ANNUAL FINANCIAL REPORT 2024

REPLY

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as specified in the ESEF regulatory technical standards
(Delegated Regulation (EU) 2019/815).

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Board of Directors and Controlling Bodies

Chairman and Chief Executive Officer
Mario Rizzante

Chief Executive Officer
Tatiana Rizzante

Executive Directors
Filippo Rizzante
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

Chairman
Ciro Di Carluccio

Standing 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

Key Group results

Key financial data

2,295.9 mio
REVENUE
+8.4 %

349.4 mio
OPERATING CASH FLOW
+39.9 %

410.6 mio
EBITDA
+16.6 %

17.9 %
EBITDA %
+1.3 p.p.

Key non-financial data

15,667
Number of employees
(excluding interns and non-guaranteed hours employees)
+6 %
compared to 2023

Percentage of female employees

28.6 %
in the Group
(excluding interns and non-guaranteed hours employees)

40 %
on the Board of Directors

57 %
Renewable sources in total electricity consumption (%)

Greenhouse gas (GHG) emissions

5,562 ton CO_{2eq}
Scope 1

4,162 ton CO_{2eq}
Scope 2
(market based)

24,622 ton CO_{2eq}
Scope 3

ECONOMIC FIGURES (THSD EUROS)	2024	%	2023	%	2022	%
Revenue	2,295,938	100.0	2,117,983	100.0	1,891,114	100.0
Gross operating income	410,611	17.9	352,093	16.6	340,312	18.0
Operating income	330,421	14.4	292,745	13.8	285,473	15.1
Income before taxes	313,232	13.6	271,581	12.8	268,695	14.2
Group net income	211,139	9.2	186,699	8.8	191,016	10.1

FINANCIAL FIGURES (THSD EUROS)	2024	2023	2022
Group equity	1,300,188	1,114,840	970,291
Non-controlling interest	2,773	1,883	1,579
Total assets	2,630,935	2,373,980	2,228,150
Net working capital	52,711	83,818	46,590
Net invested capital	953,876	911,826	901,298
Cashflow	349,438	249,794	184,573
Net financial position(*)	349,084	204,898	70,572

DATA PER SHARE	2024	2023	2022
Number of shares	37,411,428	37,411,428	37,411,428
Operating income per share	8.83	7.83	7.63
Net income per share	5.65	5.01	5.13
Cash flow per share	9.34	6.68	4.93
Shareholders' equity per share	34.75	29.80	25.94

OTHER INFORMATION	2024	2023	2022
Headcount	15,667	14,798	13,467

(*) for ESMA net financial indebtedness see Note 30

Letter to shareholders

The year 2024 closed with very positive results for Reply, once again confirming our ability to interpret market needs and develop cutting-edge digital solutions in an increasingly dynamic and complex global context.

In a macroeconomic scenario characterised by uncertainties and profound transformations, we continued to grow, supported by the robustness of our model based on a network of highly specialised companies. This approach has allowed us to offer innovative, integrated, and competitive solutions, strengthening our leadership position in the fields of digital creativity, system integration, and artificial intelligence. We have grown by leveraging the uniqueness of our Group, capable of combining high-level strategic consulting expertise with deep technological know-how, covering the entire lifecycle of innovation.

This identity now enables us to play a leading role in the era of artificial intelligence. An era that has just blossomed but is already undergoing profound transformation.

In November 2022, with the emergence of tools like ChatGPT, the world became aware of the revolutionary impact of algorithms and large language models. Over the past twelve months, artificial intelligence has crossed the threshold of innovation to become an essential pillar of industrial and social transformation. Today, its applications are no longer limited to improving what already exists but are giving rise to new operational modalities, new business models, and entire categories of previously unthinkable products and services.

In this context, Reply is establishing itself as a key player. Our belief is not only to adopt new technologies but to be at the forefront of their development and practical application. In recent years, we have consistently invested in research and development, consolidating our offerings and expanding our portfolio of solutions, from machine learning to generative AI, and integrating artificial intelligence with the physical world through IoT, robotics, and spatial computing. We have now implemented these technologies in hundreds of projects, supporting leading companies in improving productivity, efficiency, and customer experience.

All our companies have developed one or more offerings related to artificial intelligence, and as a Group, we are now among the few capable of bringing a complete portfolio of expertise, solutions, and platforms in the AI field to market. For us, every client is a partner with whom we collaborate to co-create innovative solutions that address specific challenges. This approach allows us to go beyond the simple provision of services; we become an extension of their teams, working together to achieve ambitious results.

The advent of artificial intelligence has not only enabled the innovation of products and services but has fundamentally changed the perception of technology within companies, shifting it from being a support tool to an increasingly central element in defining business strategies. For this reason, our approach with clients is becoming increasingly holistic and aimed at creating digital ecosystems where automation, cloud computing, and cybersecurity seamlessly integrate into tangible value.

In this scenario, one of the most disruptive aspects of AI is its entry into the physical world. Reply's positioning in IoT and connected products, combined with advanced AI capabilities, is a distinctive value that we intend to continue developing. The new generation of software is indeed pervasive on "machines": autonomous vehicles, as well as intelligent objects capable of flying, moving on wheels or robotic legs, and interacting with their surrounding space. In our laboratories, some examples can be seen, co-design can take place, and work can be done on the integration of the physical and digital worlds using next-generation visors and advanced technologies in spatial computing and digital twins.

In 2024, our commitment to a sustainable future was further strengthened with initiatives aimed at integrating sustainability aspects into our operational activities and business models. Innovation and responsibility have long guided all our strategic choices. We believe that digital ethics should be a central element of technological evolution, ensuring the creation of value sustainably for society and the market.

Consistent with our development of AI-based solutions, in 2024, the Reply AI Ethics Committee solidified its role within the Group, developing policies, guidelines, and practical tools to ensure that the significant value and potential associated with AI are used transparently, fairly, and reliably. Attention to environmental, social, and governance aspects contributes to our competitiveness and should increasingly guide our operational choices in a synergy where sustainability and innovation are ever more connected. What has been achieved so far makes Reply a company capable of growing consciously, but our commitment to sustainability is an ongoing evolution. Looking ahead, we will continue to invest in innovative technologies, sustainable business models, and initiatives with a positive impact, aiming to generate shared value for all our stakeholders.

In this regard, the entry into force of the European Corporate Sustainability Reporting Directive (CSRD) has marked an important step forward in corporate transparency and accountability. Reply has adopted this new standard with the aim of continuously improving its capabilities in measuring and reporting the impact of its activities. This transition also represents a transformative effort and a confirmation of our commitment to making sustainability a strategic lever for competitiveness. Starting from the new double materiality analysis, we will work to enhance the aspects that are most significant to us.

Finally, Reply is a company with a very high technological content, but our heart is and will always be the people who are part of it. The focus on those who have chosen to join Reply remains a central element of our daily commitment: we believe that a company's growth is closely linked to the growth of its people. We aim to create a work environment that values individual capabilities and promotes a fair and inclusive corporate climate. Since the foundation of Reply, collaboration with universities has been a fundamental element of our success. Our primary interest focuses on scientific faculties, with which we have also launched master's programmes in AI and Digital Finance over the years. Each year, we launch contests that involve the most promising students from prestigious universities in Germany, France, the UK, and Italy. These initiatives not only stimulate creativity and innovation but also allow us to discover and attract emerging talent.

Looking to the future, we are aware that the transformation we are experiencing is just beginning. Artificial intelligence will continue to redefine our sector and the global economy. The challenge is great, but so is the opportunity: we must not only be users of these technologies but also architects of their development, which must be responsible, driving change rather than merely undergoing it.

For this reason, we will continue to invest in innovation, strengthen our capabilities, and build solutions that create value for our clients, our stakeholders, and society as a whole. Our ability to excel and anticipate market evolutions will be the key to our future success.

Thank you for the trust you continue to place in Reply.

Mario Rizzante


REPLY

Reply specialises in designing and implementing solutions based on new communication channels and digital media.

With a strong international presence, Reply stands out for its ability to guide companies through the digital transformation process, leveraging the technological paradigms of Artificial Intelligence (AI), Cloud Computing, Digital Media, and the Internet of Things (IoT).

Reply is characterised by:
- a corporate **culture** focused on technological innovation;
- a flexible **structure** capable of anticipating market evolutions and interpreting new technological drivers;
- a proven successful delivery **methodology** with scalability;
- a **network** of specialised companies by area of expertise;
- a **team** composed of specialists from top universities;
- highly experienced **management**;
- continuous **investment** in research and development;
- a network of long-term relationships with its clients.

The organisational model

With over 15,667 employees (as of 31 December 2024), Reply operates with a network structure made up of companies specialised in 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 in-depth market knowledge and the specific industrial contexts of implementation.

Applications
Reply designs and develops application solutions aimed at addressing the needs of the core business across various industrial sectors.

Technologies
Reply optimises the use of innovative technologies, creating solutions that ensure maximum efficiency and operational flexibility for clients.

Reply's services

In every project, Reply integrates strategy, creativity, and consulting synergistically to create innovative solutions that meet the challenges of every sector and contribute to collective progress.

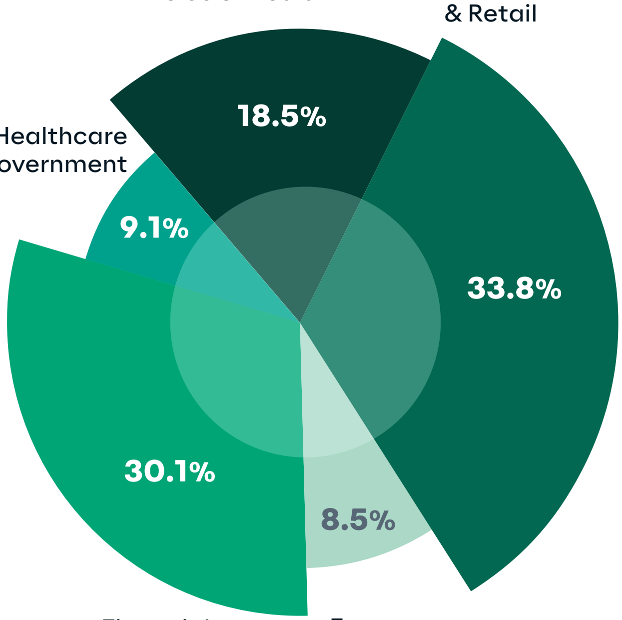
Reply's services include:
- Strategic, communication, design, process, and technological **consulting**;
- **System Integration** to make the most of technology's potential, combining business consulting with innovative, high-value-added technological solutions;
- Innovative **Digital Services** based on new communication channels and digital trends

Reply

HANDS-ON INNOVATION

INDUSTRY FOCUS

Combining the strength of a network of highly specialised companies with a solid culture of innovation, Reply guides its clients through technological evolution, offering integrated and competitive solutions that ensure sustainable long-term growth.



Automotive

Reply is supporting the transformation of the automotive sector through the integration of artificial intelligence across all phases of the value chain. Today's optimisation of production and logistics processes leverages advanced algorithms to manage procurement, plan production, and automate quality control. AI has been the driver for innovation in proprietary platforms widely used in the sector, such as LEA Reply in logistics and Brick Reply for production execution systems, and it has also been applied to sales and after-sales services, helping to reduce operational costs, increase efficiency, and improve sustainability.

In engineering, AI is contributing to innovating the product lifecycle. Thanks to AI, electric vehicles are equipped with systems that optimise battery usage, enhance onboard comfort, and ensure higher levels of safety through advanced sensors and predictive analysis. Additionally, innovative projects in Vehicle-to-Everything (V2X) and Software-Defined Vehicles are enabling the transformation of vehicles into dynamic platforms capable of adapting to external conditions and offering increasingly advanced functionalities to the driver.

Reply has introduced AI-based autonomous agents on board vehicles, capable of real-time monitoring of vehicle behaviour and assisting drivers in increasingly complex tasks, enhancing safety and efficiency during driving. The design and implementation of AI-based interfaces demonstrate their ability to improve the interaction between drivers and vehicles significantly, enhancing user experience through intelligent voice assistants based on generative conversational systems. These tools allow for fluid and personalised interactions, supporting drivers with contextual suggestions, vehicle personalisation management, and proactive notifications.

After contributing over the last three years to the development of numerous AI-enhanced configurators in the pre-sale and sale of vehicles, Reply is now investing in innovating maintenance and after-sales processes, using computer vision and AI for the automatic analysis of videos and images of vehicles, improving the accuracy and speed of inspections. The adoption of predictive maintenance systems enables the identification of potential failures by analysing the vehicle's usage patterns, preventing unexpected downtimes and ensuring a more reliable experience for customers, especially in industrial and fleet management contexts.

Energy & Utilities

Reply collaborates with leading European players in the Energy & Utilities sector in evolving their operational models and enterprise architectures with the aim of accelerating their alignment with the energy transition and carbon neutrality. Artificial intelligence and machine learning are applied in energy trading processes, field operations, smart grid management, demand optimisation, monitoring and control systems, and compliance.

The accelerators developed by Reply allow sector operators to strengthen the resilience of infrastructure and ensure more secure and reliable energy management. The Reply teams design and implement solutions in line with the highest standards of safety and resilience, supporting the entire value chain of the sector: optimisation of renewable energy production, asset management with monitoring and robotic inspection systems, flexibility of grid dispatching, management of distributed energy resources and demand, and electric vehicle charging, enabling companies to adapt to market challenges dynamically.

The capacity of AI to evolve processes in the Energy & Utilities sector also extends to the management of renewable energy plants and grids, where IoT sensors and predictive analysis optimise energy distribution, minimising overloads and improving grid stability. At the same time, advanced automation solutions, such as AI-equipped robots and drones, simplify maintenance operations and reduce the risks of malfunction. The integration of these technologies not only makes the entire energy ecosystem more efficient but also contributes to meeting sustainability goals, enabling more mindful resource management and a reduced environmental impact.

Financial Institutions

In 2024, Reply distinguished itself for its specialist skills in strategic, regulatory, and functional support for large financial institutions. With extensive experience in designing and implementing advanced AI and cloud computing-based solutions, Reply has collaborated with banks, insurance companies, asset managers, and consumer credit operators to innovate products, services, and internal processes, improving productivity and operational effectiveness. At the heart of the 2024 activity was the integration of AI into business processes to meet the growing need for automation, efficiency improvement, and decision optimisation.

In particular, Reply has provided clients with AI-based solutions aimed at enhancing financial institutions' ability to extract value from large volumes of data and information from commercial networks. AI has also enabled more precise management of reports received from customers and relationship managers, thanks to their accurate categorisation and identification of recurring trends, contributing to improving the quality and timeliness of responses and transforming them into strategic insights for business development. The introduction of Generative AI has also improved customer onboarding and business development processes.

The adoption of AI has had a significant impact in the fields of compliance, cybersecurity, and risk management. Financial institutions have used Reply's solutions to automate complex reporting processes and consolidate large-scale data, improving liquidity and capital risk management. These advancements have reduced manual activities, enhancing the accuracy and timeliness of analyses required by regulatory bodies. AI has also been employed to make customer communications in wealth management more effective while ensuring compliance with regulations. In the insurance sector, AI is significantly improving processes such as claims management and underwriting, analysing complex data with greater speed and precision.

The application of AI-driven technologies has also extended to infrastructure management and the automation of IT operations. The adoption of multi-agent architectures has enabled more efficient oversight and reduced operational costs while optimising the resilience and scalability of critical systems. Reply has also played a crucial role in supporting clients in their large transformation projects, addressing complex challenges such as modernising banking legacy systems and migrating critical applications to the cloud. These projects, often central to the long-term competitiveness of financial institutions, have been managed with a distinctive approach that combines technological innovation and deep industry knowledge.

Government & Healthcare

Reply collaborates with public and healthcare institutions, as well as pharmaceutical firms, to optimise procedures, improve services offered to citizens, and leverage technological innovation to make public administration more efficient and resilient.
In particular, the integration of multi-platform cloud solutions and advanced automation enhances the accessibility and responsiveness of public information systems, accelerating

decision-making and operational processes. A significant example is the support for managing the European Directive on Falsified Medicines, implemented through one of the largest cloud-based solutions in Europe.

In the public administration sector, Reply uses AI-based tools to modernise legacy systems, facilitating migration to modern languages through the automation of code and documentation generation. Reply also develops vertical solutions to improve welfare systems and citizen services, optimising data management and facilitating access to information. Special attention is given to security and interoperability, ensuring that innovations are introduced responsibly, with high standards of privacy and data protection.

In healthcare, Reply simplifies the management of complex information, such as treatment protocols and national and regional regulations. Thanks to machine learning tools, it is also possible to analyse regulatory documents to identify necessary changes and actions, ensuring compliance with continually evolving regulations. All responsible innovations introduced by Reply enable modern architectures based on intelligent agents for more effective and secure healthcare assistance. The solutions aim to improve the planning and delivery of services, with a direct impact on patient outcomes.

Artificial intelligence also plays a key role in processing large amounts of biomedical data and radiomics, improving early diagnosis, therapy personalisation, and continuous patient monitoring. In this context, the X-RAIS Reply platform supports doctors in analysing X-rays, ultrasounds, and CT scans, facilitating the identification of anomalies and optimising the interpretation of diagnostic images. Furthermore, thanks to AI-enhanced intuitive dashboards, healthcare operators can quickly access critical information extracted from medical records, supporting rapid and informed decision-making. This approach not only optimises diagnostic procedures but also ensures a high level of reliability, keeping the physician at the centre of the decision-making process.

Logistics

In the logistics sector, artificial intelligence is transforming processes and operations through advanced solutions that enhance the efficiency of supply chains, logistics sites, and transport. In this context of evolution, Reply supports both traditional logistics operators and supply chain activities in other sectors. In warehouses, sophisticated algorithms optimise picking, inventory management, and resource allocation, while in sorting centres, computer vision technologies enable the detection of anomalies in package distribution. Additionally, AI models have also been successfully employed to analyse demand and container allocation, allowing for more accurate capacity planning. These applications translate into increased precision in operations and more efficient use of resources, supported by forecasts based on historical data and specialised skills.

In the context of maintenance, Reply collaborates with leading logistics operators to develop AI-based solutions that not only facilitate predictive maintenance of sorting equipment and commercial vehicles but also allow for more effective planning of

delivery vehicle routes, minimising times and costs and strengthening companies' ability to respond swiftly to potential supply chain disruptions. However, the application of AI is not limited to operational efficiency: by analysing large volumes of logistics data, companies can gain valuable strategic insights, while real-time tracking systems and advanced conversational platforms enhance user experience and transparency throughout the entire supply chain.

In 2024, Reply continued the development of LEA Reply, the modular platform at the centre of its logistics offering. Thanks to the integration of AI and computer vision, LEA Reply provides increasingly comprehensive visibility of goods flows along the supply chain and, through proactive management of logistics processes enabled by the analysis of insights, allows for performance optimisation with positive effects both on business results and the environmental impact of operations. The platform also integrates autonomous systems, such as robots and drones, to improve efficiency in highly automated environments and expand operational coverage. Recognised by numerous market analysts as one of the global leaders in logistics and WMS, the solution now supports significant e-commerce platforms and the omnichannel capabilities of clients in sectors such as automotive, fashion, retail, and food & beverage.

> The LEA Reply solution has been recognised as "Visionary" in the "Gartner Magic Quadrant for Warehouse Management Systems 2024" report

Manufacturing

The adoption of artificial intelligence in the manufacturing sector is enabling new modes of data analysis, optimisation of industrial processes, and innovation in manufacturing supply chains. In 2024, Reply consolidated its role as a strategic partner for significant industrial groups, introducing AI throughout the production cycle, from optimising planning and scheduling to supply chain management and production control with intelligent anomaly detection. These solutions aim to optimise resources and increase productivity, transforming factories into interconnected and dynamic ecosystems capable of continuous learning and improvement.

The integration of automation, advanced sensing, and cloud-native platforms allows manufacturing companies to make more informed and timely decisions. Reply supports this transition by offering modular and customised solutions in ERP, MOM, and MES, leveraging the capabilities of proprietary platforms such as Brick Reply, LEA Reply, and Axulus Reply, which facilitate the optimisation of operations and the management of the industrial production lifecycle. Reply's platforms, enhanced by AI, can respond to questions posed in natural language and generate real-time analyses, providing a solid foundation for strategic decisions in the most critical areas.

In the context of the supply chain, artificial intelligence increasingly enables the analysis and optimisation of material flows, improving planning and reducing inefficiencies. The adoption of AI also significantly impacts sustainability, helping to reduce energy consumption and optimise material use: algorithms capable of adapting to unexpected variations in demand or material availability allow for keeping production plans aligned with business objectives, reconciling productivity and sustainability.

The flexible and modular architectures developed by Reply stand out for their ability to integrate edge computing and computer vision in factories, innovating automated quality control and overcoming the limitations of manual inspection. Product defects and anomalies in production processes are detected and classified with extreme precision, ensuring high production standards. Predictive maintenance is also used in post-sales services, and it leverages AI-based models on real-time data to monitor plant performance, prevent failures, and minimise downtime.

Retail & Luxury

From the design and implementation of omnichannel solutions for physical and digital sales to the optimisation of logistics networks, Reply is working with major players in the sector to improve productivity and make processes more scalable and efficient. A central role is played by AI and multi-agent architectures, which are enabling innovation in areas such as inventory management, price optimisation, and customer engagement.

Conversational commerce systems and digital assistants based on autonomous agents employed in customer care and sales recommendation are changing the way brands interact with consumers. Highly personalised multichannel campaigns are making it possible to reach diverse targets, while the automation of complex processes allows brands to focus resources on high-value strategic activities. Additionally, Generative AI is now being successfully used to create innovative content for marketing and communication, with significant results also in the luxury sector. At the same time, the use of 3D enables new service and distribution models with use cases such as make-to-order.

In physical retail stores, Reply is introducing experiences such as virtual try-ons that improve operational efficiency and the shopping experience: projects realised in 2024 aim to transform stores into dynamic and integrated environments, where the boundary between physical and digital dissolves to offer a unique and engaging experience, strengthening brand positioning and the ability to innovate and anticipate consumer expectations. In logistics and operations management, the predictive analysis of historical data and AI-driven automation of complex processes, such as shipping planning and load optimisation, are improving retailers' ability to respond to demand fluctuations and logistical constraints.

Telco & Media

Reply is alongside leading European telecommunications companies in their transition towards sustainable and profitable business models: a process that begins with the redefinition of application architectures from an AI perspective to enable new technologies and innovative services. In 2024, Reply also consolidated its position in infrastructure areas, offering specialist skills in Network Engineering, Operations, Testing, and Validation to support the management and evolution of networks.

The adoption of AI also fosters the development of new services and the enhancement of key assets, such as networks and connectivity. The composable and OTT-like approach to Business Support Systems (BSS) aims to create flexible solutions, leveraging previous investments in legacy systems. Multi-agent architectures integrate automated tasks and workflows, enabling companies to respond with more agility to customer needs. Customer services are becoming increasingly conversational thanks to the use of large language models, which enable fluid and personalised interactions, improving user experience and operational efficiency.

In the media sector, leveraging its assets, such as the Discovery Reply asset management platform, and utilising advanced AI skills, Reply has supported the valorisation of multimedia assets and the creation of cutting-edge network operations centres and studios. The specialised companies and agencies of the Group have accompanied publishers in producing innovative content, particularly in social media, optimising editorial processes such as copywriting, audio generation, and video production. This integration accelerates production and allows publishers to offer hyper-personalised content based on user preferences and real-time data analysis.

AI-DRIVEN INNOVATION

A protagonist of the era of artificial intelligence, Reply applies its expertise in consulting and technology to guide clients in adopting effective AI solutions and evolving their business models.

Knowledge Management

Generative AI is changing how companies approach knowledge management by organising, analysing, and leveraging their information, both structured and unstructured. Reply is at the forefront of this transformation, developing innovative solutions that harness the potential of AI to create more efficient and effective knowledge ecosystems.

The use of increasingly vertical large language models, specialised for different industries, is progressively expanding, allowing the development of conversational systems that enable companies to extract, re-aggregate, and redistribute knowledge in a conversational format. Reply supports companies in using these models at the enterprise level, customising them, and extending their knowledge on specific specialist topics for each sector.
Through the use of vector databases and RAG (Retrieval-Augmented Generation) systems, data is not only stored but transformed into structured and easily accessible knowledge, allowing for a rapid conceptual representation of specific knowledge areas relevant to the business context. Reply is also focusing on developing accelerators capable of recognising relationships between concepts without the need for specific training on each connection, making interaction with knowledge bases more intuitive and effective. Companies can thus improve the management of their information securely, facilitating the search and use of business information, potentially integrated and enriched with external data sources.

The evolution of knowledge management is leading companies to digitise entire processes, shifting the focus from automating simple activities to the comprehensive management of complex workflows. With the increasingly widespread adoption of “copilots” and advanced AI agents among knowledge workers, Reply has assisted clients across various sectors and organisational divisions in creating new application architectures where traditional operational functions and workflows are integrated with activities performed by AI agents trained on business knowledge and specialised for specific use cases. In finance, for example, AI agents are used to automate the management of commercial documents, ensure regulatory compliance, and synthesise complex financial reports into essential insights. In procurement, agents can systematise information and data related to suppliers and their offers, aided by multimodal models that can interpret information contained in images and complex documents. In customer service, the vast availability of incoming data now allows AI agents to “grow” and specialise, improving the quality of responses given autonomously and reducing the resolution times for requests while supporting operators in delving into more complex cases.

However, Reply’s experience shows the importance of designing and incentivising the widespread adoption of these tools with advanced change management strategies so that they have significant impacts on productivity and work quality. To this end, Reply has collaborated with Microsoft to create an immersive experience that, through gamification techniques, allows users to understand the transformative potential offered by the integration of AI tools into everyday business processes.

Software Development

The introduction of AI is innovating every phase of the software development lifecycle, both within Reply’s internal development factories and those shared with clients. From requirements gathering to specifications creation, through coding to software release activities, AI has enabled the automation of repetitive tasks, improving the efficiency and quality of solutions.

The adoption of autonomous agents capable of collaborating with each other has allowed for innovation not only in requirements management, enhancing needs analysis and structuring user stories but also in the testing and quality assurance phases of software. Thanks to its expertise in quality engineering, Reply has defined a suite of specialised agents that ensure continuous and proactive code review: predictive bug analysis allows for timely interventions that reduce costs and correction times, while automation in test case generation and script optimisation enhances the efficiency of testing processes. The management of release cycles and code integrity control has also been significantly optimised, opening new opportunities not only to accelerate development but also to ensure more robust and secure code.

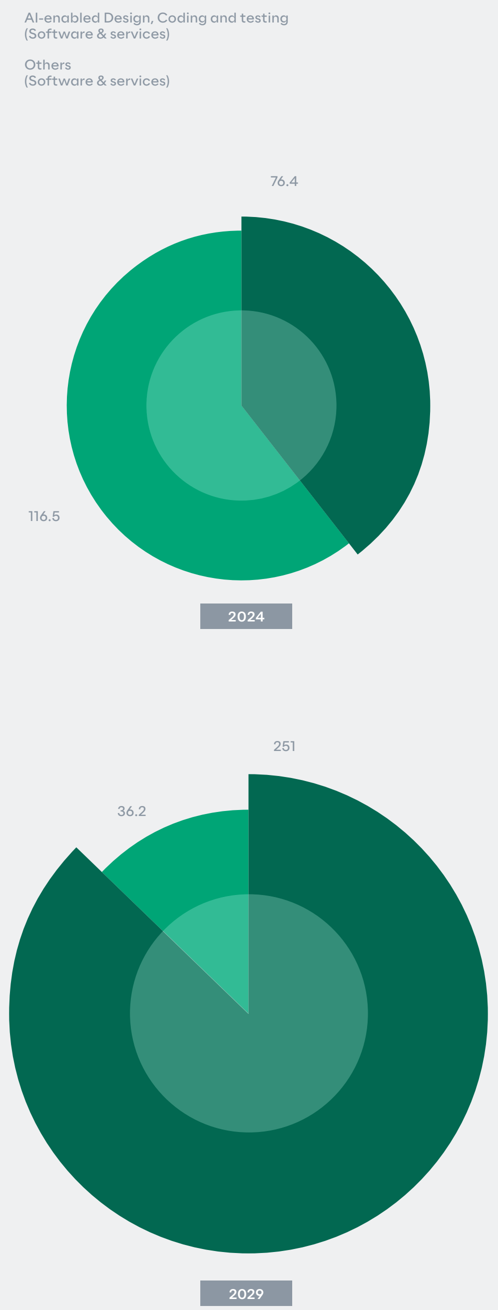
The paradigm shift introduced by AI is thus having a significant impact on the operational efficiency of software engineering departments. Autonomous agents, powered by increasingly advanced and multimodal large language models, will be able to operate more independently, with Reply experts involved in analysing any critical issues. With the introduction of advanced guardrails and performance optimisation tools, Reply is further improving the overall quality of projects, ensuring increasingly reliable and efficient solutions.

Already today, AI allows for a radical rethink of the approach to application creation, bringing conversational interaction into transactional contexts. The extensive use of AI by development teams has also paved the way for new use cases, particularly in modernising legacy systems. With the adoption of AI-based solutions, Reply supports its clients across various industries in transitioning critical systems to more modern architectures while maintaining operational continuity and extracting value from obsolete infrastructures.

Customer Interaction

Thanks to conversational systems and multi-agent architectures, the way companies communicate, assist, and engage with their customers is evolving: it is now possible to manage complex requests and provide responses more quickly and accurately. Throughout 2024, Reply has developed conversational systems and agents that not only solve recurring problems but can also suggest personalised products and services, offering natural interactions that understand and contextualise human language. These systems, potentially active 24 hours a day, ensure continuous customer support, improving satisfaction and increasing business efficiency.

Evolution of the AI-Powered Software Development Market (billion Euros)



Source: Reply forecast, based on PAC data for 12 countries (Italy, Germany, United Kingdom, USA, France, China, India, Brazil, Belgium, Netherlands, Poland, Romania)

By analysing large volumes of data on user behaviours and preferences, Reply has designed AI-based systems capable of anticipating needs, suggesting targeted products or services and constructing bespoke messages for each customer/prospect, thereby increasing conversion probabilities. The integration of these solutions in conversational commerce contexts is making it possible to create hyper-personalised marketing campaigns that offer tailored experiences, enhance cross-selling opportunities, and improve brand perception.

A strong area of expertise for Reply is the development of digital humans, which use artificial intelligence to present concepts, solutions, and offerings clearly. These digital figures, customisable for different languages and markets, offer increasingly natural and engaging dialogues thanks to advancements in hyper-realistic design and linguistic generation systems. An area where Reply has focused its attention in 2024 has been the integration of affective computing models to enrich digital humans with emotional reasoning capability, or the ability to autonomously decide—not through pre-programmed rules—when to simulate emotions, smile or show empathy. Thanks to these models, real-time 3D technologies, and advanced graphic hyperrealism, Reply's digital humans can faithfully reproduce facial expressions, emotions, and body movements, adjusting their emotional reactions based on context and the memory of the interaction, offering an empathetic and engaging experience.

> Reply presented the Futura digital human developed for the Costa Crociere Group within the Inception Startups Innovation Zone of NVIDIA at Siggraph 2024.

In the realm of content production, Reply has further consolidated its competencies in the use of AI-based tools to generate images, videos, and sounds, giving rise to its own AI-based production studio. As technology evolves, Reply's clients will be able to produce increasingly larger volumes of high-quality content, simplifying the creation of complex outputs such as videos or films and enabling the production of highly customised materials for specific audience segments. The growing specialisation of creative agents will open new opportunities for companies, enhancing the productive capacity and efficiency of marketing, communication, sales, and post-sales teams.

Robotics

AI is changing the physical world through the creation of intelligent and autonomous systems capable of interacting with their surrounding environment. This progress is particularly evident in robotics, where advanced algorithms allow robots to adapt to dynamic and complex contexts. The adoption of increasingly sophisticated models opens new possibilities in various sectors, such as autonomous mobility and industrial automation, providing innovative solutions to enhance efficiency and safety. Application areas are, for instance, the autonomous inspection of industrial plants and reconnaissance missions, activities that traditionally require significant resource investment and pose risks to operators.

> Thanks to its solution for the remote control of mobile robots via VR glasses, Roboverse Reply won the Advanced Industrial Robotic Applications (AIRA) Challenge 2024

Reply is developing spatial computing solutions to enhance the precision of autonomous mobile robots in industrial contexts. The use of immersive devices allows operators to intuitively interact with robots, managing their movements and leveraging advanced functionalities such as hand tracking or controllers for precise manipulation of robotic arms. Furthermore, essential information for operational decision-making, such as monitoring data and detailed maps of facilities, is accessible remotely in real-time thanks to a cloud infrastructure, ensuring the seamless integration of this data into industrial systems.

The introduction of AI-enhanced robots not only increases the safety and reliability of production processes but also makes companies more resilient to unforeseen events. In manufacturing, collaborative robots (cobots) support production activities by optimising processes and reducing errors, while autonomous mobile robots (AMRs) improve logistics by making quick decisions based on environmental conditions. These advancements contribute to reducing the risk of accidents and enhancing workplace safety, making operations more efficient.

The combination of increased cognitive and multimodal capabilities of robots and the simplification of direct and remote management interfaces now allows operators to monitor and manage robots more easily, without the need for intensive training. However, the large-scale adoption of these technologies poses new challenges related to data availability and quality, an aspect in which Reply is investing with mixed teams of AI experts and industry specialists.

An outlook into 2025

In 2025, Reply will continue to prioritise technological innovation through international working groups and multidisciplinary competence centres, with a focus on emerging technologies and their business applications. This commitment to experimentation and development aims to accelerate the time-to-market for Reply's clients, offering solutions driven by the latest advancements in artificial intelligence.

An important element in the landscape of emerging technologies is the evolution of large language models into large multimodal models. These advanced systems are now capable of understanding and generating content in various formats, including text, images, audio, video, 3D, and more. Real-time dialogue interfaces leverage advanced voice modalities with real-time audio analysis and live video. In the medium term, vendors will overcome the current limitations of dialogue interfaces, allowing these solutions to evolve into complete conversational experiences capable of distinguishing and interacting with multiple users speaking simultaneously.

Reply is further exploring AI-driven content creation, a field witnessing significant advancements in generative media. New AI-based video models and refined text-to-image techniques significantly reduce production costs while maintaining or even enhancing quality outcomes. In 2025, Reply will continue to invest in initiatives to engage global communities of producers and creatives to showcase the creative potential of these tools. Teams will also work on full-body motion capture systems to experiment with cutting-edge 3D acquisition technologies based on Generative AI models and develop innovative pipelines for creating 3D assets, environments, and characters, adopting these technologies in real-world projects such as video games, VR applications, and digital human projects.

From an architectural perspective, multi-agent systems are offering new ways to leverage multiple models to solve broader tasks and overcome the limitations of a single model. The new AI models based on chain-of-thought reasoning demonstrate great cognitive capabilities and enable significant achievements in areas such as mathematical problem-solving.

In terms of embodied AI, digital humans and humanoid robots are showing significant progress. Reply is enhancing digital humans by equipping them with emotional intelligence (affective computing), advanced graphics, and proactive interaction capabilities. International working groups are also continuing to experiment with humanoid robotic hardware to implement new artificial intelligence algorithms, ranging from autonomous quadrupedal and bipedal robots for industrial tasks to robots focused on human-machine interaction.

Equally significant is the growth of simulation environments for generating synthetic data. By creating custom datasets in virtual environments, AI models can achieve high accuracy with minimal reliance on real data. This approach helps bridge the gap between laboratory conditions and real-world implementations, accelerating innovation with physical hardware such as robots through "sim-to-real" methodologies.

FOUNDATIONS

Founded on the pillars of digital innovation, Reply is progressively integrating artificial intelligence into every aspect of its services to design and implement new processes, products, and business models that generate tangible value for clients.

Cloud Computing

Cloud computing continues to represent a highly strategic area for Reply, which stands out internationally for enabling cloud-native operational models, multi-cloud solutions, and application platform modernisation services. Reply's expertise is recognised by leading global hyperscalers (AWS, Google, Microsoft, and Oracle) and extends to major enterprise platforms, including those from Adobe, Salesforce, and SAP.

Reply's established experience covers the entire cloud lifecycle, from architectural design to 24/7 operational management, with focus on cloud governance, security, financial and operational management, and data optimisation in multi-cloud and hybrid environments. Highly specialised teams also develop vertical solutions "as a Service" for sectors such as manufacturing, financial services, automotive, energy & utilities, and retail.

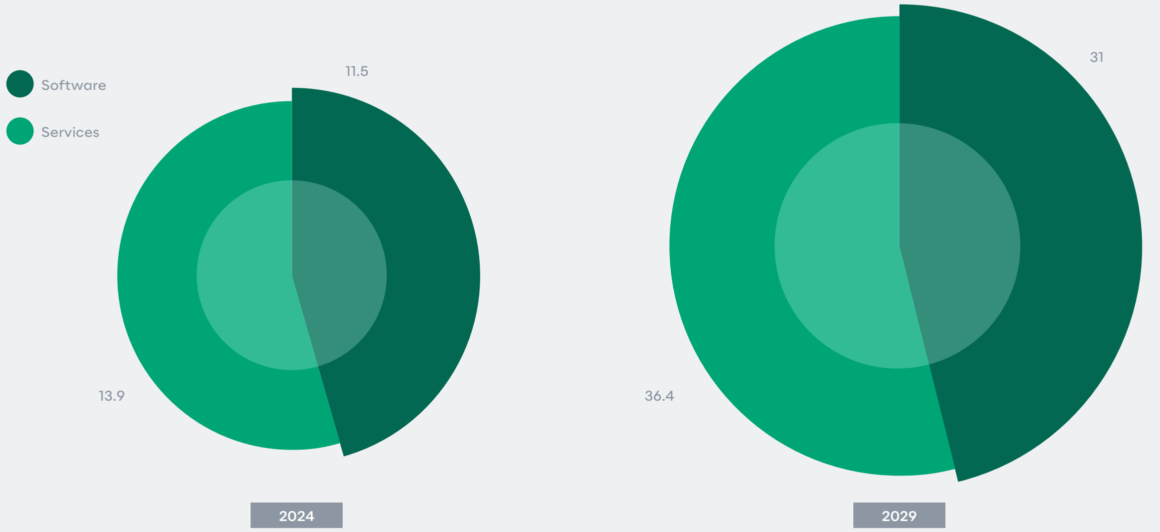
In 2024, the push for cloud adoption has increasingly been linked to the integration of artificial intelligence into business processes. Reply, with the evolution of its Cloud Centre of Excellence into an AI Centre of Excellence, is guiding companies in enabling AI Operating Models that combine governance, automation, and operational cloud management with the capabilities of generative artificial intelligence.

Simultaneously, AI-driven automation has helped Reply clients streamline cloud operations, improving the resilience and governance of their systems. Advanced tools can now detect anomalies, predict issues, and autonomously resolve criticalities, reducing downtime and ensuring optimal operational continuity.

Reply's solutions also support the automation of DevSecOps processes by identifying workflow errors and proposing immediate corrections, making adopting multi-cloud environments more effective.

Thanks to this synergy, client companies can manage complex infrastructures more efficiently, automating repetitive tasks and minimising risks while maintaining high security and reliability standards.

Evolution of the Cloud Management Market (billion Euros)



Source: Reply forecast, based on PAC data for 12 countries (Italy, Germany, United Kingdom, USA, France, China, India, Brazil, Belgium, Netherlands, Poland, Romania)

Hands-on innovation

Cybersecurity

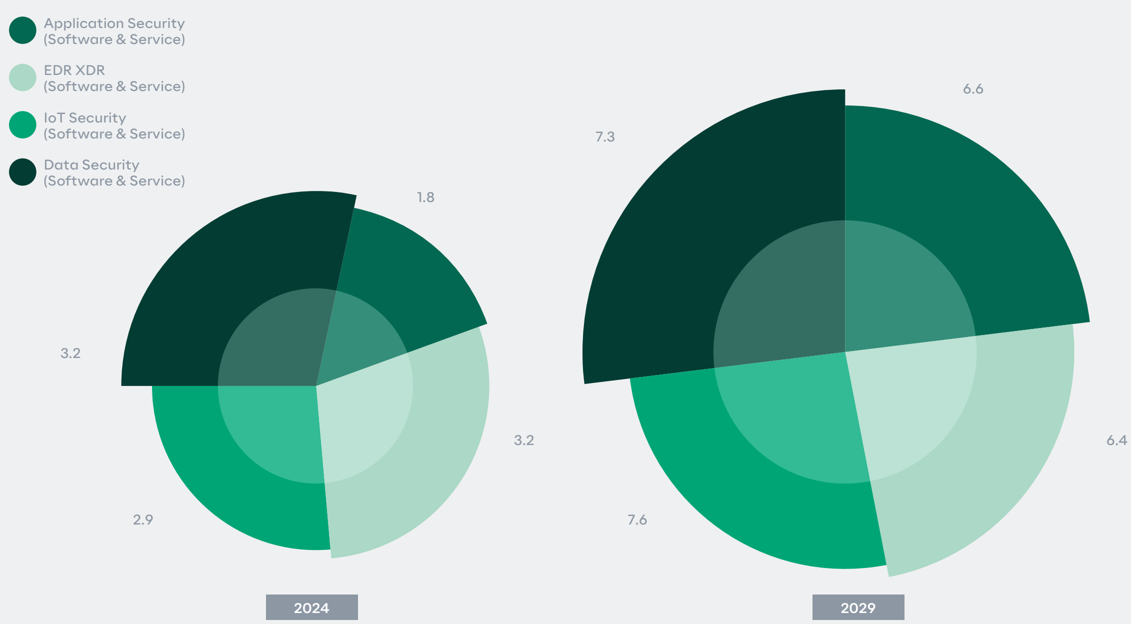
Reply stands out in the cybersecurity landscape for an approach that integrates technological innovation, cross-cutting regulatory expertise, and specialisations for specific industrial sectors. Cybersecurity experts work synergistically with risk management and compliance professionals to address the increasingly pressing challenges posed by regulations, such as the NIS-2 directive and the AI ACT, providing clients with strategic support to identify and manage the cyber risks they face and strengthen their digital infrastructures while ensuring adherence to increasingly stringent security and operational resilience standards.

Today, companies are facing a paradigm shift driven by the increasing adoption of artificial intelligence and automation solutions. On the one hand, technologies such as machine learning are enhancing the ability to detect and counteract threats; on the other, the rise in AI-based attacks and the rapid expansion of IoT are broadening the attack surface. In this context, the "security and compliance by design" approach is essential for integrating security from the design phase of systems.

Reply's offerings extend across all areas of cybersecurity, with particular attention to digital platforms, the industrial sector, and connected products. The introduction of AI-based tools enables quicker identification of vulnerabilities and the design of preventive solutions that can enhance overall resilience. This proactive approach reduces response times to attacks and translates into significant benefits for industrial and public infrastructures.

Central to Reply's solutions are pervasive security and DevSecOps methodologies, which promote the adoption of security measures from the design phase, minimising risks throughout the entire application lifecycle. Additionally, to address increasingly sophisticated threat scenarios, Reply promotes innovative testing techniques, such as AI Red Teaming, which simulates AI-based attacks and rigorously tests defence systems. Furthermore, Reply fosters the creation of multidisciplinary teams in collaboration with its clients to support the building of robust and adaptable cybersecurity defences tailored to the specific needs of businesses, with vertical specialisations according to the countries in which clients operate.

Evolution of the AI-Enhanced Cybersecurity Market (billion Euros)



Source: Reply forecast, based on PAC data for 12 countries (Italy, Germany, United Kingdom, USA, France, China, India, Brazil, Belgium, Netherlands, Poland, Romania)

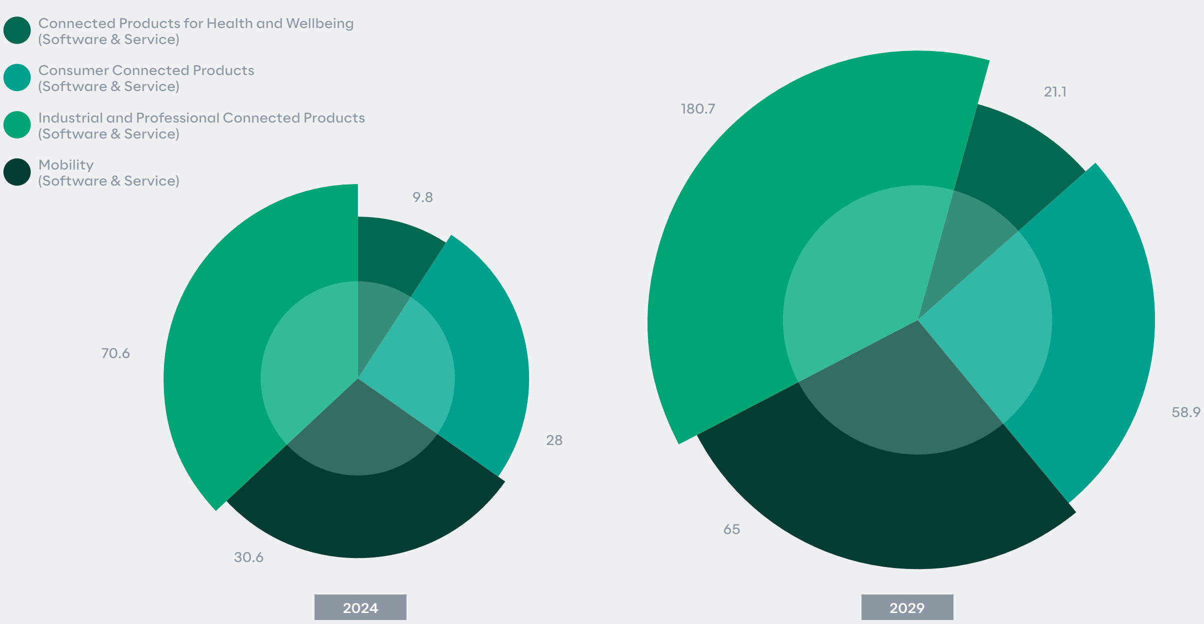
Connected Products & Solutions

Reply's offering in Connected Products & Services fits into a continuously evolving context, where the Internet of Things is radically changing how people interact with everyday products and services. Leveraging the growing interest in connected devices such as smart homes, wearables, intelligent vehicles, and connected health solutions, Reply has developed innovative solutions that use edge computing, AI, and cloud computing to enhance efficiency and user experience. These devices can collect and analyse large amounts of data, enabling companies to provide personalised, value-added services to their customers.

Reply's connected solutions not only improve usability but also provide tangible benefits in terms of quality of life, health, and safety. For instance, connected devices in the home, such as energy management systems and security devices, offer consumers the ability to monitor and optimise their resources in real time, increasing efficiency and reducing consumption and risks. In industrial sectors, Reply supports manufacturing and logistics companies in implementing predictive maintenance systems, improving production management and the handling of goods, reducing downtime, and optimising the entire value chain.

The trend of increasing adoption of connected technologies is also driving the

Evolution of the Connected Products & Solutions Market (billion Euros)



Source: Reply forecast, based on PAC data for 12 countries (Italy, Germany, United Kingdom, USA, France, China, India, Brazil, Belgium, Netherlands, Poland, Romania)

development of new business models that go beyond simple product sales. Reply collaborates with companies to create "servitisation" models, where industrial machinery and other connected devices are remotely managed throughout their useful life. This approach allows for the creation of new revenue streams for companies while improving the management of the products and services offered. Reply's solutions are characterised by the use of increasingly sophisticated interfaces that leverage natural language processing for intelligent voice interactions, thereby providing increasingly advanced experiences for both consumers and operators.

In the medium term, IoT and artificial intelligence integration promises to open new frontiers in automation and process optimisation. Reply is leveraging its established experience in the automotive, logistics, and insurance sectors to create advanced solutions, such as AI in-vehicle assistants and predictive maintenance for cars and industrial vehicles. Furthermore, the use of AI-powered visual inspection systems and smart warehouses is already optimising logistics activities and contributing to the digital transformation of numerous industries.

Customer & Digital Experience

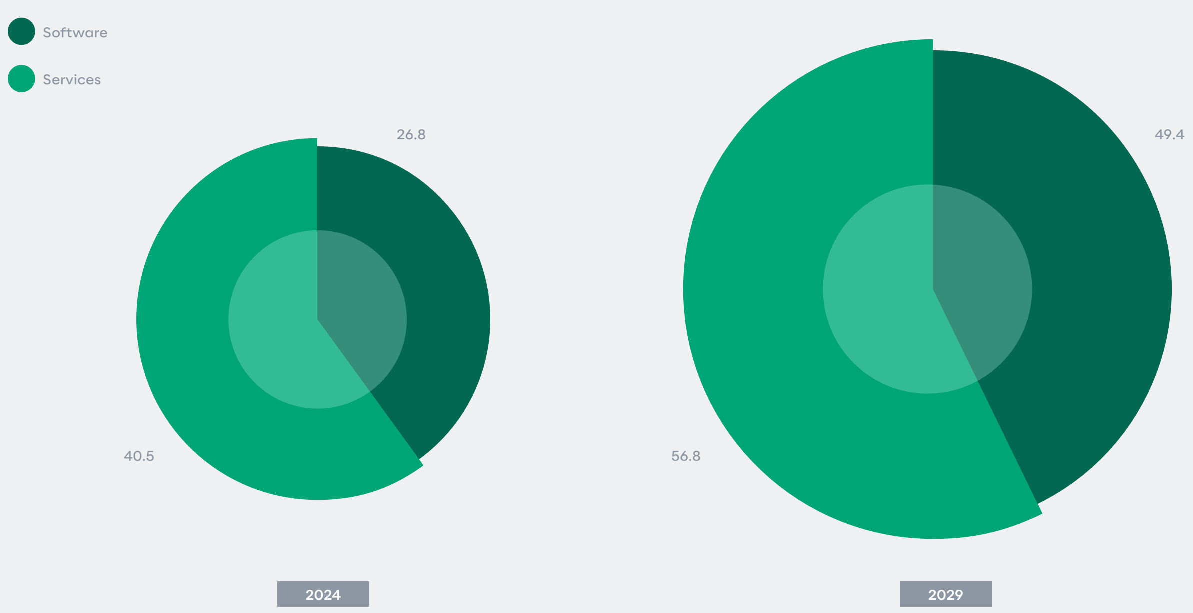
The landscape of digital experience is continuously evolving, influenced by rapid technological advancements and rising consumer expectations. In this context, Reply stands out as a strategic partner for companies, supporting them in adopting innovative solutions that create unique and personalised experiences, thanks to an extensive network that combines design, technological expertise, and process consulting. Reply assists client companies in adopting artificial intelligence, integrated platforms, and omnichannel strategies to redefine how they interact with their customers, increasing satisfaction and improving service quality.

Reply uses generative AI solutions to automate and optimise the creation of content for marketing campaigns, newsletters, and personalised messages. Additionally, in the realm of customer service, Reply integrates advanced conversational systems and digital humans that can provide quick and precise responses, reducing wait times and improving operational efficiency. With these tools, companies can not only resolve complex issues but also offer experiences that adapt in real-time to the individual needs of consumers.

Another fundamental aspect is hyper-personalisation, which is made possible by analysing data collected through CRM, DXP, and CDP solutions. Reply helps companies leverage these technologies to gain a comprehensive view of the customer and create tailored AI-driven experiences, ranging from personalised recommendations to the configuration of "premium" services. In retail, for example, companies can use artificial intelligence and geospatial analysis to propose targeted offers, turning every interaction into a unique engagement opportunity.

