1,298	-	-	43	-	13	1,353

Cash and cash equivalents are detailed as follows:

(thousand Euros)	30/06/2024	31/12/2023	Change
Bank accounts	399,306	382,433	16,873
Cash	1,034	1,309	(276)
Total	400,340	383,742	16,597

For further details please see note 26.

NOTE 22 - DEFERRED TAX ASSETS

Deferred tax assets, amounting to 74,869 thousand Euros as at 30 June 2024 (66.693 thousand Euros as at 31 December 2023), include the fiscal charge corresponding to the temporary differences deriving from income before taxes and taxable income in relation to deferred deductibility items.

The decision to recognize deferred tax assets is taken by assessing critically whether the conditions exist for the future recoverability of such assets on the basis of expected future results.

NOTE 23 – WORK IN PROGRESS

Contract work in progress, amounting to 215,891 thousand Euros, is recognized net of a provision amounting to 65,341 thousand Euros (57,777 thousand Euros at 31 December 2023) and is detailed as follows:

(thousand Euros)	30/06/2024	31/12/2023	Change
Contract work in progress	383,899	159,726	224,173
Advance payments from customers	(168,008)	(112,665)	(55,343)
Total	215,891	47,061	168,830

Any advance payments from customers are deducted from the value of the inventories, within the limits of the accrued consideration, representing the assets deriving from the contracts; the exceeding amounts, as well as the advance payments related to work in progress not yet started, are accounted as liabilities. Change in the provision is mainly due to the accrual made in the first half of the year amounting to 7,566 thousand euros.

NOTE 24 - TRADE RECEIVABLES

Trade receivables as at 30 June 2024 amounted to 473,065 thousand Euros with a net decrease of 266,409 thousand Euros.

(thousand Euros)	30/06/2024	31/12/2023	Change
Trade receivables	477,584	746,158	(268,575)
Allowance for doubtful accounts	(4,519)	(6,684)	2,166
Total trade receivables	473,065	739,474	(266,409)

Trade receivables are shown net of allowances for doubtful accounts, amounting to 4,519 thousand Euros on 30 June 2024 (6,684 thousand Euros at 31 December 2023) calculated by using the expected credit loss approach pursuant to IFRS 9.

The Allowance for doubtful accounts developed in the first half of 2024 as follows:

(thousand Euros)	31/12/2023	Provision	Reversal	Utilization	Other changes	30/06/2024
Allowance for doubtful accounts	6,684	947	(2,054)	(1,058)	-	4,519

The carrying amount of trade receivables, that at initial recognition is equal to its fair value adjusted for attributable transaction costs, is subsequently valued at the amortised cost appropriately adjusted to take into account any write-downs.

Trade receivables are all collectible within one year.

NOTE 25 - OTHER RECEIVABLES AND CURRENT ASSETS

Detail is as follows:

(thousand Euros)	30/06/2024	31/12/2023	Change
Tax receivables	87,899	69,359	18,540
Advances to employees	25	8	17
Accrued income and prepaid expenses	36,824	35,091	1,733
Other receivables	15,906	19,916	(4,009)
Other receivables and current assets	140,654	124,373	16,281

The item Tax receivables mainly includes:

- credit to the Treasury for VAT amounting to 36,789 thousand Euros (32,537 thousand Euros at 31 December 2023).
- income tax prepayments net of allocated liability amounting to 22,744 thousand Euros (13,574 at 31 December 2023);
- receivables for withholding tax amounting to 3,826 thousand Euros (2,871 thousand Euros at 31 December 2023).

The item Other receivables includes the contributions receivable in relation to research projects for 5,277 thousand Euros (6,114 thousand Euros at 31 December 2023) and receivables from foreign tax administrations for 6,176 thousand Euros (4,857 thousand Euros at 31 December 2023).

NOTE 26 - CASH AND CASH EQUIVALENTS

The balance of 400,340 thousand Euros, with an increase of 16,597 thousand Euros compared with 31 December 2023, represents cash and cash equivalents as at the end of reporting period.

Changes in cash and cash equivalents are fully detailed in the Consolidated statement of cash flows.

NOTE 27 - SHAREHOLDERS' EQUITY

Share capital

As at 30 June 2024 the share capital of Reply S.p.A., fully subscribed and paid, amounted to 4,863,486 Euros and comprises 37,411,428 ordinary shares of a nominal value of 0.13 Euros each.

The number of shares in circulation as at 30 June 2024 total 37,278,236 (the same as at 31 December 2023).

Treasury shares

The value of the Treasury shares, amounting to 17,123 thousand Euros, refers to the shares of Reply S.p.A. held by the parent company, that at 30 June 2024 are equal to n. 133,192 (the same as at 31 December 2023).

Capital reserves

On 30 June 2024 Capital reserves, amounting to 449,533 thousand Euros, were mainly comprised as follows: Treasury share reserve amounting to 17,123 thousand Euros, relating to the shares of Reply S.p.A held by the Parent Company;

Reserve for the purchase of treasury shares amounting to 432,878 thousand Euros, formed via initial withdrawal from the share premium reserve. By means of a resolution of the Shareholders' Meeting of 23 April 2024 Reply S.p.A. re-authorized it, in accordance with and for the purposes of Article 2357 of the Italian Civil Code, the purchase of a maximum of 450 million Euros of ordinary shares, corresponding to 10% of the share capital, in a lump sum solution or in several solutions within 18 months of the resolution.

Earning reserves

Earnings reserves amounted to 743,326 thousand Euros and were comprised as follows:

Reply S.p.A.'s Legal reserve amounted to 973 thousand Euros;

Retained earnings amounted to 642,412 thousand Euros (retained earnings amounted to 644,701 thousand Euros on 31 December 2023);

Profits attributable to shareholders of the Parent Company amounted to 99,942 thousand Euros (186,700 thousand Euros as on 31 December 2023).

Other comprehensive income

Other comprehensive income can be analysed as follows:

(thousand Euros)	1 st half 2024	1 st half 2023
Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax:		
Actuarial gains/(losses) from employee benefit plans	1,290	(836)
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	1,290	(836)
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax:		
Gains/(losses) on cash flow hedges	28	323
Gains/(losses) on exchange differences on translating foreign operations	8,251	2,639
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):	8,279	2,962
Total other comprehensive income, net of tax (B) = (B1) +(B2)	9,569	2,126

Non-controlling interest

Minority interests consist of the participation of non-controlling shareholders in the capital of the companies included in consolidation and at 30 June 2024 amounted to 1,733 thousand Euros (1,883 thousand Euros at 31 December 2023).

NOTE 28 - DUE TO MINORITY SHAREHOLDERS AND EARN-OUT

Due to minority shareholders and Earn-out owed on 30 June 2024 amount to 109,868 thousand Euros (114,368 thousand Euros on 31 December 2023), of which 76,610 thousand Euros are current.

The item refers to deferred consideration defined in the business combination. The distinction between Due to Minority Shareholders and Earn-out stems solely from whether or not there is any legal minority interest related to the initial transition.

Detail is as follows:

(thousand Euros)	31/12/2023	Increases	Fair value adjustments	Payments	Exchange differences	30/06/2024
Payables to minority shareholders	10,092	-	407	-	89	10,588
Payables for Earn out	104,276	-	3,668	(10,280)	1,616	99,280
Total due to minority shareholders and Earn-out	114,368	-	4,075	(10,280)	1,705	109,868

The item Fair value adjustments in the first half of 2024 amounted to 4,075 thousand Euros with a balancing entry in Profit and loss, reflects the best estimate in relation to the deferred consideration originally posted at the time of acquisition.

Total payments made in the first half of 2024 amounted to 10,280 thousand Euros and refers to the consideration paid in relation to the initial contracts signed at the time of acquisition.

Due to minority shareholders and Earn-out are included in the invested capital and in the net financial indebtedness.

NOTE 29 - FINANCIAL LIABILITIES

Detail is as follows:

(thousand Euros)	30/06/2024			31/12/2023		
	Current	Non-current	Total	Current	Non-current	Total
Bank overdrafts	577	-	577	135	-	135
Bank loans	29,617	40,371	69,988	32,285	52,291	84,576
Total due to banks	30,194	40,371	70,565	32,419	52,291	84,710
Other financial borrowings	179	-	179	236	-	236
IFRS 16 financial liabilities	34,446	94,275	128,722	31,670	95,101	126,770
Total financial liabilities	64,819	134,647	199,466	64,325	147,392	211,717

The following table illustrates the distribution of financial liabilities by due date:

(thousand Euros)	30/06/2024				31/12/2023			
	Due in 12 months	From 1 to 5 years	Over 5 years	Total	Due in 12 months	From 1 to 5 years	Over 5 years	Total
Bank overdrafts	577	-	-	577	135	-	-	135
M&A loans	25,258	14,299	-	39,557	25,295	26,366	-	51,661
Mortgage loans	2,259	16,274	7,750	26,284	3,614	10,981	11,750	26,345
Bank loans	2,100	2,049	-	4,149	3,375	3,194	-	6,569
Other financial borrowings	179	-	-	179	236	-	-	236
IFRS 16 financial liabilities	34,446	94,275	-	128,721	31,670	95,101	-	126,771
Total	64,819	126,897	7,750	199,466	64,325	135,642	11,750	211,717

M&A loans refer to credit lines to be used for acquisition operations carried out directly by Reply S.p.A. or via companies controlled directly or indirectly by the same.

Summarized below are the existing contracts entered into for such a purpose:

- On 8 May 2020 Reply S.p.A. entered into a line of credit with Unicredit S.p.A. for a total amount of 50,000 thousand Euros to be used by 27 May 2022. As at 30 June 2024 this line had been used for 16,667 thousand Euros.
- On 8 November 2021 Reply S.p.A. entered into a line of credit with Intesa Sanpaolo S.p.A. for a total amount of 75,000 thousand Euros to be used by 31 May 2023. The loan will be reimbursed on a half year basis deferred to commence on 29 September 2023 and will expire on 30 September 2026. This line of credit had been used for 30,000 thousand Euros. As at 30 June 2024 this line had been used for 21,428 thousand Euros.
- On 19 May 2022 Reply S.p.A. entered into a line of credit with Unicredit S.p.A. for a total amount of 50,000 thousand Euros to be used by 29 May 2024. As at 30 June 2024 this line had been repaid and the outstanding debt had been returned.
- On 20 February 2023 Reply S.p.A. entered into a line of credit with Banco BPM S.p.A. for a total amount of 50,000 thousand Euros to be used by 1 April 2025. As at 30 June 2024 this line had been used for 500 thousand Euros.
- On 16 April 2024 Reply S.p.A. entered into a line of credit with Intesa Sanpaolo S.p.A. for a total amount of 75,000 thousand Euros to be used by 30 September 2025. The loan will be reimbursed with n. 7 half year basis deferred payments from 31 March 2026 and will expire on 30 March 2029.
- On 19 April 2024 Reply S.p.A. entered into a line of credit with Unicredit S.p.A. for a total amount of 50,000 thousand Euros to be used within 24 months. As at 30 June 2024 the outstanding amount is 1,000 thousand Euros.