Reply is leading the transition to omnichannel systems that seamlessly combine digital and physical interactions. This approach allows consumers to choose products, configure services, and complete purchases and payments quickly and conversationally, combining the opportunities of physical stores with the advantages of online platforms. Such integration not only increases customer flexibility and satisfaction but also provides companies with a comprehensive view of the customer journey, which is essential for anticipating future needs and continually improving the experience offered.

Evolution of the Customer Experience Market (billion Euros)



Source: Reply forecast, based on PAC data for 12 countries (Italy, Germany, United Kingdom, USA, France, China, India, Brazil, Belgium, Netherlands, Poland, Romania)

Data

Reply has a solid track record as a partner for companies looking to maximise the value of their investments in data-driven technological solutions such as ERP, CRM, and CDP. A distinctive aspect of Reply's offering is its ability to combine data platforms, IoT, and cloud computing to create intelligent and scalable ecosystems. In key sectors such as automotive and manufacturing, where real-time data management is essential to ensure safety and efficiency, Reply proposes solutions capable of processing large volumes of data immediately and reliably.

By integrating artificial intelligence into data management processes, it is now possible to extract new business value through significant improvements in data quality. AI-powered systems handle data cleansing, harmonisation, and management automation, significantly reducing manual intervention. The rapid growth of the synthetic data offering adds further value, enabling advanced simulations while preserving the privacy of original data, which is particularly important in regulated areas such as finance, pharmaceuticals, and healthcare.

Furthermore, with AI, Reply teams are assisting client companies in leveraging traditionally overlooked or unstructured data sources, such as documents, audio, and video, opening new opportunities for growth and operational improvement. Reply's approach to data management integrates heterogeneous sources while respecting data privacy and compliance, allowing for the definition of new services and business models in both B2B and B2C contexts.

The adoption of AI for automated data governance is another area of market interest. Through intelligent systems, companies can monitor compliance with regulations in real time, ensuring that regulatory changes are implemented promptly. Additionally, AI helps to track the provenance and use of data throughout the value chain, a need particularly felt in financial institutions where transparency of data flows is essential for risk management and regulatory compliance.

REPLY ECOSYSTEM

REPLY PLATFORMS

Designed to fully leverage the opportunities of AI and emerging technologies, the proprietary solutions crafted by Reply are characterised by rapid time-to-market and extensive customisation flexibility, responding to the evolving dynamics of the industries in which they are employed.

Axulus Reply

Axulus Reply is the engineering platform for the industrial sector enriched with generative AI functionalities and a library of dedicated templates. Thanks to its AI models, including advanced computer vision technologies, the platform helps manufacturing and logistics companies tackle their most complex challenges, improving the efficiency and precision of production processes. Axulus Reply offers an ecosystem of ready-to-use frameworks and modular digital workflows, allowing for progressive and scalable adoption of innovative solutions within industrial operations. Through advanced simulation tools, companies can explore optimisation scenarios, evaluate the added value of digital solutions, and rapidly implement the technologies best suited to their specific needs.

Brick Reply

Brick Reply is the digital "as a Service" platform dedicated to industrial operations that combines architectural flexibility with the transformative potential of artificial intelligence. Its microservices architecture ensures end-to-end management of production activities and enables predictive, prescriptive, and generative functionalities. In 2024, Brick Reply introduced AI-based agents designed to act as virtual collaborators in operations. These agents analyse complex data in real time and interact with operators and systems to optimise planning, quality, and production, suggesting actions or making autonomous decisions in dynamic scenarios. With an open ecosystem integrable via standard APIs and enriched by ready-to-use vertical solutions, Brick Reply guides companies toward collaboration between intelligent agents and MOM platforms, ensuring adaptive and optimised operations.

China Beats Reply

China Beats Reply is an advanced marketing intelligence and social listening platform designed to provide deep insights into the Chinese market. By connecting directly to major local platforms (e-commerce, search engines, and social media), it allows access to strategic insights and emerging trends. Integrating real-time news sources, patent databases, and open data, the platform ensures a constantly updated overview, providing detailed information on consumer behaviours, purchase preferences, and market dynamics in key sectors such as automotive, fashion, and technology. Companies can thus leverage this data to optimise marketing strategies, improve product positioning, and anticipate future trends in a complex and dynamic market.

Discovery Reply

Discovery Reply is the platform that centralises and manages the entire lifecycle of digital content, including images, videos, audio, 3D models, and documents. Designed to support organisations in distributing content, it allows for a fluid, consistent, and highly personalised brand experience across various touchpoints. By integrating advanced AI technologies, Discovery Reply simplifies and optimises the process of producing, processing, and classifying content, enhancing the entire creative workflow in terms of operational efficiency. In 2024, the focus on AI, enabled the addition of new functionalities such as voice recognition, content analysis, and voice synthesis, allowing for translations, extraction of abstracts from videos, and the generation of podcasts in a fully automated manner.

KICODE Reply

KICODE Reply is a framework based on generative artificial intelligence that automates the entire software development lifecycle, from requirements gathering to deployment. It includes natural language commands, breaks them down into specific operations, and distributes them to specialised agents such as product owners, developers, and DevOps engineers. This innovative approach simplifies software projects by automatically generating user stories and aligning the development process accordingly. By using historical data and proven solutions, KICODE Reply ensures efficiency, quality, and speed, executing entire projects in minutes across different platforms and operating systems.

LEA Reply

LEA Reply is the platform designed by Reply to make supply chains efficient, agile, and connected. Composed of a suite of microservices that cover various processes of supply chain execution, including warehouse management, inventory, distribution, and delivery of goods, LEA Reply integrates robotics, machine learning, and IoT technologies. The new AI-supported applications are dedicated to ensuring visibility and advanced monitoring of performance in logistics flows, supporting e-commerce systems and managing drop shipping models. With the introduction in 2024 of GaliLEA, the Generative AI assistant based on a multi-agent architecture, it is possible to enhance decision-making capabilities across the entire supply chain. GaliLEA provides support on using software functionalities, analysing business metrics, and interpreting and responding to users requests in natural language. Additional improvements have been introduced in mixed reality to combine the physical world with real-time digital information to enhance operational processes and computer vision to enable accurate and rapid monitoring of logistics activities through automatic object recognition.

MLFRAME Reply

MLFRAME Reply is a framework designed for the management and analysis of heterogeneous knowledge bases, facilitating the development of advanced conversational models. A proprietary methodology that integrates data analysis, algorithm training, and result validation allows for the rapid creation of "human-like" interaction systems, such as digital assistants and digital humans. The new version, released in 2024, introduces an innovative approach to knowledge modelling, enhancing the ability of models to recognise relationships between concepts without the need for specific training. The use of graph models optimises the organisation and analysis of large volumes of data, automating information mapping and reducing manual interventions. With these new functionalities, MLFRAME Reply supports all phases of developing conversational systems, from creating the knowledge base to optimising algorithms, ensuring more efficient solutions adaptable to various industries.

Pulse Reply

Pulse Reply is a data-driven solution that combines data science and marketing intelligence in an interactive dashboard to monitor business performance. It offers intuitive tools for analysing key metrics, identifying trends, and optimising strategies. Through machine learning algorithms, it detects variations in KPIs and sends real-time notifications, providing insights into causes and their impact. In addition to anomaly reporting, it suggests targeted corrective actions, helping companies respond promptly to market changes and improve operational efficiency with a data-driven approach.

Sonar Reply

Sonar Reply is a trend research platform developed with the German Research Centre for Artificial Intelligence (DFKI). Designed with a search engine-like interface, it makes trend analysis accessible to data analysts, researchers, journalists, and marketers. Its database indexes over 70 million sources, including scientific publications, patents, blogs, articles, and news. Thanks to AI, it identifies emerging patterns, monitors trends, and provides data-driven forecasts. Companies can use it to anticipate market changes and develop strategies based on reliable information, turning data into concrete insights.

TamTamy Reply

TamTamy Reply, originally launched as an Enterprise Social Network platform to improve corporate communication, has evolved into a complete digital ecosystem that integrates knowledge management and content distribution, reaching a new level of innovation in 2024 with the introduction of advanced AI-based tools. Among the main innovations is a proprietary platform of intelligent agents that automates repetitive tasks, simplifies information management, and promotes the implementation of AI solutions in the corporate environment. The DXP module has been enhanced with an AI agent capable of generating dynamic mini-websites without technical expertise, facilitating internal communication, event management, and content sharing. The Learning Management System has also been enhanced with features that make corporate training more interactive and personalised through adaptive learning paths based on user needs.

Ticuro Reply

Ticuro Reply is a modular platform certified as a medical device (class IIa, CE) that supports remote care continuity and prevention according to the connected healthcare model for digital health. Delivered in a SaaS model, it uses IoMT (Internet of Medical Things) technology to connect to medical devices and wearable sensors, promoting ongoing collaboration between patients, caregivers, and healthcare professionals throughout the care pathway. In 2024, advanced functionalities were introduced for near-real-time processing of clinical documents and diagnostic support via specific algorithms. Integration with oncology departments has led to the implementation of dedicated tools for clinical collaboration, including video calls, chat, and document sharing, connected to departmental systems, genomic analysis tools, and international databases. Ticuro Reply enables rapid and remote access to patient information from various sources, ensuring a constantly updated and comprehensive view. It also provides automated tools for report generation and clear data visualisation, simplifying collaboration between doctors and optimising personalised therapeutic choices.

X-RAIS Reply

X-RAIS Reply is an AI solution designed to support radiological diagnosis processes through the application of deep learning. Specialising in a wide range of diagnostic methods and specific anatomical regions, it leverages advanced image recognition techniques to assist radiologists in identifying anomalies and pathologies, improving the accuracy and timeliness of diagnoses. In 2024, X-RAIS Reply continued to evolve with the refinement and testing of its algorithms for the advanced analysis of computed tomography, increasing accuracy and efficiency in processing medical images. An important new feature has been the platform extension to host and integrate third-party algorithms, thus providing a flexible and scalable environment that allows healthcare professionals to access various diagnostic tools within a single interface, improving collaboration among experts for more effective and personalised diagnoses.

REPLY LABS

In the various countries where Reply operates, the Reply Labs represent spaces for innovation and joint design between Reply specialists and client companies. The solutions designed and tested have a tangible potential to improve the operations and business of client companies, which can integrate cutting-edge solutions into their daily activities.

Area42

Area42 is a laboratory dedicated to exploring and experimenting with advanced technologies, including robotic solutions (quadrupeds, rovers, humanoids, drones), digital humans, and interactive humanoid robots. Reply experts conduct tests using synthetic data, “sim-to-real” applications, edge AI, and additive manufacturing. Within the Co-Design Workshops, clients, supported by Reply professionals, can explore the lab technologies and develop innovative prototypes to apply to real use cases. Emerging technologies are validated through concrete experiments, also thanks to collaboration with universities and research centres on innovative projects.

Cybersecurity Lab

The Cybersecurity Lab offers an advanced environment for evaluating and simulating security scenarios in areas such as cloud computing, secure software development, protection of applications and data, and network infrastructure. It provides companies with innovative solutions and tools to ensure the security and privacy of individuals, organisations, and processes. The area includes demo units for testing and simulating attacks, threat modelling, and hacking on hardware and software components. The Lab’s activities cover key sectors such as industrial security, IoT, automotive security, and smart building security, enabling clients to analyse and strengthen their cybersecurity strategies.

Immersive Experience Lab

The Immersive Experience Lab explores extended reality (XR) applications in business areas such as sales, marketing, design, production, maintenance, operations, and professional training, with a demo area dedicated to experimenting with innovative use cases. Immersive experiences allow for the creation of customised product presentations, such as virtual test drives for the automotive sector and new methods of training, assistance, and maintenance.

IOT Validation Lab

Reply's IoT Validation Lab is a centre for designing, integrating, validating, and implementing IoT solutions and connected products, with a focus on environmental sustainability and energy efficiency. With end-to-end expertise and cutting-edge instrumentation, Reply supports clients throughout the entire lifecycle of IoT solutions, providing consulting, connectivity testing, and device pre-certification. The Lab explores applications in key sectors such as automotive, telco, manufacturing, energy, appliances, and logistics, enabling the assessment of the sustainability of IoT infrastructures by analysing material degradation and the operational lifespan of components.

Test Automation Centre

The Lab ensures continuous monitoring of the quality of critical business products and services, leveraging a proprietary framework and advanced validation techniques based on AI. Clients can oversee the entire lifecycle of products and services, both during the development phase and after commercial launch, allowing for the anticipation of potential issues and timely corrective actions. The Lab helps prevent problems that could negatively impact end customers and reduce future maintenance and management costs. The integration of advanced quality assurance tools enhances the efficiency of fundamental processes, including test selection, data preparation, and maintenance, ensuring effective verification even in technically complex scenarios.

Area Phi

Active since 2024, Area Phi supports Reply's clients in translating technological innovation into concrete strategies for their sector. Among its main activities are: developing hyper-realistic digital humans by integrating conversational AI and generative AI; exploring immersive technologies such as extended reality, gamification, and AI to create engaging experiences, including digital escape rooms, immersive e-learning, and interactive games. In the field of edge computing, the lab develops solutions for manufacturing and renewable energy, enhancing efficiency through real-time analysis, predictive maintenance, and defect detection with AI.

ALLIANCES

Since its founding, Reply has built and strengthened solid collaborations with a broad ecosystem of innovative technology companies, with a particular focus on the strategic relationships with leading technology vendors. Today, Reply professionals boast the highest levels of certification and recognition with each of the strategic partners.

Adobe

Adobe and Reply collaborate in Europe and the USA to offer advanced solutions in marketing automation, digital asset management, and information management. Reply, recognised as an Adobe Platinum Partner, achieved six specialisations in Adobe Experience Manager and Adobe Commerce in 2024, developing solutions with Adobe GenStudio, Firefly Custom Models, and IO App Builder. Awarded as the "Digital Experience Emerging Partner of the Year 2024" for Central Europe and recognised by analysts such as Forrester, IDC, and PAC, Reply stands out in key areas such as the adoption of AI to optimise the content supply chain and provide clients with greater speed and efficiency in content production.

AWS

Reply is part of the select global group of AWS Premier Tier Service Partners. Over the years, it has developed solid expertise in migrating complex enterprise systems to AWS, now offering a wide range of services in cloud computing, including content processing & distribution, development and integration of custom enterprise applications, and end-to-end support with 24/7 maintenance and management. In 2024, Reply was among the first global partners to achieve Generative AI Competency in the consulting services category, thanks to its deep experience with AWS Bedrock, now widely adopted across various sectors. The company also boasts certified expertise in Data & Analytics, DevOps, Oracle, Migration, IoT, Industrial Software, SaaS, Machine Learning, Financial Services, Security, Retail, Energy, and Automotive, in addition to competencies related to the Managed Service Provider Program and the Well-Architected Program.

Google

Reply has strengthened its partnership with Google in Europe, the UK, and the USA,

developing collaborations with Google Cloud and Google Ads divisions. The application of new Google technologies in Generative AI, also thanks to participation in the exclusive Trusted Tester Program, has allowed Reply to be among the first system integrators globally to achieve Generative AI specialisation. During Google Cloud Next '24, Google recognised Reply as the Global Partner of the Year in the DevOps category. Reply has also confirmed its status as a Premier Partner and Managed Services Provider for Google Cloud. In the field of Google Ads, Reply has demonstrated its expertise by obtaining certifications in Search, Display, Video, Shopping, and App, showcasing its ability to implement effective digital marketing strategies.

Microsoft

Reply is a global partner of Microsoft and a leader in offering innovative solutions across the three clouds: Azure, Microsoft 365, and Dynamics 365. Operating in Europe, the UK, the USA, and Brazil, Reply leverages a network of companies that covers all seven Microsoft Solutions Partner Designations, alongside numerous sector specialisations. In 2024, Reply also received recognition as a Global Non-profit Partner of the Year and Partner of the Year in Italy, in addition to being selected for an exclusive acceleration program for large clients in EMEA. Today, Reply stands out in innovating Microsoft offerings due to its deep knowledge of Copilot and Azure OpenAI technologies with vertical experiences across various industries.

Oracle

Reply is recognised as an Oracle Cloud Service Provider, thanks to its excellence in managed services and implementations of solutions on Oracle Cloud Infrastructure. In 2024, Reply received the prestigious EMEA Cluster Award in Innovation Cloud/Technology for the South Europe region, confirming its ability to offer innovative solutions based on Oracle technologies, with particular attention to artificial intelligence and machine learning. Reply's capability to meet client needs has further solidified in Oracle solutions for Finance, Supply Chain, Planning, and Production, thanks to international projects on ERP Cloud and NetSuite, achieving notable results in manufacturing and healthcare sectors. In 2024, Reply also expanded its presence in the HCM and CX sectors, developing strategic projects based on solutions such as Oracle Xstore and CX Unity.

Salesforce

Reply is a certified consulting partner of Salesforce with experts in Europe and the USA and was awarded by Salesforce in 2024 with Partner Awards in Italy and Germany. Reply's expertise covers the entire Salesforce offering: sales, service and marketing, B2B and B2C commerce, integration with Mulesoft, analysis with Tableau, and collaboration with Slack. Reply is also involved with various Salesforce Industry Clouds and extensions such as Field Service, Account Engagement, Data Cloud, Einstein, and Agentforce. Reply is one of the few global specialists of Salesforce in the automotive sector and has implemented one of the first Financial Service Cloud solutions in Europe. Other highly specialised industries include manufacturing, energy & utilities, public sector, media, and retail & consumer goods.

SAP

Reply's expertise in SAP encompasses a wide range of SAP Cloud technologies, including SAP S/4HANA Cloud (RISE with SAP, GROW with SAP), Business Process Transformation (SAP Signavio), SAP Customer Experience, SAP Business Technology Platform, SAP Digital Supply Chain, SAP ARIBA, SAP Concur, and SAP Business AI. Reply has also established a close collaboration with SAP Co-Innovation Labs, positioning itself as one of the leaders in AI-based innovation in the SAP environment. In 2024, Reply affirmed its global status as one of the Top 25 SAP Partners for expertise and specialisations, reflecting its constant growth in terms of global reach and investments in SAP Cloud and SAP Business AI solutions. This recognition is confirmed by Reply's presence in the SAP Services Landscape by Forrester; Reply was also ranked in 2024 among the most competent SAP service providers and leaders in the PAC RADAR study "Leading Providers of SAP Services in Europe and Germany 2024."

REPLY ANNUAL FINANCIAL REPORT 2024

REPORT ON OPERATIONS

Main risks and uncertainties to which Reply S.p.A. and the Group are exposed

The Reply Group adopts specific procedures in managing risk factors that can have an influence on company results. Such procedures are a result of an enterprise management that has always aimed at maximizing value for its stakeholders putting into place all necessary measures to prevent risks related to the Group activities.
Reply S.p.A., as Parent Company, is exposed to the same risks and uncertainties as those to which the Group is exposed, and which are listed below.
The risk factors described in the paragraphs below must be jointly read with the other information disclosed in the Annual Report.

External risks

Risks associated with general economic conditions
The informatics consultancy market is strictly related to the economic trend of industrialized countries where the demand for highly innovative products is greater. An unfavourable economic trend at a national and/or international level or high inflation could reduce the growth of demand and consequently could have negative effects on the Group's activities and on the Group's economic, financial and earnings position.
It should also be noted that the new scenarios of international economic policy linked to the continuation of the conflict between Ukraine and Russia and the crisis between Israel and Palestine, create uncertainties and tensions particularly within the Eurozone. Although the relative evolutions and impacts are still uncertain and difficult to assess, the intensification of ongoing geopolitical tensions and trade war could have significant negative repercussions on the global, international and Italian economy, on the performance of the financial markets and on the energy sector.

Risks related to the evolution of ict-related services
The ICT consulting services sector in which the Group operates is characterised by rapid and profound technological changes and by a constant evolution of the mix of professional skills and expertise to be pooled in the provision of the services themselves, with the need

for continuous development and updating of new products and services, and a prompt go to market. Therefore, with a strong and growing focus on ethical aspects, the future development of the Group's activities will also depend on its ability to foresee technological developments and the content of its services, also through significant investments in research and development activities, or through effective and efficient extraordinary operations.

Risks associated with competition

The ICT market is highly competitive. Competitors could expand their market share squeezing out and consequently reduce the Group's market share. Moreover the intensification of the level of competition is also linked with possible entry of new entities endowed with human resources and financial and technological capacities in the Group's reference sectors, offering largely competitive prices which could condition the Group's activities and the possibility of consolidating or amplifying its own competitive position in the reference sectors, with consequent repercussions on business and on the Group's economic, earnings and financial situation.

Risks associated with changes in client needs

The Group's solutions are subject to rapid technological changes which, together with the growing or changing needs of customers and their own need for digitalisation, could translate into requests for the development of increasingly complex activities that sometimes require excessive commitments that are not economically proportionate, or could result in the cancellation, modification or postponement of existing contracts. This could, in some cases, have repercussions on the Group's business and on its economic and financial situation.

Risks associated with segment regulations

The Group is subject to the laws and regulations applicable in the countries in which it operates, such as, among the main ones, regulations on the protection of occupational health and safety, the environment and the protection of intellectual property rights, tax regulations, regulations on the protection of privacy, the administrative liability of entities pursuant to Legislative Decree No. 231/01 and responsibilities under Law 262/05.
The Group operates in accordance with applicable legal requirements and has established processes to ensure that it is aware of the specific local regulations in the areas in which it operates and of regulatory changes as they occur.
Violations of these regulations could result in civil, tax, administrative and criminal sanctions, as well as the obligation to carry out regularisation activities, the costs and responsibilities of which could adversely affect the Group's business and its results.

Sustainability risks
In the context of sustainability, Reply describes its material impacts, risks, and opportunities—identified through the double materiality analysis—within the chapter *[SBM-3] Material impacts, risks and opportunities and their interaction with the business strategy and model* of the consolidated sustainability report.

Internal risks

Risks associated with key management and loss of know-how
The Group's success is largely due to certain key figures who have contributed in a decisive way to its development, such as the Chairman, the Chief Executive Officer and the executive directors of the Parent Company Reply S.p.A.. Reply also has a management team with many years of experience in the sector, which plays a decisive role in the management of the Group's activities. The loss of the services of one of the aforementioned key figures without adequate replacement, as well as the inability to attract and retain new and qualified personnel, could have a negative impact on the Group's prospects, maintenance of critical know-how, activities and economic and financial results. The Management believes, in any event, that the Company has an operational and managerial structure capable of ensuring continuity in the management of corporate affairs.

Risks associated with relationship with client
The Group offers consulting services mainly to medium and large size companies operating in different market segments (Telco, Manufacturing, Finance, etc.).
A significant part of the Group's revenues, although in a decreasing fashion in the past years, is concentrated on a relatively limited number of clients. If such clients were lost this could have an adverse effect on the Group's activities and on the Group's economic, financial and earnings position.

Risks associated with internationalization
The Group, with an internationalization strategy, could be exposed to typical risks deriving from the execution of its activities on an international level, such as changes in the political, macro-economic, fiscal and/or normative field, along with fluctuations in exchange rates. These could negatively influence the Group's growth expectations abroad.

Risks related to group development

The constant growth in the size of the Group presents new management and organisational challenges.

The Group constantly focuses its efforts on training employees and maintaining internal controls to prevent possible misconduct and/or ethically incorrect (such as misuse or non-compliance with laws or regulations on the protection of sensitive or confidential information and/or inappropriate use of social networking sites that could lead to breaches of confidentiality, unauthorised disclosure of confidential company information or damage to reputation).

If the Group does not continue to make the appropriate changes to its operating model as needs and size change, if it does not successfully implement the changes, and if it does not continue to develop and implement the right processes and tools to manage the business and instil its culture and core values in its employees, the ability to compete successfully and achieve its business goals could be compromised.

Risks related to acquisitions and other extraordinary operations

The Group plans to continue to pursue strategic acquisitions and investments to improve and add new expertise, service offerings and solutions, and to enable expansion into certain geographic areas and other markets.

Any investment made as part of strategic acquisitions and any other future investment in Italian or international companies may involve an increase in complexity in the Group's operations and there is no guarantee that such investments will generate the expected return on the acquisition or investment decision and that they will be properly integrated in terms of quality standards, policies and procedures in a manner consistent with the rest of the Group's operations. The integration process may require additional costs and investments. Inadequate management or supervision of the investment made may adversely affect the business, operating results and financial matters.

Risks related to non-fulfilment of contractual commitments

The Group develops high-tech, high-value solutions; the underlying contracts, which may involve both internal staff and external contractors, may provide for the application of penalties for failure to meet agreed deadlines and quality standards. The application of such penalties could have negative effects on the Group's economic and financial results and reputation. However, the Group has taken out insurance policies, deemed adequate, to protect itself against risks arising from professional liability for an aggregate annual maximum amount deemed adequate in relation to the underlying risk. However, if the insurance coverage is inadequate and the Group is required to pay damages in excess of the maximum amount provided, the Group's financial position, results of operations and cash flows could be materially adversely affected.

Risks related to key partnerships

In order to offer the most suitable solutions to differing customer needs, the Group has established important partnerships with leading global vendors.

The business that the Group conducts through these partnerships may decline or not grow for a number of reasons, as the priorities and objectives of technology partners may differ from those of the Group and they are not prohibited from competing with the Group or entering into closer agreements with its competitors. Decisions the Group makes with respect to a technology partner may affect the ongoing relationship. In addition, technology partners may experience reduced demand for their technology or software, which could decrease the related demand for the Group's services and solutions.

The risk of failing to adequately manage and successfully develop relationships with key partners, or of failing to foresee and establish effective alliances in relation to new technologies, could adversely affect the ability to differentiate services, offer cutting-edge solutions to customers or compete effectively in the market, with possible consequent repercussions on the business and on the economic and financial situation.

Risks related to the protection of intellectual property rights

The Group's success depends, in part, on its ability to obtain intellectual property protection for its proprietary platforms, methodologies, processes, software and other solutions.

The Group relies on a combination of confidentiality, non-disclosure and other contractual agreements, and patent, trade secret, copyright and trademark laws and procedures to protect its intellectual property rights. Even where we obtain intellectual property protection, the Group's intellectual property rights cannot prevent or discourage competitors, former employees or other third parties from reverse engineering their own solutions or proprietary methodologies and processes or independently developing similar or duplicate services or solutions.

In addition, the Group may unwittingly infringe the rights of others and be liable for damages as a result. Any claims or litigation in this area could cost time and money and lead to damage the Group's reputation and/or require it to incur additional costs to obtain the right to continue offering a service or solution to its customers.

The occurrence of such risks could adversely affect the Group's competitive advantage and market positioning, its economic, financial and capital position, as well as its reputation and prospects for future business development.

Cyber security, data management and dissemination risks

The Group's business relies on IT networks and systems to process, transmit and store electronic information securely and to communicate with its employees, customers, technology partners and suppliers. As the scale and complexity of this infrastructure continues to grow, not least due to the increasing reliance on and use of mobile technologies, social media, cloud-based services and artificial intelligence, the risk of security incidents and cyber-attacks increases. Such breaches could result in the shutdown

or disruption of the Group's systems and those of our customers, technology partners and suppliers, and the potential unauthorised disclosure of sensitive or confidential information, including personal data.
In the event of such actions, the Group could be exposed to potential liability, litigation and regulatory or other actions, as well as loss of existing or potential customers, damage to brand and reputation, and other financial losses. In addition, the costs and operational consequences of responding to violations and implementing corrective measures could be significant.
To date, there hasn't been a cybersecurity attack that has had a material effect on the Group, although there is no guarantee that there won't be a material impact in the future. Aware that the business and cyber security landscape evolves, the Group is continuing on a path of unceasing strengthening of risk controls, reserving the right, if deemed necessary, to make significant additional investments to protect data and infrastructure.
However, if the insurance coverage, which includes IT insurance, is inadequate and the Group is required to pay damages in excess of the maximum amount provided, the Group's financial position, results of operations and cash flows could be materially adversely affected.

Risks in terms of social and environmental responsibility and business ethics
In the context of social, environmental, and business ethics responsibility, Reply describes its material impacts, risks, and opportunities—identified through the double materiality analysis—within the chapter *[SBM-3] Material impacts, risks and opportunities and their interaction with the business strategy and model* of the consolidated sustainability report.

Financial risks

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.

The Group's exposure to credit risk is the potential losses that could result from non-fulfilment of the obligations assumed by both commercial and financial counterparties.
In order to measure this risk over time, as part of the impairment of its financial assets (including trade receivables), the Group has applied a model based on expected credit losses pursuant to IFRS 9.
This exposure is mainly due to general economic and financial items, the possibility of specific insolvency situations of some debtor counterparties and more strictly technical-commercial or administrative elements.
The maximum theoretical exposure to credit risk for the Group is the book value of financial assets and trade receivables. The risk related to trade receivables is managed through the application of specific policies aimed to ensure the solvency of customers.
Provisions to the allowance for doubtful accounts are made specifically on creditor positions with specific risk elements. On creditor positions which do not have such characteristics, provisions are made on the basis of the average default estimated on the basis of statistical indicators.

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's companies are monitored or centrally managed under the control of the Group Treasury, with the objective of guaranteeing effective and efficient management of capital resources (maintaining an adequate level of liquid assets and funds obtainable via an appropriate committed credit line amount).
The difficult economic and financial context of the markets requires specific attention as regards the management of liquidity risk and in such a way that particular attention is given to shares tending to generate financial resources with operational management and to 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 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 mainly 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.

Tax risk

The risk of any changes in tax law and its application or interpretation could have a negative or positive impact on the Group's results of operations, affecting the effective tax rate.

The Company adheres to the National Tax Consolidation scheme pursuant to articles 117/129 of the Consolidated Income Tax Act (TUIR). Reply S.p.A., the Parent Company, acts as consolidating company and determines a single taxable income for the Group of companies participating in the Tax Consolidation, benefiting from the possibility of offsetting taxable income with tax losses in a single declaration. The tax risk limitation measures put in place by Management, in terms of verifying the adequacy and correctness of tax compliance, obviously cannot completely exclude the risk of tax audits.

Review of the Group's economic and financial position

Foreword

The financial statements commented on and illustrated in the following pages have been prepared on the basis of the Consolidated financial statements as at 31 December 2024 to which reference should be made, prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, as well as with the provisions implementing Article 9 of Legislative Decree No. 38/2005.

Trend of the period

The Reply Group closed 2024 with a consolidated turnover of €2,295.9 million an increase of 8.4% compared to €2,118.0 million in 2023.
All indicators are positive for the period. Consolidated EBITDA was €410.6 million, an increase of 16.6% compared to €352.1 million at December 2023.
EBIT, from January to December, was at €330.4 million, which is an increase of 12.9% compared to €292.7 million at December 2023.
The Group net profit was at €211.1 million. In 2023, the corresponding value was €186.7 million.
Following the results achieved in 2024, the Reply Board of Directors decided to propose a dividend distribution of €1.15 per share to the next Shareholders' Meeting, which will be payable on 21 May 2025, with the dividend date set on 19 May 2025 (record date 20 May 2025).
As at 31 December 2024, the Group's net financial position was positive at €349.1 million (204.9 million at 31 December 2023). As at 30 September 2024, the net financial position was positive at €312.6 million.

2024 closed with very positive results for Reply, confirming once again Reply's ability to interpret market needs and develop cutting-edge digital solutions in an increasingly dynamic and complex global context. In a macroeconomic scenario characterised by uncertainties and deep transformations, Reply has continued to grow, supported by the solidity of its model based on a network of highly specialised companies.

This positioning, has allowed Reply to be among the first on the market to offer innovative, integrated and competitive solutions able to make the most of the ever-increasing spread of artificial intelligence within corporate systems, strengthening its leadership position in the fields of digital creativity, system integration and consulting.

In the last twelve months artificial intelligence has crossed the threshold of innovation to become an essential pillar of industrial and social transformation. Reply's clients are asking for applications that no longer merely improve existing processes, but support the introduction of new operational methods, new business models, and enable the development of entire categories of products and services that were previously unthinkable.

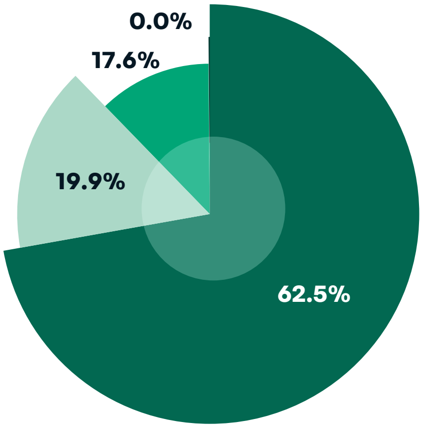
Reclassified consolidated income statement

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

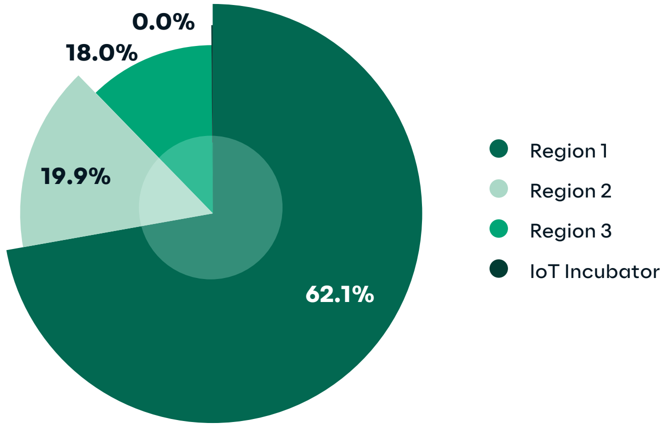
(THOUSAND EUROS)	2024	%	2023	%
Revenues	**2,295,938**	**100.0**	**2,117,983**	**100.0**
Purchases	(46,350)	(2.0)	(29,364)	(1.4)
Personnel	(1,237,370)	(53.9)	(1,139,331)	(53.8)
Services and other costs	(570,461)	(24.8)	(595,710)	(28.1)
Other operating (costs)/income	(31,147)	(1.4)	(1,485)	(0.1)
Operating costs	**(1,885,327)**	**(82.1)**	**(1,765,890)**	**(83.4)**
Gross operating income (EBITDA)	**410,611**	**17.9**	**352,093**	**16.6**
Amortization, depreciation and write-downs	(84,933)	(3.7)	(75,205)	(3.6)
Fair value adjustments to deferred consideration	4,743	0.2	15,858	0.7
Operating income (EBIT)	**330,421**	**14.4**	**292,745**	**13.8**
(Loss)/gain on investments	(20,000)	(0.9)	(13,877)	(0.7)
Financial income/(expenses)	2,812	0.1	(7,287)	(0.3)
Income before taxes	**313,232**	**13.6**	**271,581**	**12.8**
Income taxes	(99,464)	(4.3)	(83,122)	(3.9)
Net income	**213,768**	**9.3**	**188,459**	**8.9**
Non-controlling interests	(2,630)	(0.1)	(1,760)	(0.1)
Group net income	**211,139**	**9.2**	**186,699**	**8.8**

REVENUES BY REGION (*)

2024



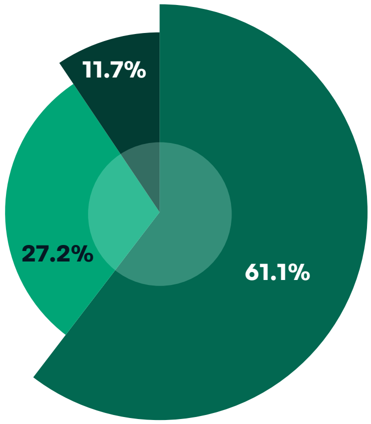
2023



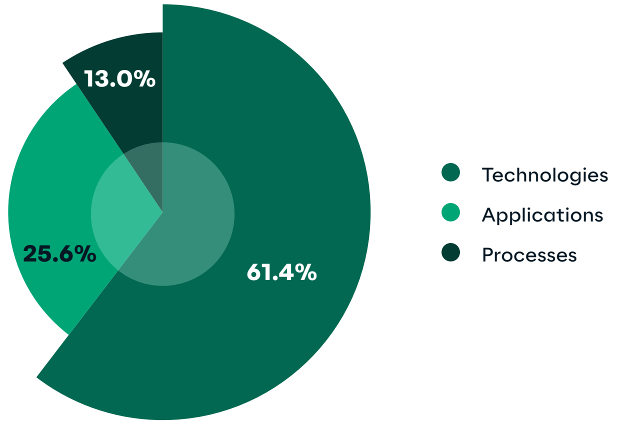
(*)
Region 1: ITA, USA, BRA, POL, ROU, CHN (Nanjing)
Region 2: DEU, CHE, CHN (Bejing), HRV, POL
Region 3: GBR, LUX, BEL, NLD, FRA, HKG

REVENUES BY BUSINESS LINES

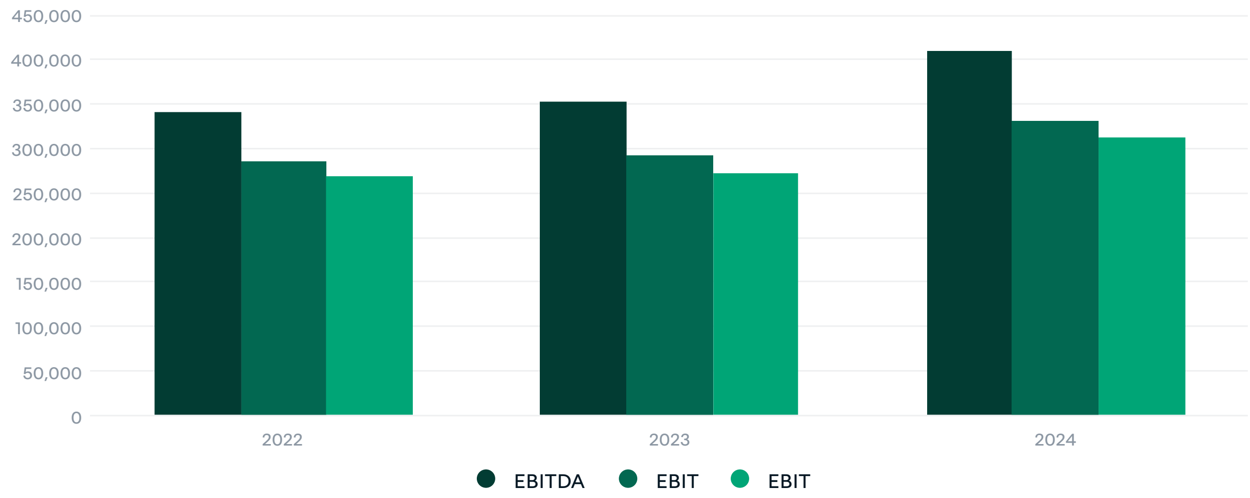
2024



2023



TREND IN KEY ECONOMIC INDICATORS



Analysis of the financial structure

The Group's financial structure as at 31 December 2024 is set forth below, compared to 31 December 2023:

(THOUSAND EUROS)	31/12/2024	%	31/12/2023	%	CHANGE
Current assets	969,502		910,908		58,595
Current liabilities	(916,792)		(827,090)		(89,702)
Working capital, net (A)	**52,711**		**83,818**		**(31,108)**
Non-current assets	1,123,832		1,046,457		77,375
Non-current liabilities	(222,666)		(218,450)		(4,216)
Fixed capital (B)	**901,165**		**828,007**		**73,158**
Invested capital, net (A+B)	**953,876**	**100.0**	**911,826**	**100.0**	**42,050**
Shareholders' equity (C)	1,302,960	136.6	1,116,723	122.5	186,237
NET FINANCIAL POSITION (A+B-C)	**(349,084)**	**(36.6)**	**(204,898)**	**(22.5)**	**(144,187)**

Net invested capital on 31 December 2024, amounting to 953,876 thousand Euros, was funded by Shareholders' equity for 1,302,960 thousand Euros and by available overall funds of 349,084 thousand Euros.

It is to be noted that net invested capital includes Due to minority shareholders and Earn-out for a total of 109,600 thousand Euros (114,368 thousand Euros at 31 December 2023); this item is not included in the net financial managerial position included instead in the ESMA net financial indebtedness, disclosed in note 30.

The following table provides a breakdown of net working capital:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Work in progress	68,369	47,061	21,308
Trade receivables	757,558	739,474	18,084
Other assets	143,576	124,373	19,203
Current operating assets (A)	**969,502**	**910,908**	**58,595**
Trade payables	183,233	191,001	(7,768)
Other liabilities	733,559	636,089	97,470
Current operating liabilities (B)	**916,792**	**827,090**	**89,702**
Working capital, net (A-B)	**52,711**	**83,818**	**(31,108)**
% return on revenue	*2.3%*	*4.0%*	

With reference to working capital related to business operations, which would therefore include only trade receivables, work in progress and trade payables, return on revenue would be equal to approximately 13.7% compared to 14.1% of the previous year.

Net managerial financial position and cash flows statement

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Cash and cash equivalents, net	491,713	383,608	108,105
Current financial assets	45,767	32,872	12,894
Due to banks	(19,564)	(32,285)	12,721
Due to other providers of finance	(64)	(236)	172
Financial liabilities IFRS 16	(35,163)	(31,670)	(3,493)
Short-term financial position	**482,689**	**352,290**	**130,399**
Due to banks	(48,910)	(52,291)	3,381
Financial liabilities IFRS 16	(84,695)	(95,101)	10,406
M/L term financial position	**(133,604)**	**(147,392)**	**13,787**
Total net managerial financial position	**349,084**	**204,898**	**144,186**

Change in the item cash and cash equivalents during 2024 is summarized in the table below:

(THOUSAND EUROS) 2024	**2024**
Cash flows from operating activities (A) 349,438	349.438
Cash flows from investment activities (B) (150,575)	(150.575)
Cash flows from financial activities (C) (90,757)	(90.757)
Change in cash and cash equivalents (D) = (A) + (B) + (C) 108,105	**108.105**
Cash and cash equivalents at the beginning of the period (*) 383,608	383.608
Cash and cash equivalents at year end (*) 491,713	491.713
Total change in cash and cash equivalents (D) 108,105	**108.105**

(*) Liquid assets and cash equivalents net are net of current account 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.

Alternative performance indicators

In addition to conventional financial indicators required by IFRS, presented herein are some alternative performance measures, in order to allow a better understanding of the trend of economic and financial management.

These indicators, that are also presented in the periodical Interim management reports must not, however, be considered as replacements to the conventional indicators required by IFRS.

Set forth below are the alternative performance indicators used by the Group with relevant definition and basis of calculation:

- **EBIT**: corresponds to the "Operating margin"
- **EBITDA**: Earnings before interest, taxes, depreciation and amortization and is calculated by adding to the Operating margin the following captions:
  - Amortization and depreciation
  - Write-downs
  - Other unusual costs/(income)

Other non-recurring (costs)/revenues are related to events and transactions that due to their nature do not occur continuously in normal operations.

- **EBT**: corresponds to the Income before taxes
- **Net financial managerial position**: represents the financial structure indicator and is calculated by adding the following balance sheet captions:
  - Cash and cash equivalents
  - Financial assets (short-term)
  - Financial liabilities (long-term) including those referable to the adoption of IFRS 16
  - Financial liabilities (short-term) including those referable to the adoption of IFRS 16

Significant operations in 2024

Acquisition of Solirius Ltd

In October 2024 Reply Ltd acquired 100% of the share capital of Solirius Ltd., a UK company leader in digital transformation for the public sector.

Established in 2007 in London, Solirius offers consultancy services that focus on redefining work practices and business processes to become more customer-centric and sustainable, combining expertise that ranges from data architecture design to the development and implementation of new digital services.

With a strong focus on software development, agile delivery, artificial intelligence and data management, Solirius works with leading UK government agencies in the process of digital transformation and the adoption of new technologies to support citizen services.
Among Solirius' clients are HMCTS (HM Courts & Tribunals Service), FCDOS (Foreign, Commonwealth & Development Office Services), DfE (Department for Education), and BDUK (Building Digital UK).

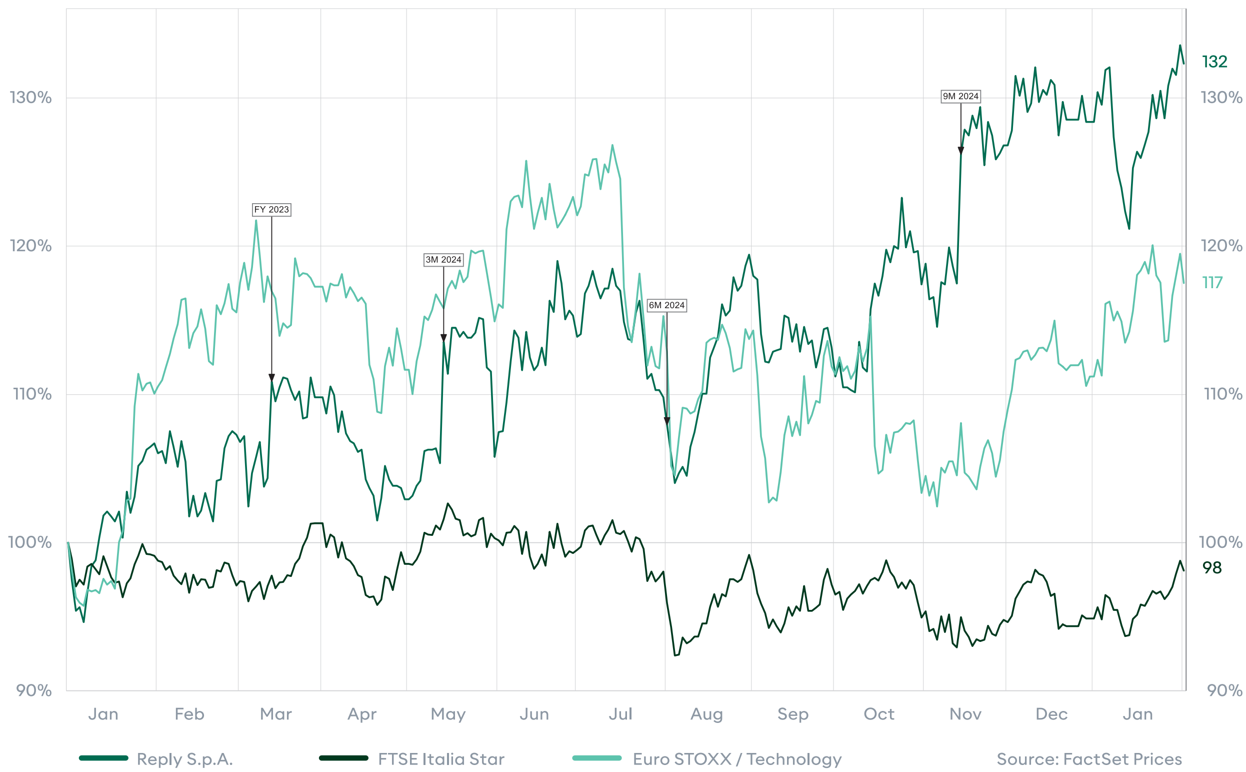
The investment in Solirius is part of Reply's international growth strategy, particularly in the UK, where Reply, with offices in London and Manchester, counts most of the leading groups in the retail, financial services, and transportation sectors among its clients.

Reply on the stock market

Reply share performance

After a volatile year on the stock markets in 2023, the capital markets also had to overcome a number of challenges in 2024. However, although geopolitical tensions, wars, natural disasters and increasing political polarisation dominated the news, the capital markets were little impressed. The cause of these developments was the almost ideal mix of falling interest rates and the prospect of further interest rate cuts, rising GDP figures and corporate profits, as well as deregulation and tax cuts in the US.
In a first step, central banks worldwide, and particularly in the US and Europe, began to cut interest rates in line with falling inflation. Liquidity and favourable refinancing costs for private individuals and companies are key drivers of a positive stock market performance. Furthermore, corporate earnings have risen for the major companies that are relevant to the stock markets, despite recessionary trends in Europe. This is particularly true in the tech sector in connection with the boom in artificial intelligence, but also in many other areas, such as the banking sector or the defence sector.
Although there were occasional corrections on the stock markets over the course of the year, the old highs were often reached again or even exceeded as a result. As a result, several stock indices reached record levels in 2024. In a long-term comparison since the turn of the millennium, the 2024 stock market year is in the top third.
Similar to the turn of the millennium, the stock market year 2024 also rewarded those who bet everything on tech stocks. Once again, stocks with a high correlation to the hot topic of artificial intelligence were the main drivers. Artificial intelligence remains the dominant topic in the technology sector. While in 2023 it was mainly manufacturers of AI chips such as NVIDIA and Broadcom that benefited from developments, large cloud providers such as AWS (Amazon), Microsoft and Google Cloud are now investing billions in the expansion of high-speed data centres. AI is also a top priority for corporate customers in their IT budgets, and the investment surge is likely to increase significantly by 2025.
So far, AI is not widely used and only a fraction of its possible applications have been developed. However, progress in AI shows that these models could develop faster than expected and that AI could therefore enter the utilisation phase earlier. All this suggests that the AI narrative and market reactions are likely to remain dynamic in the future. Even with more efficient AI models, high levels of spending may still be needed to drive further innovation, such as general artificial intelligence.

The financial year 2024 started well for Reply with the share price steadily closing the gap to the performance of the EuroSTOXX Technology and since mid of July 2024 faring better than this index. One of the main reasons for this was Reply's continuous outperformance compared to most of its competitors in terms of revenue growth and margin development. Since October 2024 the share entered an upward corridor, with the share price rising to its 2024 maximum of EUR 157.80 on 17 December 2024 and closing the year at EUR 153.40. Reply's market capitalisation increased to EUR 5.7 billion. In January 2025, the upward development of the Reply share continued. At the time of writing this chapter, the Reply share was trading at EUR 159.60, with a market capitalisation of EUR 5.9 billion.
In 2024, Reply's performance was clearly better than the various country and sector indices and most of the peer group companies. More and more investors perceived the impact of artificial intelligence is as well positive for IT services companies and not only for hardware and software vendors. In parallel the hopes of many players in the market for an improving business in the 2nd half of 2024 not materialized, leading to several business plan revisions. Accordingly, the Tech indices like the EuroSTOXX Technology (+11%) and S&P 500/IT (36%) indices developed less strong than the year before.



Taking December 6, 2000, the date of the Reply IPO, as a reference, the Italian main index MIB gained 12.6% in 2024 and stood at 74.8% of its starting value. In the same period Reply increased its IPO value by 3,735%. The outperformance of the Reply share versus the MIB increased significantly in 2024 and amounted to 3,760%.

Share liquidity

2024 showed that Artificial Intelligence is not a threat, but a big opportunity – also for IT Services companies, and not only for the hardware and software vendors. The reduced uncertainty and volatility led to a significant reduction of the trading activities in the Reply share. The number of traded shares reduced by 23% to 9.5 million shares (12.7 million shares in 2023). On the other hand, the trading volume remained stable amounting unchanged to EUR 1.32 billion. The strong increase of the share price compensated the reduction in the number of shares traded.
The improvement of the Reply share price – especially the strong performance of the 4th quarter where nearly 50% of the increase took place, had a substantial impact on the valuation multiples seen in Reply. While most of the Reply peers – defined as a group of digital native companies, diversified IT Service companies and agencies – declined in valuations, Reply belonged to the few companies who were able to raise their valuations. Reply is now trading between 33% (Enterprise Value/EBITDA) and 57% (Price/Earnings Ratio) above the peer valuations.