Interest rates are also applied according to certain predetermined ratios (Covenants) of economic and financial nature calculated on the consolidated financial statements as at 30 June of each year and/or the consolidated interim report.

As contractually defined, such ratios are as follows:

- Net financial indebtedness/Equity
- Net financial indebtedness/EBITDA

At 30 June 2024, Reply fulfilled the Covenants under the various contracts.

The item Mortgages refers to financing granted to Tool Reply GmbH by Commerzbank for a total amount amounting to 2,500 thousand Euros to be used by 30 June 2028. The loan is reimbursed on a quarter-year basis (at 0.99%). As at 30 June 2024 the outstanding amount is 1,119 thousand Euros.

It should also be noted that on 24 May 2018 Reply S.p.A. undersigned with Unicredit S.p.A. a mortgage loan secured by guarantee for the purchase and renovation of the property De Sonnaz for a total amount of 40,000 thousand Euros. On October 24, 2023, an amendment was signed with the same institution, agreeing to extend the period of use from 66 to 78 months, without prejudice to the maximum total duration until

November 30, 2024. The mortgage is disbursed in relation to the progress of the work. Such credit line was used for 25,200 thousand Euros at 30 June 2024.

The item IFRS 16 financial liabilities is related to the financial lease liabilities at 30 June 2024.

The carrying amount of the Financial Liabilities approximates the value determined through the application of the amortised cost method.

Net financial indebtedness

The net financial indebtedness reported below was prepared according to CONSOB communication no. DEM / 6064293 of July 28, 2006, updated with the provisions of ESMA guideline 32-382-1138 of March 4, 2021 as implemented by the CONSOB warning no. 5/21 of 29 April 2021:

(thousand Euros)	30/06/2024	31/12/2023	Change
A Cash	400,340	383,742	16,597
B Cash equivalents	-	-	-
C Current financial assets	33,974	32,872	1,102
D Cash (A+B+C)	434,313	416,615	17,699
E Current financial liabilities	35,203	32,040	3,163
F Short-term portion of long financial liability	29,617	32,285	(2,668)
G Financial liabilities short-term (E+F)	64,819	64,325	494
H Net financial debt short-term (G-D)	(369,494)	(352,290)	(17,205)
I Financial liabilities long-term	134,647	147,392	(12,745)
J Financial instruments	-	-	-
K Other liabilities long-term	109,868	114,368	(4,501)
L Financial debt long-term (I+J+K)	244,514	261,760	(17,245)
Total financial debt	(124,980)	(90,530)	(34,450)

Net financial indebtedness includes IFRS 16 financial liabilities amounting to 128,722 thousand Euros, of which 94,275 thousand Euros were non-current and 34,446 were current.

The item Commercial and other non-current liabilities is related to liabilities to minority shareholders and Earn-out assimilated to unpaid debts with a significant implicit financial component.

For further details with regards to the above table see Note 26 as well as Note 29.

Pursuant to the aforementioned recommendations long term financial assets are not included in the net financial indebtedness.

As previous mentioned in Note 28, Due to minority shareholders and Earn-out are included in the invested capital and are not included in the net financial managerial position.

Change in financial liabilities during the first half of 2024 is summarized below:

(thousand Euros)	
Total financial liabilities 2023	211,717
Bank overdrafts	(135)
Non-current financial liabilities 2023	211,582
IFRS 16 financial liabilities	1,951
Cash flows	(14,645)
Total non-current financial liabilities as at 30 June 2024	198,889
Bank overdrafts	577
Total financial liabilities as at 30 June 2024	225,308

NOTE 30 - EMPLOYEE BENEFITS

Employee benefits are detailed as follows:

(thousand Euros)	30/06/2024	31/12/2023	Change
Employee severance indemnities	39,985	39,017	968
Employee pension funds	6,878	6,970	(93)
Directors severance indemnities	1,741	1,741	-
Other	20,924	21,949	(1,025)
Total	69,528	69,677	(149)

Employee severance indemnities

The Employee severance indemnity represents the obligation to employees under Italian law (amended by Law 296/06) that has accrued up to 31 December 2006 and that will be settled when the employee leaves the company. In certain circumstances, a portion of the accrued liability may be given to an employee during his working life as an advance. This is an unfunded defined benefit plan, under which the benefits are almost fully accrued, with the sole exception of future revaluations.

The procedure for the determination of the Company's obligation with respect to employees was carried out by an independent actuary according to the following stages:

- Projection of the Employee severance indemnity already accrued at the assessment date and of the portions that will be accrued until when the work relationship is terminated or when the accrued amounts are partially paid as an advance on the Employee severance indemnities;
- Discounting, at the valuation date, of the expected cash flows that the company will pay in the future to its own employees;

- Re-proportioning of the discounted performances based on the seniority accrued at the valuation date with respect to the expected seniority at the time the company must fulfil its obligations. In order to allow for the changes introduced by Law 296/06, the re-proportioning was only carried out for employees of companies with fewer than 50 employees that do not pay Employee severance indemnities into supplementary pension schemes.

Reassessment of Employee severance indemnities in accordance with IAS 19 was carried out “ad personam” and on the existing employees, that is analytical calculations were made on each employee in force in the company at the assessment date without considering future work force.

The actuarial valuation model is based on the so called technical bases which represent the demographic, economic and financial assumptions underlying the parameters included in the calculation.