Dividend

Performance-related remuneration is an essential pillar of Reply's partnership-based business model. Like employees, Reply's shareholders should participate in the Group's sustainable operational performance in the form of dividends. Every year this principle is balanced with the need for internal financing to finance Reply's investments (in new start-up companies, new technologies and potential acquisitions to further elaborate Reply's offering portfolio in Germany, UK, US, France as Reply's strategic regions). In 2024 Reply achieved earnings per share of EUR 5.65, an increase of 13% compared to 2023. For the financial year 2024 the corporate bodies of Reply propose to the shareholders' meeting to approve the payment of a dividend of EUR 1.15 (dividend 2023: EUR 1.00). Referred to the share price of Reply at the end of 2024 this corresponds to a dividend yield of 0.75%. Assuming the approval of the shareholders' meeting, Reply will pay to its share-holders a dividend amount of EUR 43.0 million. For financial year 2023 EUR 37.3 million were distributed. In total this equates to a pay-out ratio of 20% of the net profit of the financial year 2024.

The subsequent table gives an overview on the main parameters of the Reply share and their substantial developments during the last 5 years.

		2024	2023	2022	2021	2020
Share price						
Year-end	Euro	153.40	119.50	107.00	178.70	95.30
High for the year	Euro	157.80	127.30	178.70	185.50	105.50
Low for the year	Euro	104.2	82.40	101.60	92.50	43.30
Trading						
Number of shares traded (year)	# thousand	9,846.2	12,722.5	10,164.3	13,005.5	15,669.5
Number of shares traded (day)	# thousand	38.2	49.3	39.7	50.4	59.9
Trading volume (year)	Euro million	1,321.1	1,321.4	1,313.9	1,834.2	1,203.4
Trading volume (day)	Euro million	5.121	5.122	5.156	7.109	4.611
Capital structure						
Number of shares	# thousand	37,411.4	37,411.4	37,411.4	37,411.4	37,411.4
Share capital	Euro million	4.864	4.864	4.864	4.864	4.864
Free Float	%	56.0	56.0	53.4	53.4	53.4
Market capitalization	Euro million	5,718.5	4,454.7	3,980.4	6,660.1	3,565.3
Allocation of net income						
Earnings per share	Euro	5.65	5.01	5.13	4.03	3.30
Dividend [1]	Euro	1.15	1.00	1.00	0.80	0.56
Dividend payment	Euro million	43.023	37.278	37.278	29.872	20.911
Dividend yield [2]	%	0,75	0,84	0,93	0,45	0,59

1 Amount proposed for shareholder approval for 2024
2 Related to year-end closing price

The shareholders base

At the end of 2024, 41.9% of Reply's shares were owned by Reply's founders. Institutional shareholders owned 48% of the shares, while retail shareholders owned 9.8% of the shares. Reply's institutional share-holder base has undergone some significant changes. US investors, the main investor country in Reply, showed a quite stable ownership in Reply, their share rose to 27% of the institutional shareholding com-pared to 26% in the previous year. Italian investors continued to increase their positions and are now the second largest investors, holding approximately 24% (same as 2022: 22%). UK investors increased their position to 12% of institutional holdings. French investors were stable at 10% of the shares.

According to the Shareholders' Ledger, on the date of this report the shareholders that directly or indirectly, also through an intermediary person, trust companies and subsidiaries, hold stakes greater than 3% of the share capital having the right to vote are the following:

DECLARANT	DIRECT SHAREHOLDER	OWNERSHIP % OVER SHARE CAPITAL	OWNERSHIP % OVER VOTING CAPITAL
Rizzante Mario	Alika S.r.l.	37.082%	54.101%

As of December 31, 2024, Mr. Mario Rizzante controls 100% of the company Iceberg S.r.l., a limited liability company based in C.so Francia 110, Turin.
Iceberg S.r.l. controls 51% of the company Alika S.r.l., which in turn directly holds, as of today, 13,872,740 shares of Reply S.p.A. (with increased voting rights as of 21 February 2020) equal to 37.082% of the Company's share capital.

Analysts

In 2024, the number of analysts regularly covering the Reply share rose by 25%. Reply welcomed 2 new UK analysts among its group of analysts. Despite of the strong development of the Reply share, the analyst mood improved slightly. In 2024 4 ratings out of 10 ratings were on "outperform". In the year before 5 analysts of out 8 ratings took a "neutral" stance on the share. The average price target for Reply shares by analysts in January 2025 was 152.6 euros.

Dialog with the capital markets

An active and open communication policy, which ensures the timely and continuous dissemination of information, is an essential part of Reply's IR strategy. In 2024 Reply further increased its already high level of activity with the capital markets significantly. During 18 conferences and 13 road shows, Reply actively explained its equity story. The number of virtual meetings with investors remained stable. In parallel Reply increased the number of physical investor meetings by 22%. In 2024 Reply also added earnings calls to its communication strategy. Since the H1 2024 results the CEO and the CFO of Reply are on a quarterly base commenting the operational and financial performance of Reply.
The majority of communication contacts were with French, Italian and UK investors. The highest increases were seen with US and UK investors where the contacts grew more than 40% in 2024. Also, French and Italian investors increased their contacts with Reply at a double-digit rate. The number of brokers involved in Reply's IR activities fell from 13 to 12.

The parent Company Reply S.p.A.

Introduction

The tables presented and disclosed below were prepared on the basis of the financial statements as at 31 December 2024 to which reference should be made, and prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as well as with the regulations implementing Article 9 of Legislative Decree No. 38/2005.

Reclassified income statement

The Parent Company Reply S.p.A. mainly carries out the operational co-ordination and the technical and quality management services for the Group companies as well as the administration, finance and marketing activities.
As at 31 December 2024 the Parent Company had 264 employees (108 employees in 2023).
Reply S.p.A. also carries out commercial fronting activities (pass-through revenues) for some major customers, whereas delivery is carried out by the operational companies. The economic results achieved by the Company are therefore not representative of the Group's overall economic trend and the performances of the markets in which it operates. Such activity is instead reflected in the item Pass-through revenues of the Income Statement set forth below.

The Parent Company's income statement is summarized as follows:

(THOUSAND EUROS)	2024	2023	CHANGE
Revenues from operating activities	162,197	137,251	24,946
Pass-through revenues	732,127	677,804	54,323
Purchases, services and other expenses	(819,664)	(761,727)	(57,937)
Personnel and related expenses	(48,423)	(33,309)	(15,114)
Other operating (expenses)/income	(28,872)	(6,483)	(22,390)
Amortization, depreciation and write-downs	(4,188)	(4,445)	257
Operating income	**(6,823)**	**9,091**	**(15,914)**
Financial income/(expenses)	41,925	20,835	21,090
Gain on equity investments	50,058	164,087	(114,029)
Loss on equity investments	(24,300)	(23,540)	(760)
Income before taxes	**60,860**	**170,473**	**(109,613)**
Income taxes	(10,216)	(9,343)	(873)
NET INCOME	**50,644**	**161,130**	**(110,485)**

Revenues from operating activities mainly refer to:

- royalties on the Reply trademark for 62,394 thousand Euros (58,424 thousand Euros in the financial year 2023);
- shared service activities in favour of its subsidiaries for 63,590 thousand Euros (60,154 thousand Euros in the financial year 2023);
- management services for 31,907 thousand Euros (15,634 thousand Euros in the financial year 2023).

Operating income 2024 marked a negative result of 6,823 thousand Euros after having deducted amortization expenses of 4,188 thousand Euros (of which 371 thousand Euros referred to tangible assets, 2,560 thousand Euros to intangible assets and 1,256 thousand Euros related to RoU assets arising from the adoption of IFRS 16).
Financial income amounted to 41,925 thousand Euros and included interest income on bank accounts for 39,919 thousand Euros, interest expenses for 16,695 thousand Euros mainly relating to financing for the M&A operations and interest expenses on bank accounts. Such result also includes net positive exchange rate differences amounting to 16,494 thousand Euros.
Income from equity investments which amounted to 50,058 thousand Euros refers to dividends received from subsidiary companies in 2024.
Losses on equity investments referred to write-downs and losses reported in the year by some subsidiary companies that were considered to be unrecoverable.
Net income for the year ended 2024, amounted to 50,644 thousand Euros after income taxes of 10,216 thousand Euros.

Financial structure

Reply S.p.A.'s financial structure as at 31 December 2024, compared to 31 December 2023, is provided below:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Tangible assets	588	546	41
Intangible assets	5,189	5,652	(463)
RoU assets	4,514	1,263	3,251
Equity investments	239,167	208,916	30,251
Other fixed assets	13,948	10,213	3,735
Non-current liabilities	(48,104)	(14,023)	(34,082)
Fixed capital	**215,301**	**212,569**	**2,733**
Net working capital	**54,635**	**64,158**	**(9,523)**
INVESTED CAPITAL	**269,936**	**276,727**	**(6,790)**
Shareholders' equity	743,596	731,290	12,306
Net financial position	**(473,659)**	**(454,563)**	**(19,096)**
TOTAL SOURCES	**269,936**	**276,727**	**(6,790)**

The net invested capital on 31 December 2024, amounting to 269,936 thousand Euros, was funded by Shareholders' equity for 743,596 thousand Euros and by available overall funds of 473,659 thousand Euros.
Changes in balance sheet items are fully analysed and detailed in the explanatory notes to the financial statements.

Net financial managerial position

The Parent Company's net financial managerial position as at 31 December 2024, compared to 31 December 2023, is detailed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Cash and cash equivalents, net	328,234	233,203	95,031
Financial loans to subsidiaries	50,015	55,113	(5,098)
Financial current receivables	43,551	30,868	12,683
Loans to third party	116	116	-
Due to banks	(17,256)	(28,647)	11,391
Due to subsidiaries	(392,844)	(249,938)	(142,905)
Financial liabilities IFRS 16	(1,777)	(524)	(1,253)
Net financial position short term	**10,040**	**40,192**	**(30,152)**
Long term financial assets	513,611	463,287	50,324
Due to banks	(47,218)	(48,174)	957
Financial liabilities IFRS 16	(2,774)	(741)	(2,033)
Net financial position long term	**463,620**	**414,371**	**49,248**
Total net financial position	**473,659**	**454,563**	**19,096**

Change in the net financial managerial position is analysed and illustrated in the explanatory notes to the financial position.

Reconciliation of equity and profit for the year of the parent company

In accordance with Consob Communication no. DEM/6064293 dated 28 July 2006, Shareholders' equity and the Parent Company's result are reconciled below with the related consolidated amounts.

	31/12/2024		31/12/2023	
(THOUSAND EUROS)	**NET EQUITY**	**NET INCOME**	**NET EQUITY**	**NET INCOME**
Reply S.p.A.'s separate financial statements	**743,596**	**50,644**	**731,291**	**161,130**
Results of the subsidiary companies, net of minority interest	800,933	227,832	602,246	186,886
Cancellation of the carrying value of investments in consolidated companies net of any write-offs	(154,257)	-	(192,080)	-
Cancellation of dividends from subsidiary companies	-	(52,437)	-	(166,005)
Consolidated adjustments included those to accounting principles and elimination of unrealized intercompany gains and losses, net of related tax effect	(84,539)	(12,271)	(22,921)	8,208
Non-controlling interests	(2,773)	(2,630)	(1,883)	(1,760)
Net Group consolidated financial statement	**1,302,960**	**211,139**	**1,116,723**	**188,460**

Corporate Governance

The Corporate Governance system adopted by Reply – issuer listed at Euronext Star Milan - adheres to the Corporate Governance Code for Italian Listed Companies issued by Borsa Italiana S.p.A..

In compliance with regulatory obligations the annually drafted "Report on Corporate Governance and Ownership Structures" contains a general description of the corporate governance system adopted by the Group, reporting information on ownership structures and compliance with the Code, including the main governance practices applied and the characteristics of the risk management and internal control system also with respect to the financial reporting process.
The aforementioned Report, related to 2024, is available on the website www.reply.com.
The Corporate Governance Code is available on the website of Borsa Italiana S.p.A. https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf.

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 of 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.

Human resources

Human resources constitute a primary asset for Reply which bases its strategy on the quality of products and services and places continuous attention on the growth of personnel and in-depth examination of professional necessities with consequent definitions of needs and training courses.
The Reply Group is comprised of professionals originating from the best universities and polytechnics. The Group intends to continue investing in human resources by bonding special relations and collaboration with major universities with the scope of attracting highly qualified personnel.
The people who work at Reply are characterized by enthusiasm, expertise, methodology, team spirit, initiative, the capability of understanding the context they work in and of clearly communicating the solutions proposed. The capability of imagining, experimenting and studying new solutions enables more rapid and efficient innovation.
The group intends to maintain these distinctive features by increasing investments in training and collaboration with universities.
At the end of 2024 the Group had 15,667 employees compared to 14,798 in 2023.

General Data Protection Regulation (GDPR)

The governance model of the Group privacy policy reflects what is required by the existing code for the protection of personal data and the European Regulation 679/16 (GDPR).
Privacy fulfilments are managed uniformly at the Reply Group level in order to maintain adequate levels of internal coherence and to facilitate external relations, in particular with authorities, customers and suppliers.
To ensure compliance the Group has adopted a GDPR program which provides several activities including:

- updating the Group privacy organizational model;
- designation for each Region of a Data Protection Officer;
- reorganization of the central Privacy & Security Team;
- preparation of contact link with the DPO and the Privacy & Security Team through a central ticketing system;
- updating of e-learning and induction material related to data protection content and safeguard of information;
- mandatory GDPR and ICT Security training at all business levels;
- assessment of privacy and security of IT central services;
- drafting of Records of the treatment activities;
- development and dissemination of new fundamental processes for GDPR, updating of existing data protection policies, development and dissemination of guidelines and contractual templates for GDPR;

- periodic internal audits on the Companies for the correct application of the GDPR requirements in the work for Customers and in the engagements of Suppliers.

Transactions with related parties and group companies

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 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 and subsequent Consob Resolution no. 17389 of June 23, 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.

Treasury shares

At the balance sheet date, the Parent Company holds 133,192 treasury shares amounting to 17,122,489 Euros, nominal value equal to 17,315 Euros; at the balance sheet item net equity, the company has posted an unavailable reserve for the same amount.
At the balance sheet date, the Company does not hold shares of other holding companies.

Financial instruments

In relation to the use of financial instruments, the company has adopted a policy for risk management through the use of financial derivatives, with the scope of reducing the exposure to interest rate risks on financial loans.
Such financial instruments are considered as hedging instruments as they can be traced to the object being hedged (in terms of amount and expiry date).

In the notes to the financial statements more detail is provided to the above operations.

Secondary Offices

The Group operates in 16 countries through a total of 57 offices, ensuring a strategic presence in the main reference markets. The geographical distribution of the locations reflects the Group's commitment to offering efficient services tailored to local needs.

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, which were followed by subsequent implementing decrees. The national provisions apply with reference to tax periods starting from 31 December 2023 and, therefore, for Reply from 2024.

In order to regulate, in terms of financial statements, the radical changes deriving from the introduction of the Global Minimum Tax, the IASB subsequently published an update of IAS 12. In particular, the amendments made to the accounting standard introduce a mandatory temporary exception that provides for the deferred taxation that would result from the implementation of Pillar Two in the relevant countries not to be recognised. This exception, which the Group also uses for the purposes of this policy, is immediately applicable and with retroactive effect.

In the face of these complex regulatory changes, the Group (which falls within the subjective scope of application of the GMT) is currently engaged in the implementation of the internal procedures necessary to manage the obligations imposed by the Pillar Two regulations in the most effective and efficient way, with reference to both Italian and foreign activities. In this context, careful analyses have been carried out to estimate the probability that, in the jurisdictions in which the Group is present, the requirements for the application of the simplified transitional regime known as “Safe Harbour” (governed in our legal system by the Ministerial Decree of 20 May 2024) will be met, which – if complied with – would make it possible not to apply the more complex regulatory system envisaged under the regime. In addition, analyses were carried out in order to estimate whether, in some of those jurisdictions, a GMT was due in relation to the results achieved in the tax period ended 31 December 2024.

These checks showed that in 2024 the requirements for the application of the simplified transitional regime are met in all the jurisdictions in which the Group operates and that, therefore, no Global Minimum Tax would be due in the same jurisdictions.

Consolidated Sustainability Statement

General information

ESRS 2 General disclosures

BP-1: General basis for preparation of sustainability statements

Reply Group's 2024 consolidated sustainability statement has been prepared on a consolidated basis, in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The scope of consolidation is aligned with that of Reply Group's consolidated financial statements.

The consolidated sustainability statement is based on the results of the Group's double materiality assessment, considering relevant impacts, risks and opportunities. The assessment encompasses all stages of the Reply Group's value chain, both upstream and downstream. Specifically, Reply's value chain includes not only the activities and services directly provided by the Group, but also the upstream stages related to sourcing, and the downstream stages concerning the use of the Group's services and solutions by clients and end users. A detailed description of the Group's value chain and the outcomes of the double materiality assessment can be found in the following sections *[SBM-1] Strategy, business model and value chain and [sbm-3] material impacts, risks and opportunities and their interaction with strategy and business model.*

For the purpose of sustainability indicators, the reporting aggregates operating locations by Region, based on the countries where the Group operates, as follows:

- Region 1: Italy, Brazil, India, Romania, Poland[1], USA, China (Nanjing);
- Region 2: Germany, Poland, China (Beijing), Croatia, Austria;
- Region 3: United Kingdom, Belgium, Netherlands, France, Luxembourg, Morocco.

In the 2024 reporting year, Reply did not make use of the option to omit specific information related to intellectual property, know-how or innovation outcomes, nor did it apply

1 With reference to Nexi Digital Polska Sp. z o.o.

the exemption for disclosing information on upcoming developments or matters under negotiation. Unless otherwise stated, no metric included in this document has been verified by an external party other than the statutory auditor.

BP-2: Disclosures in relation to specific circumstances

In preparing the consolidated sustainability statement and in analysing information related to material sustainability impacts, risks and opportunities, Reply has adopted time horizons in line with the provisions of ESRS 1:

- the short-term horizon is defined as a period of one year from the current reporting date;
- the medium-term horizon covers a period from one to five years from the current reporting period;
- the long-term horizon starts five years after the current reporting period.

The use of estimates, the level of accuracy achieved, and, where applicable, any actions planned to improve accuracy in the future are detailed within the report. For each quantitative amount, whether metric or monetary, the report provides information on the sources of measurement uncertainty, as well as the assumptions, estimates, approximations and judgements applied. For the purpose of reporting forward-looking information in accordance with the ESRS, the Directors are required to prepare such information based on assumptions—outlined in the consolidated sustainability statement—regarding events that may occur in the future and possible future actions by the Group. Due to the uncertainty inherent in the occurrence of any future event, both in terms of whether it will actually happen and the extent and timing of its manifestation, actual results may differ significantly from the forward-looking information. It is not possible to make a comparison in the presentation of sustainability information with the previous reporting period, as up to the 2023 reporting year, Reply was subject to the publication of the Reply Group's Non-Financial Statement in accordance with the requirements of the GRI Standard of the Global Reporting Initiative.

For the 2024 reporting year, no specific events or circumstances have been identified that significantly affected the Group's sustainability performance.

Lastly, no material reporting errors have been identified in previous reporting periods.

This consolidated sustainability statement reporting includes information related to environmentally sustainable investments pursuant to Regulation (EU) 2020/852. In addition, the Group has chosen to include certain disclosure requirements by reference, which are explicitly indicated in the relevant chapters of this document.

Governance

This chapter provides an overview of the processes, controls and governance procedures established to monitor, manage and oversee the material impacts, risks and opportunities relevant to the Group.

[GOV-1] The role of the administrative, management and supervisory bodies

The administrative, management and supervisory bodies follow a clear hierarchical structure, led by the Board of Directors. This structure includes operational oversight bodies such as the Board of Statutory Auditors and several operational committees, including the Sustainability (ESG) Committee and the Control and Risks Committee.
The Board of Directors is the collective management body, vested with all powers related to both ordinary and extraordinary administration. It performs a guiding and supervisory role over the Group's overall activities, aiming to achieve sustainable success and create medium- to long-term value for shareholders. The Board of Directors assesses management performance by comparing actual results with planned targets, and evaluates risks in line with strategic objectives, taking into account factors that may affect the Company's sustainable success.
The Board also reviews and evaluates, on a regular basis and in conjunction with the approval of the annual and semi-annual financial reports, the adequacy of the Group's organizational, administrative and accounting structure, with specific reference to the internal control and risk management system. This evaluation is also based on the preliminary work conducted by the Control and Risks Committee, which relies in turn on audits carried out by the Internal Audit function.
he Board of Directors of Reply S.p.A. consists of a variable number of members, ranging from 3 to a maximum of 11, as determined by the Shareholders' Meeting. The number, expertise, authority, and time availability of the non-executive directors ensure that their judgement carries significant weight in board decision-making and that effective oversight of management is maintained.
Currently, the Company's Board of Directors is composed of 10 members, of which: 5 are executive directors (2 women and 3 men), 1 is a non-executive director (male), and 4 are non-executive and independent directors (2 women and 2 men). For further details, please refer to the chapter *[GOV-1] The role of the administrative, management and supervisory bodies.*
There are no employee representatives or trade union delegates present within the Board of Directors or, more generally, within the organizational structure of Reply.
The current gender composition of the Board of Directors is 60% male and 40% female.
With regard to diversity policies in the composition of the Board of Directors and the Board of Statutory Auditors, the Board has not deemed it necessary to formalize a dedicated

diversity policy, as such principles are already applied within the company's organizational framework. Moreover, national regulations provide adequate provisions to ensure gender balance, which the Company has complied with during the most recent appointments of the administrative and supervisory bodies.
The Company applies diversity criteria, including gender diversity, in the composition of both the Board of Directors and the Board of Statutory Auditors, in line with the primary objective of ensuring the appropriate competence and professionalism of their members. The composition of the Board of Directors and the control body is also adequately diversified in terms of age, educational background, and professional experience of the members in office.
The Board of Directors of Reply S.p.A. includes 4 Independent Directors out of a total of 10, representing 40% of the entire board, in accordance with the independence criteria established by applicable regulations. The appointment of directors is governed by the Company's Articles of Association, specifically Article 16 "Appointment of Directors," which takes into account gender balance requirements under national legislation.
For further information on the experience of the Board of Directors, please refer to the section *[GOV-1] The role of the administrative, management and supervisory bodies.*
Among the supervisory and control bodies, the **Board of Statutory Auditors** monitors compliance with the law and the Articles of Association, oversees corporate management, the adequacy of the organizational structure, and the implementation of the Corporate Governance Code. It also performs internal control and audit functions, monitoring financial reporting, the effectiveness of the internal control and risk management systems, the statutory audit of the accounts, and the independence of the external auditor. The statutory audit is not carried out by the Board itself but is entrusted to an audit firm appointed by the Shareholders' Meeting.
As part of the oversight activities carried out during the year, the Board of Statutory Auditors coordinates with the Internal Audit function, the Control and Risks Committee, and the Supervisory Body through periodic information exchanges during the quarterly meetings of the Board, as well as through the participation of its Chairperson, and occasionally the Standing Auditors, in meetings of the Control and Risks Committee.
The Board of Statutory Auditors is composed of three Standing Auditors and two Alternate Auditors, specifically: Dr. Ciro Di Carluccio (Chair), Prof. Donatella Busso (Standing Auditor), Prof. Piergiorgio Re (Standing Auditor), Dr. Gabriella Chersicla (Alternate Auditor), and Dr. Stefano Barletta (Alternate Auditor).
In 2021, the Board of Directors established the **Sustainability (ESG) Committee**, supported operationally by the **ESG team**. The Committee is composed of CEO Eng. Tatiana Rizzante and Independent Directors Prof. Domenico Giovanni Siniscalco and Eng. Secondina Ravera. They are responsible for defining the overall strategic approach to sustainability, with a particular focus on the material impacts, risks, and opportunities relevant to the Group. The Committee defines objectives and monitoring methods, aiming to clearly communicate Reply's commitment to sustainability issues to all stakeholders.

The CEO, Eng. Tatiana Rizzante, periodically reports to the full Board of Directors on the topics addressed by the Committee and the related proposals.
The **Board of Directors** has established the Control and Risks Committee, currently composed of Non-Executive and Independent Director Prof. Federico Ferro-Luzzi, Non-Executive Director Daniele Angelucci, and chaired by Lawyer Patrizia Polliotto (Lead Independent Director). The members possess adequate knowledge and experience in risk management, based on their professional backgrounds and expertise in the industry in which the Company operates.
The **Control and Risks Committee** meetings are attended, upon invitation by the Committee Chair, by the CFO—responsible for the internal control and risk management system—the Head of the Internal Audit function, the Chair of the Board of Statutory Auditors, and, on occasion, the Standing Auditors. At the end of each meeting, a specific report is drawn up, summarising the Committee's proposals.
In the meeting held on 23 April 2024, the Board of Directors appointed Eng. Marco Cusinato as the Director in charge of the internal control and risk management system, entrusting him with the responsibility of ensuring its effectiveness and compliance with the provisions of the Corporate Governance Code. He is also responsible for ensuring that the Head of Internal Audit is provided with the necessary conditions to carry out their duties in accordance with regulatory requirements.
In the meeting held on 14 November 2024, the Board of Directors confirmed Mr. Edoardo Dezani as Head of the Internal Audit function, based on the proposal of the Director in charge of the internal control system, following the favourable opinion of the Control and Risks Committee and after consulting the Board of Statutory Auditors. He is responsible for verifying the functioning and adequacy of the internal control and risk management system.
The Head of Internal Audit reports hierarchically to the Lead Independent Director and operates based on the mandate and audit plan approved by the Board of Directors.
He prepares periodic reports assessing the adequacy of the internal control and risk management system and the reliability of the information systems, including accounting systems, and reports on his work to the members of the Board of Directors, Senior Management, the Control and Risks Committee, and the Board of Statutory Auditors. The methodological approach adopted for the assessment of the internal control and risk management system, including sustainability-related risks, is based on the principles of the CoSO Framework, one of the main internationally recognized standards. For further details, please refer to paragraph *[GOV-5] Risk management and internal controls over consolidated sustainability statement*.
The effectiveness of the Board of Directors and its Committees—as well as their size and composition—is evaluated periodically in accordance with the Corporate Governance Code. The most recent evaluation was conducted on 13 March 2024, during which the Board concluded that the current structure of the Board and its Committees complies with the provisions of the Code.

[GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Sustainability (ESG) Committee is responsible for monitoring the implementation and effectiveness of the Group's sustainability policies, actions, metrics, and targets. The Committee meets at least twice a year to discuss and make decisions on sustainability matters and performs preparatory, advisory, and support functions for the Board of Directors in relation to sustainable development.
The Committee also supports the Board of Directors in the preparation of the consolidated sustainability statement. In this context, an operational ESG team is in place. This team, working in close coordination with the Sustainability Committee, manages and oversees sustainability matters in collaboration with all key internal functions. In particular, it is responsible for preparing and drafting the Group's consolidated sustainability statement on a regular basis. The ESG team reports directly to the CEO, confirming that sustainability is a core component of Reply's strategy.
The CEO informs the Board of Directors, from time to time, of the matters discussed and approved by the Sustainability Committee. The ESG-related topics and sub-topics identified through the double materiality analysis, as defined by the Sustainability Committee, were shared with and submitted for validation by the Board of Directors. The Sustainability Committee and the ESG Team therefore play a crucial role in overseeing the company's strategy, in decisions related to significant operations, and in the risk management process. The approved relevant sustainability topics and sub-topics, along with the associated impacts, risks, and opportunities, are presented in paragraph *[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model.*

[GOV-3] Integration of sustainability-related performance in incentive schemes

The Board of Directors, based on the proposal of the Remuneration Committee, adopts resolutions regarding the fixed remuneration of Executive Directors and defines the procedures for determining the variable component of their remuneration. The variable component is structured through the allocation of a profit-sharing scheme pursuant to Article 22 of the Company's Articles of Association, with annual resolutions for the short-term component and resolutions at the beginning of the reference period for the medium-to long-term component.
The Shareholders' Meeting approves, through a binding vote, the first section of the Remuneration Report, which contains the Remuneration Policy, with the frequency required by the duration of the policy as defined, and in any case at least every three years or whenever the policy is amended.

The current incentive plan was approved by the Shareholders' Meeting on 23 April 2024.
The incentive plan currently in force was approved by the Shareholders' Meeting on April 23, 2024, and covers the period 2023–2026

The Remuneration Committee assesses performance as follows:

- annually, with respect to the short-term variable component;
- at the end of the reference period, for the medium- to long-term variable component.

Based on information and analyses provided by internal departments, the Committee formulates and shares with the Board of Directors the proposal for profit-sharing allocations to be submitted to the Shareholders' Meeting, along with the related distribution. The Shareholders' Meeting is then called upon to approve the proposed allocation of the variable remuneration component.

With specific regard to incentive systems linked to sustainability matters, for the medium- and long-term variable component (valid through 31 December 2026), performance targets are set over a four-year period and are tied to the following indicators: EBIT (Earnings Before Interest and Taxes), TSR (Total Shareholder Return), CFO (Operating Cash Flow), and ESG. For the ESG indicator, the only defined target is the achievement of Carbon Neutrality by 2025.

Performance indicators are weighted based on their alignment with the corporate strategy and the level of operational responsibility of Executive Directors and Executives with strategic responsibilities, as follows: 58% EBIT, 26% TSR, 8% CFO, and 8% ESG target of Carbon Neutrality.

[GOV-4] Statement on due diligence

Currently, the Reply Group has not yet defined a formalised procedure for the sustainability due diligence process. However, key elements of due diligence are in place and are presented in the following table, with references to the specific chapters and sections where they are addressed in detail.

DUE DILIGENCE	DUE DILIGENCE ELEMENT	DUE DILIGENCE ELEMENT
a) Integrating due diligence into governance, strategy, and business model	▸ [MDR-P] Policies Adopted to Manage Material Sustainability Matters, "General Information" chapter	The Group adopts various policies and procedures that reflect its commitment to integrating due diligence into its corporate strategy. Specifically: ▸ Code of Ethics ▸ Supplier Code of Conduct ▸ Whistleblowing Policy These policies are shared not only with all Group employees, but also with suppliers and clients. Administrative and supervisory bodies are responsible for the correct implementation of these policies and for managing any breaches.
b) Stakeholder engagement throughout the due diligence process	▸ [SBM-2] Stakeholders' Interests and Views, "General Information" chapter	Stakeholder engagement is carried out through various channels and methods to understand their opinions and expectations, including regular moments of dialogue and sharing—particularly on ESG-related matters.
c) Identifying and assessing negative impacts	▸ [SBM-3] Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model ▸ [IRO-1] Process for Identifying and Assessing Material Impacts, Risks and Opportunities ▸ [MDR-P] Policies Adopted to Manage Material Sustainability Matters, "General Information" chapter	Key activities through which the Group identifies and assesses potential negative impacts from its operations include: ▸ The double materiality assessment, which allows for identifying and prioritising impacts—both upstream and downstream in the value chain ▸ The Whistleblowing Channel, a key tool for receiving alerts from any stakeholder regarding actual or potential negative impacts ▸ The annual employee survey, to assess working conditions and surface potential issues ▸ The annual self-assessment with strategic suppliers ▸ The annual customer satisfaction survey
d) Acting to prevent or mitigate negative impacts	▸ [S1-1] Policies Related to Own Workforce ▸ [S1-3] Processes to Remediate Negative Impacts and Channels for Own Workers to Raise Concerns ▸ [S2-1] Policies Related to Workers in the Value Chain ▸ [S2-3] Processes to Remediate Negative Impacts and Channels for Workers in the Value Chain to Raise Concerns ▸ [S4-1] Policies Related to Consumers and End-users ▸ [S4-3] Processes to Remediate Negative Impacts and Channels for Consumers and End-users to Raise Concerns	The Group's Whistleblowing Procedure defines the case-handling method to be applied following a report, in order to remediate negative impacts. Additionally, through ongoing dialogue with employees, suppliers, and clients, the Group implements case-by-case action plans to address issues related to its activities and services.
e) Monitoring effectiveness and communication		The Group's Whistleblowing Procedure includes periodic reporting of received alerts and actions taken to the Supervisory Body, to enable continuous monitoring.

[GOV–5] Risk management and internal controls over consolidated sustainability statement

The Board of Directors has established the Control and Risks Committee within its structure, with preparatory, advisory, and consultative functions, for the operational management of the internal control and risk management system. This Committee evaluates the effectiveness of the internal control system on a semi-annual basis and ensures that the information disclosed in this annual report is accurate and transparent. However, ultimate responsibility for the system lies with the Board of Directors, which defines its strategic guidelines and work plan, based on the Committee's assessment, and monitors its adequacy.

The methodological approach adopted for evaluating the internal control and risk management system—including sustainability-related risks—is based on the principles of the CoSO Framework, one of the internationally recognised standards. Using this model, the Group has mapped and carried out a qualitative assessment of the most significant risks (including those relevant to sustainability), both in terms of potential risk and associated first- and second-level controls, resulting in a measurement of residual risk.

The Internal Audit function is responsible for monitoring the sustainability reporting process through control testing activities and identifying any weaknesses in the internal control system. Internal Audit reports the outcomes of these control activities semi-annually to the Board of Directors and the Control and Risks Committee. Based on the findings reported, action plans are subsequently defined and integrated into operational processes through a systematic and structured approach.

The ESG team is responsible for drafting detailed procedures that define roles and responsibilities, ensuring full traceability of the entire reporting process. Furthermore, the ESG team ensures continuous training for staff involved in sustainability reporting, making sure they are always up to date on applicable regulations. Data collection is managed through an annual work plan, with periodic checks in place to ensure the accuracy and completeness of the information.

Strategy

The following sections analyse the elements of Reply's strategy related to sustainability, its business model and value chain, highlighting how the Group integrates stakeholder interests and how the impacts, risks and opportunities identified through the double materiality assessment influence its overall strategy.

[SBM-1] Strategy, business model and value chain

The Reply Group offers a wide range of services, as detailed in the "Reply" section of the Financial Report. These include strategic consulting, communication, design, processes and technology, as well as system integration services that combine business consulting with innovative, high value-added technological solutions. In addition, Reply provides cutting-edge digital services by leveraging new communication channels and emerging digital trends. The main markets in which Reply operates are also described in the "Reply" section of the Financial Report.

The Group's services extend across several geographic areas, divided into regions, as described in paragraph *BP-1: General basis for preparation of sustainability statements*. The number of employees active in each region is presented in the following paragraph *ESRS S1 Own workforce.*

In 2024, there were no significant changes in the services offered or in the markets where the Group operates. It should be noted that Reply does not provide prohibited services in restricted markets and is not active in the fossil fuel sector, chemical manufacturing, controversial weapons, or the cultivation and production of tobacco.

Through its first double materiality assessment, Reply identified the material impacts, risks and opportunities relevant to the Group, which guide the strategy and the business model with the goal of mitigating negative impacts and financial risks, while capturing opportunities and maximising positive impacts on key material topics. In general, the strategy is built around key pillars aimed at ensuring well-being and fairness for the workforce throughout the value chain, promoting energy efficiency and reducing greenhouse gas emissions through the implementation of low-consumption technologies and responsible energy management practices.

Lastly, the Group aims to expand its offering of sustainability-oriented solutions for its clients by developing consulting services that support companies in their transition toward more sustainable operating models. These strategic elements not only reinforce Reply's commitment to sustainability but also help generate positive impacts on communities and the environment, creating value and building stakeholder trust.

For further details, please refer to paragraph *[SBM-2] Interests and views of stakeholders.*

Currently, Reply has not set specific sustainability-related targets in terms of significant product and service groups, customer categories, geographic areas, or stakeholder relationships. However, the Group has committed to achieving Carbon Neutrality by 2025 and Net Zero by 2030, as part of its transition towards a more sustainable and environmentally responsible business model. For further details, please refer to paragraph *[E1-4] Targets related to climate change mitigation and adaptation.*

Reply has not made use of the exemption from disclosure provided under Article 18(1)(a) of Directive 2013/34/EU.

For a description of Reply's business model, main activities, and principal customer segments, please refer to the paragraph "Reply" in this "Annual Financial Report."

For information on the cost and revenue structure, in accordance with the disclosure requirements under IFRS 8, please refer to NOTE 36 – Segment Reporting in the Financial Report.

he main resources used by the Group to carry out its business operations are:

- Human capital, which is crucial to delivering and ensuring the quality of the services offered by the Group. In this regard, Reply invests in the training and professional development of its employees, ensuring they have the necessary skills to perform their duties, and in welfare systems to attract and retain top talent. For more information, please refer to the chapter "Social Information – Own Workforce."
- IT and technological systems: Reply invests in advanced technologies and adopts an innovative approach to develop and implement technological solutions that support its business activities.

Reply's value chain

Reply operates through a network structure composed of specialised companies focused on processes, applications, and technologies, which act as centres of excellence in their respective areas:

- **Processes** – For Reply, understanding and applying technology means introducing an enabling factor for business processes, thanks to in-depth knowledge of the market and specific industrial contexts.
- **Applications** – Reply designs and develops application solutions tailored to the core business needs of clients across various industry sectors.
- **Technologies** – Reply optimises the use of innovative technologies, delivering solutions that ensure maximum efficiency and operational flexibility for its clients.

Reply's services include:

- **Consulting** – strategic, communication, design, process and technology consulting;
- **System Integration** – to fully leverage technological potential by combining business consulting with innovative, high value-added technology solutions;
- **Digital Services** – innovative services based on new communication channels and emerging digital trends.

Reply's value chain includes not only the above-mentioned services delivered directly by the Group, but also upstream phases relating to direct and indirect procurement, as well as downstream phases concerning the use of the Group's solutions by its clients, as illustrated in the table below.

Upstream		Business operations	Downstream
Indirect Suppliers	Direct Suppliers		

▸ Indirect suppliers involved in the extraction of raw materials and natural resources natural resources (water, gas, etc.)
▸ Indirect service providers involved in the production, assembly and marketing of hardware and IT products
	▸ Hardware Suppliers (Licensee)
	▸ Service Providers
	  › IT consultancy services (strategic suppliers)
	  › Real Estate
	▸ Utilities Providers
	▸ Human Resources Providers (staffing agencies)
		▸ Recruitment and Training
		▸ Research and Development
		▸ Business Operations
		▸ Outbound Logistics
		▸ Waste Management
			▸ Using the solutions offered by the Group

[SBM-2] Interests and views of stakeholders

Stakeholder engagement activities aim to integrate stakeholder expectations and views into the Group's strategy and business model. These activities foster continuous and transparent dialogue throughout the entire value chain, with the goal of building long-lasting trust-based relationships.

Below are the main categories of stakeholders identified by Reply.

Figure 1: Stakeholder categories identified as relevant for the Reply Group.

Reply Group adopts a continuous dialogue and engagement approach with its stakeholders through targeted initiatives, structured moments of interaction, and the regular sharing of information. The table below outlines the main stakeholder categories identified by the Group, along with the commonly used engagement channels.
Stakeholder engagement activities have provided valuable input for conducting the double materiality assessment and informing its outcomes. Specific internal stakeholder categories—including key corporate functions, top management, and members of the Board of Directors—were directly involved in evaluating the relevance of sustainability topics through dedicated meetings or interviews. This demonstrates that the interests of stakeholders are carefully considered in the development of Reply's sustainability strategy.
Moreover, the administrative, management and supervisory bodies of Reply receive regular updates on stakeholder views and interests, including the outcomes of the double materiality assessment.
No additional stakeholder engagement measures are currently planned beyond those conducted on an annual basis.

STAKEHOLDER	COMMUNICATION AND ENGAGEMENT CHANNELS
Employees and Collaborators	Training and knowledge-sharing activities and events both in physical spaces and through Group channels and platforms Annual Employee Survey Annual performance appraisal interviews Direct interactions with relevant partners
Universities	Organisation of training and idea generation events for students and young professionals
Customers	Website, social media, newsletter Seminars, events, workshops Customer Surveys Participation in working groups
Human rights and environmental associations	United Nations Global Compact Carbon Disclosure Project (CDP)
Shareholders / investors and the financial community	Company Meetings Roadshows
Media and public opinion	Press releases Social media
Suppliers	Periodic meetings Qualification and assessment process Self-assessment against the Code of Conduct
Local community	Organisation of training and idea generation events for students and young professionals
Public administrations	Institutional documentation
Competitors	Industry conferences Participation in working groups

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

This section outlines the material impacts, risks, and opportunities identified by the Group through the double materiality assessment, which guides the preparation of this consolidated sustainability statement. It highlights how these elements interact with the Group's strategy and business model.

The table below provides a summary of the actual and potential impacts—both negative and positive—as well as the material risks and opportunities for the Group. It includes a description of where these impacts risks and opportunities arise and are concentrated across the Group's operations and value chain, both upstream and downstream. For further details, please refer to the corresponding thematic sections within the document.

With regard to the Group's material impacts, the description explains how these impacts affect people and the environment along the value chain, particularly in the context of business relationships. The current and expected effects of the relevant impacts, risks, and opportunities on the business model, value chain, strategy, and decision-making process are detailed in the table below and in the corresponding thematic sections of the document.

Furthermore, the document outlines how the Group responds or intends to respond to these effects, ensuring a proactive and strategic management of emerging challenges and opportunities. Finally material impact, risk and opportunity, the reasonably expected time horizons are indicated, as defined in paragraph *BP-2: Disclosures in relation to specific circumstances.*

It should be noted that no impact, risk or opportunity is reported through additional, Group-specific disclosures.

Reply has not identified any risks or opportunities that are expected to have a material economic or financial impact in the short term. In addition, the Group considers that none of them pose a significant risk of material adjustments to assets or liabilities in the next financial year.

To ensure the ability to address material impacts and risks and to seize relevant opportunities in the area of sustainability, Reply has developed its own corporate strategy, as described in paragraph *[SBM-1] Strategy, business model and value chain* and in detail in the following chapters.

Topical ESRS	Sub-Topic	Sub-Sub-Topics	IRO	IRO Description	Time Horizons			Value Chain		
					Short Term	Medium Term	Long Term	Own Operations	Upstream	Downstream
ESRS E1 - Climate Change	Climate Change Mitigation	N/A	Current negative impact	Greenhouse gas emissions at upstream and downstream stages of the value chain associated with: use of IT services, production of electronic components and use of solutions by customers.	x	x	x		x	x
ESRS E1 - Climate Change	Climate Change Mitigation	N/A	Current negative impact	Greenhouse gas emissions associated with own business operations and outbound logistics.	x	x	x	x		
ESRS E1 - Climate Change	Energy	N/A	Current negative impact	Energy consumption in the upstream and downstream stages of the value chain associated with the use of IT services, production of electronic components and use of solutions by customers.	x	x	x		x	x
ESRS E1 - Climate Change	Energy	N/A	Current negative impact	Energy consumption associated with own business activities.	x	x	x	x		
ESRS E1 - Climate Change	Climate Change Mitigation	N/A	Potential positive impact	Reduction of energy consumption and/or GHG emissions through the use of green and sustainability-related solutions offered by the Reply Group.	x	x	x	x	x	x
ESRS E1 - Climate Change	Climate Change Adaptation	N/A	Economic Risk	Effect of climate change on the productivity of human resources (e.g. heat waves) and consequent adaptation actions (e.g. upgrading of cooling systems in offices).	x	x	x	x	x	
ESRS E1 - Climate Change	Climate Change Adaptation	N/A	Economic Risk	Increased insurance costs related to extreme events caused by climate change.		x	x	x		
ESRS E1 - Climate Change	Climate Change Adaptation	N/A	Economic and Reputational Risk	Failure to adopt a climate change adaptation plan as required by the EU Taxonomy Regulation or any ESG ratings (e.g. CDP).		x	x	x		
ESRS E1 - Climate Change	Climate Change Mitigation	N/A	Economic and Reputational Risk	Increase in the cost of electric vehicles, which would increase the cost of achieving the target of 30% hybrid/electric vehicles in 2025.		x		x	x	x
ESRS E1 - Climate Change	Climate Change Mitigation	N/A	Economic Risk	Increased cost of carbon credits for voluntary Scope 1 and 2 offsetting, as per the Carbon Neutrality target defined by Reply for 2025.		x	x	x		
ESRS E1 - Climate Change	Energy	N/A	Economic Risk	Volatility of energy prices, considering the energy consumption required for business operations.		x	x	x	x	
ESRS E1 - Climate Change	Energy	N/A	Economic Risk	Higher costs for the adoption and installation of energy efficiency solutions in company-owned offices (e.g. relamping activities, installation of photovoltaic panels, introduction of PIR presence detectors for efficient use of electricity).		x	x	x		

Topical ESRS	Sub-Topic	Sub-Sub-Topics	IRO	IRO Description	Time Horizons			Value Chain		
					Short Term	Medium Term	Long Term	Own Operations	Upstream	Downstream
ESRS E1 - Climate Change	Energy	N/A	Economic Risk	Failure to adopt energy-efficient solutions in (non-owned) offices and thus the consequent need to cover higher energy costs.	x	x	x	x		
ESRS S1 - Own workforce	Working conditions	Work-life balance	Current positive impact	Promotion of well-being (physical and psychological) in the workplace, through initiatives aimed at a better work-life balance and corporate welfare systems, and by the focus on the personal and professional growth of employees.	x	x	x	x		
ESRS S1 - Own workforce	Working conditions	Health and safety	Current negative impact	Lack of health and safety management in the organisation that may lead to the occurrence of work-related stress and/or occupational diseases.	x	x	x	x		
ESRS S1 - Own workforce	Fair treatment and equal opportunities	Training and skills development	Current positive impact	Provision of training courses to develop and update technical skills in the sector.	x	x	x	x		
ESRS S1 - Own Workforce	Fair treatment and equal opportunities	Gender equality and equal pay for work of equal value	Potential negative impact	Possible cases of discrimination and unequal pay for work of equal value, which may negatively affect the professional development and well-being of employees.		x	x	x		
ESRS S1 - Own Workforce	Working Conditions	Adequate wages	Economic risk	Need to increase salaries due to high competitiveness in the IT sector.	x	x	x	x		
ESRS S1 - Own workforce	Working conditions	Work-life balance	Economic and reputational opportunity	Offer of a corporate welfare plan and the promotion of a working environment based on diversity & inclusion and wellbeing principles that make the Group more attractive.	x	x	x	x		
ESRS S1 - Own workforce	Working conditions	Work-life balance	Economic Opportunity	Growing use and development of Artificial Intelligence systems capable of optimising the efficiency of human resources and expanding Reply's range of services.		x	x	x		
ESRS S1 - Own workforce	Working conditions	Work-life balance	Economic risk	Lack of attractiveness and retention of highly qualified staff and loss of key figures within its workforce.	x	x	x	x	x	
ESRS S1 - Own Workforce	Fair treatment and equal opportunities	Gender equality and equal pay for work of equal value	Economic and reputational risk	Low presence of qualified female IT human resources in the market, leading to a low diversity & inclusion rate in the Group and a gender gap in career development.	x	x		x		
ESRS S1 - Own Workforce	Fair Treatment and Equal Opportunities	Gender equality and equal pay for work of equal value	Economic and reputational risk	Occurrence of discrimination in the workplace.	x	x	x	x	x	
ESRS S1 - Own workforce	Fair Treatment and Equal Opportunities	Training and skills development	Economic and reputational opportunity	Provision of training for employees to develop and update technical and soft skills required in the sector.	x	x	x	x		
ESRS S2 - Workers in the value chain	Fair treatment and equal opportunities	Gender equality and equal pay for work of equal value	Potential negative impact	Lack of policies to promote gender equality and ensure equal pay for workers in the value chain		x	x		x	

Topical ESRS	Sub-Topic	Sub-Sub-Topics	IRO	IRO Description	Time Horizons			Value Chain		
					Short Term	Medium Term	Long Term	Own Operations	Upstream	Downstream
ESRS S2 - Workers in the value chain	Other workers' rights	Child labour	Potential negative impact	Poor supervision of the workforce by suppliers, which can lead to the occurrence of child labour violations, especially in countries at risk (China, India, Morocco, Brazil)		x	x		x	
ESRS S2 - Workers in the value chain	Working conditions	Work-life balance	Economic Risk	Difficulties in finding highly qualified personnel and the loss of key figures within the workforce of their suppliers.	x	x	x		x	
ESRS S4 - Consumers and end-users	Impact of information on consumers and/or end users	Privacy	Potential negative impact	Lack of controls and preventive measures by the company, which can lead to the occurrence of cyber attacks and data breaches. Such attacks can lead to the violation of the privacy of customers and business partners, the loss of their sensitive data, the misuse of data and the interruption of the operation of some of the solutions offered by the Group.		x	x	x		x
ESRS S4 - Consumers and end-users	Impact of information on consumers and/or end-users	Access to (quality) information	Economic Opportunity	Growing customer demand for IT solutions that improve performance in terms of sustainability (e.g. contributing to the circular economy and reducing: greenhouse gas emissions, air or water pollutants).	x	x	x	x		
ESRS S4 - Consumers and end-users	Impact of information on consumers and/or end-users	Access to (quality) information	Economic Opportunity	Growing customer awareness of the importance of IT security and evolution of relevant regulations (e.g. European Directive NIS 1 and 2) resulting in increased demand for IT security services.	x	x	x	x		
ESRS S4 - Consumers and end-users	Impact of information on consumers and/or end-users	Access to (quality) information	Economic and reputational risk	Development of software and IT solutions that do not guarantee the security (e.g. privacy and robustness/ robustness of infrastructure) of customers/end users	x	x	x	x		x
ESRS S4 - Consumers and end-users	Social inclusion of consumers and/or end-users	Non-discrimination	Economic and reputational risk	Incidents of discrimination and violation of the human rights of customers and end-users due to the misuse of artificial intelligence systems that are still poorly regulated.	x	x		x		x
ESRS S4 - Consumers and end-users	Social inclusion of consumers and/or end-users	Access to products and services	Economic Opportunity	Development of IT and IoT solutions that respect the principles of digital ethics and accessibility as required by current legislation	x	x	x	x		x
ESRS G1 - Conduct of Businesses	Bribery and corruption	Incidents	Potential negative impact	Potential negative impact on the integrity of the business and the economic and social fabric in which the Group operates due to cases of corruption or lack of transparency.	x	x	x	x	x	
ESRS G1 - Business Conduct	Management of relations with suppliers, including payment practices	N/A	Economic and Reputational Risk	Economic and reputational risk due to the failure to adopt a procurement policy based on ESG criteria.	x	x	x	x		

Material impacts, risks and opportunities

This section aims to illustrate the process of identifying impacts, risks and opportunities, as well as the information that, following the double materiality assessment, Reply has included in this consolidated sustainability statement.

[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities

The process for identifying the material impacts, risks and opportunities for the Reply Group is based on a double materiality assessment, the methodology of which is detailed below. In particular, a sustainability topic may be considered material if it is associated with an impact, risk and/or opportunity deemed relevant through one or both of the following analyses:

- **Impact materiality**: A sustainability topic is considered material from an impact perspective if it results in actual or potential, positive or negative, significant impacts for the Group—either under the company's direct control or across its value chain, both upstream and downstream. This includes the effects of its products and services and business relationships on people and the environment over the short, medium and long term.
- **Financial materiality**: A sustainability topic is considered material from a financial perspective if it generates or may generate significant financial effects for the Group, either negative (risks) or positive (opportunities). These effects have, or are reasonably expected to have, a material influence on the company's development, financial position, performance, cash flows, access to capital or cost of capital in the short, medium or long term. Such risks and opportunities may arise from activities carried out under the direct control of the company or across its value chain, both upstream and downstream.