In accordance with IAS 19, Employment severance indemnities at 30 June 2024 are summarized in the table below:

(thousand Euros)	
Balance as at 31/12/2023	39,017
Cost relating to current work (<i>service cost</i>)	3,663
Actuarial (gain)/loss	(1,290)
Interest cost	603
Indemnities paid during the year	(2,007)
Balance as at 30/06/2024	39,985

Employee pension funds

The Pension fund item relates to liability as regards the defined benefit pensions of some German companies.

Director’s severance indemnities

This amount is related to Directors severance indemnities paid during the year.

Other

The item Other includes payables accrued in connection with long-term incentive plans based on specific objectives.

NOTE 31 - DEFERRED TAX LIABILITIES

Deferred tax liabilities at 30 June 2024 amount to 49,321 thousand Euros (41,605 thousand Euros at 31 December 2023) and are referred mainly to the fiscal effects arising from temporary differences of statutory income versus taxable income

Deferred tax liabilities have not been recognized on retained earnings of the subsidiary companies as the Group is able to control the timing of distribution of said earnings and in the near future does not seem likely.

NOTE 32 - PROVISIONS

Provisions amount to 22,103 thousand Euros (of which 21,629 thousand Euros are non-current).

Change in the first half of 2024 is summarized in the table below:

(thousand Euros)	Balance at 31/12/2023	Accruals	Utilization	Reversals	Other changes	Balance at 30/06/2024
Fidelity fund	877	21	(49)	-	-	848
Provision for risks	20,306	2,050	-	(1,066)	36	21,254
Total	21,183	2,071	(49)	(1,066)	36	22,103

Employee fidelity provisions refer mainly to provisions made for the employees of some German companies in relation to anniversary bonuses. The liability is determined through actuarial calculations applying a 5.5% rate.

The Provision for risks is related to the accrual referred to the update of this estimate and to new legal ongoing controversies, lawsuits with former employees and other liabilities in Italy and abroad.

Other changes mainly refer to translation differences.

NOTA 33 – TRADE PAYABLES

Trade payables at 30 June 2024 amount to 186,346 thousand Euros and are detailed as follows:

(thousand Euros)	30/06/2024	31/12/2023	Change
Trade payables	189,872	193,660	(3,788)
Advances to suppliers	(3,527)	(2,659)	(868)
Total	186,346	191,001	(4,655)

Trade payables are initially recognised at fair value, adjusted for any transaction costs directly attributable to and are subsequently valued at amortised cost. The amortised cost of current trade payables corresponds to the nominal value.

NOTE 34 - OTHER CURRENT LIABILITIES

Other current liabilities at 30 June 2024 amounted to 509,604 thousand Euros with a decrease of 98,201 thousand Euros with respect to 31 December 2023.

Detail is as follows:

(thousand Euros)	30/06/2024	31/12/2023	Change
Income tax payable	29,706	33,004	(3,298)
VAT payable	18,257	23,804	(5,547)
Withholding tax and other	19,507	22,721	(3,214)
Total due to tax authorities	67,471	79,529	(12,058)
National social insurance payable	45,344	52,953	(7,609)
Other	4,376	5,106	(729)
Total due to social securities	49,720	58,058	(8,338)
Employee accruals	136,655	133,779	2,876
Other payables	197,414	265,663	(68,249)
Accrued expenses and deferred income	58,245	70,676	(12,432)
Total other payables	392,314	470,118	(77,804)
Other current liabilities	509,504	607,705	(98,201)

Due to tax authorities amounting to 67,471 thousand Euros, mainly refers to payables due to tax authorities for withholding tax on employees and professionals' compensation.

Due to social security authorities amounting to 49,720 thousand Euros, is related to both Company and employees contribution payables.

Other payables at 30 June 2024 amount to 392,314 thousand Euros and mainly include:

- amounts due to employees that at the reporting date had not yet been paid;
- remuneration of directors recognised as participation in the profits of the subsidiary companies;
- amounts invoiced to customers exceeding the value of the work in progress amounting to 141,063 thousand Euros (201,462 thousand Euros at 31 December 2023).
- accrued Expenses and Deferred Income, that decrease in the first half of 2024 by 12,432 thousand Euros, mainly relate to advance invoicing in relation to T&M consultancy activities to be delivered in the subsequent financial period.

Other current payables and liabilities are initially recognised at fair value, adjusted for any transaction costs directly attributable to and are subsequently valued at amortised cost. The amortised cost of these liabilities corresponds to the nominal value.

NOTE 35 – SEGMENT REPORTING

Segment reporting has been prepared in accordance with IFRS 8, as a breakdown of revenues by geographic area, determined as the area in which the services are executed.

(thousand Euros)	Region 1	%	Region 2	%	Region 3	%	IoT Incubator	%	Intersegment	H1 2024	%
Revenues	719,074	100	228,730	100	198,269	100	-	-	(31,738)	1,114,336	100
Operating costs	(582,337)	(81.0)	(202,200)	(88.4)	(180,789)	(91.2)	(301)	-	31,738	(933,876)	(83.8)
Gross operating income	136,738	19.0	26,531	11.6	17,480	8.8	(301)	-	-	180,459	16.2
Amortization, depreciation and write-downs	(16,043)	(2.2)	(9,259)	(4.0)	(6,125)	(3.1)	-	-	-	(31,427)	(2.8)
Other non-recurring (costs)/income	(2,909)	(0.4)	57	-	465	-	-	-	-	(2,386)	(0.2)
Operating income	117,786	16.4	17,329	7.6	11,821	6.0	(301)	-	-	146,646	13.2
Gain/(loss) on investments	-	-	-	-	-	-	(3,223)	-	-	(3,223)	(0.3)
Financial income/(loss)	13,072	2	(5,168)	(2.3)	(4,203)	(2.1)	(840)	-	-	2,861	-
Income before taxes	130,857	18.2	12,161	5.3	7,618	3.8	(4,363)	-	-	146,285	13.1