The double materiality assessment process was structured into the following main phases:

1. **Context analysis, definition of the value chain, and identification of material impacts, risks and opportunities:**
   In this initial phase, Reply's operating context was analysed with the objective of clearly outlining its value chain. This included identifying the main stakeholders, suppliers and clients involved across the various stages of the value chain, as described in paragraph *[SBM-1] Strategy, business model and value chain.*
   To support this analysis, a structured document review was carried out, complemented by sector and benchmark analysis. In addition, interviews were conducted with managers of key business functions, providing a detailed overview of the Group's activities.

This approach enabled a thorough mapping of impacts, risks and opportunities for Reply, taking into account the entire value chain, as well as all geographies, activities, and sectors in which the Group operates. The functions involved in the process were:

- ESG;
- Finance;
- HR;
- Internal Audit;
- Investor relations;
- Operations;
- Purchasing;
- Risk Management;
- Sourcing.

The interviews made it possible to gather crucial information for understanding the Group's internal dynamics, identifying key sustainability-related impacts, risks and opportunities, and obtaining relevant insights for their evaluation.

2. **Assessment of impacts, risks and opportunities:**
   Finally, a thorough assessment was carried out on the impacts, risks and opportunities identified in the previous phase. This evaluation also included a review of internal documents, applicable regulations, and validation by the functions involved in the process. To validate the results obtained, meetings were held with the Group's top management. The senior management involved included all heads of the relevant functions, the Sustainability Committee, and subsequently the Board of Directors.
   The following section provides a detailed explanation of how the assessment process for impacts, risks and opportunities was conducted.

Impact Materiality

In defining the Group's material impacts on people and the environment, the following elements were considered:

- all the Group's activities and most significant business relationships;
- all the geographies in which Reply operates

as described in paragraph *[SBM-1] Strategy, business model and value chain.*

Negative impacts were assessed based on their likelihood of occurrence and their severity, determined by the combination of scale, scope, and irremediability. Specifically:

- Scale refers to how serious an impact is;
- Scope refers to the extent of the impact in terms of the stages and geographies of the value chain where it occurs;
- Irremediability refers to how difficult it is to remediate the negative impact.

Positive impacts were assessed based on their likelihood of occurrence, as well as their scale and the scope in which they occur.

Both negative and positive, potential and actual impacts were also evaluated with respect to the time horizon in which they may occur (short, medium, or long term).

The process for prioritising impacts was carried out using predefined materiality quantitative thresholds.
The monitoring of potential and actual impacts on the environment and people is carried out through continuous analysis of the effects of the actions implemented. These actions aim to mitigate negative impacts and promote positive ones. For further details, please refer to the corresponding thematic sections of the report.

Financial Materiality

Reply has identified and assessed the sustainability-related risks and opportunities that generate—or may generate—financial effects in the short, medium, and long term, based on the impacts identified as material through the impact materiality assessment. The monitoring of risks and opportunities is carried out through continuous analysis of the effects of the external context on the Group's business, with the aim of promptly identifying potential threats and emerging opportunities. This evaluation also considers dependencies, i.e., external factors the Group relies on to carry out its activities, such as strategic suppliers, skilled personnel, clients, and energy sources. In addition, it takes into account the actions implemented by the Group—such as investments in energy efficiency—to mitigate negative impacts and/or maximise positive impacts on sustainability.
The relevance of risks and opportunities was assessed based on their likelihood of occurrence and the magnitude of their financial effects, and then prioritised using predefined materiality quantitative thresholds.
As previously mentioned, the double materiality assessment involved the Risk Management function to ensure alignment with the Group's overall risk evaluation and management system. The double materiality analysis is presented to and validated by the Sustainability Committee and approved by the Board of Directors, as it is part of the consolidated sustainability statement.
Furthermore, as described in paragraph *[GOV-5] Risk management and internal controls over consolidated sustainability statement* the Group has begun to define the internal control measures performed by the Internal Audit function in relation to the reporting process and key ESG topics. Similarly, the process of identifying, assessing and managing opportunities is integrated into the Group's overall risk and opportunity management framework.
It is not possible to compare the current materiality assessment process and results with the previous reporting period, as up to the 2023 reporting year, Reply was subject to the publication of the Non-Financial Statement in accordance with the GRI Standards issued by the Global Reporting Initiative. Reply internally conducted the assessment and validation of the double materiality process with the support of an external consulting firm for methodological aspects. Moreover, no predefined assumptions were applied as a basis for this process.
The double materiality process and the results obtained will be reviewed, upon corporate decision, in the event of changes to the company's scope or in response to regulatory developments.

[IRO-2] Disclosure requirements in ESRS covered by the undertaking's consolidated sustainability statement

This section outlines the disclosure requirements included in this consolidated sustainability statement, along with the topics that have been omitted as they were deemed "not material" based on the results of the double materiality assessment.
Below is the list of disclosure requirements that Reply has addressed in this consolidated sustainability statement, based on the outcomes of the double materiality assessment.

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The information requirements stemming from other EU legislative acts have been assessed as not material.
Based on the results of the double materiality assessment, Reply concluded that the following topical ESRS are not material for the Group: Pollution (ESRS E2), Water and Marine Resources (ESRS E3), Biodiversity and Ecosystems (ESRS E4), Resource Use and Circular Economy (ESRS E5), and Affected Communities (ESRS S3).
Specifically, environmental topics related to pollution, water and marine resources, biodiversity and ecosystems, and resource use and circular economy will not be reported by the Group, as they are not considered material to the business, the value chain, or the Group's commercial relationships. This assessment is consistent with the nature of Reply's activities, which operate in the IT services and technology consulting sector—an area generally characterised by limited and non-significant indirect environmental impacts.
In particular, the impacts associated with the aforementioned topics mainly occur along the value chain, during the extraction of raw materials and the manufacturing of hardware and IT equipment used in the Group's operations. These impacts could potentially affect pollution, water consumption, biodiversity, resource use, and waste management. However, they have been deemed not material, given the low volumes of purchased equipment, the limited involvement of the supply chain, and the low likelihood of occurrence.
Similarly, due to the nature of the Group's business, no material impacts have been identified with respect to affected communities, intended as impacts on economic, social, and cultural rights, political and civil rights, or specific rights of Indigenous Peoples.

Reply adopts a structured approach to identify the relevant information to be disclosed regarding the impacts, risks and opportunities assessed as material. This approach is based on the principles outlined in ESRS 1, section 3.2, and involves the categorisation of its impacts, risks and opportunities through the application of materiality thresholds, as described in paragraph *[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities* to which reference is made for further details.

[MDR-P] Policies adopted to manage material sustainability matters

The Reply Group has developed policies for each material topic, with the aim of managing the relevant impacts, risks and opportunities.
Primary responsibility for the implementation of these policies lies with a senior-level figure within the Group, who continuously monitors their effectiveness.
The specific policies related to the various aspects of sustainability are described in detail in the following sections, providing a clear and comprehensive overview of Reply Group's commitment to sustainability.

POLICY	MATERIAL ESRS	MAIN CONTENTS	SCOPE OF APPLICATION	POLICY MAKER	REFERENCE STANDARDS/ INITIATIVES	SHARING CHANNELS
Code of Ethics	S1, S2, S4, G1	The Code of Ethics has been drafted to ensure that the fundamental ethical values of the Reply Group are clearly defined and serve as the foundation of the Group's corporate culture, as well as the standard of conduct for all Group collaborators in the performance of their activities. The Group's core ethical principles include: professionalism and trust, legality and honesty in all activities, in full compliance with applicable laws, impartiality, respect for diversity and non-discrimination, prevention of potential conflicts of interest, and fairness and transparency in all actions undertaken by recipients of the Code. The Code of Ethics also sets out the rules of conduct that define Reply's relationships with its stakeholders. It includes provisions governing relations with public authorities and institutions, which are based on principles of legality, transparency, clarity, and fairness, in full compliance with applicable legislation.	All Group stakeholders	Board of Directors	-	▸ Group website ▸ Intranet
Whistleblowing Policy	S1, S2, S4, G1	The Group has an active whistleblowing system in place in all countries where it operates, allowing for the reporting of unlawful conduct or behaviour that violates the Code of Ethics and/or Group Policies. The Whistleblowing Policy, introduced to ensure the timely and secure reporting of misconduct, accepts reports from both employees and external stakeholders, guaranteeing anonymity and confidentiality. Reports can be submitted through the following channels: Via the platform: https://reply-whistleblowing.integrityline.com/ By post: Reply S.p.A. – Via Nizza no. 250 – 10126 Turin – Italy, addressed to the Supervisory Body of Reply S.p.A. By telephone: +39 011 7711594, requesting to speak with the Supervisory Body During the verification process, the Supervisory Body may contact the Whistleblower to request additional information, if necessary, to assess the validity of the report.	All Group stakeholders	Supervisory Body, Board of Directors	Directive EU 2019/1937	▸ Group website ▸ Intranet

POLICY	MATERIAL ESRS	MAIN CONTENTS	SCOPE OF APPLICATION	POLICY MAKER	REFERENCE STANDARDS/ INITIATIVES	SHARING CHANNELS
Human Rights & Labour Policy	S1, S2	The Human Rights & Labour Policy, repudiates child and forced labour and protects freedom of association and collective bargaining. This policy confirms, the commitment to the protection of human rights, favouring diversity, inclusion, avoiding all forms of discrimination, guaranteeing the physical and mental wellbeing of employees and their professional growth.	Entire Group	CEO	▸ Universal Declaration of Human Rights ▸ Guiding Principles on Business and Human Rights ▸ International Labour Organisation (ILO) Conventions	Intranet
Modern Slavery Policy	S1, S2	The Modern Slavery Policy describes the commitment to ensure that forced labour and child labour practices do not occur at any point in Reply's business operations or in its supply chain.	Entire Group, All suppliers	Board of Directors	Modern Slavery Act	▸ Group website ▸ Intranet
Health and Safety Policy	S1, S2	The policy describes the implementing rules that ensure the highest levels of health and safety protection in the workplace, in accordance with local regulations. It is addressed to Reply's workers, suppliers and contractors, and customers who request it.	Employees and suppliers (Regions 1, 2, 3)	COO	▸ Legislative Decree 81/08 ▸ ISO 45001	Intranet
Supplier Code of Conduct	E1, S2	The Suppliers' Code of Conduct brings together all the provisions that define the standards that Suppliers must comply with in the areas of labour law and human rights, worker safety and environmental sustainability, governance for which specific monitoring activities are foreseen.	All strategic suppliers	CEO	▸ Universal Declaration of Human Rights ▸ Guiding Principles on Business and Human Rights ▸ International Labour Organisation (ILO) Conventions	▸ Acknowledgement and acceptance by all suppliers when signing the contract ▸ Intranet
ICT Security Policy	S4	The ICT Security Policy sets out the security requirements to be followed in internal and customer activities. The main topics are: ▸ Definition of responsibilities ▸ Asset management ▸ Logical access control ▸ Physical security ▸ Operational management of systems, networks and telecommunications ▸ Systems development and maintenance ▸ Relations with third parties ▸ Security incident management ▸ Operational continuity ▸ Compliance	Entire Group	COO	▸ ISO 27001 ▸ ISO 27002 ▸ GDPR ▸ TISAX ▸ VDA ISA ▸ UK Data Protection Act	Intranet
ICT Security Incident Management	S4	The ICT security incident management procedure is integrated with the Personal data breach notification process, which provides for how incidents are contained, classified and managed.	Entire Group	COO	▸ ISO 27001 ▸ ISO 27002 ▸ GDPR ▸ TISAX ▸ VDA ISA ▸ UK Data Protection Act	Intranet
Employee Privacy Policy	S4	The policy outlines the basic privacy principles that apply when personal data is collected, stored, exchanged or otherwise processed.	Entire Group	DPO	GDPR	Intranet
Client DPA Policy	S4	The policy outlines the process for managing Data Protection Agreements	Entire Group	DPO	GDPR	Intranet
AI Policy	S4	The Artificial Intelligence (AI) Policy provides general guidance on how to ensure compliance in the purchase, use and development of AI systems, applications and technologies, while respecting contractual constraints, legal requirements, compliance best practices and ethical principles.	Entire Group	Ethical AI Committee	▸ AI ACT ▸ GDPR	Intranet

POLICY	MATERIAL ESRS	MAIN CONTENTS	SCOPE OF APPLICATION	POLICY MAKER	REFERENCE STANDARDS/ INITIATIVES	SHARING CHANNELS
Anti-Bribery Policy	G1	This policy covers: ▸ the main areas of responsibility under the Act; ▸ the responsibilities of employees and associated persons acting on behalf of the Group; ▸ the consequences of violating this policy.	Employees, Suppliers, and Partners (Regions 2, 3)	CEO	Bribery Act	Intranet
Envinronmental Policy	E1	The environmental policy outlines guidelines for monitoring and reducing the impacts that the company's activities generate on the environment, including aspects related to consumption and emissions.	Entire Group	CEO	▸ GHG Protocol ▸ ISO 14001	Intranet

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	REFERENCE PARAGRAPH	NOT RELEVANT / NOT APPLICABLE / PHASE IN
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (27), Annex II		General Information - ESRS 2 GOV-1	
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		General Information - ESRS 2 GOV-1	
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				General Information - ESRS 2 GOV-4	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		-	Not applicable
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		-	Not applicable
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 (29), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		-	Not applicable
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		-	Not applicable
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Environmental Information - ESRS E1-1	
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		-	Not applicable

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	REFERENCE PARAGRAPH	NOT RELEVANT / NOT APPLICABLE / PHASE IN
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Environmental Information - ESRS E1-4	
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Environmental Information - ESRS E1-5	
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				Environmental Information - ESRS E1-5	
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				-	Not applicable
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Environmental Information - ESRS E1-6	
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Environmental information - ESRS E1-6	
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Environmental Information - ESRS E1-7	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		-	Phase-in

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	REFERENCE PARAGRAPH	NOT RELEVANT / NOT APPLICABLE / PHASE IN
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			-	Phase-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			-	Phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		-	Phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				-	Not relevant
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				-	Not relevant
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				-	Not relevant
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				-	Not relevant
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				-	Not relevant
ESRS E3-4 Total water consumption in m 3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				-	Not relevant
ESRS 2- SBM 3 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				-	Not relevant
ESRS 2- SBM 3 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				-	Not relevant
ESRS 2- SBM 3 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				-	Not relevant

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	REFERENCE PARAGRAPH	NOT RELEVANT / NOT APPLICABLE / PHASE IN
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				-	Not relevant
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				-	Not relevant
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				-	Not relevant
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				-	Not relevant
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				-	Not relevant
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				Social Information - SBM3 - S1	
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				Social Information - SBM3 - S1	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				General Information - MDR-P Social Information - S1 -1	
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		General Information - MDR-P Social Information - S1 -1	
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				General Information - MDR-P Social Information - S1 -1	
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				General Information - MDR-P Social Information - S1 -3	
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				Informazioni Generali – MDR-P Informazioni Sociali - S1 -3	
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Social Information - S1 -14	
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Social Information - S1 -14	

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	REFERENCE PARAGRAPH	NOT RELEVANT / NOT APPLICABLE / PHASE IN
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Social Information - S1 -16	
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Social Information - S1 -16	
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Social Information - S1 -17	
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Social Information - S1 -17	
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Social Information - SBM-3 -S2	
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				General Information - MDR-P Social Information - S2 -1	
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				General Information - MDR-P Social Information - S2 -1	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Social Information - S2 -1	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		General Information - MDR-P Social Information - S2 -1	
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				Social Information - S2 -4	
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				-	Not relevant
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		-	Not relevant

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	REFERENCE PARAGRAPH	NOT RELEVANT / NOT APPLICABLE / PHASE IN
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1				-	Not relevant
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				General Information - MDR-P Social Information - S4 -1	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Social Information - S4 -1	
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1				Social Information - S4 -4	
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				General Information - MDR-P Governance Information - G1-1	
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				General Information - MDR-P Governance Information - G1-1	
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Governance Information - G1-4	
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Governance Information - G1-4	

Environmental information

Disclosures pursuant to article 8 of regulation (EU) 2020/852 (taxonomy regulation)

The year 2025 marks the fourth year of application—within the scope of consolidated sustainability statement for the 2024 financial year—of the provisions introduced by the European Taxonomy, adopted through **Regulation (EU) 2020/852**[2] (hereinafter also referred to as the "Regulation"), which forms part of the EU Sustainable Finance Action Plan launched by the European Commission[3] in 2018. The objective of the Regulation is to determine the "environmental sustainability degree" of an investment[4], enhancing market transparency for the benefit of consumers and investors.
The Regulation establishes a **unified EU-wide classification system** for identifying environmentally sustainable economic activities. Specifically, to determine whether an activity qualifies as environmentally sustainable, it must contribute to the achievement of one or more of the following **six environmental objectives**:

- Climate change mitigation (CCM)
- Climate change adaptation (CCA)
- Sustainable use and protection of water and marine resources (WTR)
- Transition to a circular economy, including waste prevention and recycling (CE)
- Pollution prevention and control (PPC)
- Protection and restoration of biodiversity and ecosystems (BIO)

In 2021, the European Commission adopted the *Climate Delegated Act*[5], which governs **the first two climate-related objectives** (mitigation and adaptation) by establishing technical screening criteria for economic activities that can substantially contribute to these goals without causing significant harm to the other environmental objectives.

2 Official Journal of the European Union, Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088. The Regulation is implemented through the progressive adoption of Delegated Acts.
3 See the Action Plan on Financing Sustainable Growth, European Commission, COM (2018) 97 final, and subsequently the Strategy for Financing the Transition to a Sustainable Economy, European Commission, COM (2021) 390 final.
4 See Article 1 of Regulation (EU) 852/2020 and Assonime Circular No. 1 of 19 January 2022, The European Regulation on the Taxonomy of Environmentally Sustainable Activities: Disclosure Obligations for Companies.
5 Commission Delegated Regulation (EU) 2021/2139.

During 2023, the Commission published two major updates to the Taxonomy, in particular:

- Publication of Delegated Regulation (EU) 2023/2485 (June 2023), which amends the *Climate Delegated Act*. This regulation introduced new activities and established additional technical screening criteria for the first two existing objectives: "climate change mitigation and climate change adaptation".
- Adoption of the *Environmental Delegated Act*[6] (November 2023), which sets out in Annexes I, II, III and IV the eligible activities related to the four non-climate environmental objectives of the Taxonomy:
  i) sustainable use and protection of water and marine resources, ii) transition to a circular economy, iii) pollution prevention and control, and iv) protection and restoration of biodiversity and ecosystems, along with the related technical screening criteria. Furthermore, Annex V includes a number of amendments to Delegated Regulation (EU) 2021/2178—also known as the "Disclosure Delegated Act", including updates to the templates to be used for reporting.

For the 2024 financial year, non-financial undertakings subject to the Regulation, such as Reply, are required to disclose information[7] regarding both **eligible and aligned economic activities**, with reference to the six environmental objectives and the relevant **quantitative performance indicators (KPIs)**—namely, the shares of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) **attributable to those activities**.
With regard to operating expenditure (OpEx), in accordance with point 1.1.3.2 of the **Disclosure Delegated Act**, the Group will not report the numerator associated with eligible activities, since the denominator of the KPI is considered not material in relation to the Group's overall operating costs, also taking into account the nature of Reply's business. However, the denominator has been calculated as outlined in the section "KPI Calculation Methodology."
Lastly, Delegated Regulation (EU) 2022/1214 extended the scope of eligible activities to include those related to nuclear energy and natural gas in the energy sector. However, the Group has not classified any such activities as eligible, as indicated in the table below.

6 Commission Delegated Regulation (EU) 2023/2486, divided into Annexes I, II, III, IV, and V.
7 Commission Delegated Regulation (EU) 2021/2178, also known as the "Disclosure Delegated Act," which defines the reporting methods to be adopted by entities falling within the scope of the Regulation.

Row	Activities related to nuclear energy	
1	The undertaking carries out, finances, or has exposures to the research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal fuel cycle waste.	NO
2	The undertaking carries out, finances, or has exposures to the construction and safe operation of new nuclear installations for electricity or process heat generation, including for district heating or industrial processes such as hydrogen production, and improvements to their safety using the best available technologies.	NO
3	The undertaking carries out, finances, or has exposures to the safe operation of existing nuclear installations generating electricity or process heat, including for district heating or industrial processes such as hydrogen production from nuclear energy, and improvements to their safety.	NO
	Activities related to fossil gas	
4	The undertaking carries out, finances, or has exposures to the construction or operation of electricity generation facilities that use fossil gaseous fuels.	NO
5	The undertaking carries out, finances, or has exposures to the construction, upgrade or operation of combined heat/cool and power generation facilities that use fossil gaseous fuels.	NO
6	The undertaking carries out, finances, or has exposures to the construction, upgrade or operation of heat generation facilities producing heat/cool using fossil gaseous fuels.	NO

Eligibility and alignment analysis

For the 2024 financial year, Reply updated its **eligibility analysis** to identify the Group's activities that correspond to those listed and described in *Annexes I and II of the Climate Delegated Act, Annexes I, II, III, and IV of the Environmental Delegated Act, and within Delegated Regulation (EU) 2023/2485.*
Additionally, the Group analysed potentially eligible activities related to **CapEx**, in line with **Annex 1 of Delegated Regulation (EU) 2021/2178, paragraph 1.1.2.2, point (c)**, concerning the acquisition of products derived from economic activities that are both eligible and aligned with the taxonomy, as well as individual measures that enable target activities to reduce their emissions profile.
This analysis led to the identification of the following **eligible activities**.

Objective: Climate Change Mitigation
With regard to the activities linked to the Group's revenue streams:

- **8.1 Data processing, hosting and related activities:** refers to activities carried out directly by certain Group companies, comparable to the storage, handling, management, movement, control, visualisation, switching, exchange, transmission or processing of data through data centres, including edge computing.
- **8.2 Data-driven solutions for GHG emissions reduction:** development or use of solutions for the collection, transmission, storage and modelling of data, and their use with the primary objective of providing information and analysis to reduce greenhouse gas emissions. These solutions may include the use of decentralised technologies, IoT solutions, 5G, and artificial intelligence.

With reference to CapEx associated with outputs of eligible activities or individual measures:

- **6.5 Transport by motorbikes, passenger cars and light commercial vehicles:** refers to CapEx related to the leasing of vehicles falling under category M1 (i.e. passenger cars).
- **7.2 Renovation of existing buildings:** refers to CapEx related to activities aimed at refurbishing and restoring buildings owned by the Group.
- **7.3 Installation, maintenance and repair of energy efficiency equipment:** refers to CapEx related to the installation of relamping systems and lighting systems for offices and common areas.
- **7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings:** refers to CapEx related to the installation of electric charging stations for cars.
- **7.7 Acquisition and ownership of buildings:** refers to CapEx related to long-term leases of Group office spaces, accounted for under IFRS 16.

Objective: Circular Economy (CE)

With regard to the activities linked to the Group's revenue streams:

- **4.1 Provision of data-driven IT/OT solutions (Information and Operational Technologies):** refers to activities carried out by certain Group companies, involving the design, development, installation, deployment, maintenance, repair or provision of professional services—including technical consulting—for the design or monitoring of information technology (IT) or operational technology (OT) software and systems. This includes artificial intelligence (AI)-based solutions, as well as IT/OT software and systems developed for the identification, traceability and tracking of materials, products and assets, life cycle assessment software, etc.

With regard to CapEx associated with outputs of eligible activities or individual measures:

- **3.2 Renovation of existing buildings:** refers to CapEx related to activities aimed at refurbishing and restoring owned buildings.
- **1.2 Manufacture of electrical and electronic equipment:** refers to CapEx related to the acquisition of electrical and electronic equipment (e.g. PCs, phones, etc.) used in the execution of activities by certain Group companies, such as IT consulting, planning and design of computer systems that integrate hardware, software and communication technologies, on-site management of clients' IT systems or data processing facilities, and other computer-related technical and professional services.

Objective: Sustainable Use and Protection of Water and Marine Resources (WTR)

With regard to the activities linked to the Group's revenue streams:

- **4.1 Provision of data-driven IT/OT (Information and Operational Technologies) solutions for leakage reduction:** refers to activities carried out by certain Group companies involving the design, development, installation and deployment of data-based IT or OT solutions, or the provision of related maintenance, repair and professional services—including technical consulting for design or monitoring—aimed at controlling, managing, reducing, and mitigating leakages in water supply systems.

Objective: Climate Change Adaptation (CCA)

In relation to the **climate change adaptation objective (CCA)**, the European Commission Communication C/2023/305 of 20 October 2023 clarified[8] that for adapted activities—i.e. non-enabling activities—eligibility requires that the reporting undertaking has performed a *climate risk assessment* and should implement adaptation solutions that enhance the activity's resilience to climate change.

Currently, the Group does not conduct such analysis as defined under the Regulation, nor has it incurred expenditures related to adaptation measures, i.e., actions aimed at reducing climate-related risks. Therefore, the Group does not consider any of its activities to be eligible under the *Climate Change Adaptation* objective of the EU Taxonomy.

In compliance with the provisions of the Regulation, each eligible activity identified was also assessed for **alignment** with the following criteria:

- **Substantial contribution[9] criteria:** for each eligible activity, compliance with the technical screening thresholds was verified to determine its substantial contribution to the objective of climate change mitigation and/or adaptation;
- **Do No Significant Harm (DNSH)[10] criteria:** assessment of technical and regulatory requirements to ensure that the activity, in addition to contributing to at least one of the environmental objectives of the Regulation, does not cause significant harm to any of the other environmental objectives;
- **Minimum safeguards[11]:** verification that the activity is carried out in accordance with the minimum social safeguards outlined in the Regulation, particularly in relation to human rights and labour standards.

8 C/2023/305, FAQ 18 and 19 of 20.10.2023

9 Articles 10, 11, 12, 13, 14, 15, 16, and 19 of Regulation (EU) 852/2020.

10 Article 17 of Regulation (EU) 852/2020.

11 Article 18, point 1 of Regulation (EU) 852/2020, in particular the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and in the International Bill of Human Rights.

Substantial contribution criteria

For the purpose of alignment assessment, each of the economic activities identified as eligible was evaluated for compliance with the substantial contribution criteria, as defined in Annex I of the Climate Delegated Act and Annexes I, II, III, and IV of the Environmental Delegated Act, in order to determine their substantial contribution to the achievement of the environmental objectives.

Activity 8.1 Data processing, hosting and related activities (CCM)
Adopting a conservative and precautionary approach, the Group considers this activity **not aligned** with the substantial contribution criteria, as the data centres used are under the responsibility of third parties (e.g., clients or service providers) and are therefore not directly managed by the Group.

Activity 8.2 Data-driven solutions for the reduction of greenhouse gas emissions (CCM)
The solutions offered by the Group comply with one of the two applicable criteria, as they are mainly used to provide data and analysis aimed at reducing greenhouse gas emissions. However, since these solutions are part of broader projects and contexts implemented by clients, no analysis is available to verify whether they demonstrate a significant reduction in life-cycle greenhouse gas emissions compared to the best available alternatives or technologies on the market. Such comparisons should be conducted using Recommendation 2013/179/EU, or alternatively ETSI ES 203 199, ISO 14067:2018, or ISO 14064-2:2019. Therefore, the Group considers this activity not aligned with the substantial contribution criteria.

Activity 4.1 Provision of data-based IT/OT (Information and Operational Technology) solutions (CE)
The Group considers the criteria not met, as for the current solutions offered to clients under this activity—being part of broader projects and use cases—the analyses required by the Regulation for software are not available. As a result, the activity is **not aligned** with the substantial contribution criteria.

Activity 4.1 Provision of data-based IT/OT (Information and Operational Technology) solutions for leakage reduction (WTR)
The solutions offered by the Group comply with one of the two defined criteria, as they provide IT/OT solutions that enable the control, management and mitigation of water losses. However, the Group does not have sufficient information to verify whether, in client implementations, the environmental degradation risks related to water quantity conservation and the prevention of water stress have been identified and addressed, with the aim of achieving good water status and good ecological potential as defined in Regulation (EU) 2020/852, in accordance with Directive 2000/60/EC and in line with a water

use and protection management plan. Therefore, the Group considers this activity **not aligned** with the substantial contribution criteria.

Activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles (CCM)
The substantial contribution criteria require that vehicles in categories M1 and N1 fall within a specific emissions class. With reference to M1 category vehicles, the Group's vehicle fleet in the Italy and Germany regions includes electric and plug-in hybrid cars, which meet the requirement of emitting less than 50 gCO_2/km. Therefore, the portion of CapEx associated with the leasing of these electric vehicles—amounting to €4.674 thousand—is considered **aligned**.

Activity 7.2 Renovation of existing buildings (CCM)
The substantial contribution criteria require that the renovation of buildings meets the applicable standards for major[12] renovations, or alternatively, results in a reduction of at least 30% in primary energy demand. Due to the lack of sufficient evidence to conduct a full assessment of compliance with this criterion, and adopting a conservative approach, the Group considers this activity **not aligned** with the substantial contribution criteria.

Activity 7.3 Installation, maintenance and repair of energy efficiency equipment (CCM)
The substantial contribution criteria require that the activity consists of individual measures to improve the energy efficiency of buildings, in accordance with Directive 2010/31/EU. These measures include the installation, replacement, maintenance and repair of energy-efficient lighting sources, which must meet the minimum requirements and energy efficiency classifications set by relevant national and European regulations. However, the Group considers the activity **not aligned**, as it lacks the supplier documentation required to verify compliance with the criteria for the relamping measures carried out during the year.

Activity 7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings (CCM)
The Group has installed electric vehicle charging stations at the offices of Reply Services S.r.l. (R1) and Business Elements Belgium (R3), in compliance with the substantial contribution criteria. Therefore, the activity is considered **aligned**.

Activity 7.7 Acquisition and ownership of buildings (CCM)
The substantial contribution criteria require that buildings constructed before 31 December 2020 must either hold at least an Energy Performance Certificate (EPC) of class A, or belong to the top 15% most energy-efficient buildings in the national or regional building stock, demonstrated through adequate benchmarking, distinguishing at minimum between residential and non-residential buildings. For large non-residential buildings (i.e. with a

12 As established in the national and regional building regulations applicable to "major renovations" implementing Directive 2010/31/EU.

combined heating/ventilation/cooling system power output above 290 kW), criteria also require efficient operation through performance monitoring and evaluation. Since the Group does not have access to this information—given that the offices are leased—it is not able to fully assess compliance. Therefore, the activity is considered **not aligned**.

Activity 3.2 Renovation of existing buildings (CE)
The substantial contribution criteria include specific requirements related to the circular economy principles applied to materials and waste. Due to insufficient data to fully assess compliance, and adopting a conservative and precautionary approach, the Group considers this activity **not aligned**.

Activity 1.2 Manufacture of electrical and electronic equipment (CE)
The Group adopts a precautionary approach and considers the criteria **not met** for the purchase of electrical and electronic equipment, due to the complexity of the requirements that must be verified for each investment. These purchases must comply with a set of criteria defined by the Regulation, covering durability, design, product safety, consumer communication, and producer responsibility. However, verification of these criteria requires access to specific supplier documentation, which the Group currently does not possess.

Do No Significant Harm (DNSH)

Do No Significant Harm (DNSH) criteria define the conditions under which activities must be carried out without causing significant harm to the other environmental objectives. The Group assessed each eligible activity for compliance with these criteria.

Activity 8.1 Data processing, hosting and related activities (CCM)
Annex I of the Climate Delegated Act establishes DNSH criteria in relation to three other environmental objectives: climate change adaptation, sustainable use and protection of water and marine resources, and transition to a circular economy.
As the Group's data processing activities are carried out via third-party data centres, and due to the lack of sufficient information from clients and providers to enable a full assessment of compliance, the Group "applying a conservative and precautionary approach" considers this activity **not aligned** with the DNSH criteria.

Activity 8.2 Data-driven solutions for the reduction of greenhouse gas emissions (CCM)
Annex I of the Climate Delegated Act sets out DNSH criteria in relation to two environmental objectives: climate change adaptation and transition to a circular economy. With regard to the Group's solutions for data collection, transmission, storage and modelling used to reduce greenhouse gas emissions, in the absence of sufficient information from clients and end users of the service to allow for a complete assessment, the Group—

applying a conservative and precautionary approach—considers the activity **not aligned** with the DNSH criteria.

Activity 4.1 Provision of data-based IT/OT (Information and Operational Technology) solutions (CE)
Annex II of the Environmental Delegated Act defines DNSH criteria in relation to three other environmental objectives: climate change adaptation, sustainable use and protection of water and marine resources, and pollution prevention and control.
Regarding the solutions offered by the Group under this activity, due to the absence of sufficient information from service users to allow a complete assessment of compliance, the Group—adopting a conservative and precautionary approach—considers the activity **not aligned** with the DNSH criteria.

Activity 4.1 Provision of data-based IT/OT (Information and Operational Technology) solutions for leakage reduction (WTR)
Annex I of the Environmental Delegated Act sets out DNSH criteria in relation to three environmental objectives: climate change adaptation, transition to a circular economy, and pollution prevention and control.
With regard to the Group's solutions that enable the control, management and mitigation of water losses, in the absence of sufficient information from service users to conduct a full assessment of compliance, the Group—applying a conservative and precautionary approach—considers this activity **not aligned** with the DNSH criteria.

Activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles (CCM)
For CapEx related to activity 6.5, Annex I of the Climate Delegated Act defines DNSH criteria for three environmental objectives: climate change adaptation, transition to a circular economy, and pollution prevention and control.
With regard to investments made during the year in electric and hybrid vehicles, due to the lack of sufficient information from vehicle manufacturers to fully assess compliance with the criteria, the Group—adopting a conservative and precautionary approach—considers this activity **not aligned.**

Activity 7.2 Renovation of existing buildings (CCM)
For activity 7.2, Annex I of the Climate Delegated Act provides DNSH criteria relating to the objectives of climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, and pollution prevention and control.
Regarding the renovation work carried out in 2024 on owned or leased buildings, and in the absence of sufficient documentation from suppliers to fully assess compliance with the criteria, the Group—adopting a conservative and precautionary approach—considers the activity **not aligned**.

Activity 7.3 Installation, maintenance and repair of energy efficiency equipment (CCM)
For CapEx related to activity 7.3, Annex I of the Climate Delegated Act sets DNSH criteria with respect to the environmental objectives of climate change adaptation and pollution prevention and control. With regard to the investments made during the year for the installation of lighting systems, and in the absence of sufficient supplier information to assess compliance with the criteria, the Group—applying a conservative and precautionary approach—considers the activity **not aligned**.

Activity 7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings (CCM)
For CapEx related to activity 7.4, Annex I of the Climate Delegated Act sets a single DNSH criterion concerning the climate change adaptation objective.
With regard to the installation of electric vehicle charging stations, and in the absence of sufficient information from suppliers to fully assess compliance with the criterion, the Group—adopting a conservative and precautionary approach—considers this activity **not aligned**.

Activity 7.7 Acquisition and ownership of buildings (CCM)
For CapEx related to activity 7.7, Annex I of the Climate Delegated Act provides a single DNSH criterion in relation to the climate change adaptation objective.
With reference to long-term leases of office buildings used by Group companies, and in the absence of sufficient documentation from suppliers to assess compliance, the Group—applying a conservative and precautionary approach—considers this activity **not aligned**.

Activity 3.2 Renovation of existing buildings (CE)
For CapEx related to activity 3.2, Annex II of the Environmental Delegated Act sets DNSH criteria for the objectives of climate change mitigation and adaptation, sustainable use and protection of water and marine resources, and pollution prevention and control.
With reference to investments carried out in 2024 for the renovation of owned or leased buildings, and in the absence of sufficient information from suppliers to verify compliance, the Group—adopting a conservative and precautionary approach—considers the activity **not aligned**.

Activity 1.2 Manufacture of electrical and electronic equipment (CE)
For CapEx related to activity 1.2, Annex II of the Environmental Delegated Act sets DNSH criteria for the objectives of climate change mitigation and adaptation, sustainable use and protection of water and marine resources, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.
With reference to investments in electrical and electronic equipment, and due to the lack of sufficient documentation from suppliers to fully assess compliance with the criteria, the Group—applying a conservative and precautionary approach—considers this activity **not aligned**.

Minimum safeguards

Finally, the Group has assessed its level of adherence to the principles outlined in Article 18 of the Regulation, which defines the minimum safeguards to ensure that an economic activity is carried out in compliance with human rights and labour standards. These include the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as the eight fundamental conventions of the International Labour Organization (ILO) and the International Bill of Human Rights.
Accordingly, the Group analysed the elements referenced in the documents listed in Article 18, taking into account the guidance provided by the Platform on Sustainable Finance [13] and the clarifications issued by the European Commission in Communication (2023/C 211/01) [14]. Based on these references, Reply verified the adequacy of its governance in areas such as human rights, consumer interests, anti-corruption, fair competition, and taxation.

Italian legislation governing human and labour rights covers several aspects cited in Article 18, such as privacy protection, health and safety, anti-corruption, fair competition, and fiscal compliance. In addition to complying with national regulations in the countries where it operates, Reply Group conducts its activities in pursuit of sustainable and inclusive growth, aligning with the Universal Declaration of Human Rights, the ILO Conventions, and the United Nations Global Compact, which the Group has joined.

Among the tools the Group adopts to promote compliance with the minimum safeguards—both internally and externally—is the full regulatory framework described in the section *[MDR-P] Policies adopted to manage material sustainability matters*. Furthermore, the Group demonstrates its adherence to the “do no significant harm” principle, as defined by Article 2, point 17 [15] of the Sustainable Finance Disclosure Regulation (SFDR), by addressing issues such as the **gender pay gap** and gender diversity in governance bodies, and reporting the corresponding indicators in this consolidated sustainability statement.

As evidence of the Group’s commitment to promoting ethical and responsible behaviour, no cases of non-compliance related to human rights, consumer interests, anti-corruption, fair competition or taxation were recorded during the 2024 reporting year.

However, in light of the European Commission’s [16] clarifications—which specify that minimum safeguards require the existence of due diligence and remediation procedures implemented by

13 Final Report on Minimum Safeguards, October 2022.
14 Communication from the Commission on the interpretation and implementation of certain legal provisions of the EU Taxonomy Regulation and on the links with the Regulation on sustainability-related disclosures in the financial services sector (2023/C 211/01), June 2023.
15 Communication 2023/C 211/01, FAQ 2.
16 Comunication 2023/C 211/01

a company carrying out an economic activity—and considering ongoing developments related to the Corporate Sustainability Due Diligence Directive[17] (CSDDD), the Group, having identified areas for improvement and further formalisation within its scope, adopts a conservative and precautionary approach and considers its activities **not aligned** with the minimum safeguards. Similarly, Reply, following a conservative and precautionary approach, does not consider its current supply chain practices sufficient to deem the activities related to the procurement of products derived from eligible and aligned economic activities, or from individual measures contributing to one or more of the six environmental objectives of the Taxonomy (activities 6.5, 7.2, 7.3, 7.4, 7.7, and 1.2), as aligned with the minimum safeguards criteria.

KPI calculation methodology

The annexes to the Disclosure Delegated Act (EU) 2021/2178 (hereinafter "Disclosure Delegated Act") require the calculation of the percentage of Turnover, CapEx, and OpEx associated with eligible and aligned activities. In order to meet this regulatory requirement, as outlined in the previous sections, the Group identified its eligible activities and, after assessing which of these met the alignment criteria, calculated the three KPIs required by the Regulation.

The following paragraphs provide a detailed presentation of the analyses carried out to comply with the disclosure requirements of the Disclosure Delegated Act, including the methodologies applied, the accounting items considered for the calculation of the three KPIs, and the reporting templates updated by Annex V of the *Environmental Delegated Act*, issued in November 2023.

Turnover

In line with the Disclosure Delegated Act, the Group has calculated the **Turnover KPI** based on the following values:

- **Denominator**: net turnover derived from the provision of services, net of sales discounts and value-added taxes directly linked to turnover. To avoid any potential *double counting*, intercompany transactions have been eliminated and are not included in the KPI calculation. As a result, the denominator (€2,295,938 thousand) corresponds to the "Revenue" line item presented in Note 5 – Revenues of the Group's consolidated financial statements, and is consistent with the requirements of IAS 1, paragraph 82(a).
- **Numerator for eligible activities**: the portion of net turnover (included in the denominator) that is associated with eligible activities. For this assessment, the approach

17 Directive of the European Parliament and of the Council on corporate sustainability due diligence and amending Directive (EU) 2019/1937.

adopted involved identifying all legal entities within the consolidation scope that generate turnover from eligible economic activities. Specifically, for the calculation of the numerator, the Group considered only the net turnover associated with companies engaged in the following activities:
  - 8.1 Data processing, hosting and related activities
  - 8.2 Data-driven solutions for the reduction of greenhouse gas emissions
  - 4.1 Provision of data-based IT/OT solutions
  - 4.1 Provision of data-based IT/OT solutions for leakage reduction
- **Numerator for aligned activities**: the portion of net turnover (included in the denominator) associated with aligned activities is equal to €0, as the company (or its suppliers or clients, where applicable) does not meet the technical screening criteria and the minimum safeguards.

In conclusion, it is specified that, for the calculation of the eligible numerator, the Group determined the relevant figures based on the contribution of each subsidiary to the above-mentioned activities

CAPEX

For the calculation of the CapEx KPI denominator, the Group considered capital increases incurred during the reporting period related to tangible assets (business development and renovation), intangible assets (patents, software, and capitalised research and development costs), and right-of-use assets (long-term leases). The approach used to extract these figures involved an analysis of accounting data reflecting the investments made during the financial year by all companies within the consolidation scope.

In line with the Disclosure Delegated Act, the following values were considered for the calculation of the CapEx KPI:

- **Denominator**:
  The Group included:
  - Tangible assets accounted for in accordance with IAS 16 – as disclosed in Note 17 of the Annual Financial Report,
  - Intangible assets (excluding goodwill) accounted for under IAS 38 – Note 19 of the Annual Financial Report,
  - Lease assets recognised under IFRS 16 – Note 20 of the Annual Financial Report.

This analysis resulted in a total value for the 2024 financial year of €105,422 thousand

- **Numerator for eligible activities:**
  For the determination of the numerator, the Group considered CapEx related to assets or processes associated with eligible activities, as well as the purchase of products derived from economic activities eligible under the Taxonomy. Accordingly, the Group included the following values in the KPI numerator:
  For the activities:

8.1 Data processing, hosting and related activities: investments of €3,888 thousand
8.2 Data-driven solutions for the reduction of greenhouse gas emissions: investments of €224 thousand
4.1 Provision of data-based IT/OT solutions: investments of €180 thousand
4.1 Provision of data-based IT/OT solutions for leakage reduction: investments of €15 thousand

- **For the additional eligible activities**:
  6.5 Transport by motorbikes, passenger cars and light commercial vehicles: investments of €18,772 thousand, of which €10,164 thousand relate to electric vehicles
  7.2 Renovation of existing buildings: investments of €27,051 thousand
  7.3 Installation, maintenance and repair of energy efficiency equipment: investments of €587 thousand
  7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings: investments of €53 thousand
  7.7 Acquisition and ownership of buildings: investments of €7,370 thousand
  1.2 Manufacture of electrical and electronic equipment: investments of €2,568 thousand
  These investments refer to asset categories including property, leasehold improvements, and right-of-use assets in accordance with the IFRS 16 accounting standard.

Additionally, it is specified that, where possible, data extraction related to the above-mentioned eligible categories was performed directly using the information available in the accounting systems currently in use within the legal entities included in the consolidation scope. Where detailed data were not available, CapEx associated with activities 8.1 and 4.1 (CE and WTR) was estimated using an allocation driver, based on the percentage weight of revenues attributable to those activities relative to the total revenues of each legal entity.

- **Numerator for aligned activities**:
  The portion of capital increases, as defined in the denominator, that is associated with Taxonomy-aligned activities is equal to €0, as the company (or its suppliers or clients, where applicable) does not meet the technical screening criteria for the aforementioned activities.

OPEX

In line with the *Disclosure Delegated Act*, the Group has considered the following values for the calculation of the OpEx KPI:

- **Denominator:** To determine the denominator, a detailed analysis was conducted of the Group's chart of accounts and management accounting project records, in order to identify the cost items that can be mapped to the categories explicitly listed in the Disclosure Delegated Act.
  Specifically, the following were included:
  - **Non-capitalised R&D costs** related to internal and external projects, excluding cost components associated with the **"management"** of R&D projects, in line with the recommendations of the **European Commission** [18];
  - **Short-term leases**, for which all chart of accounts items related to leases expensed in the income statement were considered, as they relate to contracts with a duration of less than 12 months and are therefore exempt from recognition under **IFRS 16**;
  - **Maintenance and repair costs** incurred during the financial year on buildings and IT equipment. For this category, costs incurred for maintenance and repairs outsourced to third-party companies were included;
  - The cost category associated with the **"day-to-day servicing of assets [19]"** was considered with reference to cleaning services for facilities.

As a result of this analysis, the Group identified a total amount of €21,688 thousand, representing 1.2% of total operating expenses. This low percentage reflects the limited materiality of the Taxonomy-defined cost categories (which focus primarily on asset maintenance and are designed for asset-intensive industries) in relation to a business model in which personnel costs represent the core of operational expenditure.
As provided for by the Disclosure Delegated Act, the OpEx KPI is therefore considered **non-material.**

18 Clarification provided in the answer to question 12 of the FAQs published by the European Commission on 02.02.2022.
19 Clarification provided in the answer to question 12 of the FAQs published by the European Commission on 02.02.2022.

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	**Codes**	**Turnover (€ thousand)**	**Proportion of Turnover, 2024**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Climate Change Mitigation**	**Climate Change Adaptation climatici**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum Safeguards**	**Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year2023**	**Category enabling activity**	**Category transitional activity**
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which enabling		0	0%														0%	A	
Of which transitional		0	0%														0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Data processing, hosting and related activities	CCM 8.1	432,186	18.8%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								12.2%		T
Data-driven solutions for the reduction of greenhouse gas emissions	CCM 8.2	24,552	1.1%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0%	A	
rovision of data-based IT/OT solutions	CE 4.1	24,114	1.1%	N/AM	N/AM	N/AM	N/AM	AM	N/AM								1.6%	A	
Provision of data-based IT/OT solutions for leakage reduction	WTR 4.1	2,311	0.1%	N/AM	N/AM	AM	N/AM	N/AM	N/AM								0.1%	A	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**483,162**	**21.0%**	**19.9%**	**0%**	**0.1%**	**0.0%**	**1.1%**	**0%**								**13.9%**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**483,162**	21.0%	20%	0%	0%	0%	1%	0%								**13.9%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**1,812,776**	79%																
Total (A+B)		2,295,938	100%																

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Codes	CapEx (€ thousand)	Proportion of CapEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation climatici	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which enabling		0	0%														0%	A	
Of which transitional		0	0%														0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Data processing, hosting and related activities	CCM 8.1	3,888	3.7%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								3.7%		T
Data-driven solutions for the reduction of greenhouse gas emissions	CCM 8.2	224	0.2%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0%	A	
rovision of data-based IT/OT solutions	CE 4.1	180	0.2%	N/AM	N/AM	N/AM	N/AM	AM	N/AM								0.5%	A	
Provision of data-based IT/OT solutions for leakage reduction	WTR 4.1	15	0.0%	N/AM	N/AM	AM	N/AM	N/AM	N/AM								0%	A	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	18,772	17.8%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								18.8%		T
Renovation of existing buildings	**CCM7.2/** CE 3.2	27,051	25.7%	AM	N/AM	N/AM	N/AM	AM	N/AM								25.8%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	587	0.6%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0%	A	
Installation, maintenance and repair of electric vehicle charging stations in buildings	CCM 7.4	53	0.0%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0.1%	A	
Acquisition and ownership of buildings	CCM 7.7	7,370	7.0%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								29.1%		
Manufacture of electrical and electronic equipment	CE 1.2	2,568	2.4%	N/AM	N/AM	N/AM	N/AM	AM	N/AM								11%		

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Codes	CapEx (€ thousand)	Proportion of CapEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation climatici	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**60,708**	**57.6%**	**55.0%**	**0.0%**	**0.0%**	**0.0%**	**2.6%**	**0.0%**								**89.1%**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**60,708**	57.6%	55.0%	0.0%	0.0%	0.0%	2.6%	0.0%								**89.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**44,714**	**42.4%**																
Total (A+B)		105,422	100%																

	Proportion of Capex/Total Capex	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	55%
CCA	0%	0%
WTR	0%	0%
CE	0%	28%
PPC	0%	0%
BIO	0%	0%

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Codes	OpEx (€ thousand)	Proportion of OpEx, year 2024	Climate Change Mitigation	Climate Change Adaptation climatici	Water	Pollution	Circular Economy	Biodiversity	Mitigazione dei cambiamenti climatici	Adattamento ai cambiamenti climatici	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, year 2023	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%										
Of which enabling		0	0	0	0	0	0	0	0									A	
Of which transitional		0	0																T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%										
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**0**	**0%**	0%	0%	0%	0%	0%	0%										
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**21,668**	**100%**																
Total (A+B)		21,668	100%																

ESRS E1 Climate change

[ESRS 2 GOV-3] Integration of sustainability-related performance in incentive schemes

The requirements related to the integration of sustainability performance in incentive schemes are addressed in the chapter *[GOV-3] Integration of sustainability-related performance in incentive schemes.*

[ESRS 2 IRO-1] Description of the processes to identify and assess material climate-related impacts, risks and opportunities

The process of identifying and assessing climate-related impacts, risks and opportunities has been carried out by Reply through the double materiality assessment, as described in paragraph *[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities* of the “General Information” chapter.
In addition, to identify climate-related impacts, the Group annually conducts a GHG emissions inventory to measure and manage the effects that its activities and operations across the value chain may have on climate change. As described in paragraph *[E1-6] Gross scopes 1, 2, 3 and total ghg emissions*, Reply calculates Scope 1, Scope 2 and Scope 3 emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard. In particular, the Group’s main greenhouse gas emissions are generated along its value chain. As will be detailed in chapter *[E1-6] Gross scopes 1, 2, 3 and total ghg emissions*, for Reply the most significant category relates to Scope 3 emissions associated with employee business travel.
The Group has also identified a potential positive impact on climate change resulting from the sale of sustainable IT solutions, which may contribute to reducing energy consumption and GHG emissions for its clients. However, such solutions do not currently represent a significant share of the Group’s total revenue, as indicated in the Taxonomy section.
As part of the double materiality assessment, the Group has preliminarily identified certain physical and transition risks related to climate change that could affect its operations and reputation. However, climate scenarios were not taken into consideration.
Among the physical risks, the Group highlights:

- the economic risk of reduced workforce productivity due to heatwaves, which may require adaptation measures such as enhanced office cooling systems;
- the economic risk from extreme weather events caused by climate change that could affect Group assets in high-risk areas, potentially leading to increased insurance costs.

With regard to transition risks, the Group has identified both economic and reputational risks related to the absence of a climate adaptation plan, as required by the EU Taxonomy

Regulation and ESG rating frameworks. Additionally, the rising cost of electric vehicles may lead to increased expenses associated with the expansion of the Group's electric/hybrid vehicle fleet.