(thousand Euros)	Region 1	%	Region 2	%	Region 3	%	IoT Incubator	%	Intersegment	H1 2023	%
Revenues	656,093	100	206,265	100	199,039	100	51	100	(22,540)	1,038,908	100
Operating costs	(544,609)	(83.0)	(183,431)	(88.9)	(178,525)	(89.7)	(876)	(1,733.5)	22,540	(884,901)	(85.2)
Gross operating income	111,484	17.0	22,833	11.1	20,514	10.3	(825)	(1,633.53)	-	154,006	14.8
Amortization, depreciation and write-downs	(16,847)	(2.6)	(9,194)	(4.5)	(5,375)	(2.7)	(4)	(7.5)	-	(31,421)	(3.0)
Other non-recurring (costs)/income	-	-	64	-	1,028	1	-	-	-	1,092	-
Operating income	94,637	14.4	13,703	6.6	16,166	8.1	(829)	(1,641.02)	-	123,677	11.9
Gain/(loss) on investments	-	-	-	-	-	-	(4,512)	(8,932.0)	-	(4,512)	(0.4)
Financial income/(loss)	6,869	1	(4,558)	(2.2)	(5,573)	(2.8)	(2,341)	(4,634.7)	-	(5,603)	(0.5)
Income before taxes	101,506	15.5	9,145	4.4	10,593	5.3	(7,683)	(15,207.3)	-	113,561	10.9

Breakdown of revenues by type is as follows:

BUSINESS LINE	REGION 1		REGION 2		REGION 3		IoT INCUBATOR	
	1st half 24	1st half 23	1st half 24	1st half 23	1st half 24	1st half 23	1st half 24	1st half 23
T&M	18.0%	19.3%	55.9%	59.8%	64.6%	63.7%	-	-
FIXED PRICE PROJECTS	82.0%	80.7%	44.1%	40.2%	35.4%	36.3%	-	-
OTHER BUSINESS	-	-	-	-	-	-	100.0%	100.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The following table provides a breakdown of net invested capital by Region:

(thousand Euros)	Region 1	Region 2	Region 3	IoT Incubator	Intersegment	30/06/2024
Current operating assets	614,568	183,054	131,700	536	(100,247)	829,610
Current operating liabilities	(588,282)	(108,162)	(156,457)	(20,280)	100,247	(772,934)
Net working capital (A)	26,286	74,892	(24,757)	(19,744)	-	56,676
Non-current assets	440,372	334,278	254,622	40,035	-	1,069,307
Non-financial liabilities long term	(97,022)	(41,829)	(35,123)	238	-	(173,736)
Fixed capital (B)	343,351	292,450	219,498	40,273	-	895,572
Net invested capital (A+B)	369,637	367,341	194,741	20,529	-	952,248

(thousand Euros)	Region 1	Region 2	Region 3	IoT Incubator	Intersegment	31/12/2023
Current operating assets	693,934	170,298	131,032	954	(85,311)	910,908
Current operating liabilities	(631,765)	(113,376)	(148,559)	(18,700)	85,311	(827,090)
Net working capital (A)	62,169	56,922	(17,527)	(17,746)	-	83,818
Non-current assets	421,959	329,691	252,345	42,463	-	1,046,457
Non-financial liabilities long term	(124,062)	(53,445)	(41,175)	232	-	(218,450)
Fixed capital (B)	297,897	276,246	211,170	42,695	-	828,007
Net invested capital (A+B)	360,066	333,168	193,643	24,949	-	911,826

Breakdown of employees by operating segment is as follows:

Region	1st half 2024	1st half 2023	Change
Region 1	10,313	9,223	1,090
Region 2	3,056	3,003	53
Region 3	1,937	2,079	(142)
IoT Incubator	1	2	(1)
Total	15,307	14,307	1,000

NOTE 36 – TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24 Related parties are Group companies and persons that are able to exercise control, joint control or have significant influence on the Group and on its subsidiaries and key management with strategic responsibilities and related families.

Transactions carried out by the group companies with related parties that as of the reporting date are considered ordinary business and are carried out at normal market conditions.

The main economic and financial transactions with related parties are summarized below.

(thousand Euros)			
Financial transactions	30/06/2024	31/12/2023	Nature of transactions
Trade receivables	-	3	Receivables from professional services
Trade payables	600	510	Payables for professional services and office rentals offices
Other payables	14,000	13,648	Payables for emoluments to Directors and Managers with strategic responsibilities and Board of Statutory Auditors
Economic transactions	1st half 2024	1st half 2023	
Revenues from professional services	23	10	Professional services executed
Services from Parent company and related parties	1,137	644	Service contracts relating to office rental and administration office
Personnel	9,913	9,259	Emoluments to Directors and Key Management with strategic responsibilities
Services and other costs	74	74	Emoluments to Statutory Auditors

With reference to the Cash flows statement, the above-mentioned transactions impact the change in working capital by 446 thousand Euros.

Reply Group Main economic and financial transactions

In accordance with IAS 24, emoluments to Directors, Statutory Auditors and Key Management are also included in transactions with related parties.