Other transition risks include:

- increasing carbon credit costs for the voluntary offsetting of Scope 1 and 2 emissions;
- energy price volatility affecting business operations;
- the need for greater investment in energy efficiency solutions for Group-owned facilities;
- and, lastly, the lack of energy efficiency improvements in leased office spaces, which could result in higher energy expenses.

The Group monitors and manages these impacts and risks through the implementation of targeted actions aimed at reducing negative effects, supported by the adoption of environmental policies.

[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

With reference to the physical and transition climate risks described in *[ESRS 2 IRO-1] Description of the processes to identify and assess material climate-related impacts*, risks and opportunitiesparagraph, the Group has not yet implemented a climate scenario-based resilience analysis but plans to carry it out in the coming years.

[E1-1] Transition plan for climate change mitigation

Currently, the Group has not yet defined a climate transition plan aimed at aligning its strategy and business model with the transition to a sustainable economy and with the objective of limiting global warming to 1.5°C, in line with the Paris Agreement. However, the Group is committed to developing and implementing such a plan over the coming years.

At present, as described in paragraph *[E1-4] Targets related to climate change mitigation and adaptation*, Reply has already set ambitious targets of achieving Carbon Neutrality by 2025 and Net Zero by 2030.

[E1-2] Policies related to climate change mitigation and adaptation

The Group has adopted environmental policies to manage the impacts and risks related to climate change that were identified as material through the double materiality assessment. The adopted policies outline the guidelines for monitoring and reducing the environmental impacts generated by business activities, including aspects related to energy consumption

and emissions. Reply also defines the roles, responsibilities, tools and actions to be implemented for monitoring impacts, raising awareness on environmental issues, communication and reporting, ensuring compliance with all applicable environmental laws and regulations at local and national levels, and contributing to the dissemination of sustainable development principles.
The Environmental Policy, approved by the CEO, addresses topics such as:
- climate change mitigation,
- responsible resource use and material recycling,
- energy saving and energy efficiency,
- use of renewable energy,
- transport optimisation, and
- consumption reporting.

For each of these topics, behavioural guidelines are defined to guide day-to-day decisions at both individual and corporate levels (e.g., use of public transportation, purchase of high-efficiency equipment).
At present, the policy does not cover climate change adaptation or the promotion of renewable energy deployment.
In addition, the Group's Environmental Policy is aligned with the environmental regulations and strategies set by the European Union, which aim to ensure the sustainable management of resources and promote the reduction of polluting emissions. Through the adoption of these guidelines, the Group not only commits to compliance with current laws, but also actively contributes to global efforts to address climate change and promote environmental sustainability. The principles of the policy are included in the Supplier Code of Conduct, which is shared with suppliers who, by signing it, commit to complying with its contents.
This integrated approach helps ensure that business operations are in harmony with the EU's environmental protection objectives.
For further information, refer to the Policy overview in the "General Information" chapter, paragraph *[MDR-P] Policies adopted to manage material sustainability matters.*

[E1-3] Actions and resources in relation to climate change policies

The actions implemented by the Group aim to manage the impacts and risks identified through the double materiality assessment, and, together with the proper implementation of the Group's Environmental Policy, contribute to the achievement of the Carbon Neutrality target by 2025 and Net Zero by 2030.
The main actions undertaken by Reply to reduce emissions and optimise energy consumption include:
- Introduction of energy efficiency improvements at certain office locations, such as the installation of **LED lighting**;
- Adoption of the Environmental Policy guidelines to reduce and monitor the Group's environmental impact, including in leased office spaces;

- Establishment of the Reply Forest at Group level to absorb CO_2 and support reforestation efforts;
- Continuation of the **carbon offsetting programme** to achieve **Carbon Neutrality by 2025** and **Net Zero by 2030** in terms of CO_2 equivalent emissions;
- Implementation of a **Mobility Management programme** to minimise the impact of vehicular traffic at the Group's main Italian offices.

The above-mentioned actions without a defined end date are designed to be **ongoing over time**, reflecting a continuous commitment to achieving the stated targets. These actions are implemented by the Group, which provides all the necessary resources to address the identified needs. Currently, the Group does not quantify the extent of the emission reductions achieved or expected in connection with the various actions described.

In 2024, the Group made significant progress in implementing its environmental initiatives:

- In 2024,57% of the Group's total electricity consumption came from renewable sources.
- As of 2024, 38% of Reply's fleet consists of hybrid/electric vehicles, supported by the availability of dedicated charging stations—both publicly accessible near offices and, in some major locations, installed for use by Reply employees. This marks a clear increase compared to 2023, when the share of hybrid/electric vehicles was 29%, thereby reaching the target previously set.
- In 2024, continuing the efforts initiated in 2023, a number of measures were implemented to improve energy efficiency in office buildings, focusing particularly on lighting systems and thermal insulation. At several locations, LED relamping continued for both indoor and outdoor areas, and window sealing interventions were carried out (including the use of insulating fabrics for curtains). In 2023, energy audits were conducted for buildings subject to mandatory assessments under Italian law. As a result, actions such as the installation of photovoltaic panels and PIR motion detectors to optimise electricity consumption were planned.
- As part of office renovation projects, the Group is evaluating the adoption of voluntary certifications for energy efficiency and environmental impact (e.g. LEED, BREEAM), which are already in place for some buildings used by the Group across various regions.
- By the end of 2024, all Reply companies collectively own more than 1,800 trees through Treedom. The Reply Forest, together with the forests of the individual Reply companies, is currently capable of absorbing over 500 tonnes of CO_2 per year.
- In addition, the Group has initiated the purchase of carbon credits for the voluntary offsetting of Scope 1 and Scope 2 emissions through certified offsetting projects, in line with the Carbon Neutrality target set for 2025.

As reported in the **EU Taxonomy** section, **€587,000** was invested during the year in **energy efficiency measures**.

The Group, having not yet defined a **decarbonisation plan**, has **not allocated specific financial resources** for the implementation of future actions aimed at reducing GHG emissions.

[E1-4] Targets related to climate change mitigation and adaptation

Reply has defined the following targets to support its transition toward a more sustainable business model. The targets are closely linked to the Group Environmental Policy, as the policy mentions certain actions that support the achievement of the defined objectives. The responsibility for implementing the Group Environmental Policy is shared across multiple functions, which contribute to the aggregation and analysis of environmental data and, based on the impacts identified, define the initiatives to be proposed.
The Group has set the goals of achieving Carbon Neutrality by 2025 and Net Zero by 2030, based on the Group-wide GHG emissions inventory, which covers the entire scope of Reply's operations.

- The Carbon Neutrality target for 2025 refers to the full offsetting of the Group's Scope 1 and Scope 2 emissions by 2025.
- The Net Zero target refers to the objective of reducing Scope 1, 2, and 3 greenhouse gas emissions across the Group by 2030, and offsetting any remaining residual emissions, in order to achieve a net-zero emissions balance.

These internal targets, which are voluntary in nature, are aligned with international climate goals relevant to the Group's operational context. They are based on internal calculations and have not been revised since their initial definition.
These actions are considered essential to reduce greenhouse gas emissions, with the initial goal of offsetting the Group's emissions, and the ultimate goal of eliminating climate-altering emissions across the entire value chain.
In addition, in support of the above-mentioned objectives, the Group has set the following intermediate targets as levers for the decarbonisation of its operations:

- Achieve 50% of electricity consumption from renewable sources in all countries by 2025, in line with the Environmental Policy's objective of promoting the use of renewable energy;
- Ensure that 30% of the vehicle fleet consists of hybrid/electric vehicles by 2025, in accordance with the Environmental Policy's goal of reducing transport-related emissions.

The Net Zero target was defined based on 2021 emissions data, and the Group plans to revise its definition in the future to reflect recent regulatory developments and the evolution of its business scope.

[E1-5] Energy consumption and mix

This paragraph aims to provide an overview of the **Group's total energy consumption and energy mix**.
Reply Group's energy consumption refers to:

- **Electricity drawn from the grid**, used to power lighting systems and technological and IT

equipment (e.g., computers, printers, servers, data centres);
- **Natural gas**, used to operate heating systems installed in Reply offices, with consumption closely linked to the scale of operations and office space;
- **Diesel, petrol and LPG**, used to fuel the corporate vehicle fleet;
- **Diesel** used for heating purposes;
- **District heating**, used for space heating and/or hot water production, offering a lower environmental impact;
- **Cooling and heating powered by electricity** (e.g., fan coil units or air conditioners), which is often not directly quantifiable as it is included in the total electricity consumption of office buildings.

The table below presents the Group's **total energy consumption in MWh** across its operations.

ENERGY CONSUMPTION AND ENERGY MIX	2024
Total energy consumption from fossil sources (MWh)	31,256
Share of fossil sources in total energy consumption (%)	81%
Consumption from nuclear sources (MWh)	428
Share of nuclear sources in total energy consumption (%)	1%
Consumption of fuels from renewable sources, including biomass (also includes biological industrial and municipal waste, biogas, renewable hydrogen, etc.) (MWh)	0
Consumption of electricity, heat, steam and cooling from renewable sources, purchased or procured (MWh)	6,695
Self-produced renewable energy consumption without the use of fuels (MWh)	0
Total energy consumption from renewable sources (MWh)	6,695
Share of renewable sources in total energy consumption (%)	17%
Total energy consumption (MWh)	38,379

In relation to its activities, Reply does not use fuels derived from renewable sources and does not generate energy for resale.

[E1-6] Gross Scopes 1, 2, 3 and total GHG emissions

The Group's greenhouse gas (GHG) emissions reflect those of an office-based organisation and are primarily attributable to the use of fossil fuels for heating, business travel, and the purchase of electricity produced by third parties. Emissions resulting from Reply's activities are therefore very limited and mainly associated with traditional assets such as electrical and heating systems.
To report its emissions, Reply Group has followed the five principles outlined in the GHG Protocol Corporate Accounting and Reporting Standard—relevance, completeness, consistency, transparency and accuracy—balancing them according to the Group's objectives.

The following paragraphs present the Group's greenhouse gas (GHG) emissions for:

- Scope 1, i.e. direct emissions resulting from the consumption of natural gas, diesel, petrol, and LPG;
- Scope 2, i.e. indirect emissions resulting from the consumption of electricity and district heating.

  Scope 2 emissions have been calculated using two different methodologies:
  - Market-based: reports emissions associated with electricity and district heating backed by Guarantees of Origin to demonstrate the energy's source;
  - Location-based: reflects the average emissions intensity of the grids from which the energy is supplied.
- Scope 3, i.e. other indirect emissions related to the purchase of goods and services, business travel and employee commuting, upstream emissions from fuel and electricity consumption, water consumption, and waste disposal.

Reply does not consider greenhouse gas (GHG) emissions from affiliated companies, joint ventures, and other entities within its upstream and downstream value chain, following the reporting principle of operational control in accordance with the requirements set out in ESRS 1, paragraphs 62 to 67.

Any future significant changes in the definition of what constitutes the Reply Group and its upstream and downstream value chain will be disclosed, along with explanations of the impact on the comparability of the reported GHG emissions.

The identification of emission sources has been guided in particular by the Group's corporate strategy, which aims to identify and understand the risks and opportunities associated with emissions across its value chain. This serves to support the definition of reduction targets, monitor performance, and enhance the quality of information provided to stakeholders—thus increasing reporting transparency.

For the calculation of all emissions, the reporting boundary considered includes the entire Group, consistent with the consolidation perimeter of the Group's consolidated financial statement. Where primary data was not available, the estimate was made using data from previous years or defined allocation criteria (e.g., space, occupancy, etc.).

Moreover, for the calculation of greenhouse gas emissions (CO_2, N_2O, CH_4), biogenic CO_2 emissions were excluded, as they are not applicable in the context of Reply. The following emission factors and methodological approaches were applied:

- **Direct emissions (Scope 1):**
  - For emissions from office heating using natural gas and fuel consumption from owned and leased company vehicles, emission factors provided by the UK Department for Energy Security and Net Zero and the Department for Environment, Food & Rural Affairs (DEFRA) for 2024 were used.
  - The operational control approach was applied for the consolidation of emissions. Specifically, emissions from leased vehicles are reported under Scope 1, following the "operational control" principle, whereby emissions from assets over which Reply exercises control are considered direct emissions.

- Potential emissions from F-gas leaks due to the use of air conditioning and cooling systems were excluded from the direct emissions calculation, as they are considered negligible.

- **Indirect emissions (Scope 2 – Location-based):**
  - For emissions from electricity purchased from the national grid and electric vehicle energy consumption, the following emission factors were used: ISPRA (2023) for Italy, UK Department for Energy Security and Net Zero and DEFRA (2024) for the United Kingdom, Carbon Footprint Ltd (2024) for all other countries.
  - For district heating emissions, the emission factor provided by the UK Department for Energy Security and Net Zero and DEFRA was used.
  - The gas considered for emission calculation is CO_2 equivalent for all countries except Italy, where CO_2 only is used.
  - The operational control approach was applied for consolidation.
- **Indirect emissions (Scope 2 – Market-based):**
  - For residual mix emission factors, the sources used were:
    - AIB (Association of Issuing Bodies – 2023) for European countries;
    - U.S. Environmental Protection Agency for the United States;
    - Carbon Footprint Ltd (2024) for all other countries.
  - Where renewable energy supply contracts are in place, the associated emission factors were applied.
  - The gas used for emission calculations is CO_2 equivalent, except in countries where AIB factors are used, in which case the gas considered is CO_2 only.
- **Indirect emissions (Scope 3):**
  - For the calculation of emissions across various categories, emission factors provided by the UK Department for Energy Security and Net Zero and DEFRA (2024) were applied for all countries.
  - Where quantitative data was not available, the economic value in euros associated with the purchase of the product/service was used as a proxy.
  - For the calculation of the above categories, emission factors from the Agence de la transition écologique (ADEME) and the U.S. Environmental Protection Agency (EPA) were also used. For the latter, the emission factor based on expenditure in U.S. dollars was converted using the USD/EUR exchange rate as of 31 December of the reference year for the factor.
  - For the calculation of emissions related to employee commuting and homeworking, data on office occupancy and the results of a survey distributed to a sample of employees regarding commuting habits were used.
  - For all emissions calculations, emission factors from the UK Department for Energy Security and Net Zero and DEFRA (2024) were used across all countries.
  - For emissions from business travel by car or taxi, where mileage data was unavailable, estimates were made based on total travel expenditure and the average cost per kilometre.
  - In cases where only the expenditure data was available for air, train, and hotel travel, estimates were calculated using emission averages from comparable trips by category.

No Scope 3 emissions are measured using activity-specific data from upstream or downstream value chain operations.

The emission categories identified in accordance with the **GHG Protocol** are as follows:

- **Category 1 –** Purchased goods and services: emissions from purchase of services (e.g., postal services, cleaning services, cloud computing services, financial services) and from water consumption drawn from the public water supply;
- **Category 2** – Capital goods: emissions associated with the purchase of laptops and smartphones;
- **Category 3** – Fuel- and energy-related activities (not included in Scope 1 or Scope 2): emissions associated with the extraction, refining and transportation of fuels (natural gas and diesel for heating; diesel and petrol for company cars) prior to combustion (well-to-tank); upstream emissions from electricity consumption and district heating (included since 2022);
- **Category 5** – Waste generated in operations: emissions from the treatment of wastewater and, as of 2023, from waste disposal;
- **Category 6** – Business travel: emissions from air and train travel, hotel stays, taxi use, and other travel-related activities, including reimbursed travel by personal car and fuel used for rental vehicles;
- **Category 7** – Employee commuting: emissions related to the transport of employees between their homes, their workplaces and emissions from remote work.

The Scope 3 categories excluded from the inventory are:

- **Category 4** – Upstream transportation and distribution: not explicitly calculated as it is already included under Category 1 and Category 2, due to the emission factors selected;
- **Category 8** – Upstream leased assets: excluded because, under the operational control approach used for emissions consolidation, these emissions are already included in Scope 1 and Scope 2;
- **Category 9** – Downstream transportation and distribution: excluded as it is not applicable to the nature of Reply Group's business;
- **Category 10** – Processing of sold products: excluded as it is not applicable to the nature of Reply Group's business;
- **Category 11** – Use of sold products: excluded as it is not applicable to the nature of Reply Group's business.
- **Category 12** – End-of-life treatment of sold products: excluded as it is not applicable to the nature of Reply Group's business;
- **Category 13** – Downstream leased assets: excluded as it is not applicable to the nature of Reply Group's business;
- **Category 14** – Franchises: excluded as it is not applicable to the nature of Reply Group's business;
- **Category 15** – Investments: excluded as it is not applicable to the nature of Reply Group's business.

The following table shows CO_{2eq} emissions for the year 2024.

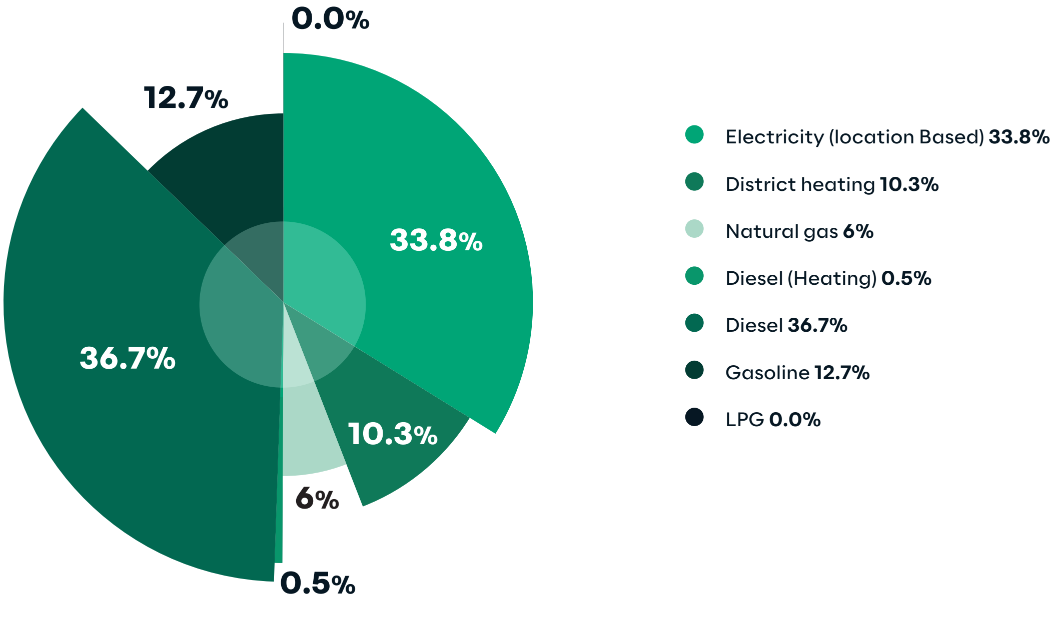
SCOPE	UNIT OF MEASURE	TOTAL
Direct emissions (Scope 1)	ton CO_{2eq}	5,557
Indirect emissions (Scope 2) – LOCATION-BASED	ton CO_{2eq}	4,384
Indirect emissions (Scope 2) – MARKET-BASED	ton CO_{2eq}	3,659
Indirect emissions (Scope 3)	ton CO_{2eq}	24,622

The value of "Indirect emissions (Scope 2) MARKET-BASED," equal to 4,162 tons CO_{2eq}, was calculated taking into account the guarantees of origin related to energy consumption in Italy and Romania. These contractual instruments are not yet available as of the publication date of this document, but they are part of the energy suppliers' contractual obligations, and their purchase is included in the cost of energy.

Scope 1 and Scope 2

The chart below shows a breakdown of total greenhouse gas emissions for Scope 1 and Scope 2 (Location-Based) by source.

CO_{2eq} EMISSIONS (Scope 1 + Scope 2 Location-Based) BY SOURCE IN 2024

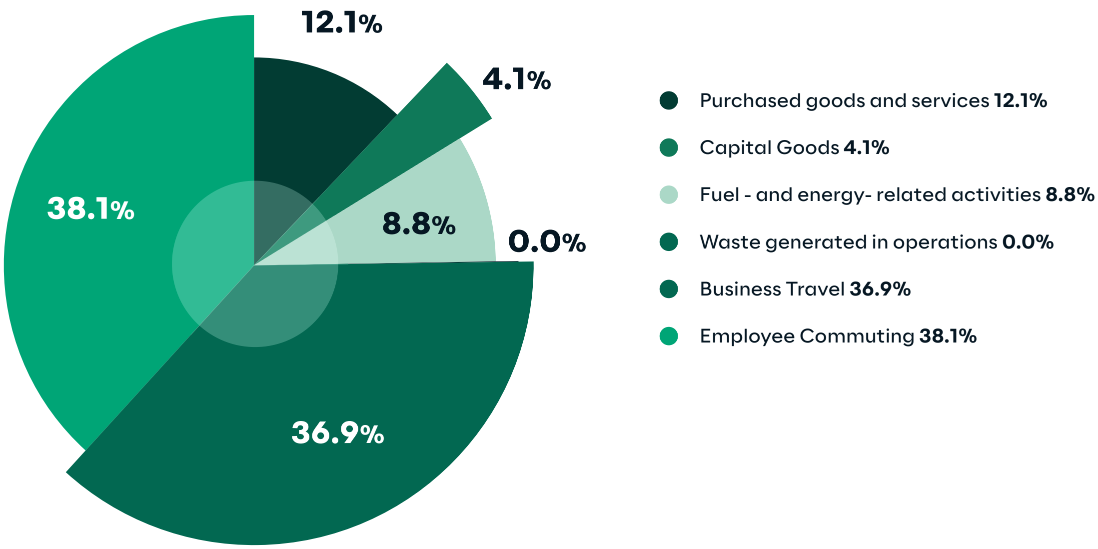


Scope 3

The calculation of Scope 3 emissions includes greenhouse gas emissions that are not under the direct control of the company, but are indirectly linked to Reply's value chain, particularly upstream activities.

The disclosure provided regarding Scope 3 emissions is subject to greater inherent limitations compared to Scope 1 and 2, due to the limited availability and relative accuracy of the information used to define Scope 3 emissions data—both quantitative and qualitative—related to the value chain.

CO_{2eq} INDIRECT EMISSIONS (SCOPE 3) BY CATEGORY – 2024



Below is the breakdown of indirect emissions.

CO_{2eq} INDIRECT EMISSIONS (SCOPE 3) IN 2024

EMISSIONS - SCOPE 3		
CATEGORY	**SOURCE**	**EMISSIONS**
1. Purchased goods and services	Consumption of water drawn from the aqueduct	8.3
	Purchase of paper	9.0
	Purchase of Cloud Services	1,936.0
	Purchased services	1,019.7
	Total Purchased goods and services	**2,973.0**
2. Capital Goods	Purchased physical goods	1,006.0
	Total Capital Goods	**1,006.0**
3. Fuel -and energy- related activities	Extraction, refining and transport of fossil fuels used	1,359.6
	Upstream electricity consumption	623.6
	T&D losses	180.6
	Total Fuel -and energy- related activities	**2,163.8**
5. Waste generated in operations	Wastewater treatment	10.1
	Waste	0.1
	Total Waste generated in operations	**10.2**
6. Business Travel	Air travel	5,835.2
	Rail travel	358.5
	Hotel stays	737.7
	Taxis	39.6
	Other Business Travel	2,107.0
	Total Business Travel	**9,078.0**
7. Employee Commuting	Commuting	2,299.5
	Homeworking	7,090.9
	Total Employee Commuting	**9,390.5**
	Total	**24,621.5**

With reference to Category 5 – Waste generated in operations, for the reporting year the countries that recorded significant disposal of devices and other materials were Italy, Germany, Belgium, Brazil, the United Kingdom, and France.

Below are the emissions intensity data based on net revenue. (Refer to Note 5 – Revenue of the Group's consolidated financial statements).

EMISSIONS INTENSITY IN RELATION TO NET REVENUE	2024
Total GHG emissions (location based) (tCO_{2eq})	34,567.24
Total GHG emissions (market based) (tCO_{2eq})	34,346.14
Net revenue (thousand €)	2,295,938.00 €
Total GHG emissions (location-based) per net revenue (tCO_{2eq}/ thousand €)	0.015
Total GHG emissions (market-based) per net revenue (tCO_{2eq}/ thousand €)	0.015

[E1-7] GHG removals and GHG mitigation projects financed through carbon credits

This paragraph provides an overview of the quantity and quality of carbon credits that the company has purchased or intends to purchase on the voluntary carbon market, potentially in support of its greenhouse gas (GHG) neutrality claims.
Reply has not developed any GHG removal or storage projects within its own operations, nor has it contributed to such projects along its upstream or downstream value chain.
In 2024, Reply purchased carbon credits outside of its value chain. These carbon credits were not cancelled during the reporting year, but will be cancelled during the next reporting year. Specifically, the cancellation of these credits is planned for the purpose of offsetting Scope 1 and Scope 2 emissions for the 2025 reporting year, in order to achieve the Group's Carbon Neutrality target by the end of 2025.
The following table indicates the total volume of carbon credits purchased to offset the greenhouse gas emissions generated, expressed in metric tons of CO_{2eq}, that are expected to be cancelled in the future. The table also provides details on the type of project and the certification standard. The credits in question relate to GHG emissions reduction projects developed outside the European Union. These figures are based on existing contracts.

CARBON CREDITS PLANNED TO BE CANCELLED IN THE FUTURE	REMOVALS	STANDARD
800 tCO_{2eq}	Agriculture Forestry and Other Land Use	VCS
800 tCO_{2eq}	Energy industries	VCS
6,538 tCO_{2eq}	Energy Efficiency - Domestic	GS VER

Social information

ESRS S1 Own workforce

[ESRS 2 SBM-2] Interests and views of stakeholders

Reply Group recognises the importance of considering the expectations of its stakeholders throughout the entire value chain, in order to build long-lasting trust-based relationships. For this reason, Reply has established a continuous dialogue and engagement approach with its employees and collaborators, through dedicated initiatives, structured moments of exchange, and regular information sharing.
Further details can be found in the chapter *[SBM-2] Interests and views of stakeholders*.

[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

Reply's strategy and business model are intrinsically linked to the actual and potential impacts on its own workforce, as outlined in the assessment of risks and opportunities described in section *ESRS 2 IRO-1.*

Impacts
Reply's strategic approach and business model focus on managing and enhancing the wellbeing—both physical and mental—of its employees, generating tangible positive impacts on its workforce. Initiatives aimed at improving work-life balance, along with corporate welfare systems, reflect a continuous commitment to fostering a stimulating, healthy, and motivating work environment.
A key element of the Group's human capital development strategy is the investment in **continuous learning**. Providing employees with access to training and opportunities to develop technical skills not only enhances individual capability but also strengthens the Group's competitiveness within the industry.
Due to the nature of its business, potential **negative impacts** may arise in relation to occupational **health and safety**, particularly due to work-related stress, which could increase the risk of occupational illnesses. The Group addresses and mitigates these risks through the implementation of dedicated policies and specific mitigation actions.
Additionally, the Group considers potential negative impacts related to discrimination, such as pay gaps stemming from gender bias. These issues are actively addressed through measures aimed at promoting equal opportunities for growth and development, with the

objective of fostering diversity and inclusion within the organisation.
Further details are available in sections *S1-1 and S1-4*.

Risks and opportunities

The Group's strategy and business model are strongly dependent on the availability of highly skilled personnel. The continuous support for the **professional development of employees** through training in both technical skills and soft skills represents a strategic economic and reputational opportunity for Reply. Investing in training not only enhances employees' competencies but also strengthens the Group's competitive positioning in the sector, creating a virtuous cycle of growth and innovation.
However, the increasing competition in the IT services sector presents an economic risk linked to the need to **raise salaries** in order to attract and retain talent. In this context, the ability to offer corporate welfare programmes and a work environment based on diversity, inclusion and wellbeing constitutes an additional economic and reputational opportunity for the Group in support of its growth. These initiatives not only make the Group more attractive to prospective employees but also contribute to higher employee satisfaction and productivity.
Nonetheless, the underrepresentation of qualified female professionals in the IT labour market results in lower diversity within the Group, potentially creating **gender-related risks**, such as discrimination or unequal career progression. This represents a reputational and economic risk that may affect Reply's ability to attract talent. Instances of non-inclusion or unequal treatment may lead to decreased employee motivation and productivity.
Finally, in light of the technological innovation to which Reply contributes, new opportunities are emerging to optimise human resource efficiency and expand the range of services offered through the use and development of artificial intelligence systems, representing a further economic opportunity for the Group.
All workers at Reply, including collaborators, are considered within the scope of the disclosure in accordance with ESRS 2. Specifically, the workforce—both in Italy and abroad—is composed of: direct employees, self-employed workers under flexible contracts, temporary agency staff, contracted personnel through service providers, and interns recruited through educational institutions.
The Group's workforce is defined as comprising:

- individuals who have an employment relationship with the undertaking ("employees"), and
- non-employee workers who are integrated into project teams and contribute specific expertise to the company ("self-employed workers"), or who may be provided by third parties primarily engaged in "employment placement, selection and staffing services" (NACE Code N78), including interns under formal internship contracts.

In particular, based on the contractual relationship with external collaborators—and in accordance with the specific regulations of each country in which the Group operates—the following types of relationships are mapped:

- Direct collaboration agreements, such as partnerships with VAT holders (freelancers),

occasional collaborations, and other forms of engagement (e.g., Zero Hour Contracts);
- Indirect/third-party collaboration agreements, including all other forms of labour intermediation, such as temporary staffing agencies, recruiting agencies, or outsourcing companies (typically classified under NACE Code N78).

The impacts, risks and opportunities described are applicable to all countries in which Reply operates and extend to all types of workers, except for the risk associated with the underrepresentation of women, which specifically concerns women within the Group's workforce. As a result, women are considered an at-risk group due to the characteristics of the industry in which the Group operates.

Reply has not identified any material impacts on the workforce resulting from actions taken to reduce environmental impacts. Furthermore, Reply has verified the absence of risks related to forced labour or child labour within its workforce across all countries in which it operates.

Reply adopts policies that comply with national regulations on vulnerable groups in all its countries of operation, promoting social and workplace inclusion. This includes women—identified as a risk category within the sector—whose rights are protected by the Code of Ethics and the Human Rights Policy, which govern matters relating to equal opportunities.

[S1-1] Policies related to own workforce

The policies implemented by the Group are clearly defined to address the material impacts on its own workforce and also take into account the relevant risks and opportunities. These policies include:

- Code of Ethics
- Whistleblowing Policy
- Human Rights & Labour Policy
- Health and Safety at Work Policy

Reply is committed to respecting and promoting human rights within its workforce. The policies adopted are aligned with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. The effectiveness of the whistleblowing systems/channels is assessed directly by the Supervisory Body through an analysis of how reports are received and handled, the protection provided to whistleblowers, and the effectiveness of the measures adopted to prevent and detect improper practices, in compliance with applicable regulations.

Reply's Code of Ethics defines the fundamental principles that guide the company, serving as a cornerstone of its corporate culture and providing a framework of conduct for all stakeholders. It establishes the rules governing Reply's relationships with its shareholders, employees, collaborators, suppliers, clients, and business partners, including interactions with public authorities and institutions, which are entrusted exclusively to authorised personnel. These

relationships are based on legality, transparency, clarity, and fairness, in full compliance with applicable legislation. Through the acknowledgement and acceptance of the Code of Ethics, Reply ensures that its workforce is actively engaged with the values and principles it promotes.
The **Whistleblowing Policy** is designed to encourage employees and stakeholders to report misconduct in a timely manner, while ensuring they can do so without fear of retaliation in their professional activities. “Misconduct” refers to violations of applicable laws, the Code of Ethics, and/or Group Policies, as well as actions that may cause economic, environmental or safety-related harm to workers, Group companies or their stakeholders. This policy is a key tool through which Reply mitigates and addresses potential negative impacts on human rights. Upon receiving a report, the Supervisory Body evaluates the case and determines the most appropriate response, in full compliance with applicable labour laws across the countries in which the Group operates. In the most serious cases, termination of the employment contract may be considered.
The **Human Rights & Labour Policy** explicitly condemns child labour, forced labour, and human trafficking, while safeguarding the freedom of association and collective bargaining. Together with the Code of Ethics, this policy directly addresses the Group’s commitment to the protection of human rights and labour rights, ensuring equal opportunities as well as the physical and mental wellbeing of employees.
Furthermore, the policy promotes human rights, diversity and inclusion, and prohibits any form of discrimination based on race, ethnic origin, gender, sexual orientation, gender identity, disability, age, religion, political opinion, national ancestry or social background, as well as any other grounds covered by EU and national legislation.
This policy is aligned with the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labour Organization (ILO) conventions.
Through these policies, Reply ensures that vulnerable groups are not subject to discrimination, while complying with all relevant national legal requirements. This approach not only supports the prevention and effective management of discrimination, but also promotes an inclusive and diversity-respecting work environment.
For more information, refer to the Policy overview in the “General Information” chapter, paragraph MDR-P.
In Italy, Germany, and the United Kingdom, the Group has adopted a **Health and Safety at Work Policy** focused on the prevention of occupational accidents, which, in line with local legislation, outlines the applicable procedures to ensure the highest standards of health and safety protection. In other countries where the Group operates, Reply complies with the respective national health and safety regulations.
In Italy, for example, health and safety in the workplace is regulated by Legislative Decree 81/2008, which sets out the required protection and prevention measures to safeguard worker wellbeing. This legislation mandates risk assessments, employee training, and the implementation of appropriate preventive measures, thereby ensuring a safe and compliant work environment.

Additionally, Reply S.p.A. is certified under ISO 45001 for its occupational health and safety management system, through which it provides these services to the Group's companies.

[S1-2] Processes for engaging with own workforce and workers' representatives about impacts

Reply is committed to actively engaging with its own workforce to discuss material impacts—whether actual or potential, positive or negative—that may affect their working experience. The views of employees and other workers help guide business decisions and activities aimed at managing those impacts.
Engagement takes place directly with workers, fostering open and direct dialogue, as described in greater detail in *ESRS 2 SBM-2*.
This approach ensures that employee opinions and needs are heard and integrated into company decision-making processes as needed—without a fixed frequency, but rather whenever necessary, whether initiated by the employee or by the relevant partner—thus promoting a collaborative and inclusive work environment.
The Group's enterprise social networking platform further supports engagement by offering additional internal communication channels (e.g. posts, events, and groups) for employees to connect with colleagues, Managers, Executives, and internal functions.
Reply manages effective workforce engagement to inform its organisational approach through employee surveys and regular performance evaluations. These activities help measure employee participation, compare results with the previous year, and assess overall trends.
In particular, once a year, the Group launches the Employee Survey, a questionnaire designed to assess employee satisfaction, engagement, and sentiment, excluding executive-level staff. The survey focuses on topics aligned with Reply's values, teamwork, and personal expectations. The initiative is conducted simultaneously across all countries where the Group operates and is addressed to all employees with at least two months of service.
Participation is voluntary and anonymous, allowing respondents to express their views and contribute to workplace improvement by indicating their level of agreement with predefined statements and providing general or specific comments.
Since 2023, the survey has also included questions to assess aspects related to diversity and inclusion.
The results achieved by each company are shared with the respective Partners, as they also contribute to performance evaluations. Partners are expected to analyse the results, share them with employees, and propose an action plan to address areas for improvement. Comparing current outcomes with those from previous years helps monitor trends and ensures ongoing attention to continuous improvement.
It is important to highlight that this responsibility is shared by Managers and Executives

across the Group's companies, who play a crucial role in day-to-day interactions with employees.
To assess the effectiveness of workforce engagement, Reply adopts a method based on two key indicators: the response rate and the average survey scores, which are used to compare outcomes against previous years. This analytical process provides a clear view of employee engagement trends and workplace climate over time.
Furthermore, the Group is committed to ensuring that newly acquired companies are fully integrated into these engagement initiatives, thereby maintaining continuity in monitoring and evaluating the organisational climate.
This holistic approach allows Reply to adapt its strategies and initiatives based on the insights obtained, fostering a more collaborative and motivating work environment.
The initiatives described are specifically targeted at the Group's direct employees, including vulnerable workers and individuals belonging to protected categories, in order to ensure a fair and fulfilling work experience for all.

[S1-3] Processes to remediate negative impacts and channels for own workforce to raise concerns

Reply adopts a structured approach to address and remediate material negative impacts on its own workers, in cases where the company has caused or contributed to such impacts. In particular, to manage negative effects on **employee health and safety**, such as work-related stress and occupational illnesses, the Group has implemented targeted corrective measures to reduce stress and prevent such conditions. For example, Reply has introduced a psychological support programme, known as the Employee Assistance Program (EAP), which is currently available in Italy, the UK, and France. Additionally, in Italy, an annual work-related stress risk assessment is conducted in line with national regulations.
Regarding **equal treatment** of the workforce, Reply has defined a Career Path framework that ensures consistent career planning and progression for all employees. Recruitment and selection are of strategic importance to the Group and are carried out in full compliance with applicable legislation. The selection process follows a formalised and transparent procedure, which is communicated to candidates and designed to ensure non-discrimination and an objective assessment of skills, capabilities, and professionalism. Upon joining the company, each employee is integrated into a career development path based on a Group-wide framework defined by the Human Resources department and shared with the employee.
In many countries where the Group operates (e.g. Italy), there are mandatory gender pay gap reporting obligations, which contribute to greater transparency. In addition, an increasing number of companies within the Group in Italy are obtaining Gender Equality Certification, which recognises and certifies the Group's commitment to reducing gender disparities across corporate processes.

Finally, the company promotes a speak-up culture through whistleblowing mechanisms, informing employees of the existence of such channels during the onboarding process and via the corporate intranet. Through specific channels—such as the whistleblowing platform and the reporting systems provided by relevant national authorities—workers can report concerns or needs, as well as unlawful behaviour or violations of the Code of Ethics and Group Policies, directly to the company in all countries where the Group operates.
These mechanisms are regularly monitored to assess their effectiveness and to ensure a fair and safe working environment. As required by law, **whistleblowers** can choose to use either the Group's internal channels or the official channels provided by national authorities.
The Whistleblowing Policy accepts reports from both employees and external stakeholders and ensures anonymity and confidentiality through a multilingual platform compliant with EU Directive 2019/1937. The system ensures that each report is subject to a prompt, independent, and objective investigation. Acknowledgements are sent to the whistleblower within 7 days, with a detailed response provided within 3 months. The Supervisory Body reviews the reports and informs the Board of Directors and relevant Supervisory Authorities, who may implement appropriate response plans. The Whistleblowing Policy outlines and guarantees the protection of workers against retaliation should they choose to use these reporting channels.
Further details on this policy are available in the section ESRS G1-1.

[S1-4] Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The undertaking implements a range of initiatives to manage its material impacts, both positive and negative, as well as to optimise opportunities and reduce risks related to its own workforce, while continuously assessing their effectiveness.
To address the most material sustainability matters, concrete measures are adopted to prevent, mitigate, and remedy potential impacts through the implementation of the aforementioned policies, as well as targeted actions and initiatives.
Below is a detailed overview of the actions undertaken by Reply to prevent and mitigate negative impacts on its own workforce, enhance positive impacts, and manage the risks and opportunities identified through the double materiality assessment.

TOPIC	IRO	ACTION
Health and safety	Current negative impact on employees resulting from a lack of health and safety management in the organisation that may lead to the occurrence of work-related stress and/or occupational diseases.	▸ **Health and safety management model** **Employee Assistant Program (EAP)**
Work-life balance	Current positive impact on employees deriving from the promotion of well-being (physical and psychological) in the workplace, through initiatives aimed at a better work-life balance and corporate welfare systems, and from attention to the personal and professional growth of employees.	▸ **Hybrid Work Programme** ▸ **Benefit** ▸ **Employee Assistant Program (EAP)** ▸ **Furniture and workplace design for staff well-being**
	Economic and reputational opportunities arising from the offer of a corporate welfare plan and the promotion of a work environment based on diversity & inclusion and wellbeing principles that make the Group more attractive.	
	Economic opportunity deriving from the increasing use and development of Artificial Intelligence systems able to optimise the efficiency of human resources and expand Reply's range of services.	
	Economic risk resulting from the lack of attractiveness and retention of highly qualified personnel and the loss of key figures within its workforce.	
Gender equality and equal pay for work of equal value	Potential negative impact on employees resulting from possible instances of gender inequality and discrimination and unequal pay for work of equal value in the workplace, which may negatively affect the professional development and well-being of employees.	▸ **Reply All - Uniquely Diverse Program** ▸ **Gender Equality Certification (PdR 125)** ▸ **Diversity & Inclusion Training (DEI)**
	Economic and reputational risk arising from a low market presence of qualified female IT human resources, leading to a low diversity & inclusion rate in the Group and a gender gap in career development.	
	Economic and reputational risk arising from the occurrence of discrimination in the workplace.	
Training and skills development	Economic and reputational risk arising from the occurrence of discrimination in the workplace.	▸ **Learn.Share.Remix Program** ▸ **Reply Management Program** ▸ **Reply Challenges** ▸ **Xchange** ▸ **PM Academy** ▸ **Training (Soft Skills e Language Training)** ▸ **Booster Program** ▸ **Communities of Practices** ▸ **Knowledge Sharing Platform** ▸ **Technical Training** ▸ **Workshops**
	Current positive impact on employees resulting from the provision of training courses to develop and update technical skills.	
Adequate wages	Economic risk arising from the need to increase salaries due to the high competitiveness in the IT sector.	▸ **Skydive Program** ▸ **Performance Management** ▸ **Reply Challenge** ▸ **Student Tech Clash** ▸ **Reply Ambassador Programme** ▸ **Reply U** ▸ **External Collaborations (Girls@Polimi)**

Health and safety

For all companies operating in Italy, health and safety aspects are ensured through the implementation of a **health and safety management system**, formalised by the parent company Reply S.p.A., which is ISO 45001 certified. The model is regularly updated and reviewed to reflect changes in regulations or standards, and to meet certification, recertification, and ongoing compliance requirements.
Employees based in Italy represent approximately 60% of Reply's total workforce, and the application of the system is managed centrally by the parent company, which provides services to all Group companies, ensuring a comprehensive view of the system's

implementation. The safety management model:

- identifies applicable laws and related compliance requirements,
- ensures access to regulatory document archives,
- tracks deadlines and plans related activities,
- disseminates the necessary information, and
- documents decisions regarding applicability assessments.

A dedicated Health and Safety Policy is available to all employees via the corporate intranet.

In Italy, the risk assessment process is outlined in the Risk Assessment Document (Documento di Valutazione dei Rischi – DVR) and is conducted by the employer, the workers' safety representative, the head of the Health and Safety Service, and the occupational physician.

Reply employees, who primarily work with video display terminals, are subject to medical surveillance if they work more than 20 hours per week at a screen. No serious injuries have occurred due to the identified risks. A medical surveillance protocol is in place for both employees and long-term external collaborators, including pre-employment and periodic medical examinations. All incidents, including near misses, are recorded and managed in order to eliminate hazards and reduce associated risks.

To reduce the risk of workplace accidents, the Group implements training and awareness activities aimed at preventing and effectively managing occupational risks associated with its business operations. These initiatives are delivered through the company's Learning Management System (LMS) platform.

With regard to work-related stress, a European-level checklist is adopted to monitor risks, and the assessment process is carried out in compliance with national regulations. To date, the results have not indicated any levels of significant risk. In this area, the Group has also implemented a psychological support programme, known as the **Employee Assistance Program (EAP)**, which is active in Italy, the UK, and France. This programme is designed to promote the psychological wellbeing of personnel, helping to prevent and mitigate cases of work-related stress. Additionally, in Italy, an annual work-related stress assessment is carried out in accordance with national legislation.

Work-life balance

Reply offers a wide range of programmes and initiatives—both physical and digital—designed to meet employee needs in relation to their wellbeing.

The Group provides employees with the opportunity to work remotely through a structured **Hybrid Work Programme**, aimed at enabling more efficient time management and offering greater flexibility in terms of workspaces and schedules. This practice, which has been well-established for several years, is intended to reduce commuting-related stress and improve work-life balance.

To further support employee wellbeing, Reply offers **benefits** tailored to each country, in accordance with local legislation. For example, in Italy, employees have access—via the

corporate welfare platform and corporate benefit programmes—to a variety of services related to health, wellbeing, personal care, and mobility. These include: booking specialist medical visits, purchasing gym memberships, subscribing to public transport services, receiving reimbursements for educational and care-related expenses for family members.
In all Regions where Reply operates, there are no significant differences in the provision of benefits based on contract type (e.g., permanent, fixed-term, or part-time).
Employee and collaborator wellbeing is also taken into account through the **design and furnishing of office spaces**, with dedicated renovation projects that may include:

- terraces with plants and flowers or outdoor lounge areas,
- gyms or multifunctional rooms for activities such as yoga,
- kitchens equipped with microwaves and refrigerators to support meal consumption using reusable dishware,
- water stations to encourage the use of reusable bottles and cups, reducing reliance on single-use plastic water bottles.

Gender equality and equal pay for work of equal value
The **Reply All – Uniquely Diverse** programme aims to build a community that gives space and voice to diversity, inclusion, and accessibility, leveraging the intrinsic nature of Reply as a network of companies committed to embracing differences.
Implemented and expanded year after year, the programme is designed to foster ongoing dialogue and reflection on topics related to inclusion and diversity, with the objective of encouraging continuous improvement.
Having diverse teams—with people of different genders, ages, ethnicities, cultures, backgrounds, education, experiences, and preferences—is considered a valuable asset for the Group. Guided by principles of transparency, fairness, and openness to dialogue, new ways of collaborating and learning from one another are promoted, based on the belief that the best solutions and most innovative ideas come from diversity.
Since 2019, one of the key pillars of the programme has been Women in Tech, which continues to provide a platform for discussing the role of women in IT & Business, and for identifying initiatives to further increase female representation in Reply's sector.
To promote broader engagement, topics to be discussed are selected via the Group's enterprise social networking platform. Events are held both in person and via global live-streaming on the Group's knowledge sharing platform, ensuring participation from offices across all countries. The panels allow employees at various levels to share personal experiences, alongside the perspectives of clients and external partners.
To support the programme, several initiatives have been launched focusing on inclusion and equity. One of the success stories in 2024 was the strong participation in the London Pride Parade, demonstrating Reply's support for the LGBTQIA+ community.
To understand the impact of its actions on workers and assess their effectiveness, the Group monitors the number of participants and their diversity year over year. This approach allows the company to analyse how many workers have taken part in the various initiatives and to

ensure that these reach a broad and diverse audience.
The **Management System for Gender Equality**, based on the **UNI/PdR 125:2022** guidelines, aims to promote the adoption of corporate policies that support gender equality and women's empowerment. The standard is intended to improve opportunities for women to access the labour market, take on leadership roles, and better reconcile professional and personal life.
During 2024, numerous Italian companies within the Group obtained the certification, demonstrating the ongoing efforts in this area. This recognition also supports engagement with national public administrations.
A **Diversity & Inclusion Training** programme is currently under development and will be gradually made available to all employees in 2025. Its objective is to promote awareness of diversity, equity, and inclusion. The course will also provide tools to recognize and prevent possible bullying and harassment situations, along with information on procedures to follow and internal communication channels for requesting support. In doing so, it will contribute to fostering a more respectful and inclusive work environment.

Training and skills development
Employees are Reply's most valuable asset. Their motivation to imagine, experiment, and explore new solutions fuels the Group's business development and drives its ability to continuously improve and tackle new challenges. This statement holds especially true within the competitive and fast-evolving context in which the Group operates.
The core values of agility, innovation, excellence, and customer orientation, along with a strong ethical foundation, are central to the development of Reply's human capital. For this reason, the Group consistently invests in the growth and development of its people, offering structured career paths and creating the conditions for a collaborative and motivating work environment.
Reply's **Learn.Share.Remix Programme** serves as an enabler for internal learning. Powered by user-generated content from across the Group, it offers skills development courses and allows employees to act as trainers or speakers on trending topics of interest to the business, through interactive sessions and workshops.
Employees who organise and lead training sessions are rewarded with training credits, which can be used for additional learning activities such as purchasing books or attending industry events and conferences. This incentive model encourages employees to share knowledge on emerging technologies. The more they share, the greater their access to further learning opportunities—ranging from online courses to external events and conferences.
Over the years, Learn.Share.Remix has continued to generate a wide range of learning content accessible to all employees, helping to maintain a focus on high-priority topics, with particular emphasis on Artificial Intelligence. The programme also offers visibility to presenters and contributes to enhancing their public speaking skills. The events vary in format and interactivity, including seminars and workshops that showcase the best client

projects and research and innovation experiences.
In 2024, Reply continued to build thematic learning tracks around key trending topics, creating engaging learning experiences to further strengthen employee competencies. These tracks are developed in collaboration with experts from across the network and aim to consolidate the latest knowledge on topics of interest. The key performance indicator (KPI) used by the Group to monitor the effectiveness of the training programme is the number of participants throughout the year.
As part of its commitment to continuous learning, Reply organises dedicated internal training programmes for new Managers and Executives through the **Reply Management Programme**. This includes training on team and people management, business development, internal processes relevant to managerial roles, and additional learning opportunities delivered in collaboration with internationally recognised business schools. The programme is ongoing, with several editions held throughout the year, tailored to the number of new appointments.
The **Reply Challenges** are a key component of the Group's broader initiatives to promote a culture of innovation, with a specific focus on younger generations. Organised throughout the year, each Challenge brings together groups of experienced employees, students, and young professionals from around the world to sharpen their skills, innovate, and solve a proposed problem. These challenges are part of Reply's broader commitment to encouraging fully digital learning experiences for young people.
The Challenges are designed by employees and open to anyone passionate about technology and digital competitions. They are organised along four thematic tracks: coding, cybersecurity, investments (with a focus on sustainability), and digital creativity. Each Challenge includes learning sections and sandbox environments, allowing participants to explore the topics and practice before the competition.
Since 2019, Reply has also launched the Teen Edition, a special category designed to engage younger audiences and introduce them to coding.
Employees are encouraged to leverage their innovation skills to climb the leaderboard, win prizes, and showcase their work during internal company events.
To assess the effectiveness of this initiative, the Group monitors the number of programme participants annually.
Each year, knowledge-sharing culminates in the **Reply Xchange**, a multi-day event open to employees and clients. It provides a space for colleagues and creative thinkers to explore how technology and innovation are shaping the world. The event showcases the most innovative projects and content from the year and aims to inspire new ideas across areas such as technology trends, digital experience, and business applications.
To measure the impact of the initiative, the Group uses the number and diversity of participants year over year as a KPI.
The **PM Academy** offers annual training in project management and the opportunity for employees in Italy and Germany to obtain professional certifications, granting them access to a broad project management community. These courses are aligned with internally

developed project frameworks used for managing initiatives across the Group.
Among these, the **Matcha Reply** methodology stands out as a key approach for guiding the design and development of software projects, ensuring that the product lifecycle and end results are measurably green and sustainability-oriented. A cornerstone of Matcha is its adherence to Green Coding principles, with the goal of reducing emissions generated during software execution and defining architectures and solutions that support sustainable processes.
The primary KPI used to evaluate the effectiveness of training opportunities and employee engagement is the number of participants throughout the year.
Reply has implemented a Training Programme focused on **Soft Skills and Language Training**, designed to offer employees development opportunities and support their professional growth.
In particular, for optional, open-access training available to all staff, the Group offers:

- Language courses and related certifications for employees based in Italy;
- Soft skills training, covering topics such as communication, sales, negotiation, people management, and other areas aimed at enhancing personal capabilities.