In accordance with Consob Resolution no, 15519 of 27 July 2006 and Consob communication no, DEM/6064293 of 28 July 2006 the financial statements annexed herein present the Consolidated Income statement and Balance Sheet showing transactions with related parties separately, together with the percentage incidence with respect to each account caption.

Pursuant to Art, 150, paragraph 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.

NOTE 37 - GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees

Guarantees and commitments where existing, have been disclosed at the item to which they refer.

Note that:

- the Domination Agreement contract undersigned in 2010 between Reply Deutschland SE, dominated company, and Reply S.p.A, dominating company, ceased to exist from the date of legal efficacy of the merger for incorporation of Reply Deutschland SE in Reply S.p.A and with this, the obligations taken on by Reply. It is reported that the judgment of the qualified German Court is still pending for deciding on the suitability of the strike value of the acquisition option of shares on request of the minority shareholders of Reply Deutschland SE at a pre-determined price (8.19 euros). On June 2018, the German court took note of the agreement reached between the parties also affected by the agreement related to the merger of the following point. With regard to shareholders who did not join the settlement agreement, in February 2019, the German Court issued a judgment that provides for an increase of 1.81 euros in the price paid per share and an increase of 0.07 euros gross of the dividends paid in 2010-2013. The financial effects on the Group are covered by specific provisions.
- with regards the merger operation for the incorporation of Reply Deutschland SE in Reply S.p.A. the assessment procedures foreseen in the measures of Article 122j of Umwandlungsgesetz find application – German law on extraordinary operations – with reference to the exchange ratio and the corresponding amount in cash. Within three months from the registration of the merger in the Turin Companies Register, each minority shareholder was able to present a petition for the purpose of commencing, in compliance with German law, before a Judge qualified in Germany – who shall have exclusive jurisdiction – the assessment inherent in the Share Swap ratio and the corresponding amount in cash. Some minority shareholders have commenced the aforementioned procedures and, following exchanges with the minority shareholders and their appointed representative, the Company has reached a settlement agreement where the payment of an additional amount. The expenses arising from this agreement amounting to approximately 5 million Euros is covered by specific provisions (please see Note 33). In relation to the above accruals, as a result of the utilizations, the provision for risks has a residual amount of 83 thousand Euros at 30 June 2024.

Contingent liabilities

As an international company, the Group is exposed to numerous legal risks, particularly in the area of product liability, environmental risks and tax matters. The outcome of any current or future proceedings cannot be predicted with certainty. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group financial position and results.

Instead, when it is probable that an overflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, the Group recognizes specific provision for this purpose.

NOTA 38 – EVENTS SUBSEQUENT TO 30 JUNE 2024

No significant events have occurred subsequent to 30 June 2024.

NOTA 39 – APPROVAL OF THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND AUTHORIZATION TO PUBLISH

The Half year condensed consolidated financial statements at 30 June 2024 were approved by the Board of Directors on August 1, 2024 which authorized the publication within the terms of law.

ANNEXED TABLES

CONSOLIDATED STATEMENT OF INCOME PREPARED PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(thousand Euros)	1 st half 2024	of which with related parties	%	1 st half 2023	of which with related parties	%
Revenues	1,114,336	23	0,0%	1,038,908	10	0,0%
Other income	16,873	-	-	8,063	-	-
Purchases	(21,259)	-	-	(15,139)	-	-
Personnel	(628,223)	(9,193)	1,5%	(574,295)	(9,259)	2,0%
Services costs	(301,778)	(1,211)	0,0%	(306,037)	(718)	0,0%
Amortization, depreciation and write-downs	(31,427)	-	-	(31,421)	-	-
Other unusual (cost)/income	(1,877)	-	-	3,598	-	-
Operating income	146,646	-	-	123,677	-	-
Income from associate companies	(3,223)	-	-	(4,512)	-	-
Financial income/(expenses)	2,861	-	-	(5,603)	-	-
Income before taxes	146,285	-	-	113,561	-	-
Income taxes	(44,764)	-	-	(33,618)	-	-
Net income	101,521	-	-	79,944	-	-
Result of discontinued activities	-	-	-	-	-	-
Non-controlling interest	(1,580)	-	-	(1,493)	-	-
Net result of the Parent company	99,942	-	-	78,451	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION PREPARED PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(thousand Euros)	30/06/2024	of which with related parties	%	31/12/2023	of which with related parties	%
Tangible assets	119,834	-	-	108,197	-	-
Goodwill	633,238	-	-	626,481	-	-
Intangible assets	78,912	-	-	81,509	-	-
RoU Assets	116,113	-	-	114,758	-	-
Equity investments	39,041	-	-	41,373	-	-
Other financial assets	7,300	-	-	7,448	-	-
Deferred tax assets	74,869	-	-	66,693	-	-
Non-current assets	1,069,307	-	-	1,046,457	-	-
Inventories	215,891	-	-	47,061	-	-
Trade receivables	473,065	-	-	739,474	3	0.0%
Other receivables and current assets	140,654	-	-	124,373	-	-
Financial assets	33,974	-	-	32,872	-	-
Cash and cash equivalents	400,340	-	-	383,742	-	-
Current assets	1,263,924	-	-	1,327,523	-	-
TOTAL ASSETS	2,333,231	-	-	2,373,980	-	-
Share Capital	4,863	-	-	4,863	-	-
Other reserves	1,080,558	-	-	923,276	-	-
Net result of the period	99,942	-	-	186,699	-	-
Equity of the Parent company	1,185,363	-	-	1,114,839	-	-
Non-controlling interest	1,733	-	-	1,885	-	-
NET EQUITY	1,187,095	-	-	1,116,723	-	-
Due to minority shareholders and earnout	33,258	-	-	86,523	-	-
Financial liabilities	40,371	-	-	52,291	-	-
Financial liabilities from RoU	94,275	-	-	95,101	-	-
Employee benefits	69,528	-	-	69,677	-	-
Deferred tax liabilities	49,321	-	-	41,605	-	-
Provisions	21,629	-	-	20,644	-	-
Non-current liabilities	308,382	-	-	365,841	-	-
Due to minority shareholders and earnout	76,610	-	-	27,845	-	-
Financial liabilities	30,373	-	-	32,655	-	-
Financial liabilities from RoU	34,446	-	-	31,670	-	-
Trade payables	186,346	600	0.2%	191,001	510	0.2%
Other current liabilities	509,504	14,000	2.5%	607,705	13,648	2.2%
Provisions	474	-	-	539	-	-
Current liabilities	837,753	-	-	891,415	-	-
TOTAL LIABILITIES	1,146,135	-	-	1,257,256	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,333,231	-	-	2,373,980	-	-