As with other initiatives, the main KPI used to assess the effectiveness of this programme is the number of course participants.
The **Booster Programme** is a key initiative aimed at enhancing interaction and engagement within the Reply community. The programme's objective is to involve employees in both formal and informal activities, offering access to digital channels and events.
To support growth, knowledge sharing, and internal networking, Reply ensures access to various services and opportunities for all employees. At each location, a group of volunteers represents the needs of the local community by organising events throughout the year, ranging from recreational to cultural activities.
These events, open to all members of the Reply community, help foster a more cohesive and collaborative work environment. Ideas for events emerge organically and are formalised through a proposal form that allows for budget evaluation for each initiative. The variety of activities reflects the needs of each local community, strengthening the sense of belonging and collaboration among employees.
Once approved, activities are promoted via the Group's enterprise social networking platform, where employees can register and participate. This approach not only strengthens the sense of community but also enables flexible and timely responses to employee needs, making the Booster Programme a key component of Reply's sustainability and inclusion strategy.
In 2024, the Boosters organised numerous activities, including informational and training events on topics such as inclusive language, mental and physical wellbeing, and recreational and team-building initiatives. The very nature of the programme allows for a wide variety of events, from celebrating local traditions to hosting large-scale events across multiple Reply offices.
This international network of Employee Resource Groups (ERGs) aims to engage the employee community across all Group locations by fostering knowledge sharing and

encouraging participation in #LifeAtReply events, offering opportunities for interaction and training regardless of office size.
The initiatives of the Booster Club are monitored and supported by the internal communications team, which assists in the planning and execution of events.
To evaluate the effectiveness of the programme, the following indicators are monitored: the number of participants involved, the diversity of those participants, and the number of events organised throughout the year.
At Reply, various cross-functional **Communities of Practice** (CoPs) operate globally, focusing on studying technology trends and identifying the best ways to integrate them into existing products and services. This approach enables the development of highly innovative projects year-round, ensuring that solutions remain cutting-edge and aligned with market evolution. Through these initiatives, the Group offers employees the opportunity to acquire new knowledge and skills in a highly innovative environment, characterised by technologically advanced services and solutions. In a market where innovation is a key differentiator, continuous research and development is a strategic asset that not only supports Clients and Partners in adopting new technologies but also ensures that all collaborators have the opportunity to grow professionally and actively contribute to creating industry-leading solutions.
To achieve these objectives, Reply allocates annual resources and funding to Research and Development activities, including the evolution of proprietary platforms.
The effectiveness of each Community of Practice is monitored based on: the number of participants, and the results achieved against predefined goals, such as the number of white papers produced, articles published in industry media, and webinars organised.
Reply's **knowledge-sharing platform** is designed to host video content and live-streamed events, ensuring that employees have year-round access to thousands of videos created by subject matter experts across the organisation. The platform hosts a wide range of content on trending topics from Reply initiatives, including: the Learn.Share.Remix programme, Life at Reply activities, contributions from the Communities of Practice and central functions. It also hosts all Reply live events, helping foster a sense of community and belonging. The videos celebrate and promote the Reply culture, teamwork, group activities, and community spirit.
In the ESG domain, Reply has also committed to engaging employees with content that enables them to explore sustainability-related topics, such as: learning shots on the UN 2030 SDG Agenda, circular economy, IT waste management (Environment pillar), as well as training courses on digital accessibility and inclusive language.
As with other initiatives, the effectiveness of the programme is assessed based on the number of participants and the number of events organised during the year.

Finally, regarding **technical training** in employees' specific business areas (e.g. industry or product certifications), management is not centralised but delegated to individual companies within the Group. This approach ensures better alignment with specific training

needs, and serves as a guarantee of quality, excellence, and responsiveness to actual requirements within the year.
The Group also provides access to dedicated innovation **laboratories** at select locations, offering employees, collaborators, and clients the opportunity to transform creative ideas into real-world solutions. By leveraging cutting-edge technologies in fields such as robotics, advanced mobility, and virtual reality, employees can expand their skills, explore new applications, and actively contribute to innovation—developing their growth path in a dynamic and future-facing environment.
The following labs are currently active:

- Area42 (Turin, Italy)
- Cyber Security Lab (Cologne, Germany)
- Test Automation Centre (Turin, Italy)
- Immersive Experience Lab (Munich, Germany)
- IoT Validation Lab (Turin, Italy)
- Area360 (Milan, Italy)

Area42 is a technology experimentation lab where employees can develop new skills and enhance their professional growth. The lab uses cutting-edge technologies in the fields of **robotics, advanced mobility, and virtual reality** to turn creative ideas into tangible solutions, offering employees the opportunity to work on innovative projects and gain hands-on experience in applying emerging technologies.
Within Area42, Co-Design Workshops bring together clients and Reply experts to co-create innovative prototypes and apply them to real-world use cases, combining design thinking methodologies with advanced technological tools. The lab also offers the opportunity to explore digital factory and additive manufacturing projects, developed in collaboration with **Competence Industry Manufacturing 4.0 (CIM4.0)**—one of Italy's most advanced national competence centres. Through these experiences, Reply employees can strengthen both technical and methodological skills, actively contributing to the digital and sustainable transformation of businesses and advancing their own professional development in a highly innovative environment.

The **Cyber Security Lab** is a centre of excellence for cybersecurity. Here, our experts have access to the most advanced security tools and solutions, allowing them to test and simulate attack vectors, model threats, and analyse the security of hardware and software components. In an increasingly digital world, where business models are evolving rapidly, cyber risk management is becoming ever more critical. The lab enables professionals to experiment with adaptive cloud security, secure software development, security-oriented network infrastructures, and protection of applications and data. Through this hands-on experience, employees can expand their competencies, enhance their threat response capabilities, and support businesses in adopting agile development, cloud computing, and remote working, while maintaining high cybersecurity standards.
In the context of electric vehicle (EV) charging technology, the **Test Automation Center**

Lab plays a key role in optimising EV charging tests and provides a significant professional development opportunity for employees. Through experimentation with a comprehensive Test Automation Framework, professionals can acquire and refine advanced test automation skills, directly contributing to ensuring the reliability and efficiency of charging stations. This innovative environment enables employees to work with state-of-the-art technologies, build strategic expertise, and actively engage in the evolution of the sustainable mobility sector.

Adequate wages

Reply believes in and invests in the development of talent and skills. This commitment is promoted and applied not only within the employee community, but also externally—through initiatives aimed at engaging students and professionals. Reply recruits top talent through long-standing relationships with various Italian and European universities and research centres, in order to strengthen its workforce with high-profile professionals.
Reply promotes continuous learning and skill development as an integral part of each employee's career path.
The Group has launched Skydive, a horizontal internal mobility program with the objective of offering new growth opportunities beyond the boundaries of the individual company. For the companies, it also represents the possibility of recruiting personnel who are already trained and integrated within the corporate context.
The Companies publish job opportunities on the dedicated page of the company's enterprise social networking platform during three annual sessions, and employees can apply without any kind of restriction.
It is important to underline that, should the application be unsuccessful or support be requested, the Skydive team operates throughout the entire year, guiding all participants in the search for other opportunities.
Reallocation within the Group indeed represents an opportunity available to everyone, at any time of the year, even beyond the standard sessions offered by the program, as proof of the company's commitment to creating a working environment focused on motivation and attraction, as well as on consideration and respect for the individual's will and interests.
In addition, employees periodically undergo a **Performance Management** process, which takes place at least once a year. Its purpose is to provide each employee with the opportunity to reflect and receive feedback on performance, contribution, and alignment with company values, as well as to discuss personal development, including compensation and incentives linked to agreed business objectives
The Group invests in people development and transparency by adopting dedicated tools to support the Performance Management process, making user interactions simpler and more efficient and improving the clarity and effectiveness of communication. Reply continuously evaluates individual contributions to company results by comparing predefined goals with achieved outcomes, observed behaviours, and completed tasks over a specific period. The process also values employees' knowledge, skills, and overall quality.

As already mentioned in the section on training and development initiatives, the **Reply Challenges** are designed to promote a culture of innovation, with a particular focus on younger generations.

The **Student Tech Clash** is an idea generation challenge organised by Reply, focused on innovation and targeted at students from top European universities. In 2024, Student Tech Clash involved several institutions, including: Politecnico di Torino, Politecnico di Milano, Università degli Studi di Milano-Bicocca, Sapienza University of Rome, INP Grenoble, INSA Lyon, and students from the University of Cambridge.

The **Reply Ambassador Programme**, launched in 2015, is designed for university students who wish to start collaborating with Reply while completing their studies. The programme offers a range of opportunities to help build a strong link between universities and Reply, involving students in both digital and in-person activities. In return for their involvement, students gain hands-on experience on real projects and receive exclusive access to the Learn.Share.Remix programme, allowing them to join Reply-led webinars, seminars, workshops and events specifically organised for them.

ReplyU—where "U" stands for university—is the Group's employer branding social media initiative aimed at introducing Reply and #LifeAtReply to university students around the world. The programme promotes events and initiatives open to students via all major social platforms, including Instagram and Facebook, and is driven by organic content shared by the Reply community using the #LifeAtReply hashtag. Digital touchpoints also include employer branding platforms, where Reply companies maintain profiles that collect reviews and feedback from current and former employees.

Reply also engages in **external partnerships** that support female participation in STEM fields, with the goal of broadening the talent pool and increasing the representation of key roles within the workforce, ensuring continuity and long-term competitiveness.

Since 2022, Reply—aligned with its commitment to promoting gender equality—has participated in the **Girls@PoliMI** initiative, launched by Politecnico di Milano. The Group sponsors scholarships for female high school students who choose to enrol in engineering programmes, starting from the academic year 2023/2024. In 2023, the scholarships funded by Reply were awarded, helping to support women in STEM education. Reply has renewed its commitment for 2025 by funding two new scholarships, with the goal of promoting inclusive education, breaking stereotypes, and reducing the gender gap.

In the current year, the Group has not allocated significant resources to the above-mentioned actions, and no future action plans have yet been defined. However, Reply adopts a collaborative process to identify necessary and appropriate actions in response to actual or potential negative impacts on its own workforce.

This process is based on bilateral interactions between local Partners and employees, creating an environment in which every idea is valued and every voice is heard. Through regular meetings, employee surveys, and direct feedback, the company gathers valuable insights into the experiences and concerns of employees and collaborators.

Initiatives are therefore shaped by these interactions, allowing Reply to develop targeted and relevant solutions that address the specific needs of its workforce. This approach not only fosters a sense of belonging and engagement among employees but also ensures that the actions taken are genuinely effective in mitigating identified negative impacts.

[S1-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The company addresses material impacts on its own workforce through targeted initiatives and actions, although it has not defined specific targets. The adopted approach focuses on the ongoing management of risks and opportunities, with periodic monitoring to ensure continuous improvement over time.
At this stage, setting targets for the Group's own workforce has not been considered a priority or strategic.

[S1-6] Characteristics of the undertaking's employees

This paragraph aims to provide an overview of Reply's approach to employment, including the scope and nature of the impacts arising from its employment practices. It also provides contextual information to support the understanding of data reported in other sections and serves as a basis for calculating the quantitative metrics disclosed in the consolidated sustainability statement.
As of December 31, 2024, the Reply Group has a total of 16,007[20] employees.

The workforce count includes the Group's direct employees, as well as individuals in training internships and all those with non-guaranteed working hours contracts, such as casual workers, zero-hour contract employees, and on-call employees.

NOTA: dove diciamo 16,007 dipendenti, aggiungere una nota per dire: "The value includes the 15,667 direct employees of the Group, as reported in the Group Results at a Glance."
The tables below provide a breakdown of the number of employees by gender and country, for countries where the undertaking employs 50 or more individuals, representing at least 10% of the total workforce.

20 The value includes the Group's 15,667 direct employees, as reported in the Group's highlights

NUMBER OF EMPLOYEES BY GENDER

GENDER	NUMBER OF EMPLOYEES (HEAD COUNT)
Male	11,454
Female	4,557
Other	0
Not reported	0
Total Employees	16,007

NUMBER OF EMPLOYEES BY COUNTRY

COUNTRY	NUMBER OF EMPLOYEES (HEAD COUNT)
Belgium	166
Brazil	322
France	419
Germany	2,670
India	223
Italy	9,372
Luxembourg	70
Poland	344
United Kingdom	1,612
USA	642
Others	167

Below is the total number of employees with permanent, fixed-term, variable-hour, full-time, and part-time contracts, along with their gender breakdown. Interns are included under the category of fixed-term employees.

	2024				
Number of employees (head count)	**FEMALE**	**MALE**	**OTHER**	**NOT DISCLOSED**	**TOTAL**
Number of employees	4,553	11,454	0	0	16,007
Number of permanent employees	4,452	11,106	0	0	15,558
Number of temporary employees	58	159	0	0	217
Number of non-guaranteed hours employees	43	189	0	0	232
Number of full-time employees	4,125	10,906	0	0	15,031
Number of part-time employees	350	286	0	0	636

The number of employees in the Group is also reported in the section "Group Results at a Glance" of the Report on operations.
In 2024, 2,373 people left Reply voluntarily or due to incentivized departure, retirement, or death. The global turnover rate was 15.57% and includes all exits, whether voluntary or involuntary.
The total number of employees who left the Group is calculated as the total number of leavers over the average headcount at the beginning and end of the period, aggregating data from the entire consolidation perimeter.
The use of part-time employment contracts is based on employee requests (e.g., combining work with academic studies, parenting needs, etc.), and is typically temporary in nature.
Reply complies with all applicable working time regulations: all overtime is fairly managed, properly compensated, and in line with applicable labour laws.

The following table presents the total number of permanent, fixed-term, variable-hour, full-time, and part-time employees, broken down by region:

	2024			
Number of employees (head count)	**REGION 1**	**REGION 2**	**REGION 3**	**TOTAL**
Number of employees [21]	10,611	3,074	2,322	16,007
Number of permanent employees	10,495	3,004	2,059	15,558
Number of temporary employees	116	70	31	217
Number of non-guaranteed hours employees	0	0	232	232
Number of full-time employees	10,240	2,765	2,026	15,031
Number of part-time employees	276	300	60	636

[S1-7] Characteristics of non-employees in the undertaking's own workforce

This paragraph provides an overview of the main characteristics of non-employee workers who are part of Reply's own workforce. It also helps to assess the extent to which Reply relies on non-employee workers within its workforce.
In 2024, the total number of non-employee workers in Reply's own workforce was 778.
It is not yet possible to provide disaggregated data for the Wemanity group and for the following countries: Brazil, China, India, USA, Croatia, the Netherlands, and Morocco.
The total number of non-employee workers is reported as headcount and as an average over the reporting period.
In accordance with the specific contractual frameworks of each country, non-employee relationships are mapped as follows:

- Individual contractors (self-employed workers), such as freelance professionals;
- Workers provided by companies primarily engaged in "employee placement services," including temporary staffing agencies, recruiting agencies, or staffing firms (NACE Code N78).

These non-employee collaborators are involved in IT consulting activities and contribute their professional expertise to the Group, working in collaboration with Reply employees in the execution of business activities, in line with the terms of the agreements in place.

21 The total number of employees includes interns and employees with non-guaranteed hours contracts

[S1-9] Diversity metrics

This paragraph aims to provide an overview of gender diversity at senior management level and the age distribution of the company's employees.
The following table shows the gender distribution, both in absolute numbers and as a percentage, at senior management level[22].

EMPLOYEES	MALE	FEMALE	OTHER	NOT DISCLOSED
number at top management level (head count)	406	50	0	0
percentage at top management level	89%	11%	0%	0%

Below are the data on the distribution of employees by age group.

EMPLOYEES	< 30 YEARS OLD	30 ≤ X ≤ 50	> 50 YEARS OLD
Number of employees (head count)	6,959	7,800	1,254

[S1-10] Adequate wages

The Group provides all its employees with adequate remuneration, in line with the applicable benchmark parameters (e.g. national collective labour agreements, local minimum wage regulations), and taking into account market competitiveness.

[S1-13] Training and skills development metrics

This paragraph is intended to describe the training and skills development activities offered to employees as part of a continuous professional development strategy, aimed at enhancing competencies and supporting ongoing employability.
Below are the percentages of employees who participated in performance and career development reviews, disaggregated by gender. These indicators refer to the entire Group, excluding China (Region 2), the Netherlands, and Morocco, and are calculated as the ratio between the number of employees who underwent a performance review and the number of employees for whom a review was required.

22 Senior management refers to roles within the Group that hold managerial responsibilities and are positioned at the first and second levels below the administrative and supervisory bodies, in relation to internal functions and business activities.

CAREER DEVELOPMENT REVIEWS	FEMALE	MALE	OTHER	NOT DISCLOSED
percentage of employees that participated in regular performance and career development reviews	97%	97%	-	-

Below are the percentages of employees who participated in periodic performance and career development reviews, broken down by role.

CAREER DEVELOPMENT REVIEWS	STAFF	MANAGER	EXECUTIVE
percentage of employees that participated in regular performance and career development reviews	96%	98%	100%

The Group does not provide performance evaluation or training activities for non-employee workers.

[S1-14] Health and safety metrics

This paragraph aims to describe the extent to which the own workforce is covered by the company's occupational health and safety management system, and to provide data on the number of work-related injuries, illnesses, and fatalities involving the own workforce.
In 2024, 76.7% [23] of Reply's workers were covered by an occupational health and safety management system that complies with legal requirements and/or recognised standards and guidelines. The distribution is not uniform across all countries; in particular, it reaches 100% of workers in Italy and Germany.
During 2024, no work-related fatalities due to injuries or illnesses were reported among Reply employees or other workers operating in the Group's offices. This also applies to value chain workers performing tasks on-site.
The total number of recordable work-related injuries in 2024 was 6, resulting in a recordable injury rate of 0.23 [24].
Moreover, no cases of work-related illnesses were reported, in accordance with applicable laws on data collection and reporting.
The total number of workdays lost due to work-related injuries, illnesses, and fatalities among employees was 200 days.

23 Interns and employees with non-guaranteed working hours are not included.
24 The injury rate is calculated as the number of injuries (on-site, during remote work, or during commuting with transportation organized by Reply) divided by the total hours worked, multiplied by 1,000,000. Interns and employees with non-guaranteed working hours are not included.

[S1-15] Work-life balance metrics

This paragraph aims to provide an overview of the rights and actual practices related to family leave among employees, with a particular focus on ensuring gender-equitable access, as this is one of the key dimensions of work-life balance.
All Reply employees are entitled to family-related leave, in accordance with the company's social policy and/or applicable collective labour agreements.
In 2024, 5.2% of eligible employees made use of family-related leave. The gender breakdown is as follows:

FAMILY-RELATED LEAVE	MALE	FEMALE	OTHER	NOT DISCLOSED
percentage of employees entitled to take family-related leave[25]	4.1%	7.8%	0.0%	0.0%

[S1-16] Remuneration metrics (pay gap and total remuneration)

This paragraph serves a dual purpose: on one hand, it provides information on the extent of any gender pay gap among the company's employees; on the other, it offers insights into the level of pay inequality within the company and the possible presence of significant pay disparities.
The gender pay gap at Reply is 10.87%, calculated as the difference between the average remuneration levels of female and male employees, expressed as a percentage of the average remuneration level of male employees.
Sostituisci con: The main factor leading to the determination of this percentage is the lower availability on the market of female profiles, as confirmed by official data on the attendance of women in STEM faculties.
The management of professional roles in Reply is based solely on meritocratic factors, as demonstrated by the internal career path which defines the parameters characterizing entry levels and career development.
The ratio between the total annual compensation of the highest-paid individual and the median total annual compensation of all other employees (excluding the highest-paid individual) is 32.95. Both metrics include all employees, including non-guaranteed hour workers, who were active as of 31/12/2024 excluding internships.

25 The ratio between the number of employees who took family-related leave, and the total number of employees (100%) includes all countries considered, excluding interns and employees with non-guaranteed working hour contracts.

[S1-17] Incidents, complaints and severe human rights impacts

This paragraph aims to illustrate the extent to which work-related incidents and serious human rights impacts affect the company's own workforce.
During the reporting period, Reply did not record any significant incidents of discrimination in the workplace based on gender, race or ethnic origin, nationality, religion or personal beliefs, disability, age, sexual orientation, or any other relevant grounds, including harassment, reported through the company's grievance and reporting mechanisms.
Furthermore, no complaints were submitted through official channels, including internal grievance mechanisms and OECD National Contact Points.
No costs were incurred related to fines, penalties, or compensation resulting from discrimination incidents.
During the reporting period, no serious human rights incidents—such as forced labour, human trafficking, or child labour—were identified, in line with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.
As a result, no costs were incurred related to fines, penalties, or damages associated with serious human rights incidents during the reporting period.

ESRS S2 Workers in the value chain

[ESRS 2 SBM-2] Interests and views of stakeholders

The Reply Group recognises the importance of protecting the interests and rights of workers throughout its entire value chain, being fully aware of the significant impact that business practices can have on them.
As such, Reply is committed to ensuring that the views and concerns of workers are heard, through ongoing dialogue with suppliers, supported by regular meetings. This open and constructive engagement enables the Group to better understand and respond to supplier needs, contributing to the continuous improvement of working conditions for workers across the value chain. Further details can be found in the "General Information" chapter, section *[SBM-2] Interests and views of stakeholders.*

[ESRS 2 SBM-3] Material impacts, risks and relevant opportunities and their interaction with strategy and business model

Reply's strategic approach and business model place particular emphasis on working conditions and the protection of workers' rights throughout the value chain, as well as on the management of potential impacts and risks (see *[SBM-3] material impacts, risks and opportunities and their interaction with strategy and business model).* The Group integrates social responsibility into its commercial practices by building strong relationships with direct suppliers. These elements help guide Reply's strategy, either as feedback from business relationships or as concerns raised through the whistleblowing system (see section *[S2-3] Processes to remediate negative impacts and channels for value chain workers to raise concerns).*
In this context, the suppliers taken into consideration in the analysis of relevant risks and impacts for workers along the value chain are: Small and medium-sized IT service providers, i.e. strategic partners involved in service delivery; Hardware and IT service providers (Licensees); Labour providers (temporary staffing agencies); Real estate and utility suppliers, and Auxiliary service providers (as outlined in paragraph *[SBM-1] Strategy, business model and value chain.*
As part of the double materiality assessment, Reply considered all geographic areas and industry sectors where there is a significant risk of child labour and forced labour in the value chain—particularly among non-strategic and indirect procurement suppliers.
This assessment enables Reply to proactively address issues related to workers' rights and to promote ethical practices throughout its supply chain.

In such contexts, insufficient oversight of supplier practices concerning their workforce can result in negative impacts related to child labour and/or forced labour. These may occur as widespread issues or be linked to isolated incidents or specific business relationships in certain countries.
To address these risks, Reply implements tools designed to ensure respect for human rights across the entire value chain, including the adoption of a Whistleblowing Policy, the acceptance of the Code of Ethics and the Supplier Code of Conduct by suppliers and the evaluation of the latter based on social criteria, tailored to the specific conditions of the countries in which the Group operates. This supports the Group's strategic alignment with enhanced social responsibility.
Beyond these concerns, another key issue is the ability to ensure gender equality and fair remuneration. Women may be more vulnerable to discrimination and pay gaps, particularly in cultural or sector-specific contexts where gender inequality persists, and where attitudes and practices hinder their full inclusion and professional development.
Special attention is given to strategic suppliers in the IT sector, on whom the Group relies and whose wellbeing and expertise are essential to ensuring the quality of services offered in a highly competitive environment.
The Group's strategy and business model are significantly influenced by its dependence on such strategic suppliers, which presents an economic risk linked to the scarcity of qualified talent and the potential loss of key personnel within the value chain—factors that may impact business operations and the quality of services provided by the Group.

[S2-1] Policies related to value chain workers

Reply manages impacts on workers in the value chain through its **Supplier Code of Conduct**, a document that defines the standards that must be respected and encompasses all the topics that Reply considers essential in its relationship with suppliers, thereby ensuring a responsible and respectful working environment.
The Code aims to guarantee safe, dignified, and fair working conditions, promote the respect of human rights, ensure health and safety protections, and encourage the adoption of increasingly responsible and sustainable business practices. It also defines core principles for supplier relationships, including integrity and transparency, environmental stewardship, people protection, and improvement of working conditions.
Since 2022, all strategic suppliers are required to review and accept the Supplier Code of Conduct at the acceptance of the Code of Ethics and the Supplier Code of Conduct by suppliers and the evaluation of the latter the time of contract signing. This document, developed by Reply, is signed alongside the Group's Code of Ethics (in Italy also accompanied by Model 231). The **Code of Ethics** specifically promotes best practices and encourages responsible behaviour, ensuring that the Group's fundamental ethical values form the foundation of its corporate culture and represent the standard of conduct for all collaborators. It also explicitly prohibits unfair competition and active or passive corruption.

In addition, the **Human Rights & Labour Policy** denounces child labour, human trafficking, and forced labour, and upholds the freedom of association and collective bargaining throughout the Group. Together with the Code of Ethics, this policy reaffirms Reply's commitment to human rights protection, promoting diversity and inclusion, and rejecting any form of discrimination based on ethnicity, gender, sexual orientation, physical or health condition, disability, age, nationality, religion, or personal beliefs—while ensuring employees' physical and mental wellbeing and professional development.
The policy aligns with the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labour Organization's (ILO) Conventions. In conclusion, the **Modern Slavery Policy** outlines the Group's commitment to ensuring that modern slavery, human trafficking, and child labour do not occur within Reply's business operations or supply chain.
For further details, see paragraph *[MDR-P] Policies adopted to manage material sustainability matters,* which outlines the Group's policies for managing potential material impacts on workers in the value chain.
The Supplier Code of Conduct includes periodic monitoring activities to verify compliance with environmental, social, and governance (ESG) principles, and administrative processes ensure rigorous oversight of strategic suppliers. Please also refer to the following paragraph *[S2-2] Processes for engaging with value chain workers about impacts.*
As evidence of this commitment, no cases of non-compliance with the UN Guiding Principles or the ILO Declaration on fundamental rights at work have been reported upstream or downstream in the value chain to date.

[S2-2] Processes for engaging with value chain workers about impacts

Currently, Reply does not implement a single, generalised process to engage all workers in the value chain regarding the potential negative impacts to which they may be exposed. Engagement with strategic suppliers is carried out through open and direct dialogue between the relevant managers, executives, and the Sourcing function for the service provided. This approach ensures that the views and needs of strategic suppliers are heard and integrated directly into business decisions. Such engagement does not follow a fixed schedule but occurs as needed, supporting a collaborative and inclusive working environment.
Concerns and views from workers across the entire value chain may also be expressed via the whistleblowing platform and are taken into consideration in the management of potential impacts, and therefore integrated into the Group's strategy.
Reply conducts annual *self-assessment* activities to ensure that strategic suppliers are aligned with Reply's ESG criteria and the values stated in the Reply Code of Ethics. In particular, since 2022, in countries such as Germany and Italy, annual self-assessment campaigns have been launched for suppliers with more than 15 employees. These are

managed via a **self-assessment questionnaire** focused on the following areas:

- Labour: protection of working conditions;
- Protecting People: respect for employee dignity and their physical and moral wellbeing, avoiding all forms of discrimination;
- Environment, Safety and Health: attention to environmental and safety issues, and the promotion of employee awareness;
- Integrity and Transparency: commitment to ethical integrity and transparency in business practices, in compliance with applicable laws and in the interest of stakeholders.

This process therefore focuses on environmental and health & safety matters, as well as the Group's commitment to integrity and transparency in corporate practices, serving as a key tool for ensuring compliance with ethical and regulatory standards. It also strengthens the Group's social responsibility and helps generate shared value across the supply chain.

At the beginning of each new business relationship, the Sourcing function or the partners of individual companies organise meetings with suppliers to ask targeted questions aimed at verifying their focus on relevant issues such as training and ESG practices. This process helps assess the supplier's alignment with Reply's business model and enables ongoing dialogue, particularly with strategic suppliers. In Italy, collaborations are primarily with small enterprises, whereas abroad, relationships are often established with freelancers or sole proprietorships.

Although Reply does not directly engage supplier employees to gather their opinions on the impacts they may be exposed to, nor does it evaluate the effectiveness of such engagement or maintain global framework agreements with international trade unions to guarantee human rights protections, ongoing contact and dialogue with suppliers is maintained through the measures described above.

[S2-3] Processes to remediate negative impacts and channels for value chain workers to raise concerns

To remediate potential negative impacts on workers in the value chain, where the company has caused or contributed to such impacts, the Group relies on the policies detailed in the previous paragraph *[S2-1] Policies related to value chain workers.* These include, among others, the requirement to acknowledge the Group's Code of Ethics and the Supplier Code of Conduct, which outlines specific requirements aimed at preventing labour rights violations within suppliers' workforces.

Reply has also implemented a **Whistleblowing Policy** to ensure that all stakeholders—including employees and workers in the value chain—can report inappropriate labour practices that are not in line with the Group's policies in a safe and confidential manner. This system provides an additional reporting channel beyond those required by applicable legislation.

Each report is handled through formal measures designed to address the concerns raised. The Code of Ethics, which is shared with suppliers at the time of contract signing, includes

a direct link to this policy, thus providing access to an effective communication channel. It also ensures protection against retaliation for the whistleblower, as already described in [S1-3] Processes to Provide for or Cooperate in Remediation and Channels for Own Workers to Raise Concerns, to which reference is made for further details.
Specifically, reports—which may also be submitted anonymously thanks to the multilingual platform compliant with EU Directive 2019/1937—are monitored and managed by the Supervisory Body. This body is responsible for verifying the validity of the reports on behalf of the Reply Group companies and for conducting prompt and thorough investigations.
The Supervisory Body prepares a summary report of the investigations, which is shared with the Board of Directors, enabling the development of corrective action plans to resolve the identified issues and implement appropriate measures to protect Reply Group, as well as the whistleblower or the person concerned.

[S2-4] Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

Reply currently does not implement specific initiatives aimed at managing material negative impacts or addressing risks related to workers in the value chain. As a result, no specific financial or human resources are currently allocated for the management of such potential impacts.
However, it should be noted that in 2024 and in previous years, no human rights incidents have been reported in the upstream segment of the value chain. At this stage, in fact, setting actions linked to specific targets for workers along the value chain has not been considered a priority or strategic. However, the Group complies with national regulations in its operations by providing a whistleblowing channel designed to ensure a process for addressing reports/impacts in this area.
In general, the respect for and protection of workers' human rights in the value chain is indirectly monitored through adherence to the Supplier Code of Conduct, which addresses a range of topics including labour rights. The Group conducts annual self-assessment campaigns with the objective of identifying any non-compliance. For further details, refer to the previous paragraph *[S2-2] Processes for engaging with value chain workers about impacts.*
The selection of suppliers and the definition of purchasing conditions for goods and services by Group companies are guided by values and criteria such as: legality, competition, objectivity, fairness, impartiality, pricing equity, and quality of goods and/or services, while also carefully evaluating service guarantees and the range of available offerings.

[S2-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Reply has not identified specific targets for the management of material negative impacts and risks in the value chain. Currently, the Group adopts targeted policies and initiatives, monitoring their effectiveness without a structured tracking system based on defined targets. Refer to the whistleblowing systems/channels, the policies described in paragraph *[S2-1] Policies related to workers in the value chain*, and the engagement processes outlined in paragraph *[S2-2] Processes for engaging with value chain workers about impacts*, in accordance with the ESRS.

ESRS S4 Consumers and end-users

[ESRS 2 SBM-2] Interests and views of stakeholders

The Reply Group serves a wide range of clients, operating in the business-to-business (B2B) sector. Its B2B clients include companies of various sizes and industries—both public and private—who rely on the Group for innovative and customised technology solutions.
The end-users of the applications and services developed by the Group do not have a direct relationship with Reply, as they are clients of the Group's Clients. Therefore, responsibility for service delivery and end-user relationship management lies entirely with the clients.
In the public sector, the Group also operates through a consortium of companies, which allows it to meet the specific requirements needed to operate in that domain.
Cybersecurity is a key priority, as the Group is exposed to potential cyberattacks that could result in data breaches. For this reason, collaborating with clients to protect their infrastructure is essential.
Reply also places strong emphasis on human rights in relation to consumers and end-users, particularly for services that integrate Artificial Intelligence components.
The Reply Group's strategy is significantly influenced by the interests and feedback of its clients. Maintaining an ongoing dialogue—through Customer Surveys, dedicated events, and social media channels—allows the Group to tailor its solutions to specific needs and anticipate emerging market trends.

[ESRS 2 SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model

The process of identifying and assessing impacts, risks and opportunities related to consumers and end-users was conducted by Reply through its double materiality assessment, as described in *[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities* in the "General Information" chapter.

The potential impacts on consumers and end-users stem directly from the Group's strategy and business model. The corporate strategy, which includes **data protection and information security**, is designed to ensure that the services provided are reliable, effective, and efficient. This approach is closely linked to the business model, which integrates **cybersecurity** as a core element in the protection of handled information.

These potential impacts on consumers and end-users actively influence and shape the company's strategy and business model, contributing to their ongoing evolution. The need to ensure confidentiality, integrity, and availability of data drives the company to continuously improve its cybersecurity practices. This commitment is explicitly stated in Reply's Code of Ethics, which highlights the importance of protecting both data and corporate assets.

Reply's strategy and business model are designed to address the identified risks and to leverage emerging opportunities (see the "Reply" chapter in the Financial Report). For instance, to mitigate cybersecurity-related risks, Reply has implemented a comprehensive framework for data protection and information security.

At the same time, the company leverages opportunities arising from the growing demand for sustainable **IT solutions and cybersecurity services** to expand its offerings and strengthen its market competitiveness. This integrated approach enables Reply to continuously adapt to the needs of consumers and end-users, while ensuring compliance with applicable regulations and adherence to ethical principles.

The Group has identified clients and end-users of its services as the parties most exposed to privacy violations and loss of sensitive data, particularly in the event of cyber incidents. More precisely, the end-users of the services implemented by the Group are the clients of Reply's clients (see the "Reply" chapter in the Financial Report). This negative impact—loss of sensitive data and, more generally, breaches of consumer and end-user privacy—may occur as a result of both widespread cyberattacks and specific events, such as IT system malfunctions.

Reply faces both opportunities and risks linked to its impacts on and dependencies from consumers and end-users. On the one hand, the growing demand for sustainable IT solutions and cybersecurity services presents a significant economic opportunity for the company, which can develop and offer innovative solutions to meet these emerging needs.

On the other hand, the Group is aware of potential risks associated with legal expenses and reputational damage that may arise from IT products or solutions that fail to ensure data security. In cases where quality issues emerge, the company could face legal challenges,

resulting in financial costs and loss of client trust.
Moreover, incidents of discrimination or human rights violations caused by the misuse of Artificial Intelligence systems could damage the Group's reputation and lead to negative economic consequences.
Client groups that are most exposed to risks related to infrastructure robustness include financial institutions, the manufacturing sector, healthcare, and telecommunications, due to the sensitive nature and value of the data processed—making them particularly vulnerable to data breaches and privacy violations.

[S4-1] Policies related to consumers and end-users

The Reply Group has implemented a set of corporate policies and procedures aimed at ensuring a responsible and transparent approach toward its clients. These measures help mitigate impacts related to privacy violations and the loss of data belonging to clients and business partners, by ensuring preventive measures and appropriate controls are in place to **prevent cybersecurity incidents**.
At the same time, these measures support the mitigation of risks associated with **data loss** and **potential discrimination resulting from AI usage**, while also enabling the Group to seize business opportunities, such as the growing market demand for IT and cybersecurity solutions.
For details on the processes and mechanisms used to monitor compliance with the UN Guiding Principles, please refer to paragraph *[S4-3] Processes to remediate negative impacts and channels for consumers and end-users to raise concerns*, and to the public whistleblowing system made available to all Group stakeholders.
Policies and procedures are not developed through direct engagement with customers and end-users, but are instead designed to ensure that operations are compliant with applicable regulations and aimed at providing secure and high-quality services.
Below is an overview of the Group's policies applicable to all consumers and end-users.

ICT Security Policy
Reply's ICT Security Policy, applicable in all countries where the Group operates, sets out the security requirements to be followed in both internal activities and client engagements, drawing on international best practices such as ISO/IEC 27001.
The policy outlines the responsibilities of personnel involved in service delivery and defines procedures for asset management, ensuring that resources such as servers and laptops are identified and classified to provide proper visibility and protection.
It includes logical access controls to prevent unauthorised access, ensuring proper access management protocols are in place. Physical protection of information is also addressed, with safeguards to prevent unauthorised entry to company facilities and to protect physical assets.
The operational management of systems, networks, and telecommunications is structured

to maintain high levels of logical security for processed information. The policy also defines criteria for the development, maintenance, and acquisition of IT systems, ensuring that applications and operating systems uphold confidentiality, integrity, and availability.
With regard to third parties and outsourcing, the policy ensures that corporate assets are protected, by monitoring access to information and workspaces.
It also includes procedures for security incident management, enabling the detection and handling of anomalies and maintaining appropriate levels of business continuity in case of unexpected events.
Finally, the policy sets out business continuity guidelines, ensuring ICT services remain available during emergencies, and establishes compliance criteria to ensure that business operations and information security are managed in accordance with applicable laws and contractual obligations.
These measures are fundamental to ensuring a secure and protected environment for the Group's information and business assets.

ICT Security Incident Management Procedure
The ICT Security Incident Management Procedure is integrated with the personal data breach notification process and outlines the procedures for containing, classifying, and managing incidents that may compromise one or more information security requirements, such as confidentiality, integrity, and availability, potentially resulting in violations of applicable legislation, including the GDPR. The procedure provides a detailed description of the incident management process stages, which include:

- Identification and classification of the incident,
- Response activities, and
- Post-incident analysis and lessons learned.

Additionally, the policy clearly defines the roles and responsibilities for each stage of the process, ensuring a structured and effective approach to managing ICT security incidents.

Client DPA Policy
This policy applies during the contract negotiation phase with clients and is used to ensure compliance with data protection regulations through the establishment of a Data Processing Agreement (DPA). It also applies during service delivery, providing operational instructions for Group employees, who are required to acknowledge and adhere to the policy in order to ensure Reply's compliance and the adequate protection of processed data.

AI Policy
The Reply Group AI Policy is designed to ensure the ethical and compliant use of Artificial Intelligence (AI) within the organisation and in the delivery of services to clients. The policy highlights the potential of AI technologies, both generative and non-generative, and stresses the need to strike a balance between innovation and the mitigation of risks related

to ethics, compliance, and security.
The policy is addressed to all Group employees and provides guidelines on how to procure, use, and develop AI systems in compliance with relevant regulations. Key elements include practices for:

- the sustainable use of AI,
- data protection and confidentiality, and
- intellectual property rights.

The policy places strong emphasis on transparency, accountability, and explainability, requiring that AI-driven decisions be understandable and interpretable, and that users be informed of the system's limitations.
Moreover, the use of AI must respect human rights and comply with applicable national and international laws, with a focus on bias mitigation and data security.
Violations of the policy may result in disciplinary or legal consequences. It is essential to adopt robust privacy protection practices, ensuring that the use of personal data is always subject to appropriate consent. The policy also includes guidelines for addressing the misuse of AI, and underscores the importance of staying up to date with regulatory and technological developments. It is reviewed periodically to align with evolving requirements and to ensure a responsible approach to AI governance.
As of 2024, no violations have been reported concerning the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises in relation to consumers and/or end-users.

[S4-2] Processes for engaging with consumers and end-users about impacts

The Group has established procedures and processes to address potential negative impacts arising from cyberattacks. End-user engagement is not handled directly by Reply, but rather through the clients to whom the Group provides services. Clients, depending on their specific sectors, interact with and involve end-users according to their operational needs. Similarly, end-users contact the client company directly in the event of issues or specific requirements. If necessary, the client will escalate the issue to Reply in order to jointly assess the most appropriate course of action for resolution. A customer satisfaction survey monitoring process is also in place, which involves periodically gathering client feedback. The results of these assessments are shared internally within Reply. Any identified issues are addressed based on the context and level of severity, with ad hoc remediation actions being defined. The most appropriate internal representative (e.g., manager, client partner, top management) is involved depending on the specific case.

[S4-3] Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Reply adopts a structured approach to remediating material negative impacts on consumers and end-users, where the company has caused or contributed to such impacts. The top priority is ensuring data security and protection, by implementing both proactive and reactive measures in the event of security incidents.

In situations where Reply is affected by an attack compromising a critical asset used for business service delivery, the involved company within the network is responsible for identifying the most appropriate function to manage the incident. All applicable legal guidelines are strictly followed to ensure an appropriate and compliant response, and all necessary communication channels are activated to manage the incident effectively.

If the attack impacts a client rather than Reply directly, the Group collaborates promptly to resolve the incident as it relates to the services provided, taking into account the client's specific context, the industry, and the nature of the affected services, and in line with applicable regulations.

To assess the effectiveness of remediation measures, a system of continuous monitoring and review is in place. This includes incident response analysis, feedback collection from clients and end-users, and revision of operational practices based on outcomes. Through this approach, the Group continuously improves its policies and procedures, ensuring that the actions taken are effective in mitigating negative impacts and protecting the rights of consumers and end-users.

Reply's **Whistleblowing** Channel, accessible via the Group's website, is a key tool that allows consumers and end-users to directly express concerns or requests to the company. This channel offers a safe and confidential way to report any issues, misconduct, or situations that may compromise the security and quality of the services provided.

Through the whistleblowing channel, consumers and end-users can raise their concerns without fear of retaliation, helping to foster an environment of trust and transparency. Reports may cover a wide range of topics, including data protection, service quality, and compliance with applicable regulations.

Once a report is received, Reply is committed to thoroughly reviewing each case and ensuring that appropriate measures are taken to address the reported issues. Personnel assigned to handling reports are trained to treat all information with confidentiality and professionalism, ensuring that the needs and concerns of consumers and end-users are properly addressed.

In this way, the whistleblowing channel serves not only as a means for raising concerns, but also as an opportunity to continuously improve business processes and practices. Reply is committed to using the feedback received to implement improvements and to ensure services increasingly align with client expectations and needs.

Finally, the Supervisory Body prepares a summary report on the investigations conducted, which is shared with the Board of Directors, enabling the development of remedial action plans to address identified issues and undertake actions to protect the Reply Group, as well as the whistleblower or the person concerned.

[S4-4] Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Reply has implemented a range of actions to address material sustainability matters related to consumers and end-users. These actions are aimed at preventing, mitigating, and remedying impacts identified through the double materiality assessment, and at responding to related risks and opportunities. The measures described below are ongoing initiatives, designed to ensure a well-structured cybersecurity governance framework. The actions apply to the entire Group; any limitations in scope are indicated in the disclosures of the specific initiatives. In addition to the list of actions presented below, the Group has not disclosed any significant future actions already planned. Moreover, the Group's related policies do not define specific targets to which the actions may directly contribute. At this stage, setting specific targets for consumers and end users has not been considered a priority or strategic.

To prevent and mitigate the material negative impact on consumers and end-users identified in the double materiality analysis—namely, the "loss of sensitive data and privacy breaches affecting consumers and end-users"—and to address risks related to the development of IT solutions and software that do not guarantee end-user security, Reply has adopted, in addition to the policies already mentioned, a comprehensive framework to ensure compliance with applicable regulations:

- **Business Continuity Plan**: defines the strategies, procedures, and activities to be implemented in the event of critical incidents (e.g. caused by extreme weather events such as floods) that may compromise the normal operation of business-critical processes supporting service delivery across the Group.
- **GDPR Compliance Programme**: standardises data protection and privacy practices across all Group companies through the development of a Privacy Management System, which includes:
  - Regular creation and updates of GDPR Registers (inventory of personal data processing activities);
  - Privacy by Design process, which assesses the privacy risk of project-related activities and applies appropriate technical and organisational safeguards;
  - Personal Data Breach Notification process, ensuring the correct identification and, where required, external reporting of personal data breaches to the Data Protection Authority and, if necessary, to the affected individuals;
  - Data Protection Impact Assessment (DPIA) process, which identifies and mitigates

privacy risks for high-risk processing activities (e.g. involving special categories of data or large-scale profiling), in compliance with GDPR criteria;
    - Handling of Privacy Requests, which manages requests by data subjects to exercise their GDPR rights (e.g. right to data portability, access, erasure, etc.);
    - Internal documentation templates covering privacy-related sections and contractual clauses;
    - Published documents on Group websites such as Privacy and Cookie Policies, as well as notices for Clients, Suppliers, Candidates, and Employees;
    - Procedure for issuing Data Processing Agreements (DPA) to suppliers;
    - On-demand support procedure for internal requests related to privacy and data security via the Group's ticketing system;
    - Support procedure for audits requested by clients and for incident/personal data breach response, also managed via the ticketing system;
    - Appointment of Data Protection Officers (DPOs) in Italy, Germany, and the United Kingdom;
    - Establishment of a Privacy & Security Team;
    - Designation of Company Privacy Focal Points within each Group company to assist Partners in fulfilling company-specific GDPR responsibilities (e.g. GDPR Registers)
- Use of a **Multi-Factor Authentication (MFA) system** to secure access to the Group's core systems (e.g., remote connections, email). This system is required for authorising personal access using a second authentication factor (e.g., push notifications for approval, SMS codes).
- Launch of a **mandatory e-learning programme on GDPR and data security**, targeted at all Group employees, along with in-person induction training sessions for Partners and Managers. These courses have been updated to reflect new corporate policies and processes, including recommendations for incident prevention, and complement the existing awareness initiatives such as the GDPR Framework course, specifically designed for Partners and Managers, covering personal data protection and IT security.
- Development of a **new information security awareness course**, valid across the entire Group, featuring mandatory content based on the employee's organisational level, along with additional voluntary content. In addition, new internal phishing campaigns have been launched across all Group companies. These initiatives are aimed at enhancing awareness and sensitivity to cybersecurity issues, which remain highly relevant. The phishing campaigns are designed to strengthen employee vigilance against email-based attack vectors.
- The **Chief Operating Officer (COO)**, who oversees the Group's IT systems, periodically **reports to the Board of Directors**, which includes experts in Information Technology.
- Implementation of a procedure for the **reuse or disposal of hardware** containing processed data. The aim of this procedure is to prevent any unauthorised access, use, or disclosure of data stored on hardware that is being reused, resold, returned after leasing, decommissioned, or otherwise repurposed or reassigned.

- The effectiveness of the actions undertaken is monitored through periodic audits and internal assessments, aimed at evaluating the efficiency of data protection measures and identifying potential vulnerabilities. These include:
- Scheduled audits of Group companies to verify the acceptance and implementation of the Client Data Processing Agreement (DPA) policy;
- Monitoring employee acceptance of internal policies and completion of mandatory training on privacy and data security;
- Cybersecurity audits, whose findings are brought to the attention of Top Management and contribute to defining remediation actions, aligned with the Group's strategy of continuous improvement in cybersecurity posture

The actions implemented have proven to be effective, as no serious human rights issues or incidents involving clients and/or end-users have been reported.
Below is an overview of the ongoing or planned actions aimed at pursuing material opportunities for Reply in relation to consumers:

DESCRIPTION OF OPPORTUNITIES	ACTIONS TO PURSUE OPPORTUNITIES
Increased demand for cybersecurity services	▸ Structuring of specialised companies within the Group
Increased customer demand for IT sustainability solutions	▸ Enrichment of the business offer with services related to IT sustainability ▸ Innovation activities in the field of IT sustainability
Development of IT and IoT solutions that respect the principles of digital ethics and accessibility	▸ Definition of a framework for AI Ethics and its committee for appropriate monitoring of the issue

[S4-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Reply Group has not currently set specific targets for the management of material impacts, risks, and opportunities related to consumers and end-users. However, through its actions, the Group aims to continuously improve its practices and ensure the responsible use of technology.
The company recognises the importance of addressing emerging challenges in the fields of artificial intelligence and data security, and is committed to developing strategies that promote ethics, transparency, and the protection of consumer and end-user rights.
Moreover, Reply aims to regularly monitor and evaluate the impact of its technologies and policies, adjusting its strategies based on received feedback and regulatory developments.
This proactive approach will not only help strengthen consumer trust, but also ensure that the company remains at the forefront of innovation.

Governance information

ESRS G1 Business conduct

[ESRS 2 GOV-1] The role of the administrative, supervisory and management bodies

Reply's **Corporate Governance** system complies with the provisions of the Corporate Governance Code for listed companies in Italy, published by Borsa Italiana S.p.A., version of January 2020, with appropriate adjustments based on the characteristics of the Group.
In accordance with regulatory requirements, Reply publishes an annual Corporate Governance and Ownership Structure Report, which provides an overview of the adopted governance model, the risk management and control structures, and the governance practices in place. More detailed information can be found in the "General Information" chapter, specifically in sections: GOV-1 – Role of the Administrative, Management and Supervisory Bodies, and GOV-2 – Information Provided to the Administrative, Management and Supervisory Bodies and Sustainability Matters Addressed, with reference to the governance framework for sustainability.
The Board of Directors consists of a variable number of members, ranging from a minimum of 3 to a maximum of 11, as determined by the Shareholders' Meeting.

Currently, the Company's Board of Directors is composed of 10 members, of which:

5 Executive Directors:

Dr. Mario Rizzante	Chairman and Chief Executive Officer
Eng. Tatiana Rizzante	Chief Executive Officer
Eng. Marco Cusinato	Chief Financial Officer
Dr. Filippo Rizzante	Executive Director
Dr. Elena Maria Previtera	Executive Director

1 Non-Executive Director:

Dr. Daniele Angelucci	Non-Executive Director

4 Independent Non-Executive Directors:

Lawyer Patrizia Polliotto	Lead Independent Director
Eng. Secondina Giulia Ravera	Independent Director
Prof. Federico Ferro-Luzzi	Independent Director
Prof. Domenico Giovanni Siniscalco	Independent Director

The Non-Executive and Independent Directors contribute their specific expertise to board discussions, supporting the adoption of decisions that align with the best interest of the company.

The Operational Supervisory and Control Bodies of Reply include the Board of Statutory Auditors, the Sustainability Committee, and the Control and Risks Committee.