LIST OF COMPANIES AT 30 JUNE 2024

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	100,00%
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%
Aim Reply Ltd	London, United Kingdom	100,00%
Arlanis Reply S.r.l.	Turin, Italy	100,00%
Arlanis Reply AG	Potsdam, Germany	100,00%
Arlanis Reply Ltd (già Forcology Ltd)	London, United Kingdom	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%
Auxulus Reply GmbH (già Industrie Reply GmbH)	Munich, Germany	100,00%
Atomic Reply Ltd	London, United Kingdom	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, Netherlands	100,00%
Avvio Reply Ltd	London, United Kingdom	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	100,00%
Business Elements Group BV	Belgium	100,00%
Business Reply S.r.l.	Turin, Italy	100,00%
Business Reply Public Sector S.r.l.	Turin, Italy	100,00%
Breed Reply Ltd in liquidation	London, United Kingdom	100,00%
Breed Reply Investment Ltd	London, United Kingdom	100,00%
Canvas Reply GmbH (già Neveling Reply GmbH)	Hamburg, Germany	100,00%
Cluster Reply S.r.l.	Turin, Italy	100,00%
Cluster Reply GmbH & CO. KG	Munich, Germany	100,00%
Cluster Reply Dynamics GmbH	Guetersloh, Germany	100,00%
Cluster Reply Informatica LTDA.	San Paolo, Brazil	100,00%
Cluster Reply Roma S.r.l.	Turin, Italy	100,00%
Comwrap Reply GmbH	Frankfurt, Germany	100,00%

ComSysto 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	100,00%
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%
efinance consulting Reply GmbH	Guetersloh, Germany	100,00%
Elbkind Reply GmbH	Hamburg, Germany	100,00%
EOS Reply S.r.l.	Turin, Italy	100,00%
Everlo Reply GmbH	Guetersloh, Germany	100,00%
Fincon Reply GmbH	Hamburg, Germany	100,00%
Forge Reply S.r.l.	Turin, Italy	100,00%
Frank Reply GmbH (già Vivametric Reply GmbH)	Guetersloh, Germany	100,00%
Go Reply S.r.l.	Turin, Italy	100,00%
Go Reply GmbH	Guetersloh, Germany	100,00%
Gray Matter Ltd	London, United Kingdom	100,00%
Hermes Reply S.r.l.	Turin, Italy	100,00%
Hermes Reply Consulting (Nanjing) Co. Ltd.	China	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%
Ki Reply GmbH	Guetersloh, Germany	100,00%
Laife Reply GmbH	Munich, Germany	100,00%
Leadwise Reply GmbH	Darmstadt, Germany	100,00%
Like Reply S.r.l.	Turin, Italy	100,00%
Like Reply GmbH	Guetersloh, Germany	100,00%
Liquid Reply GmbH	Guetersloh, Germany	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%
Logistics Reply Roma S.r.l.	Turin, Italy	100,00%
Lynx Recruiting Ltd	London, United Kingdom	100,00%
Machine Learning GmbH	Guetersloh, Germany	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, Germania	100,00%

Modcomp GmbH	Colony, Germania	100,00%
Neo Reply GmbH	Guetersloh, Germany	100,00%
Net Reply LLC	Michigan, USA	100,00%
Net Reply S.r.l.	Turin, Italy	100,00%
Nexi Digital S.r.l.	Turin, Italy	51,00%
Nexi Digital Polska Sp. z o.o.	Warsaw, Poland	51,00%
Next Reply S.r.l.	Turin, Italy	100,00%
Next Reply GmbH	Guetersloh, 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%
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	100,00%
Red Reply GmbH	Frankfurt, Germany	100,00%
Reply Consulting S.r.l.	Turin, Italy	100,00%
Reply Deutschland SE	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 SA	Mont Saint Guibert, Holland	100,00%
Reply Croatia d.o.o.	Croatia	100,00%
Reply Digital Experience S.r.l.	Turin, Italy	100,00%
Reply France SAS	Paris, France	100,00%
Reply Sarl	Luxembourg	100,00%
Reply Services S.r.l.	Turin, Italy	100,00%
Reply Polska Sp. z o.o. (già Hermes Reply Polska Sp. z o.o.)	Katowice, Poland	100,00%
Retail Reply S.r.l.	Turin, Italy	100,00%
Ringmaster S.r.l.	Turin, Italy	50,00%
Riverland Reply GmbH	Munich, Germany	100,00%
Roboverse Reply GmbH	Guetersloh, 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	100,00%
Sensor Reply S.r.l. (già Envision)	Turin, Italy	100,00%
Shield Reply S.r.l.	Turin, Italy	100,00%
Shield Reply Ltd	London, United Kingdom	100,00%
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, Germania	100,00%
Spike Reply Ltd	London, United Kingdom	100,00%
Spike Digital Reply GmbH	Guetersloh, Germany	100,00%
Sprint Reply SA (già Brightknight SA)	Belgium	100,00%
Sprint Reply S.r.l.	Turin, Italy	100,00%
Sprint Reply Ltd	London, United Kingdom	100,00%
Sprint Reply GmbH	Munich, Germany	100,00%
Storm Reply S.r.l.	Turin, Italy	100,00%
Storm Reply Roma S.r.l.	Turin, Italy	100,00%
Storm Reply GmbH	Guetersloh, Germany	100,00%
Storm Reply Inc	Michigan, USA	97,00%
Syskoplan Reply S.r.l.	Turin, Italy	100,00%
Syskoplan Reply GmbH	Guetersloh, Germany	100,00%
Syskoplan Cx Reply S.r.l. (già Portaltech Reply S.r.l.)	Turin, Italy	100,00%
Syskoplan Reply LLC (già Enowa LLC)	Philadelphia, USA	100,00%
Syskoplan IE Reply GmbH	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%
Target Reply GmbH	Guetersloh, Germany	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%
Tender Reply S.r.l.	Turin, Italy	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%
The Spur Group LLC	Seattle, USA	100,00%
Tool Reply GmbH	Guetersloh, Germany	100,00%
Triplesense Reply GmbH	Frankfurt, Germany	100,00%
Up Reply GmbH (già Portaltech Reply Süd GmbH)	Munich, Germany	100,00%
Valorem LLC	Kansas City, USA	100,00%
Valorem Private Ltd	India	99,99%
Valorem GmbH	Zurich, Switzerland	100,00%
Vanilla Reply GmbH (già Portaltech Reply GmbH)	Guetersloh, Germany	100,00%
Wemanity Group SAS	Paris, France	100,00%
WM Reply S.r.l.	Turin, Italy	80,00%
WM Reply Inc	Illinois, USA	100,00%
WM Reply Ltd	London, United Kingdom	100,00%
WM Reply GmbH	Guetersloh, Germany	100,00%
WM Reply Malaysia Ltd	Malaysia	100,00%
Whitehall Reply S.r.l.	Turin, Italy	100,00%

Whitehall AI Reply S.r.l.	Turin, Italy	100,00%
Xenia Reply S.r.l.	Turin, Italy	100,00%
Xister Reply S.r.l.	Turin, Italy	100,00%

Companies carried at fair value

CageEye AS	Norway	1,26%
Connecterra Group Ltd	United Kingdom	27,40%
Dcbrain SAS	France	5,80%
FoodMarble Digestive Health Ltd	United Kingdom	17,47%
Gymcraft Ltd.	United Kingdom	0,02%
iNova Design Ltd	United Kingdom	27,25%
Iotic Labs Ltd	United Kingdom	11,80%
Kokoon Technology Ltd	United Kingdom	25,70%
Metron Sas	France	7,50%
RazorSecure Ltd	United Kingdom	30,70%
Sensoria Inc.	USA	25,97%
TAG Sensors AS	Norway	27,40%
Ubirch GmbH	Germany	18,50%
We Predict Ltd	United Kingdom	16,64%
Zeetta Networks Ltd	United Kingdom	24,00%
Yellow Line Parking Ltd	United Kingdom	9,77%

ATTESTATION OF THE HALF-YEAR CONDENSED FINANCIAL STATEMENTS PURSUANT TO 154 BIS OF LEGISLATIVE DECREE NO. 58/98

The undersigned, Mario Rizzante, in his capacity as Chief Executive Officer and Giuseppe Veneziano, director responsible of drawing up the Company's financial statements pursuant to the provisions of article 154-bis, paragraph 3 and 4 of legislative decree no. 58 of February 24, 1998, hereby attest:

- the adequacy with respect to the Company's structure and
- the effective application of the administrative and accounting procedures applied in the preparation of the Company's Half-year condensed financial statements at June 30 2024,

The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the condensed financial statements as of and for the period ended June 30, 2024 as based on a process defined by Reply in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

The undersigned moreover attest that:

1. the Half-year condensed financial statements at June 30, 2024:
 - have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002, as well as the measures issued to implement article 9 of Legislative Decree no.38/2005;
 - correspond to the amounts shown in the Company's accounts, books and records; and
 - provide a fair and correct representation of the financial conditions, results of operations and
 - cash flows of the Company and its consolidated subsidiaries;
2. the related interim management report includes a reliable analysis of the significant events affecting the Company in the first six months of the current fiscal year and the impact of such events on the Company's condensed financial statements as well as a description of the main risks and uncertainties.

Turin, August 1, 2024

/s/ Mario Rizzante

Chairman and Chief Executive Officer

Mario Rizzante

/s/ Giuseppe Veneziano

**Director responsible of drawing up the
accounting documents**

Giuseppe Veneziano

INDIPENDENT AUDITORS' REPORT



REPLY SPA

**REVIEW REPORT ON CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS**



REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Reply SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Reply SpA and its subsidiaries (the “Reply Group”) as of 30 June 2024, comprising the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, statement of changes in consolidated equity, consolidated statement of cashflows and related notes. The directors of Reply SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

PricewaterhouseCoopers SpA

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of the Reply Group as of 30 June 2024 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, 2 August 2024

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

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