The **Board of Statutory Auditors** is composed of three Standing Auditors and two Alternate Auditors:

- Dr. Ciro Di Carluccio (Chair)
- Prof. Donatella Busso (Standing Auditor)
- Prof. Piergiorgio Re (Standing Auditor)
- Dr. Gabriella Chersicla (Alternate Auditor)
- Dr. Stefano Barletta (Alternate Auditor)

The **ESG Committee** is composed of:

- Eng. Tatiana Rizzante, CEO
- Prof. Domenico Giovanni Siniscalco, Independent Director
- Eng. Secondina Giulia Ravera, Independent Director

The **Control and Risks Committee** currently includes:

- Prof. Federico Ferro-Luzzi (Non-Executive and Independent Director)
- Dr. Daniele Angelucci (Non-Executive Director)
- Chaired by Lawyer Patrizia Polliotto (Non-Executive and Independent Director, Lead Independent Director)

The responsibilities of the members of the Board of Directors and of the operational supervisory and control bodies are set out below:

Mario Rizzante (Chairman, CEO and Founder of Reply S.p.A.):
Graduated in Computer Science, he has over 30 years of experience in technology and innovation. He founded Reply in 1996 and led it to become a leader in the ICT sector, with international expansion and a focus on AI and cloud computing.
Tatiana Rizzante (CEO, Reply S.p.A.):
Computer Engineering graduate and co-founder of Reply. She is responsible for the Group's development strategy across various international markets and has solid expertise in innovation management. She is also a member of the Sustainability Committee.
Marco Cusinato (CFO, Reply S.p.A.):
Computer Engineering graduate, former Project Manager at Cluster Reply with experience in IoT and cloud computing. Currently manages the Group's financial operations.
Filippo Rizzante (Executive Director, Reply S.p.A.):
Computer Engineering graduate, joined Reply in 1999. Currently CTO, responsible for developing technology offerings and managing strategic partnerships.
Elena Maria Previtera (Executive Director, Reply S.p.A.):
Graduate in Computer Science with extensive experience in IT system management and the development of innovative technologies. As Executive Partner, she oversees the Group's tech companies and manages CRM and Customer Experience.
Daniele Angelucci (Non-Executive Director, Reply S.p.A.):
Graduate in Computer Science, with a long-standing career in the sector, including leadership roles at Mesarteam and Reply.
Patrizia Polliotto (Independent Director and Lead Independent Director, Reply S.p.A.):
Lawyer specialised in corporate law with extensive experience in extraordinary transactions and legal advisory for large enterprises. Holds leadership roles in various committees, including the Control and Risks Committee and supervisory bodies.
Secondina Giulia Ravera (Independent Director, Reply S.p.A.):
Graduate in Electronic Engineering and MBA holder, with a background at McKinsey & Co and leadership roles in telecoms. Currently serves as Independent Director at Reply and other major companies and is a member of both the Sustainability and the Control and Risks Committees.
Federico Ferro-Luzzi (Independent Director, Reply S.p.A.):
Full Professor of Private Law and lawyer. He holds a Law degree from La Sapienza University, Rome. Formerly involved in regulatory bodies at Consob and the Bank of Italy, and a member of the scientific committee of the "Privacy and Innovation" series. He collaborates with several leading legal journals.
Domenico Giovanni Siniscalco (Independent Director, Reply S.p.A.):
Law graduate (University of Turin) with a PhD in Economics from the University of Cambridge. Vice Chairman of Morgan Stanley since 2006. Former Director General of the Treasury (2001–2004) and Minister of Economy and Finance (2004–2005). Long-time economics professor and former Director of the Eni Enrico Mattei Foundation. Independent Director at Reply since April 2024 and member of the Sustainability Committee.

Ciro Di Carluccio (Chair of the Board of Statutory Auditors):
Entrepreneur and senior consultant, Founder and CEO of Archangel AdVenture, Italian Ambassador of Globalize Accelerator. Chair of the Board of Statutory Auditors at Reply S.p.A. and Alternate Member at UniCredit. Mentor at PoliHub (Milan) and the MIT Entrepreneurship Center (Boston). Former Senior Partner at Deloitte. Has served on national accounting and anti-mafia commissions.
Donatella Busso (Standing Auditor):
Full Professor at the Department of Management, University of Turin, and Affiliate Professor at ESCP Europe. Holds a degree with honours in Economics and Business, Chartered Accountant and statutory auditor, with experience in governance roles in listed and non-listed companies.
Piergiorgio Re (Standing Auditor):
Chartered Accountant since 1972, Registered Auditor since 1979. Has served in advisory roles and as board member in various companies. Former Full Professor at the University of Turin, author of multiple academic publications.

This governance model enables Reply to ensure a robust system of management, oversight and control, while supporting a structured approach to sustainability and risk management.

[ESRS 2 IRO-1] Description of the processes to identify and assess material impacts, risks and opportunities

The process of identifying and assessing impacts, risks, and opportunities related to business conduct was carried out by Reply through the double materiality assessment, as described in paragraph *[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities* in the "General Information" chapter.
The Group recognises that a lack of corporate integrity and transparency can have a negative impact on the economic and social fabric in which it operates. In particular, potential cases of corruption may erode stakeholder trust and damage the Group's reputation, negatively affecting business relationships and the long-term sustainability of its operations.
Within the context of business conduct, the Group has identified an economic and reputational risk associated with the lack of development and implementation of a **procurement policy based on Environmental, Social, and Governance (ESG) criteria**.
The absence of a sustainable approach to procurement could undermine the company's attractiveness in the eyes of investors and business partners, who are increasingly focused on engaging with organisations that adopt responsible and sustainable practices.
To address these impacts and risks, the Group promotes actions aimed at ensuring transparency and integrity in procurement practices. These include the distribution of the Code of Ethics to all suppliers and the Supplier Code of Conduct to strategic suppliers. Additionally, the Group submits an ESG self-assessment questionnaire to strategic suppliers with more than 15 employees, in order to define and monitor their commitments in ESG areas.

These initiatives not only aim to mitigate the identified risks, but also represent an opportunity to enhance the Group's reputation, build stronger relationships with stakeholders, and contribute to a more sustainable and responsible business environment.

[G1-1] Business conduct policies and corporate culture

The oversight of ethics and compliance matters is ensured through the implementation of prescriptive instruments (such as Group policies), as well as organisational and operational tools (such as dedicated structures, procedures, and management and control systems). The dissemination and alignment of corporate culture within the Group is assessed through the sharing and acceptance of the Code of Ethics.
The Group has developed, adopted, and disseminated a set of policies designed to promote a culture of responsible conduct across the organisation. Globally uniform policies, such as the Code of Ethics, are in force throughout the Group, alongside country-specific policies designed to ensure alignment with local legislation and address issues relevant to each geographic area.
The Board of Directors reviews and evaluates updates to the Code of Ethics and the Group's main policies in response to changes in applicable local and international regulations, as well as to address material topics that have emerged from the double materiality assessment. Where applicable, Group policies are aligned with internationally recognised ethical standards, including relevant guidelines and conventions, while ensuring full compliance with local legislation. At this stage, setting targets and related actions for business conduct has not been considered a priority or strategic.
These policies are communicated to employees via the intranet and internal communication channels, and some are also publicly available on the Group's website.

The most significant policies are summarised below:

- **Code of Ethics:**
  Establishes the obligation to comply with applicable laws and outlines the ethical standards and values that the Group is committed to upholding and promoting. The Code sets out principles and rules of conduct and is addressed to all Group stakeholders—shareholders, employees, collaborators, suppliers, clients, and business partners—and also covers relationships with authorities and public institutions.
  The fundamental ethical principles for the Group include: professionalism and trust, legality and honesty, compliance with laws and regulations, impartiality, respect for diversity and non-discrimination, prevention of conflicts of interest, and fairness and transparency in all actions performed by the recipients of the Code. These values also apply to tax governance.
  The Code of Ethics is specifically shared with collaborators and suppliers to encourage adherence to Reply's ethical and sustainability standards. Its effectiveness is monitored

through stakeholder awareness and acknowledgement. The Code is approved by the Board of Directors.

- **Organisation, Management and Control Model (Model 231):**
  Describes the Group's internal compliance management system (pursuant to Legislative Decree 231/2001 in Italy) and outlines the procedures developed to mitigate the risk of criminal offences being committed by directors, managers, or employees in the interest or for the benefit of the Group.
- **Whistleblowing Policy:**
  To encourage the timely reporting of misconduct that may violate laws, the Code of Ethics or Group Policies, Reply has implemented a whistleblowing system in accordance with EU Directive 2019/1937. A dedicated platform is made available to both employees and external parties, ensuring they can report concerns without fear of retaliation.
  In Italy, whistleblowing training is incorporated into training on Model 231, while in other countries, the policy is available on the corporate intranet and on the Reply website.
  Members of the Supervisory Body have proven expertise in assessing reports of potential violations. The Whistleblowing Policy is approved by the CEO.
- **Anti-Bribery Policy:**
  Defines the system of rules intended to prevent and penalise corruption, both in the public and private sectors. The Group applies anti-corruption policies that comply with the local laws of the countries in which it operates, thereby ensuring a responsible and compliant approach. The policy outlines key areas of responsibility under local legislation, the duties of employees and associated persons acting on behalf of the company, and the consequences of violating the policy. The principles included in the policy are aligned with those of the United Nations Convention against Corruption.

The monitoring and evaluation of reports and emerging risks through the systems associated with Model 231, whistleblowing, and anti-bribery policies are carried out by the Supervisory Body.

In the area of training, both in Italy and abroad, specific onboarding and regulatory update courses are delivered, covering the topic of anti-corruption. In Italy, the training focuses on Model 231, while abroad, it is based on the content of the various anti-corruption and anti-bribery policies adopted by the respective Group companies.
For more information on anti-corruption training, please refer to the following section *[G1-3] Prevention and detection of corruption and bribery.*
Lastly, the Group has implemented a risk identification process to detect functions most exposed to corruption risks, such as Partners of companies operating in the public sector. This process enables proactive monitoring and management of the most exposed operations and processes, helping to ensure an ethical and responsible working environment.
For further details on Group policies, refer to the section *[MDR-P] Policies adopted to manage material sustainability matters* within the 'General Information' chapter.

[G1-2] Management of relationships with suppliers

Reply manages its procurement activities through direct suppliers, whose selection and contractual terms for the purchase of goods and services are guided by principles and values such as legality, fair competition, objectivity, fairness, impartiality, price equity, and quality of the good and/or service—along with a careful assessment of support guarantees and the range of available offerings.
Risks and impacts associated with the supply chain are detailed in chapter *[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model.*
Reply has established standard payment terms, with predefined options regarding timing. If a deviation from the standard is required, approval by the requestor's manager is mandatory. This structure allows the Group to respond promptly to supplier requests, with the possibility of expediting payment approval processes, ensuring that payments are made on time and in accordance with agreed terms.
Suppliers are required to accept both Reply's Code of Ethics and the Supplier Code of Conduct, which outline the Group's values and guidelines. Through this approach, the Group not only manages risks within its supply chain, but also promotes sustainable practices that reflect its commitment to social and environmental responsibility.
The Group currently conducts ESG-based self-assessment campaigns for suppliers with more than 15 employees. These campaigns are managed through a questionnaire that evaluates aspects related to the environment, health and safety, and commitment to ethical integrity and transparency in business practices.
Although strict environmental and social criteria are not currently applied in the supplier selection process, the self-assessment campaigns enable the Group to evaluate supplier ESG commitments and identify any critical issues, which are reviewed on a case-by-case basis.
For further details, refer to the 'Workers in the Value Chain' chapter, section *[S2-2] Processes for engaging with value chain workers about impacts.*

[G1-3] Prevention and detection of corruption and bribery

In Italy, for Reply S.p.A., the management of corruption is integrated into the Organisational, Management and Control Model 231, as required by applicable legislation. This model sets out the guidelines for preventing unlawful conduct within the organisation.
As mentioned in the previous section *[G1-1] Business conduct policies and corporate culture,* the Group has implemented various anti-bribery policies across the countries in which it operates, thereby ensuring compliance with local regulations and promoting ethical behaviour through the Code of Ethics and other policies that define expectations for business conduct in this area.
These policies are communicated to employees via the Group's internal communication

channels, the corporate intranet, and, in some cases, through dedicated training courses.
Corruption-related matters are effectively overseen by the Group. The whistleblowing system also allows for the reporting of potential corruption cases. In the event of a report or the detection of anomalies, a preliminary analysis process is triggered, which may involve consultation and, if necessary, the implementation of internal controls.

Ongoing and semi-annual controls over accounting records are carried out to ensure continuous monitoring of transactions.

The Supervisory Body is independent from the management line involved in the matter being reported. This ensures that investigations are conducted in an impartial and objective manner, in accordance with principles of fairness and confidentiality for all parties involved.

The Supervisory Body is responsible for verifying the validity of reports on behalf of Reply Group companies, conducting timely and thorough investigations. During these investigations, the Supervisory Body may request assistance from relevant internal functions or, where appropriate, from external consultants specialised in managing whistleblowing reports, provided that their involvement is necessary to ascertain the facts and ensure the confidentiality of the information.

At the conclusion of investigations, the Supervisory Body prepares a summary report detailing the investigations carried out and the evidence reviewed. This report is shared with the Board of Directors and the Supervisory Authorities. This communication enables the Board to develop any necessary remediation plans to address identified issues and take appropriate protective actions for the Group.

Additionally, the Supervisory Body periodically reports to the supervisory authorities on the types of reports received and the outcomes of its investigative activities, thereby ensuring transparency and appropriate reporting. In the event of substantiated reports involving criminal offences, the supervisory bodies are promptly informed.

Reply provides training programmes on the prevention of active and passive corruption. In Italy, training is delivered on Model 231, while in other countries, employees are required to review informational materials, including practical examples, provided in the Group's anti-bribery policies.

Training activities involve 100% of the functions identified as being most exposed to corruption risks, such as Partners of companies operating in the public sector, who receive additional training on this topic.

Training is provided directly to executive members of the Board of Directors, while non-executive members are kept aligned with the policies as part of the approval process. At this stage, setting targets and related actions for the prevention and detection of active and passive corruption has not been considered a priority or strategic.

[G1-4] Incidents of corruption or bribery

In 2024, Reply did not record any convictions for violations of laws relating to active or passive corruption.

[G1-6] Payment practices

In 2024, the average time taken by Reply to pay an invoice was 51 days. This figure was calculated using the standard DPO (Days Payable Outstanding) formula, by comparing trade payables with the costs reported in the consolidated financial statements and multiplying the result by 365 days. The standard payment terms, considering all third-party suppliers, range between 30 and 60 days. Reply's suppliers are divided into two main categories: external collaborators and suppliers of other goods and services, with no differences in payment terms between the two groups. 100% of payments were made within the standard payment terms. In 2024, there were no legal proceedings initiated due to delayed payments.

Business Outlook and Allocation of net result

Events subsequent to 31 December 2024

No significant events were reported after 31 December 2024.

Business Outlook for the year 2025

In 2024, in a macroeconomic scenario characterized by uncertainties and profound transformations, we continued to grow, supported by the solidity of our model based on a network of highly specialized companies. In recent months, we have further strengthened our leadership position in the fields of digital creativity, system integration and artificial intelligence. We have leveraged the uniqueness of our Group, capable of combining high-level skills in strategic consulting with a very deep technological know-how, covering the entire innovation life cycle.

At the end of 2022, with the spread of tools such as ChatGPT, the world became aware of the revolutionary scope of algorithms and Large Language Models. Today, artificial intelligence has crossed the threshold of innovation to become an essential pillar of industrial and social transformation. In the coming months, its applications will no longer be limited to improving what already exists, but will give rise to new ways of operating, new business models and entire categories of products and services that were previously unthinkable.

In this scenario, the directions of evolution of technology are well defined and touch all the sectors where we are active, with artificial intelligence, AR/VR, cloud robotics and cybersecurity positioning themselves as the new competitive levers on which most of companies' ICT investments will focus in the coming months.

At the same time, in 2024 Reply further strengthened its commitment to a sustainable future, with initiatives aimed at integrating sustainability aspects into our operating activities and business models. Innovation and responsibility have long guided all our strategic choices. We believe that digital ethics must be a central element of technological evolution, to ensure the creation of value in a sustainable way for society and the market.

Sustainability is a constantly evolving path. This is why we will continue to invest in innovative technologies, sustainable business models and initiatives with a positive impact, with the aim of generating shared value for all our stakeholders.

Looking to the future, we are aware that the transformation we are experiencing is only the beginning. AI will continue to redefine our industry and the global economy. The challenge is great, but so are the opportunities connected to it: we must be not only users of these technologies, but architects of their development, in a responsible way in order to guide the change and not suffer it.

Motion for the approval of the financial statements and allocation of the result for the financial year

The financial statements at year end 2024 of Reply S.p.A. prepared in accordance with International Financial Reporting Standards (IFRS), recorded a net income amounting to 50,644,327 Euros and net shareholders' equity on 31 December 2024 amounted to 743,595,624 Euros thus formed:

(euros)	**31/12/2024**
Share Capital	4,863,486
Legal reserve	972,697
Reserve for treasury shares on hand	17,122,489
Other reserves	669,992,624
Total share capital and reserves	**692,951,296**
Net income	50,644,327
Total	**743,595,624**

The Board of Directors in submitting to the Shareholders the approval of the financial statements (Separate Statements) as at 31 December 2024 showing a net result of 50,644,327 Euros, proposes that the shareholders resolve:

- to approve the financial statement (Separate Statements) of Reply S.p.A. which records net profit for the financial year of 50,644,327 Euros;
- to approve the motion to allocate the net result of 50,644,327 as follows:
  - a unit dividend to shareholders amounting to 1.15 Euros for each ordinary share with a right, therefore excluding treasury shares, with payment date fixed on 21 May 2025, coupon cut-off date 19 May 2025 and record date, determined in accordance with Article 83-terdecies of Legislative Decree no. 58/1998 set on 20 May 2025;
  - having the Legal reserve reached the limit of one fifth of the share capital pursuant to article 2430 of the Italian Civil Code, the residual amount to be allocated to the Retained earnings reserve;
- to approve, pursuant to Article 22 of the Articles of association, the proposal of the Remuneration Committee to distribute to Directors entrusted with operational powers, a shareholding of the profits of the Parent Company, to be established in the amount of 3,400,000 Euros.

Turin, 13 March 2025
/s/ Mario Rizzante
For the Board of Directors
The Chairman
Mario Rizzante

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

Consolidated income statement (*) (**)

(THOUSAND EUROS)	NOTE	2024	2023
Revenues	**5**	**2,295,938**	**2,117,983**
Other income	6	33,456	23,947
Purchases	7	(46,350)	(29,364)
Personnel	8	(1,237,370)	(1,139,331)
Services costs	9	(603,917)	(619,657)
Amortization, depreciation and write-downs	10	(84,933)	(75,205)
Other operating (cost)/income	11	(26,403)	14,372
Operating income		**330,421**	**292,745**
(Loss)/gain on investments	12	(20,000)	(13,877)
Financial income/(expenses)	13	2,812	(7,287)
Income before taxes		**313,232**	**271,581**
Income taxes	14	(99,464)	(83,122)
Net income		**213,768**	**188,459**
Non-controlling interest		(2,630)	(1,760)
Net income of the Parent company		**211,139**	**186,699**
Earnings per share	*15*	*5.65*	*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 38.

(**) During the year, the financial statements were subject to a review compared to previous publications, with the aim of ensuring a better representation of the Group's financial and economic situation. The reasons for these revisions have been indicated in the respective notes.

Consolidated statement of comprehensive income

(THOUSAND EUROS)	NOTE	2024	2023
Profit of the period (A)		**213,768**	**188,459**
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) from employee benefit plans		594	(1,150)
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	**28**	**594**	**(1,150)**
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedges		(1,301)	(849)
Gains/(losses) on exchange differences on translating foreign operations		12,567	(1,146)
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):		**11,266**	**(1,995)**
Total other comprehensive income, net of tax (B) = (B1) + (B2):	**28**	**11,860**	**(3,146)**
Total comprehensive income (A)+(B)		**225,628**	**185,315**
Total comprehensive income attributable to:			
Owners of the parent		222,999	183,553
Non-controlling interests		2,630	1,761

Consolidated statement of financial position (*)(**)

(THOUSAND EUROS)	NOTE	31/12/2024	31/12/2023
Tangible assets	17	132,343	108,197
Goodwill	18	693,210	626,481
Intangible assets	19	95,802	81,509
RoU Assets	20	107,055	114,758
Equity investments	21	19,809	41,373
Other financial assets	22	9,055	7,448
Deferred tax assets	23	66,557	66,693
Non-current assets		**1,123,832**	**1,046,457**
Work in progress	24	68,369	47,061
Trade receivables	25	757,558	739,474
Other receivables and current assets	26	115,901	101,832
Current income tax receivables	26	27,675	22,541
Financial assets	22	45,767	32,872
Cash and cash equivalents	22, 27	491,834	383,742
Current assets		**1,507,103**	**1,327,523**
TOTAL ASSETS		**2,630,935**	**2,373,980**
Share Capital		4,863	4,863
Other reserves		1,084,186	923,277
Net result of the period		211,139	186,699
Equity of the Parent company	**28**	**1,300,188**	**1,114,840**
Non-controlling interest	28	2,773	1,883
NET EQUITY	**28**	**1,302,960**	**1,116,723**
Due to minority shareholders and Earn-out	29	57,478	86,523
Financial liabilities	30	48,910	52,291
Financial liabilities from RoU	30	84,695	95,101
Employee benefits	31	84,248	69,677
Deferred tax liabilities	32	33,443	41,605
Provisions	33	47,497	20,644
Non-current liabilities		**356,271**	**365,841**
Due to minority shareholders and Earn-out	29	52,121	27,845
Financial liabilities	30	19,748	32,655
Financial liabilities from RoU	30	35,163	31,670
Trade payables	34	183,233	191,001
Other current liabilities	35	640,928	574,723
Income tax payables	35	39,155	32,982
Provisions	33	1,355	539
Current liabilities		**971,703**	**891,415**
TOTAL LIABILITIES		**1,327,974**	**1,257,256**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,630,935**	**2,373,980**

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Statement of Financial Position are reported in the annexed Tables and further described in Note 38.

(**) During the year, the financial statements were subject to a review compared to previous publications, with the aim of ensuring a better representation of the Group's financial and economic situation. The reasons for these revisions have been indicated in the respective notes.

Consolidated statement of changes in equity (*)

(THOUSAND EUROS)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	EARNING RESERVES	CASH FLOW HEDGE RESERVE	TRANSLATION RESERVE	RESERVE FOR ACTUARIAL GAINS/ (LOSSES)	NON-CONTROLLING INTERESTS	TOTAL
On 1 January 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)
Total profit (loss)	-	-	-	186,699	(849)	(1,146)	(1,150)	1,761	185,315
Other changes	-	-	-	(1,727)	-	-	-	(336)	(2,063)
On 31 December 2023	**4,863**	**(17,122)**	**299,533**	**832,373**	**1,750**	**(4,805)**	**(1,753)**	**1,883**	**1,116,723**

(THOUSAND EUROS)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	EARNING RESERVES	CASH FLOW HEDGE RESERVE	TRANSLATION RESERVE	RESERVE FOR ACTUARIAL GAINS/ (LOSSES)	NON-CONTROLLING INTERESTS	TOTAL
On 1 January 2024	**4,863**	**(17,122)**	**299,533**	**832,373**	**1,750**	**(4,805)**	**(1,753)**	**1,883**	**1,116,723**
Dividends distributed	-	-	-	(37,278)	-	-	-	(1,975)	(39,254)
Change in own shares	-	-	150,000	(150,000)	-	-	-	-	-
Total profit (loss)	-	-	-	211,139	(1,301)	12,567	594	2,630	225,628
Other changes	-	-	-	(372)	-	-	-	235	(137)
On 31 December 2024	**4,863**	**(17,122)**	**449,533**	**855,861**	**449**	**7,762**	**(1,159)**	**2,773**	**1,302,960**

(*) Refer to note 28 for more details

Consolidated statement of cash flows

(THOUSAND EUROS)	2024	2023
Group net income	213,768	188,459
Income taxes	121,317	95,387
Amortization and depreciation	84,933	75,205
Other non-monetary expenses/(income)	36,975	1,402
Change in inventories	14,095	33,768
Change in trade receivables	20,063	(76,198)
Change in trade payables	(15,712)	22,166
Change in other assets and liabilities	(7,310)	(44,280)
Change in deferred tax liabilities	(16,403)	(8,072)
Change in employee benefits and provisions	13,788	32,169
Income tax paid	(96,117)	(71,664)
Interest paid	(3,171)	(3,776)
Interest collected	11,401	5,227
Net cash flows from operating activities (A)	**349,438**	**249,794**
Purchase of tangible and intangible assets	(48,378)	(29,265)
Change in financial assets	(13,183)	(485)
Payments for the acquisition of subsidiaries net of cash acquired	(89,014)	(10,942)
Net cash flows from investment activities (B)	**(150,575)**	**(40,692)**
Dividends paid	(39,254)	(38,398)
In payments from loans	13,100	6,500
Financial liabilities for leasing	(34,810)	(33,503)
Repayment of loans	(29,793)	(23,345)
Net cash flows from financing activities (C)	**(90,757)**	**(88,746)**
Net cash flows (D) = (A+B+C)	**108,105**	**120,356**
Cash and cash equivalents at the beginning of period	383,608	263,252
Cash and cash equivalents at period end	491,713	383,608
Total change in cash and cash equivalents (D)	**108,105**	**120,356**

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:	**491,713**	**383,608**
Cash and cash equivalents	491,834	383,742
Bank overdrafts	(121)	(135)

Notes to the financial statements

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 Service.

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 consolidated financial statements have 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 consolidated financial statement is prepared on the basis of the historic cost principle, modified as requested for the appraisal of some financial instruments for which the fair value criterion is adopted in accordance with IFRS 9.
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. These consolidated financial statements are expressed in thousands of Euros and are compared to the consolidated financial statements of the previous year prepared in accordance with the same principles.
Further indication related to the format of the financial statements respect to IAS 1 is disclosed here within as well as information related to significant accounting principles and evaluation criteria used in the preparation of the following consolidated report.

Financial statements
The consolidated financial statements include 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.
In the financial statements, the main categories of gross income and payments arising from investment and financing activities have been presented separately, and non-monetary transactions have not been indicated.
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 added showing the amounts of related party transactions.
It is also reported that in accordance with CONSOB communication no. 0031948, if there are non-recurring items in the statements, such components will be explicitly indicated under the relevant item. Operations or events that are not frequent in the normal course of business and have an impact on the financial and asset position, the economic result, and the financial flows of the group may be presented as 'non-recurring'.

BASIS OF CONSOLIDATION

Subsidiaries
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries that have closing date December 31st. An investor controls an investment entity when it is exposed to variable returns, or holds rights to such returns, deriving from its relationship with the entity itself and at the same time has the right to affect those returns by exercising its power over that entity. Please refer Note 4 relating to the scope of consolidation. All companies are consolidated on a line-by-line basis.
The economic results of the subsidiaries acquired or sold during the year are included in the consolidated income statement from the actual acquisition date until the actual date of sale. If necessary, adjustments shall be made to the financial statements of the subsidiaries to align the accounting policies used with those adopted by the Group.

All significant intercompany transactions and balances between group companies are eliminated on consolidation.
Non-controlling interest is stated separately with respect to the Group's net equity. Such Non-controlling interest is determined according to the percentage of the shares held of the fair values of the identifiable assets and liabilities of the company at the date of acquisition and post-acquisition adjustments. According to IFRS 10, overall loss (including the profit/(loss) for the year) is attributed to the owners of the Parent and minority interest also when net equity attributable to minority interests has a negative balance.
Difference arising from translation of equity at historical exchange rates and year-end exchange rates are recorded at an appropriate reserve of the consolidated shareholders' equity.

Transactions eliminated on consolidation
All significant intercompany balances and transactions and any unrealized gains and losses arising from intercompany transactions are eliminated in preparing the consolidated financial statements. Unrealized gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the company's interest in those entities.

Business combinations
Business combinations are accounted for by applying the acquisition method. The recognition of business combinations involves the recognition of assets and liabilities of the acquired entity at its fair value at the date of acquisition of control and the possible registration of goodwill.
The acquisition cost is determined by the sum of the current values, at the date of exchange, of the assets given, of the liabilities incurred or assumed and of the financial instruments issued by the group in exchange for control of the acquired company. Costs directly attributable to the combination are expensed when incurred.
The identifiable assets, liabilities and contingent liabilities of the acquired entity that meet the conditions for recognition in accordance with IFRS 3 are recorded at their fair value at the acquisition date, with the exception of non-current assets (or discontinued operations) which are classified as held for sale in accordance with IFRS 5, and are recorded and valued at fair value minus selling costs.
The positive difference between the purchase cost and the Group's share in the fair values of these assets and liabilities are recognised as goodwill and are classified as intangible asset with an indefinite life.

Minority interest in the company acquired is initially measured to the extent of their shares in the fair value of the assets, liabilities and contingent liabilities recognized.
The accounting of the put and call options on the minority shareholdings of the subsidiary company are recorded according to IAS 32, taking into account therefore, depending

on the case, the existence and the determinability of the consideration to the minority shareholders if the option was exercised.

Foreign currency transactions

Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in the income statement.

Consolidation of foreign entities

All assets and liabilities of foreign consolidated companies with a functional currency other than the Euro are translated using the exchange rates in effect at the balance sheet date. Income and expenses are translated at the average exchange rate for the period. Translation differences resulting from the application of this method are classified as equity until the disposal of the investment. Average rates of exchange are used to translate the cash flows of foreign subsidiaries in preparing the consolidated statement of cash flows. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are recorded in the relevant functional currency of the foreign entity and are translated using the period end exchange rate. In the context of IFRS First-time Adoption, the cumulative translation difference arising from the consolidation of foreign operations was set at nil, as permitted by IFRS 1; gains or losses on subsequent disposal of any foreign operation only include accumulated translation differences arising after 1 January 2004.

The following table summarizes the exchange rates used in translating the 2024 and 2023 financial statements of the foreign companies included in consolidation:

	AVERAGE 2024	ON 31 DECEMBER 2024	AVERAGE 2023	ON 31 DECEMBER 2023
GBP	0.84662	0.82918	0.86979	0.86905
Brazilian Real	5.8283	6.4253	5.401	5.3618
Rumenian Leu	4.9746	4.9743	4.9467	4.9756
US Dollar	1.0824	1.0389	1.0813	1.105
Chinese Yuan	7.7875	7.5833	7.66	7.8509
Polish Zloty	4.3058	4.275	4.542	4.3395
Hong Kong Dollar	8.4454	8.0686	8.465	8.6314
New Zealand Dollar	-	-	1.7622	1.7504
Singapore Dollar	-	-	1.4523	1.4591
Malaysian Ringgit	-	-	4.932	5.0775

Tangible assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses.

Tangible assets are recorded at purchase or production cost, including any possible charges and direct costs necessary to make the asset available for use.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	6%
Equipment	15% - 30%
Plants	20% - 40%
Hardware	40%
Furniture and fittings	12% - 24%

The recoverable value of such assets is determined through the principles set out in IAS 36 and outlined in the paragraph “Impairment” herein.

Ordinary maintenance costs are fully expensed as incurred. Incremental maintenance costs are allocated to the asset to which they refer and depreciated over their residual useful lives.

Improvement expenditures on rented property are allocated to the related assets and depreciated over the shorter between the duration of the rent contract or the residual useful lives of the relevant assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Goodwill

Goodwill is an intangible asset with an indefinite life, deriving from business combinations recognized using the purchase method, and is recorded to reflect the positive difference between purchase cost and the Group's interest at the time of acquisition, after having recognized all assets, liabilities and identifiable contingent liabilities attributable to both the Group and third parties at their fair value.

Goodwill is not amortized but is (tested for impairment) annually or more frequently if events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment losses are recognized immediately as expenses that cannot be recovered in the future.

On disposal of a subsidiary or associate, the attributable amount of unamortized goodwill is included in the determination of the profit or loss on disposal.

RoU assets

According to IFRS 16, the accounting representation of leases (which do not establish the provision of services) takes place through the inclusion in the financial position of a financial liability, represented by the present value of future rents, against the inclusion in the assets of the 'right of use of the leased asset'.

Contracts that are within the scope of IFRS 16 relate mainly to:

- land and buildings for office use;
- long term car-rental.

With reference to the options and exemptions provided by IFRS 16, the Group has made the following choices:

- IFRS 16 is not generally applied to intangible assets, short-term contracts (i.e. less than 12 months) and low unit value;
- rights of use and financial liabilities relating to leasing contracts are classified under specific items in the financial position;
- any component relating to the services included in the leasing fees is generally excluded from IFRS 16.

Other intangible assets
Intangible fixed assets are those lacking an identifiable physical aspect, are controlled by the company and are capable of generating future economic benefits.
Other purchased and internally-generated intangible assets are recognized as assets in accordance with IAS 38 – Intangible Assets, where it is probable that the use of the asset will generate future economic benefits and where the costs of the asset can be determined reliably.
Such assets are measured at purchase or manufacturing cost and amortized on a straight-line basis over their estimated useful lives, if these assets have finite useful lives.
Other intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill if their fair value can be measured reliably.
In case of intangible fixed assets purchased for which availability for use and relevant payments are deferred beyond normal terms, the purchase value and the relevant liabilities are discounted by recording the implicit financial charges in their original price.
Expenditure on research activities is recognized as an expense in the period in which it is incurred.
Development costs can be capitalized on condition that they can be measured reliably and that evidence is provided that the asset will generate future economic benefits.
An internally-generated intangible asset arising from the Group's e-business development (such as informatics solutions) is recognized only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably.

These assets are amortized when launched or when available for use. Until then, and on condition that the above terms are respected, such assets are recognized as construction in progress. Amortization is determined on a straight-line basis over the relevant useful lives on the following basis:

Development costs	20%
Software	33%
Customer list (PPA)	10%

When an internally-generated intangible asset cannot be recorded at balance sheet, development costs are recognized in the statement of income in the period in which they are incurred.

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives consist principally of acquired trademarks which have no legal, contractual, competitive, economic, or other factors that limit their useful lives. Intangible assets with indefinite useful lives are not amortized; in accordance with IAS 36 criteria, are tested for impairment annually or more frequently whenever there is an indication that the asset may be impaired. Any impairment losses are not subject to subsequent reversals.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment annually or more frequently, whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset is the higher of fair value, less disposal costs and its value in use. In assessing its value in use, the pre-tax estimated future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Its value in use is determined net of tax in that this method produces values largely equivalent to those obtained by discounting cash flows net of tax at a pre-tax discount rate derived, through an iteration, from the result of the post-tax assessment.

For the purposes of the impairment test, goodwill acquired in a business combination shall, from the date of acquisition, be allocated to each of the acquirer's cash-generating units, or to groups of cash-generating units, that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units or groups of units.

Goodwill does not generate cash flows independently of other assets or groups of assets and often contributes to the cash flows of a multiplicity of cash-generating units. Goodwill can sometimes be allocated only to groups of cash-generating units in a non-arbitrary manner, but not to individual cash-generating units. As a result, the lowest level within the entity to which goodwill is monitored for internal management control purposes sometimes includes a number of cash-generating units to which goodwill refers, but to which it cannot be allocated.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where the value of the Cash generating unit, inclusive of goodwill, is higher than the recoverable value, the difference is subject to impairment and attributable firstly to

goodwill; any exceeding difference is attributed on a pro-quota basis to the assets of the Cash generating unit.
Where an impairment loss subsequently reverses, the carrying amount of the asset, (or cash-generating unit), with the exception of goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount that would have been determined had no impairment loss been recognized for the asset. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments in other companies
Investments in other companies that are available-for-sale financial assets are measured at fair value, when this can be reliably determined. Gains or Losses arising from change in fair value are recognized in Other comprehensive income/(losses) until the assets are sold or are impaired, at that time, the cumulative Other comprehensive income/(losses) are recognized in the Income Statement. Investments in other companies for which fair value is not available are stated at cost less any impairment losses.
Dividends received are included in Other income/(expenses) from investments.
In the event of write-down for impairment, the cost is recognized in the income statement; the original value is restored in subsequent years if the assumptions for the write-down no longer exist.
The risk resulting from possible losses beyond equity is entered in a specific provision for risks to the extent to which the Parent Company is committed to fulfil its legal or implicit obligations towards the associated company or to cover its losses.

Current and non-current financial assets
Financial assets are classified, on the basis of both contractual cash flow characteristics and the entity's business model for managing them, in the following categories:

(i) financial assets measured at amortized cost;
(ii) financial assets measured at fair value through other comprehensive income (hereinafter also OCI);
(iii) financial assets measured at fair value through profit or loss.

At initial recognition, a financial asset is measured at its fair value; at initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price. After initial recognition, financial assets whose contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the so-called hold to collect business model). For financial assets measured at amortized cost, interest income determined using the effective interest rate, foreign exchange differences and

any impairment losses (see the accounting policy for "Impairment of financial assets") are recognized in the profit and loss account.
Conversely, financial assets that are debt instruments are measured at fair value through OCI (hereinafter also FVTOCI) if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the so-called hold to collect and sell business model).
In these cases:

(i) interest income determined using the effective interest rate, foreign exchange differences and any impairment losses (see the accounting policy for "Impairment of financial assets") are recognized in the profit and loss account;

(ii) changes in fair value of the instruments are recognized in equity, within other comprehensive income.

The accumulated changes in fair value, recognized in the equity reserve related to other comprehensive income, is reclassified to the profit and loss account when the financial asset is derecognized. A financial asset represented by a debt instrument that is neither measured at amortized cost nor at FVTOCI, is measured at fair value through profit or loss (hereinafter FVTPL); financial assets held for trading fall into this category. Interest income on assets held for trading contributes to the fair value measurement of the instrument and is recognized in "Finance income (expense)", within "Net finance income (expense) from financial assets held for trading".
When the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, the transaction is accounted for on the settlement date.

Transfer of financial assets

The Group removes financial assets from its balance sheet when, and only when, the contractual rights to the cash flows from the assets expire or the Group transfers the financial asset. In the case of transfer of the financial asset:

- if the entity substantially transfers all the risks and rewards of ownership of the financial asset, the Group removes the asset from the balance sheet and recognizes separately as assets or liabilities any rights and obligations created or retained with the transfer;
- if the Group substantially retains all the risks and rewards of ownership of financial assets, it continues to recognize the financial asset;
- if the Group neither transfers nor substantially retains all the risks and rewards of ownership of the financial asset, it determines whether or not it has retained control of the financial asset. In this case:
  - if the Group has not retained control, it removes the asset from its balance sheet and separately recognizes as assets or liabilities any rights and obligations created or retained in the transfer;
  - if the Group has retained control, it continues to recognize the financial asset to the extent of its residual involvement in the financial asset.

At the time of removal of financial assets from the balance sheet, the difference between the carrying value of assets and the fees received or receivable for the transfer of the assets is recognized in the income statement.

Work in progress

Work in progress mainly comprise construction contracts; when the result of a specific order can be reliably estimated, proceeds and costs referable to the related order are indicated as proceeds and costs respectively in relation to the state of progress of activities on the date of closure of the financial statement, based on the relationship between costs sustained for activities taking place up to the date of the financial statement and total costs estimated from the order, except for that which is not considered as representative of the state of progress of the order.
Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.
Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.
When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Any advance payments are subtracted from the value of work in progress within the limits of the contract revenues accrued; the exceeding amounts are accounted as liabilities.
Product inventories are stated at the lower of cost and net realizable value. Cost comprises direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Trade payables and receivables and other current assets and liabilities

Trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
Consequently, they are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method (i.e. the rate that equals, at the time of initial recognition, the present value of expected cash flows and the book value), appropriately adjusted to take into account any write-downs, through the recognition of a provision for doubtful accounts.

At each reporting date, all financial assets, with the exception of those measured at fair value with a contra-entry in the income statement, are analysed to verify the existence of indicators of a possible impairment. IFRS 9 requires the application of a model based on expected credit losses. The Group applies the simplified approach to estimating expected lifetime credit losses and takes into account historical experience of credit losses, adjusted to reflect current conditions and estimates of future economic conditions. The expected credit losses model requires the immediate recognition of expected losses over the life of the credit itself, as the occurrence of a trigger event is not necessary for the recognition of losses. For trade receivables accounted at amortised cost, when an impairment loss has been identified, its value is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate. This value is recognised in the income statement.

For short-term liabilities, such as trade payables, the amortised cost is the same as the nominal value.

Receivables and payables denominated in non-EMU currencies are stated at year-end exchange rate provided by the European Central Bank.

Cash
The item cash and cash equivalents include cash, banks, reimbursable deposits on demand and other short-term financial investments readily convertible in cash and are not subject to significant risks in terms of change in value.

Treasury shares
Treasury shares are presented as a deduction from equity. The original cost of treasury shares and proceeds of any subsequent sale are presented as movements in equity.

Financial liabilities and equity investments
Financial liabilities and equity instruments issued by the Group are presented according to their substance arising from their contractual obligations and in accordance with the definitions of financial liabilities and equity instruments. The latter are defined as those contractual obligations that give the right to benefit in the residual interests of the Group's assets after having deducted its liabilities.
Financial liabilities, other than derivative instruments, are presented initially at fair value of the sums collected, corrected to any transaction costs directly attributable, and subsequently valued at amortized cost using the effective interest criterion. For short-term liabilities, such as commercial debts, the amortized cost actually coincides with the nominal value.

The accounting standards adopted for specific financial liabilities or equity instruments are outlined below:

- Bank borrowings
  Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs and subsequently stated at its amortized cost, using the prevailing market interest rate method.
- Equity instruments
  Equity instruments issued by the Group are stated at the proceeds received, net of direct issuance costs.
- Non-current financial liabilities.
  Liabilities are stated according to the amortization cost.

Derivative financial instruments and other hedging transactions
In accordance with IFRS 9, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and sufficient documentation that the hedge is highly effective and that its effectiveness can be reliably measured. The hedge must be highly effective throughout the different financial reporting periods for which it was designated.
All derivative financial instruments are measured in accordance with IFRS 9 at fair value.
Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows relating to the Group's contractual commitments and forecast transactions are recognized directly in Shareholders' equity, while any ineffective portion is recognized immediately in the Income Statement.
If the hedged company commitment or forecasted transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognized, associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability.
For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in the income statement in the same period in which the hedge commitment or forecasted transaction affects net profit or loss, for example, when the future sale actually occurs.
For effective hedging against a change in fair value, the hedged item is adjusted by the changes in fair value attributable to the risk hedged with a balancing entry in the Income Statement. Gains and losses arising from the measurement of the derivative are also recognized at the income statement.
Changes in the fair value of derivative financial instruments that no longer qualify as hedge accounting are recognized in the Income Statement of the period in which they arise.
Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction is no longer expected to occur; the net cumulative gain or

loss recognized in equity is transferred to the net profit or loss for the period.
Implicit derivatives included in other financial instruments or in other contractual obligations are treated as separate derivatives, when their risks and characteristics are not strictly related to the underlying contractual obligation and the latter are not stated at fair value with recognition of gains and losses in the Income Statement.

Employee benefits
The scheme underlying the employee severance indemnity of the Italian Group companies (the TFR) was classified as a defined benefit plan up until 31 December 2006. The legislation regarding this scheme was amended by Law No. 296 of 27 December 2006 (the "2007 Finance Law") and subsequent decrees and regulations issued in the first part of 2007. In view of these changes, and with specific reference to those regarding companies with at least 50 employees, this scheme only continues to be classified as a defined benefit plan in the Consolidated financial statements for those benefits accruing up to 31 December 2006 (and not yet settled by the balance sheet date), while after that date the scheme is classified as a defined contribution plan.

For Italian companies with less than 50 employees, severance pay ("TFR") remains a "post-employment benefit", of the "defined benefit plan" type, who's already matured amount must be planned to estimate the amount to settle at the time of annulment of working relations and subsequently updated, using the "Projected unit credit method". Such actuarial methodology is based on an assumption of demographic and financial nature in order to carry out a reasonable estimate of the amount of benefits that each employee had already matured based on his employment performances.

Through actuarial valuation, current service costs are recognized as "personnel expenses" in the Income Statement and represent the amount of rights matured by employees at the reporting date, and the interest cost is recognized as "Financial gains or losses" and represents the figurative expenditure the Company would bear by securing a market loan for an amount corresponding to the Employee Termination Indemnities ("TFR").

Actuarial income and losses that reflect the effects resulting from changes in the actuarial assumptions used are directly recognized in Shareholders' equity without being ever included in the consolidated income statement.

Pension plans

According to local conditions and practices, some employees of the Group benefit from pension plans of defined benefits and/or a defined contribution.

In the presence of defined contribution plans, the annual cost is recorded at the income statement when the service cost is executed.
The Group's obligation to fund defined benefit pension plans and the annual cost recognized in the Income Statement is determined on an actuarial basis using the "ongoing single premiums" method. The portion of net cumulative actuarial gains and losses which exceeds the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of plan assets at the end of the previous year is amortized over the average remaining service lives of the employees.

The post-employment benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses, arising from the application of the corridor method and past service costs to be recognized in future years, reduced by the fair value of plan assets.

Share-based payment plans

The Group has applied the standard set out by IFRS 2 "Share-based payment". Share-based payments are measured at fair value at granting date. Such amount is recognized in the Income Statement, with a balancing entry in Shareholders' equity, on a straight-line basis over the "vesting period". The fair value of the option, measured at the granting date, is measured through actuarial calculations, taking into account the terms and conditions of the options granted. Following the exercise of the options assigned in previous years, the Group has no more stock option plans.
For cash-settled share-based payment transactions, the Group measures the goods and services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group is required to remeasure the fair value of the liability at each reporting date and at the date of settlement, with the changes in value recognized in profit or loss for the period.
Bonuses settled through the recognition of shares in the company (equity settlement) are recorded at their initial fair value and measured on a straight-line basis over the vesting period.

Incentive Plans (LTI)
Incentive plans linked to specific parameters (economic, financial, ESG and TSR) are recorded, in accordance to IAS 19, on the basis of their initial fair value and reviewed at each reporting date to adjust based on the probability of achieving the objectives and the permanence of the assignees (vesting condition).

Due to minority shareholders and Earn-out
Earn-out payables represent contingent liabilities arising from acquisition transactions. According to IFRS 3 – Business Combinations, earn-outs must be accounted for as part of the purchase consideration recognised at fair value at the acquisition date as part of the purchase price. Subsequently, the value of earn-outs is subject to periodic measurement and changes in fair value are accounted for in the income statement, reflecting any updates based on the achievement of contractual objectives and the evolution of future estimates. Valuations are carried out on the basis of methodologies consistent with international accounting standards, considering market parameters, performance expectations and risk factors.
This methodology ensures that the liability is represented according to the fair value measurement method, ensuring transparency and adherence to the applicable accounting standards.

Provisions and reserves for risks
Provisions for risks and liabilities are costs and liabilities having an established nature and the existence of which is certain or probable that at the reporting date the amount cannot be determined or the occurrence of which is uncertain. Such provisions are recognized when a commitment actually exists arising from past events of legal or contractual nature or arising from statements or company conduct that determine valid expectations from the persons involved (implicit obligations).
Provisions are recognized when the Group has a present commitment arising from a past event and it is probable that it will be required to fulfil the commitment. Provisions are accrued at the best estimate of the expenditure required to settle the liability at the balance sheet date, and are discounted when the effect is significant.
Where disclosure of information relating to provisions could significantly prejudice the Group's position in a dispute with third parties, only a general description of the nature of the dispute is provided.

Revenue recognition
Revenues represent the gross flows of economic benefits for the year deriving from the performance of the ordinary business.
Revenue from contracts with customers is recognized on the basis of the following steps pursuant to IFRS 15:
- identifying the contract with the customer: this happens when the parties approve the

contract and identify their respective rights and obligations. In other words, the contract must be legally binding, the rights to receive goods and/or services and the terms of payment can be clearly identified and the company considers probably to receive the payment;

- identifying the performance obligations: the main performance obligation identified, or transfer goods and/or services to a customer;
- determining the transaction price: is the total amount established with the customer, related to the entire contract period;
- allocating the transaction price to each performance obligation;
- recognizing revenue when (or as) a performance obligation is satisfied.

Revenue is measured at the fair value of the consideration to which the Group expects to be entitled in exchange for transferring promised goods and/or services to a customer, excluding amounts collected on behalf of third parties. Therefore, revenue is recognized when control over the goods or services is transferred to the customer either a) “over time” or b) “at a point in time”. Following are the major types of services and products that the Group provides.

Turnkey projects: The Group fulfils its obligations and recognizes revenue “over time”, based on the percentage of the accrued costs or the progress of the services provided. The unconditional right to payment by the customer emerges as a result of the accrual of the costs or the underlying progress of each contract.
Other services: The Group fulfils its obligations and recognizes revenue “at a point in time” based on the underlying events of the supply of products and services. The unconditional right to receive payment from the customer emerges as a result of these events occurring.

In addition, for the recognition of revenue, the need to assess the probability of obtaining/collecting the economic benefits linked to the income is emphasized; for activities deriving from contracts with customers (i.e. contractual activities), the requirement is introduced to proceed with the recognition of revenues also taking into account any discounting effect deriving from deferred collections over time, as explained in the dedicated paragraph. Interest is recognised at the effective rate on an accrual basis.

Financial income/expenses
Financial income and expenses are recognised in the income statement on an accrual basis.

Government grants
Government grants are recognized in the financial statements, in accordance with IAS 20, when there is reasonable assurance that the company concerned will comply with the conditions for receiving such grants and that the grants themselves will be received. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate.

Taxation
Income tax represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit defers from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.
Current income tax is entered for each individual company based on an estimate of taxable income in compliance with existing legislation and tax rates or as substantially approved at the period closing date in each country, considering applicable exemptions and tax credit.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates and interests arising in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.
Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income

statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

In the event of changes to the accounting value of deferred tax assets and liabilities deriving from a change in the applicable tax rates and relevant legislation, the resulting deferred tax amount is entered in income statement, unless it refers to debited or credited amounts previously recognized to Shareholders' equity.

The International Accounting Standards Board (IASB) issued amendments to the international accounting standard "IAS 12 - Income Taxes" on May 23, 2023. The amendments concern the methods for accounting for deferred taxes deriving from the international tax reform (the so-called Pillar Two Model Rules) of the Organisation for Economic Co-operation and Development (OECD): they introduced a temporary exemption from the accounting of deferred taxes and specific disclosure requirements that allow for the understanding of exposure to income taxes deriving from the reform. The Group has adopted these amendments, providing the required information, starting from the 2023 financial year. For more details, please refer to Note 14.

Dividends

Dividends are entered in the accounting period in which distribution is approved.

Earnings per share

Basic earnings per share is calculated with reference to the profit for the period of the Group and the weighted average number of shares outstanding during the year. Treasury shares are excluded from this calculation. Diluted earnings per share is determined by adjusting the basic earnings per share to take account of the theoretical conversion of all potential shares, being all financial instruments that are potentially convertible into ordinary shares, with diluting effect.

Changes in accounting policies

The accounting standards newly adopted by the Group and their effects are described in the following paragraph "Newly issued accounting standards". There have been no further changes further to those described in the above paragraph.

Estimations changes and adjustments

At the reporting date there are no significant estimations related to uncertain future events and other causes of uncertainty that could cause significant adjustments to the values of assets and liabilities within the following year.

Use of estimations
The preparation of the Financial Statements and relative notes under IFRS requires that management makes estimates and assumptions based also on subjective judgments, past experiences and assumptions considered reasonable and realistic in relation to the information at the time of estimation. These estimates shall affect items reported in the consolidated financial balance sheet and income statement and the disclosure of contingent assets and liabilities. The results of the financial statements may differ, even significantly, from these estimates as a result of possible changes in the factors considered in the determination of these estimates. Estimates are periodically reviewed.

The estimates are mainly referred to:

Goodwill
Checking for the reduction in the value of goodwill is carried out by comparing the book value of the cash flow generating units and their recoverable value; the latter is represented by the greater of the fair value, minus the selling costs, and the value in use of the same unit. This complex valuation process involves, among other things, the use of methods such as discounted cash flow with the related assumptions on the estimation of cash flows and the determination of market multiples. The recoverable value depends on the discount rate used in the discounted cash flow model as well as the expected cash flows in the future and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable value for the different cash flow generating units, including a sensitivity analysis, are detailed in the Goodwill Note.

Equity investments
The fair value of investments in other non-controlling companies is, in line with the provisions of the International Private Equity and Venture Capital valuation guideline (IPEV), determined both by valuation models that also take into account subjective valuations such as, for example, those estimates of cash flows, and on the basis of external information such as multiples and quotes provided by new investment rounds.

Business combinations and due to minority shareholders and earn-out
The recognition of business combinations entails the recognition of the assets and liabilities of the acquired company at their fair value on the date of acquisition of control as well as the possible recognition of goodwill. The determination of these values is carried out through a complex estimation process.
Due to minority shareholders and earn-out represents the valuation of the obligations assumed by the Reply Group as part of the acquisitions made. These liabilities are linked either to the commitments to purchase shares from minority shareholders or to the deferred component of the consideration to be paid to the sellers – Earn-out. These liabilities are remeasured at fair value at each balance sheet date and adjusted through the income

statement. The fair value of the liabilities is determined on the basis of evaluation models based on the acquisition contracts and on the economic and financial parameters derived from the budgets of the acquired companies. These are therefore also based on subjective assessments such as, for example, estimates of future cash flows.

Trade receivables

The reduction in value of trade receivables is carried out through the simplified approach, which provides for the estimation of the expected loss over the entire life of the credit at the time of initial recognition and in subsequent evaluations. For each customer segment, the estimate is made mainly through the determination of the expected default, based on historical-statistical indicators, possibly adjusted using prospective elements. For some categories of loans characterized by specific risk elements, detailed assessments are carried out on the individual credit positions.

Work in progress

Work in progress is evaluated on the basis of the state of progress, determined according to the percentage of completion method, which requires the use of reasonable and reliable estimates of the costs incurred, the expected revenues and the possible profitability margin of the project. The estimates are subject to periodic review and may be subject to adjustments if significant changes emerge in the operating conditions or in the initial assumptions of the order.

Lease liabilities and right of use assets

The determination of the value of the lease liability and the corresponding right of use asset is carried out by calculating the present value of the lease payments, also considering the estimate on the reasonable certainty of the renewal of the lease contracts.

Provisions, contingent liabilities and employee provisions

The provisions related to litigation are the result of a complex estimation process that is also based on the probability of failure. The provisions related to personnel provisions, and in particular to the employee severance indemnity, are determined on the basis of actuarial assumptions; changes in these assumptions could have significant effects on those provisions.

Derivative instruments and equity instruments

The fair value of derivatives and equity instruments is determined through valuation models that also take into account subjective valuations such as, for example, cash flow estimates, expected price volatility, etc., and/or through market values or quotes provided by financial counterparties.

Pursuant to IAS 8 (Accounting Standards, changes in accounting estimates and errors) paragraph 10, in the absence of a principle or interpretation applicable specifically to a certain transaction, Management defines, through subjective assessments, the accounting methodologies to be adopted in order to provide a financial statements that faithfully represent the financial position, the economic result and the financial flows of the Group, reflects the economic substance of the operations, is neutral, drafted on a prudential basis and comprehensive in all relevant aspects.

Recently issued accounting standards

Below are the amendments to the international accounting standards endorsed by the European Commission that became applicable in the reporting period.

Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:
Additional Information on Financial Arrangements for Suppliers (SFAs) - The objectives of the amendments are:

- to assess how SFAs affect an entity's liabilities and cash flows;
- understand the effect of SFAs on an entity's exposure to liquidity risk and how the entity might be affected if arrangements were no longer available;
- explain the characteristics of the agreements that fall within the scope of the amendments.
- list certain information that an entity must disclose in aggregate form for its SFAs, in particular:
  - (a) the terms and conditions of its SFAs;
  - (b) the carrying amounts and related items of financial liabilities in the statement of financial position that form part of the SFAs at the beginning and end of the financial year;
  - (c) the carrying amounts of the financial liabilities referred to in point (b) for which the suppliers have already received payments from financial suppliers;
  - (d) the range of payment deadlines for both the financial liabilities referred to in point (b) and for comparable trade payables that are not part of the SFAs;
  - (e) the type and effect of non-monetary changes in the carrying amount of financial liabilities referred to in point (b).

Amendment to IAS 1 Presentation of Financial Statements - The objectives of the amendments are:

- Classification of liabilities into current or non-current;
- Classification of liabilities as current or non-current - Deferral of the effective date;
- Non-current liabilities with Covenants;

  By applying the changes, an entity must:

  (a) classify a liability as current when it does not have the right, at the end of the financial year, to defer the settlement of the liability for at least twelve months after the financial year;

  (b) classify a liability as current or non-current that is not affected by management's intent or expectations regarding the entity's exercise of the right to defer settlement;

  (c) provide certain information when it has classified a liability arising from a financing arrangement as non-current and the entitlement is subject to compliance by the covenant entity within twelve months of the year-end date.

Amendment to IFRS 16 Lease Liabilities in a Sale and Leaseback - IFRS 16 has been amended with respect to Lease Liability in a Sale and Leaseback by adding subsequent measurement requirements for sale and leaseback transactions.

Accounting standards and interpretations issued by IASB/IFRIC and not yet in force

The relevant information is provided below to assess the possible impacts deriving from the application of new accounting standards and interpretations already issued but not yet entered into force or not yet approved by the EU and therefore not applicable for the preparation of the financial statements for the year ended 31 December 2024.

Unless otherwise indicated, it is not believed that the adoption of the following standards will have a significant impact on the Group's economic and financial results, apart from any additional disclosure obligations.

Amendment to IFRS 19 Subsidiaries without public liability - Disclosure - The objective is the development of a reduced disclosure IFRS standard that would apply on a voluntary basis to subsidiaries without public liability. A subsidiary would fall within the scope of IFRS 19 if it had no public liability and if it had an ultimate or intermediate parent that prepares publicly available financial statements that comply with IFRS.

Amendment to IFRS 18 Presentation and disclosure in financial statements - IFRS 18 impacts all entities and sets out general and specific requirements for the presentation of information in financial statements. IFRS 18 introduces three sets of new requirements to

improve the reporting of financial results:
(a) improved comparability in the income statement through the definition of categories and subtotals to specify the structure of the income statement;
(b) improve the transparency of the performance measures defined by management;
(c) guidelines for the aggregation and disaggregation of information in order to improve the grouping of information.

Amendments to IFRS 9 and IFRS 7 Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9)- The scope of the amendments is limited to contracts relating to nature-dependent electricity that have contractual characteristics that expose the entity to variability in the underlying amount.

Amendment to IFRS 9 Classification and Measurement of Financial Instruments – The objective of these amendments is:
- settle financial liabilities using an electronic payment system, clarify the date of initial recognition or derecognition of financial assets and describe the criteria for derecognition of financial liabilities;
- assess the contractual characteristics of the cash flows of financial assets to describe how an entity is required to value interest and clarify the term 'basic lending arrangement'. The related principles for the measurement of contractual cash flows over the life of a financial asset have also been described, according to which:
  (a) all possible changes in contractual cash flows shall be considered irrespective of the likelihood of a potential event occurring;
  (b) if the nature of a contingent event is not directly related to changes in basic risks and costs for loans, an entity shall further assess the effect of the contingent feature on contractual cash flows.

Finally, the amendments clarify that financial instruments that do not fall within the scope of the classification requirements of IFRS 9 may be included in the underlying group of financial instruments, if those instruments have contractual cash flows equivalent only to principal and interest payments on the principal outstanding repayable.

Amendment to IFRS 7 Changes to the classification and measurement of financial instruments – The IASB, in relation to investments in equity instruments designated as FVOCIs, added that it requires the disclosure, for each asset class, of the gains or losses on fair value presented in other comprehensive income during the reporting period. It was also requested to disaggregate fair value gains or losses from investments eliminated during the reporting period. The amendments improve the disclosure for each class of financial assets and liabilities measured at amortised cost, requiring in particular:
(a) a qualitative description of the nature of the potential event;
(b) quantitative information on possible changes in contractual cash flows that could result

from such contractual terms (e.g. the range of possible variations);
(c) the gross carrying amount of financial assets and the amortised cost of financial liabilities subject to those contractual conditions.

Amendment to IAS 21 Effects of Exchange Rate Changes – The amendments clarify the definition of when a currency is exchangeable for another currency and when it is not. In addition, guidance has been provided on the disclosures to be made when an entity estimates a spot exchange rate because one currency is not exchangeable for another currency.

IFRS 14 Regulatory deferral accounts establishes guidelines for the accounting of regulatory deferral accounts for companies operating in regulated sectors, such as the utilities sectors (energy, water, gas, etc.), where tariffs can be determined by a regulatory authority.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) - These amendments focus on the accounting of investments in joint ventures and transfers of controls between controlled entities, joint ventures and associates, seeking to clarify how to treat investments in joint ventures when an entity has joint control and how to apply the equity method.

Note 3 - Risk management

The Group operates at a world-wide level and for this reason its activities are exposed to various types of financial risks: market risk (broken down in exchange risk, interest rate risk on financial flows and on "fair value", price risk), credit risk and liquidity risk.
The probability of default at the time of the initial recognition of an asset and whether there was a significant increase in credit risk on an ongoing basis for each reporting period was considered. Forward-looking information, where available, was also considered.
In particular, indicators such as credit ratings or significant negative changes could be considered. Macroeconomic information (such as market interest rates or growth rates), as well as information on climate change, are considered for assessment purposes.

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 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.

Note 4 – Scope of consolidation

Companies included in consolidation are consolidated on a line-by-line basis.
The main change in the scope of consolidation compared to 31 December 2023 is related to Solirius Ltd, a company acquired in the month of October 2024 under UK law, leader in digital transformation with a strong focus on software development, agile delivery, artificial intelligence and data management, of which Reply Ltd holds 100% of share capital.
Change in the scope of consolidation at December 31, 2024 affected Group's revenues by 0.5% and profits before tax by 0.4%.
It should also be noted that, if the acquisition of Solirius Ltd. had been completed on 1 January 2024, the Reply Group's consolidated financial statements as at 31 December 2024 would have recorded higher revenues and pre-tax profit of approximately 3%.

Furthermore, the list of the Reply Group companies, compared to 31 December 2023, presented as an annex herein, include the start-up companies efinance consulting Reply Gmbh, Neo Reply Gmbh, Whitehall AI Reply S.r.l. while the company WM Ltd exited.

Note 5 - Revenue

Revenues from sales and services, including changes in work in progress on contracts, amounted to 2,295,938 thousand Euros (2,117,983 thousand Euros in 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 geographical area. Moreover, the breakdown reflects the decision-making process by Management and the allocation approximates the localization of services provided:

REGION (*)	2024	2023
Region 1	62.5%	62.1%
Region 2	19.9%	19.9%
Region 3	17.6%	18.0%
IoT Incubator	0.0%	0.0%
Total	**100.0%**	**100.0%**

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

Disclosure required by IFRS 8 ("Operating segment") and breakdown of revenues by type are provided in Note 36 herein.

Note 6 - Other revenues

Other revenues, which amounted to 33,456 thousand Euros as at 31 December 2024 (23,947 thousand Euros as at 31 December 2023), mainly refer to extraordinary income (10,723 thousand Euros), reversal of provision for doubtful accounts for 2,639 thousand Euros, research grants (10,931 thousand Euros), miscellaneous income (3,660 thousand Euros) and operating grants (4,587 thousand Euros).

Note 7 - Purchases

Detail is as follows:

(THOUSAND EUROS)	2024	2023	CHANGE
Software licenses for resale	34,505	20,978	13,528
Hardware for resale	3,820	1,798	2,021
Other	8,025	6,588	1,437
Total	**46,350**	**29,364**	**16,986**

Purchases of Software licenses and Hardware licenses for resale are recognized net of any change in inventory.
The item Other included the purchase of fuel for 4,825 thousand Euros, the purchase of tangible assets for 1,932 thousand Euros and the purchase of office stationery for 542 thousand Euros.

Note 8 - Personnel

Detail is as follows:

(THOUSAND EUROS)	2024	2023	CHANGE
Payroll employees	1,155,995	1,067,925	88,070
Executive Directors	81,375	71,405	9,970
Total	**1,237,370**	**1,139,331**	**98,040**

The increase in the cost of employees, amounting to 98,040 thousand Euros, is attributable to the increase in the number of employees due to an overall increase in the Group's business.

Detail of personnel by category is provided below:

HEADCOUNT	2024	2023	CHANGE
Directors	456	436	20
Managers	1,741	1,724	17
Staff	13,470	12,638	832
Total	**15,667**	**14,798**	**869**

On 31 December 2024 the Group had 15,667 employees compared to 14,798 at the end of 2023.
The average number of employees in 2024 was 15,244 marking an increase with respect to 14,220 of the previous year.
Employees of the group are mainly electronic engineers, economic, computer science, and business graduates from the best Universities.

Note 9 - Service costs

Service costs comprised the following:

(THOUSAND EUROS)	2024	2023	CHANGE
Commercial and technical consulting	388,885	415,607	(26,722)
Travelling and professional training expenses	48,249	48,074	175
Other services costs	112,931	106,387	6,544
Office expenses	17,715	21,620	(3,905)
Lease and rentals	7,709	8,814	(1,105)
Other	28,428	19,155	9,273
Total	**603,917**	**619,657**	**(15,740)**

The item Other service costs mainly included marketing services, administrative and legal services, telephone and meal vouchers.
Office expenses included services rendered by related parties referred to service contracts for the use of premises, domiciliation and secretarial services for 3,408 thousand Euros and also included rent charged by third parties for 1,905 thousand Euros, utility costs for 7,406 thousand Euros, cleaning expenses for 2,718 thousand Euros and maintenance expenses for 1,723 thousand Euros.
The item Other includes extraordinary expenses for 7,396 thousand Euros, the provision for doubtful accounts for 5,368 thousand Euros, deductible and non-deductible taxes and duties for 3,955 thousand Euros, subscriptions and membership fees for 3,682 thousand Euros and Gifts for 1,720 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 31 December 2024 of 15,699 thousand Euros. Details of depreciation are provided in the notes to tangible assets.

Amortization of intangible assets for the year ended 2024 amounted to 17,510 thousand Euros. Details of depreciation are provided in the notes to tangible assets.
Amortization related to right of use assets arising from the adoption of IFRS 16 amounted to 35,546 thousand Euros.

This item also included the write off of customer lists for 9,918 thousand Euros and a correction of goodwill originally booked in Region 2 amounting to 6,260 thousand Euros.

Note 11 - Other operating income/(expenses)

The item Other operating income/expenses includes economic components that, although related to the ordinary course of business, do not directly fall under the main categories of cost and revenue, such as provisions for risk and charges and to the fair value adjustments to earn-out liabilities.
In particular, it consists of:

- Provision for risks and charges related to contractual, commercial risks, and litigation, and for funds allocated to adjust assets, amounting to a negative 31,147 thousand euros (1,485 thousand euros as of December 31, 2023).

The breakdown by nature of the risk is as follows:

  - Professional liability for 24 million euros;
  - Preventive seizure for 1.2 million euros;
  - Other risks for 6 million euros.

- Adjustments to earn-out liabilities: amounting to a positive 4,743 thousand euros (15,858 thousand euros as of December 31, 2023), arising from the fair value adjustments of the liability related to the variable consideration for the acquisition of shares in subsidiaries (Business combination).

Regarding the provision of 24 million euros for professional liability, this type of risk has been recorded in previous periods and may also arise in the future, as it is related to phenomena intrinsic to the company's operations. Given the recurrence of events and transactions that have originated such costs and revenues over time and their potential future repeatability, as well as the fact that they are linked to endogenous factors in the Group's operations, these have been considered as recurring for the group in the present financial statement. In the previous year, these costs and revenues were classified as non-recurring, amounting to

14,372 thousand euros.
This reclassification reflects a more in-depth analysis of the nature of the risks and a closer alignment with the criteria of operational continuity.

Note 12 - (Loss)/Gain on investments

This item amounting to negative 20,000 thousand Euros (negative 13,877 thousand Euros in 2023) 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)	2024	2023	CHANGE
Financial income	13,451	7,002	6,449
Interest expenses	(5,448)	(5,789)	341
Other	(5,191)	(8,499)	3,308
Total	**2,812**	**(7,287)**	**10,099**

Financial income mainly included positive interest on financial investments amounting to 1,124 thousand Euros, positive interest on convertible loans amounting to 103 thousand Euros and interest on bank deposits amounting to 11,401 thousand Euros.
Interest expenses mainly included expenses related to loans for M&A operations.

The item Other included:
- interest expenses arising from the adoption of the International Accounting Standard IFRS 16 for 3,866 thousand Euros (3,504 thousand Euros at 31 December 2023);
- changes in fair value of financial liabilities pursuant to IFRS 9 for negative 4,961 thousand Euros (negative 2,142 thousand Euros at 31 December 2023);
- exchange rate differences from the translation of balance sheet items not stated in Euros for positive 3,628 thousand Euros (negative 3,580 thousand Euros at 31 December 2023);
- net changes in fair value of Convertible Loans for negative 552 thousand Euros (negative 341 thousand Euros at 31 December 2023);
- financial gains related to the fair value adjustments of the investments mainly held by Reply S.p.A. amounting to 768 thousand Euros (positive 1,063 thousand Euros at 31 December 2023).

Note 14 - Income taxes

Income taxes for the financial year ended 2024 amounted to 99,464 thousand Euros and is detailed as follows:

(THOUSAND EUROS)	2024	2023	CHANGE
IRES and other taxes	107,145	84,179	22,966
IRAP (Italy)	14,165	11,938	2,227
Current taxes	**121,310**	**96,117**	**25,194**
Deferred tax expenses	(3,384)	(2,731)	(653)
Deferred tax income	(18,469)	(9,534)	(8,936)
Deferred taxes	**(21,854)**	**(12,265)**	**(9,589)**
Corporate tax - previous years	7	(729)	737
Total income taxes	**99,464**	**83,122**	**16,342**

The tax rate was equivalent to 31.8% (compared to 30.6% of 2023).

The reconciliation between the tax charges recorded in the consolidated financial statements and the theoretical tax charge, calculated on the basis of the theoretical tax rate in effect in Italy, is the following:

Profit/(loss) before taxes from continuing operations	**313,232**	
Theoretical income taxes	75,176	24.0%
Effect of fiscal permanent/temporary differences	7,944	
Effect of difference between foreign tax rates and the theoretical Italian tax rate	2,180	
Current and deferred income tax recognized in the financial statement excluding IRAP	**85,299**	**27.2%**
IRAP current and deferred	14,165	4.5%
Current and deferred income recognized in the financial statements	**99,464**	**31.8%**

In order to render the reconciliation between income taxes recognized in the financial statements and theoretical income taxes more meaningful, IRAP tax is not taken into consideration since it has a taxable basis that is different from the result before tax of continuing operations. Theoretical income taxes are therefore calculated by applying only the tax rate in effect in Italy ("IRES"), equal to 24.0%, on the result before tax of continuing operations.

In light of the new regulations, the Group (which falls within the scope of the Global Minimum Tax) is currently engaged in implementing the internal procedures necessary to manage the compliance requirements imposed by the Pillar Two rules in the most effective and efficient way, both for its Italian and foreign activities. In this context, thorough analyses have been conducted to estimate the likelihood that, in the jurisdictions where the Group operates, the requirements for applying the simplified transitional regime known as 'Safe Harbour' (regulated in our legal system by the Ministerial Decree of May 20, 2024) will be met. If these requirements are satisfied, they would allow the Group to avoid applying the more complex regulatory framework provided under the permanent system. Furthermore, analyses have been carried out to estimate whether, in some of these jurisdictions, a GMT would be due based on the results achieved in the tax period ending December 31, 2024.

From these checks, it has emerged that in 2024, the requirements for applying the simplified transitional regime are met in all jurisdictions where the Group operates, and therefore, no Global Minimum Tax would be due in these jurisdictions.

Note 15 - Earnings per share

The basic and diluted earnings per share as at 31 December 2024 was calculated on the basis of the Group's net result amounting to 211,139 thousand Euros (186,699 thousand Euros as at 31 December 2023) divided by the weighted average number of shares, net of treasury shares, as at 31 December 2024 which amounted to 37,380,368 (37,278,236 as at 31 December 2023).

(EUROS)	2024	2023
Group net result	211,139,000	186,699,000
Average no. shares	37,380,368	37,278,236
Earnings per share	5.65	5.01

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 - Other information

Italian Law 124/2017 requires that information on subsidies, contributions, paid assignments and economic benefits of any kind received from Italian public administrations be provided. In this regard, the following tables show the amounts collected by the Group in 2024:

PAID ASSIGNMENTS

CLIENT	THOUSAND EUROS
AZIENDA REGIONALE PER L'INNOVAZIONE E GLI ACQUISTI SPA	19,794
SOGEI ED ALTRI ENTI PUBBLICI	16,595
PREVIDENZA SOCIALE	5,836
REGIONI E PROVINCE	5,463
MINISTERI	4,141
AZIENDA SOCIO SANITARIA TERRITORIALE	3,002
FONDAZIONI	2,271
AGENZIA DELLE ENTRATE-RISCOSSIONE	1,784
AZIENDA ZERO	1,547
INAIL	1,448
ENTE PUBBLICO NAZIONALE DI RICERCA	762
AGENZIA NAZIONE PER L'AMMINISTRAZIONE E LA DESTINAZIONE DEI BENI SEQUESTRATI ALLA CRIMINALITÀ ORGANIZZATA	704
AGENZIA DI TUTELA DELLA SALUTE REGIONALE	681
AGENZIA PER LE EROGAZIONI IN AGRICOLTURA - AGEA	645
ANAC	576
AUTORITA GARANTE DELLA CONCORRENZA E DEL MERCATO	420
ARERA - AUTORITA DI REG. PER ENERGIA RETI E AMBIENTE	377
INARCASSA	314
AZIENDA ULSS	236
UNIVERSITÀ	220
BANCHE	188
ARMA DEI CARABINIERI	149
ISTITUTO CENTRALE PER LA DIGITALIZZAZIONE DEL PATRIMONIO CULTURALE	139
SYSTEM CERAMICS S.P.A.	56
ARTEA	50
A.S.I. - AGENZIA SPAZIALE ITALIANA	50
FINCANTIERI	44
INSIEL	40
AGECONTROL S.P.A.	32
SASIB S.P.A.	12
COMUNI	2
LEONARDO SOCIETÀ PER AZIONI	2
AGENZIA REGIONALE PER LA PROTEZIONE DELL'AMBIENTE	1
EQUITALIA S.P.A.	1
TOTAL	**67,582**

In accordance to the above-mentioned regulation, the following table shows the public grants received by some group companies.

ENTITY	THOUSAND EUROS
ANPAL	4,587
MIUR	1,233
REGIONE PIEMONTE	896
REGIONE LOMBARDIA	393
MINISTERO DELLO SVILUPPO ECONOMICO	266
EUROPEAN COMMISSION	195
COMMISSION EUROPEENNE	105
TOTAL	**7,676**

The beneficiary companies were: Reply S.p.A., Blue Reply S.r.l., Cluster Reply S.r.l., Cluster Reply Roma S.r.l., Consorzio Reply Public Sector, Eos Reply S.r.l., Forge Reply S.r.l., Like Reply S.r.l., Santer Reply S.p.A., Security Reply S.r.l., Storm Reply S.r.l., Technology Reply Roma S.r.l., Xenia Reply S.r.l., Xister Reply S.r.l. and Whitehall Reply S.r.l.. For further details, please refer to the individual company's 2024 annual report.

Note 17 - Tangible assets

Tangible assets as at 31 December 2024 amounted to 132,343 thousand Euros and are detailed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Buildings	92,173	71,434	20,739
Plant and machinery	6,647	5,759	888
Hardware	11,662	12,491	(829)
Other	21,861	18,513	3,348
Total	**132,343**	**108,197**	**24,146**

Change in tangible assets during 2024 is summarized below:

(THOUSAND EUROS)	BUILDINGS	PLANT 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	21,948	2,759	7,930	7,419	40,056
Disposals	(34)	(1,428)	(5,578)	(3,911)	(10,951)
Change in consolidation	-	-	503	82	586
Other changes	4	63	273	889	1,229
Accumulated depreciation					
Increases	(1,210)	(1,857)	(8,368)	(4,264)	(15,699)
Disposals	34	1,414	5,078	3,679	10,206
Change in consolidation	-	-	(362)	(82)	(444)
Other changes	(3)	(64)	(305)	(464)	(836)
Historical cost	99,094	21,516	52,741	56,658	230,009
Accumulated depreciation	(6,922)	(14,869)	(41,079)	(34,797)	(97,666)
31/12/2024	**92,173**	**6,647**	**11,662**	**21,861**	**132,343**

During the financial year the Group carried out total investments for 40,056 thousand Euros (27,683 thousand Euros at 31 December 2023).

The item Buildings mainly includes:

- the net value of a building owned by the group amounting to 4,065 thousand Euros located in Guetersloh, Germany.
- the real estate complex located in Turin and called “ex Caserma De Sonnaz” in the amount of 62,667 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 25,025 thousand Euros that hosts the offices of the Group.

Increases in the item Buildings refers to the restructuring costs of the buildings.

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 companies included in Region 1 for 3,791 thousand Euros, 2,664 thousand Euros for purchases made by the companies included in Region 2 and 1,475 thousand Euros for purchases made by the companies included in Region 3.
The item Other as at 31 December 2024 mainly includes office furniture and leasehold improvements. The increase of 7,419 thousand Euros mainly refers to the purchase of office furniture for 996 thousand Euros and leasehold improvements for 5,398 thousand Euros. The item Other is mainly related to mobile phones.
Other changes mainly refer to translation differences.

As at 31 December 2024 tangible assets were depreciated by 42.5% of their value, compared to 45.7% at the end of 2023.

Note 18 - Goodwill

This item includes goodwill arising from consolidation of those subsidiaries purchased in a Business Combination.

Goodwill in 2024 developed for the exchange rate differences as follows:

(THOUSAND EUROS)	
Beginning balance	**626,480**
Increases	59,991
Impairment	-
Other changes	(6,260)
Total	**680,212**
Exchange rate differences	12,998
Ending balance	**693,210**

Increase in goodwill compared to 31 December 2023 owes to the acquisition, in October 2024, by the UK subsidiary Reply Ltd of Solirius Ltd, leader in digital transformation with a strong focus in artificial intelligence, agile delivery and data management.
Other changes refer to a correction of goodwill originally booked in Region 2 amounting to 6,260 thousand Euros.
The effect generated by this correction is not considered significant, therefore the comparative data have not been restated.

The following table summarizes the calculation of goodwill and the book value of the company as at the acquisition date.

(THOUSAND EUROS)	*FAIR VALUE (*)*
Tangible and intangible assets	141
Trade receivables and other current assets	11,093
Cash and cash equivalents	29,269
Trade payables and other current liabilities	(7,944)
Net assets acquired	**32,559**
Transaction value	117,683
Difference allocated to other intangible assets net of deferred tax liabilities	25,132
Goodwill	**59,991**

(*) book value is equal to fair value

Goodwill was allocated to the cash generating units or groups of cash generating units ("CGU"), identified in the Region in which the Group operates (Region 1 includes the CGU related to American companies and Region 3 includes the CGU related to French companies). The breakdown reflects the managerial view of the Group by Management and is summarized as follows:

(THOUSAND EUROS)	AT 31/12/2023	INCREASES	OTHER CHANGES	EXCHANGE RATE DIFFERENCES	AT 31/12/2024
Region 1	200,070	-	-	9,223	209,293
Region 2	233,053	-	(6,260)	-	226,793
Region 3	193,357	59,991	-	3,775	257,124
Total	**626,480**	**59,991**	**(6,260)**	**12,998**	**693,210**

Reply has adopted a structured and periodic planning and budgeting system aimed at defining objectives and business strategies in order to draft the annual budget.

The impairment model adopted by the Reply Group is based on future cash flows calculated using the Discounted cash flow analysis.
In applying this model, Management uses different assumptions, which are applied to the single CGU over two years of extrapolation subsequent to the annual budget, in order to estimate:

- increase in revenues,
- increase in operating costs,
- investments,
- change in net capital.

The recoverable value of the CGU, to which the single goodwill is referred, is determined as the highest between the fair value less any selling costs (net selling price) and the present value of the estimated future cash flows expected from the continuous use of the good (value in use). If the recoverable value is higher than the carrying amount of the CGU there is no impairment of the asset; in the contrary case, the model indicates a difference between the carrying amount and the recoverable value as the effect of impairment.

The following assumptions, determined also with the support of third-party experts, were used in calculating the recoverable value of the Cash Generating Units:

ASSUMPTION	REGION 1	REGION 2	REGION 3
Terminal value growth rates:	2%	2%	2%
Discount rate, net of taxes:	7.82%	6.21%	8.06%
Discount rate, before taxes:	10.31%	8.88%	10.75%
Multiple of EBIT	11.7	11.7	11.7

As to all CGUs subject to the impairment tests at 31 December 2024 no indications emerged that such businesses may have been subject to impairment.

On 31 December 2024 the difference between the headroom estimated and the book value of the net invested capital inclusive of the goodwill initially recognized, is equal to 591.2% for Region 1, 159.9% for Region 2 and 29.6% for Region 3.
Reply has also developed a sensitivity analysis of the estimated recoverable value. The Group considers that the growth rate of revenues and the discount rate are key indicators in estimating the fair value and has therefore determined that:

- a decrease of up to 30% of the revenue growth;
- an increase of 100 basis points in the discount rate.

This analysis would not lead to an excess of the carrying value of the CGU compared to its recoverable value, which tends to be always significantly high.

In addition to the above analyses, for Region 1, which includes US company goodwill (US CGU) for a total amount of 163.2 million Euros and for Region 3, which includes the French company goodwill (French CGU) for a total amount of 88 million Euros, the company carried out a specific impairment test, which did not reveal any indication that such goodwill may have suffered a loss in value.

Please see below the main assumptions used:

ASSUMPTIONS	REGION 1 – US	REGION 3 – FRANCE & BENELUX
Terminal value growth rates:	2%	2%
Discount rate, net of taxes:	8.04%	7.23%
Discount rate, before taxes:	10.72%	9.64%
Multiple of EBIT	11.7	11.7

Finally, it is appropriate to note that the estimates and budget data to which the above mentioned parameters have been applied are those determined by management on the basis of past performance and expectations of developments in the markets in which the Group operates, also pursuant to CONSOB and ESMA recommendations, significant attention has been placed on the planning process to account for the possible impacts deriving from the current geo-political situation, the potential climate changes and to the sensitivity analysis of the recoverable value, which is always significantly higher.

Moreover, estimating the recoverable amount of the Cash-Generating Units requires discretion and the use of estimates by Management. The Group cannot guarantee that there will be no goodwill impairment in future periods. Circumstances and events which could potentially cause further impairment losses are constantly monitored by Reply management.

Note 19 - Other intangible assets

Net intangible assets as at 31 December 2024 amounted to 95,802 thousand Euros (81,509 thousand Euros on 31 December 2023).

Other intangible assets are detailed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Development costs	5,756	3,764	1,992
Software	3,652	3,689	(36)
Trademarks	537	537	-
Other intangible assets	85,858	73,520	12,338
Total	**95,802**	**81,509**	**14,293**

Change in intangible assets during 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	182,540
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	4,228	1,631	-	33,514	39,373
Disposals	-	(983)	-	-	(983)
Other changes	-	36	-	4,383	4,420
Accumulated depreciation					
Increases	(2,236)	(1,664)	-	(23,528)	(27,428)
Disposals	-	983	-	38	1,021
Other changes	-	(25)	-	(2,084)	(2,109)
Historical cost	40,768	26,668	537	157,375	225,348
Accumulated depreciation	(35,013)	(23,016)	-	(71,517)	(129,546)
31/12/2024	**5,756**	**3,652**	**537**	**85,858**	**95,802**

Development costs refer to the development of software products 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 1,048 thousand Euros related to software development for internal use in 2024.

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 and the expected future cash flows are deemed adequate.

Other intangible assets include the customer lists following the completion of the PPA procedures under M&A activities. Following the impairment test of the value initially recognised, it was necessary to write-off 9,918 thousand euros (6,038 thousand euros for Region 1 and 3,880 thousand euros for Region 3).
As at 31 December 2024 intangible assets were depreciated by 57,5% of their value, compared to 55,3% at the end of 2023.

Note 20 – Right of use 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 2024 RoU Assets changes divided by category:

(THOUSAND EUROS)	01/01/2024	NET CHANGES	AMORTIZATION	EXCHANGE DIFFERENCE	31/12/2024
Buildings	93,587	7,575	(23,224)	1,665	79,602
Vehicles	20,576	18,639	(11,976)	(35)	27,205
Office equipment	595	-	(347)	-	248
Total	**114,758**	**26,214**	**(35,546)**	**1,630**	**107,055**

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.
Leasing contracts relating to buildings have extension option clauses, which are carefully evaluated by management for the purposes of correct valuation and presentation in the financial statements.

Note that there are no leases not yet stipulated for which the lessee has committed.

Note 21 - Equity investments

The item Equity investments amounts to 19,809 thousand Euros and includes for 19,524 thousand Euros investments in start-up companies principally in the IoT field made by the Investment company Breed Reply Investments Ltd.
Note that the investments in 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 Measurement" Through Profit & Loss. The fair value is determined using the International Private Equity and Venture Capital valuation guideline (IPEV) and any change therein is recognized in profit (loss) in the period in which they occurred.
Detail is as follows:

(THOUSAND EUROS)	VALUE AT 31/12/2023	NET INCREASES/ DISPOSALS	CONVERSION CONVERTIBLE LOANS INTO EQUITY	NET FAIR VALUE ADJUSTMENTS	EXCHANGE DIFFERENCES	VALUE AT 31/12/2024
Investments	41,155	(2,536)	93	(20,297)	1,109	19,524

Net fair value adjustments

The net fair value adjustment amounting to 20,297 thousand Euros reflects the market values of the last rounds that took place in 2024 on investments already in portfolio.
All fair value assessments shall be part of the hierarchy level 3.

Note 22 - Financial assets

Current and non-current financial assets amounted to 54,822 thousand Euros compared to 40,320 thousand Euros as at 31 December 2023.

Detail is as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Short term securities	2,082	1,870	212
Financial investments	42,616	28,886	13,730
Derivative financial instruments	935	1,983	(1,048)
Loans to third parties	133	133	-
Total current financial assets	**45,767**	**32,872**	**12,894**
Receivables from insurance companies	2,896	3,277	(382)
Guarantee deposits	2,114	2,459	(345)
Other financial assets	3,057	413	2,644
Convertible loans	988	1,299	(310)
Total non-current financial assets	**9,055**	**7,448**	**1,607**
Total financial assets	**54,822**	**40,320**	**14,502**

Short term securities mainly refer to Time Deposit investments.

The item Financial investments refers to bonds held by the parent company Reply S.p.A.. The valuation of short-term investments, based on fair value at 31 December 2024, showed a positive difference amounting to 768 thousand Euros compared to the purchase cost of the same.
Derivative instruments refer to the fair value of derivative contracts signed with Unicredit in order to cover fluctuations in floating interest rates on loans and/or mortgages whose underlying notional value amounts to 45,633 thousand euros. The effective component of the hedges and the related movements during the financial year are reported in the changes in net equity.

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.

The item Other financial assets mainly referred to long-term financial receivables for deferred collections amounting to 2,493 thousand Euros arising from the sale of a company held by Breed Reply Investments Ltd.

Convertible loans relate to the option to convert into shares of start-up companies 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 31/12/2024
Convertible loans	1,299	234	(93)	87	(552)	13	988

Note that the items Receivables from insurance companies, Convertible loans, Guarantee deposits and Other financial assets are not shown in the Net financial position.

Note 23 - Deferred tax assets

Deferred tax assets, amounting to 66,557 thousand Euros, of which 35,045 thousand Euros are current, as at 31 December 2024 (66,693 thousand Euros as at 31 December 2023), include the fiscal charge corresponding to the temporary differences originating among the anti-tax result and taxable income relating to entries with deferred deductibility.
Detail of Deferred tax assets is provided at the table below:

(THOUSAND EUROS)	31/12/2023	ACCRUALS	UTILIZATION	OTHER CHANGES	31/12/2024
Prepaid tax on costs that will become deductible in future years	12,582	3,221	(6,040)	-	9,763
Prepaid tax on greater provisions for doubtful accounts	19,773	10,779	(3,941)	-	26,611
Deferred fiscal deductibility of amortization	2,472	686	(364)	-	2,794
Consolidation adjustments and other items	31,867	16,259	(7,137)	106	41,095
Total	66,693	30,944	(17,481)	106	80,263
Netting with deferred tax liability (DTL)	-				(13,706)
Total	**66,693**				**66,557**

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.

Where the assumptions exist, deferred tax assets and liabilities have been presented in the financial statements taking into account the offsets per legal entity.
There are no deferred tax assets on losses carried forward.

Note 24 - Work in progress

Contract work in progress, amounting to 68,369 thousand Euros, is recognized net of a provision amounting to 50,564 thousand euros (57,777 thousand euros at 31 December 2023) detailed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Contract work in progress	200,034	159,726	40,308
Advance payments from customers	(131,665)	(112,665)	(19,000)
Total	**68,369**	**47,061**	**21,308**

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 during the fiscal year amounting to 2,083 thousand euros and to the reversal amounting to 9,348 thousand euros.

Note 25 - Trade receivables

Trade receivables as at 31 December 2024 amounted to 757,558 thousand Euros with a net increase of 18,084 thousand Euros.

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Trade receivables	766,271	746,158	20,113
Allowance for doubtful accounts	(8,713)	(6,684)	(2,029)
Total trade receivables	**757,558**	**739,474**	**18,084**

Trade receivables are shown net of allowances for doubtful accounts, calculated by using the expected credit loss approach pursuant to IFRS 9, amounting to 8,713 thousand Euros on 31 December 2024 (6,684 thousand Euros at 31 December 2023).

The Allowance for doubtful accounts in 2024 developed as follows:

(THOUSAND EUROS)	31/12/2023	ACCRUALS	REVERSAL	UTILIZATION	31/12/2024
Allowance for doubtful accounts	6,684	5,368	(2,639)	(700)	8,713

It should also be noted that the item includes write-downs for losses on working capital amounts.

Over-due trade receivables and the corresponding allowance for doubtful accounts, compared to 2023, are summarized in the tables below:

Aging at 31/12/2024

(THOUSAND EUROS)	TRADE RECEIVABLES	CURRENT	0 - 90 DAYS	91 - 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	TOTAL OVERDUE
Trade receivables	766,271	655,272	80,124	15,180	10,419	5,276	110,999
Allowance for doubtful accounts	(8,713)	(1,707)	(330)	(713)	(1,526)	(4,438)	(7,007)
Total trade receivables	**757,558**	**653,566**	**79,794**	**14,467**	**8,893**	**838**	**103,992**

Aging at 31/12/2023

(THOUSAND EUROS)	TRADE RECEIVABLES	CURRENT	0 - 90 DAYS	91 - 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	TOTAL OVERDUE
Trade receivables	746,158	650,236	70,088	13,042	9,879	2,913	95,922
Allowance for doubtful accounts	(6,684)	(2,678)	(283)	(585)	(795)	(2,343)	(4,006)
Total trade receivables	**739,474**	**647,558**	**69,805**	**12,458**	**9,084**	**570**	**91,916**

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 26 - Other receivables and current assets and income tax receivables

Detail is as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Current income tax receivables	27,675	22,541	5,134
Tax receivables	52,308	46,818	5,490
Advances to employees	308	8	300
Accrued income and prepaid expenses	40,275	35,091	5,184
Other receivables	23,010	19,916	3,095
OTHER RECEIVABLES AND CURRENT ASSETS	**143,576**	**124,373**	**19,203**

Current income tax receivables are recorded net of the accrued tax liability.
The item Tax receivables mainly included:

- VAT receivables amounting to 31,706 thousand Euros (32,537 thousand Euros at 31 December 2023);
- receivables for withholding tax amounting to 5,524 thousand Euros (2,871 thousand Euros at 31 December 2023).

The item Other receivables mainly included contribution receivables in relation to research projects for 7,715 thousand Euros (6,114 thousand Euros at 31 December 2023) and receivables from foreign tax administrations for 5,018 thousand Euros (4,857 thousand Euros at 31 December 2023).

Note 27 - Cash and cash equivalents

The balance of 491,834 thousand Euros, with an increase of 108,091 thousand Euros compared with 31 December 2023, represents cash and cash equivalents as at the end of the year. Changes in cash and cash equivalents are fully detailed in the Consolidated statement of cash flow.
Cash and cash equivalents at 31 December 2024 are detailed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Cash at banks	490,231	382,433	107,798
Cash at hand	1,603	1,310	294
Total cash and cash equivalents	**491,834**	**383,742**	**108,091**

It should be noted that the cash and cash equivalents held but not freely available by the group amount to €7.9 million in relation to the preventive seizure described in Note 33.

Note 28 - Shareholders' equity

Share capital

On 31 December 2024 the share capital of Reply S.p.A, wholly undersigned and paid up, amounted to 4,863,486 Euros and is composed of n. 37,411,428 ordinary shares with nominal value of 0.13 Euros each.
The number of shares in circulation as at 31 December 2024 totalled 37,278,236, unchanged since 31 December 2023.

Treasury shares

The value of the Treasury shares, amounting to 17,122 thousand Euros, refers to the shares of Reply S.p.A. held by the parent company, that at 31 December 2024 were equal to n. 133,192, unchanged since 31 December 2023.

Capital reserves

On 31 December 2024 Capital reserves, amounting to 449,533 thousand Euros, were mainly comprised as follows:

- Treasury share reserve amounting to 17,122 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 20% 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 885,861 thousand Euros and were comprised as follows:

- Reply S.p.A.'s Legal reserve amounted to 973 thousand Euros;
- Retained earnings amounted to 643,749 thousand Euros (retained earnings amounted to 644,701 thousand Euros as at 31 December 2023);
- Profits attributable to shareholders of the Parent Company amounted to 211,139 thousand Euros (186,700 thousand Euros as at 31 December 2023).

Other comprehensive income

Other comprehensive income can be analysed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023
Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax:		
Actuarial gains/(losses) from employee benefit plan	594	(1,150)
Total Other comprehensive income that will not be classified subsequently to profit or loss, net of tax (B1):	**594**	**(1,150)**
Other comprehensive income that may be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedges	(1,301)	(849)
Gains/(losses) from the translation of assets in foreign currencies	12,567	(1,146)
Total Other comprehensive income that may be classified subsequently to profit or loss, net of tax (B2):	**11,266**	**(1,995)**
Total other comprehensive income, net of tax (B) = (B1) + (B2):	**11,860**	**(3,146)**

Minority interests

Minority interests consist of the participation of non-controlling shareholders in the capital of the companies included in the consolidation area and at 31 December 2024 amounted to 2,773 thousand euros (1,883 thousand euros at 31 December 2023).

Note 29 - Due to minority shareholders and earn-out

Due to minority shareholders and Earn-out as at 31 December 2024 amounted to 109,600 thousand Euros (114,368 thousand Euros on 31 December 2023), of which 52,121 thousand Euros were current.
This item refers to the variable 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	INTEREST	EXCHANGE DIFFERENCES	31/12/2024
Payables to minority shareholders	10,092	-	673	(3,475)	-	192	7,482
Payables for earn-out	104,276	24,089	(5,148)	(28,253)	4,051	3,104	102,119
Total due to minority shareholders and Earn-out	**114,368**	**24,089**	**(4,475)**	**(31,729)**	**4,051**	**3,296**	**109,600**

The increase in the item amounting to 24,089 thousand Euros reflects the best estimate of future considerations for earn-outs in relation to the original contracts signed, in particular the acquisition by the subsidiary Reply Ltd of Solirius, a UK consulting company leader in digital transformation with a strong focus in artificial intelligence, agile delivery and data management.

The item Fair value adjustments in 2024 amounted to negative 4,475 thousand Euros with a balancing entry in Profit and loss, reflects the best estimate in relation to the deferred consideration originally recognised at the time of acquisition.

Total payments amounted to 31,729 thousand Euros and refer to the consideration paid in relation to the original contracts signed at the time of acquisition.

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

Note 30 - Financial liabilities

Detail is as follows:

	31/12/2024			31/12/2023		
(THOUSAND EUROS)	**CURRENT**	**NON-CURRENT**	**TOTAL**	**CURRENT**	**NON-CURRENT**	**TOTAL**
Bank overdrafts	121	-	121	135	-	135
Bank loans	19,564	48,910	68,474	32,285	52,291	84,576
Total due to banks	**19,685**	**48,910**	**68,595**	**32,419**	**52,291**	**84,710**
Other financial borrowings	64	-	64	236	-	236
IFRS 16 financial liabilities	35,163	84,695	119,858	31,670	95,101	126,770
Total financial liabilities	**54,911**	**133,605**	**188,516**	**64,325**	**147,392**	**211,717**

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

	31/12/2024				31/12/2023			
(THOUSAND EUROS)	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	121	-	-	121	135	-	-	135
M&A loans	17,010	9,941	-	26,951	25,295	26,366	-	51,661
Mortgage loans	256	27,766	10,171	38,193	3,614	10,981	11,750	26,345
Bank loans	2,043	1,033	-	3,077	3,375	3,194	-	6,570
Other financial borrowings	64	-	-	64	236	-	-	236
IFRS 16 financial liabilities	35,163	79,631	5,064	119,858	31,670	95,101	-	126,770
Derivative financial instruments	253	-	-	253	-	-	-	-
Total	**54,911**	**118,370**	**15,235**	**188,516**	**64,325**	**135,642**	**11,750**	**211,717**

M&A financing refers to credit lines to be used for acquisition operations carried 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. As at 31 December 2024 this line had been used for 8,333 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. The loan will be reimbursed on a half year basis and will expire on 30 September 2026. This line was used for a total of 30,000 thousand Euros. As at 31 December 2024 the outstanding amount was 17,143 thousand Euros.
- 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 31 December 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 in instalments to commence on 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 31 December 2024 this line was used for 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 31 December 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 31 December 2024 the Covenants under the various contracts were satisfied.

The item Mortgages refers to a financing granted in 2018 to Tool Reply GmbH by Commerzbank for a total of 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 31 December 2024 the outstanding amount is 922 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 December 18, 2024 an amendment was signed with the same institution, agreeing to extend the period of use from 66 to 90 months (as with the amendment of November 15, 2021), with the possibility to obtain mortgage disbursements till November 30, 2025. The mortgage is disbursed in relation to the progress of the work. Such credit line was used for 37,300 thousand Euros at 31 December 2024.

The item IFRS 16 financial liabilities is related to the financial lease liabilities at 31 December 2024 related to the adoption of the Accounting Standard IFRS 16.

The item Derivative financial instruments refers to several loans established with Unicredit S.p.A. to hedge changes in floating interest rates on loans and/or mortgages; the total underlying value is 45,633 thousand Euros. The effective component of the instrument is stated in the Statement of changes in net equity.

The carrying amount of Financial liabilities is deemed to be in line with its fair value.

For further details related to the risk management policies please see Note 37.

NET FINANCIAL INDEBTEDNESS

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
A Cash	491,834	383,742	108,091
B Cash equivalents	-	-	-
C Current financial assets	45,767	32,872	12,894
D Cash (A+B+C)	**537,600**	**416,615**	**120,986**
E Current financial liabilities	35,601	32,040	3,561
F Short-term portion of long-term financial liability	19,311	32,285	(12,974)
G Financial liabilities short-term (E+F)	**54,911**	**64,325**	**(9,414)**
H Net financial debt short-term (G-D)	**(482,689)**	**(352,290)**	**(130,399)**
I Financial liabilities long-term	133,639	147,450	(13,811)
J Financial instruments	(34)	(59)	25
K Other liabilities long-term	109,600	114,368	(4,768)
L Financial debt long-term (I+J+K)	**243,205**	**261,760**	**(18,555)**
Total financial debt	**(239,484)**	**(90,530)**	**(148,954)**

Net financial indebtedness includes IFRS 16 financial liabilities amounting to 119,858 thousand Euros, of which 84,695 thousand Euros were non-current and 35,163 thousand Euros were current.
The item Commercial and other non-current liabilities is related to liabilities due to minority shareholders and Earn-out components assimilated to unpaid debts with a significant implicit financial component.
For further details with regards to the above table see Note 27 as well as Note 30.
Pursuant to the aforementioned recommendations long term financial assets are not included in the net financial indebtedness.
As previously mentioned in Note 29, 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 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	(6,913)
Cash flows	(16,552)
Total non-current financial liabilities 2024	**188,118**
Bank overdrafts	121
IRS and other	278
Total financial liabilities 2024	**188,516**

Note 31 - Employee benefits

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Employee severance indemnities	42,664	39,017	3,647
Employee pension funds	7,325	6,970	355
Directors severance indemnities	1,508	1,741	(234)
Other	32,751	21,949	10,802
Total	**84,248**	**69,677**	**14,571**

Employee severance indemnities
Employee benefits under Italian law are included in the severance indemnity (TFR) which, for companies with more than 50 employees, reflects the residual obligation of the Group relating to the indemnity paid to employees until December 31, 2006. For companies with less than 50 employees, the allowance is paid during their working life. The total indemnity will be paid at the time of the employee's departure, in the presence of specific conditions or partially anticipated during the working life.

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.

The assumptions adopted can be summarized as follows:

DEMOGRAPHIC ASSUMPTIONS	
Mortality	RG 48 survival tables of the Italian population
Inability	INPS tables divided by age and gender
Retirement age	Fulfilment of the minimum requisites provided by the General Mandatory Insurance
Advances on Employee severance indemnities	Annual frequency of advances and employee turnover were assumed from historical data of the company: frequency of advances in 2024: 2.50% frequency of turnover in 2024: 10%

ECONOMIC AND FINANCIAL ASSUMPTIONS	
Annual inflation rate	Average annual rate of 2.00%
Annual discount rate	Calculated with reference to the valuation date of primary shares on the stock market in which the company belongs and with reference to the market yield of Federal bonds. An annual constant rate equal to 3.38% was used for the year 2024.
Annual growth rate of the Employee severance indemnities	Annual increase in the growth rate of the Employee severance indemnities equal to 3.00%
Annual increase in salaries	The annual increase of salaries used was calculated in function of the employee qualifications and the Company's market segment, net of inflation, from 1.0% to 1.50%

From a sensitivity analysis concerning the hypotheses related to the parameters involved in the calculation a:

- change in turnover rate by 1%;
- change in the annual rate of inflation by 1.25%;
- change in the annual discount rate by 1.25%

would not have determined a significant effect on the calculation of the liability.

In accordance with IAS 19, Employment severance indemnities at 31 December 2024 are summarized in the table below:

(THOUSAND EUROS)	
Balance at 31/12/2023	**39,017**
Change in consolidation	-
Cost relating to current (service cost) work	7,385
Actuarial gain/loss	(964)
Interest cost	1,306
Indemnities paid during the year	(4,079)
Balance at 31/12/2024	**42,664**

Employee pension funds

The Pension fund item mainly relates to liability as regards the defined benefit pensions of some German companies and is detailed as follows:

(THOUSAND EUROS)	
Present value at beginning of the year	**6,970**
Service cost	14
Interest cost	181
Actuarial gains/(losses)	537
Indemnities paid during the year	(377)
Present value at year end	**7,325**

The assumptions adopted were as follows:

Discount rate	3,1% - 3,7%
Rate of future compensation increases	2,0%
Rate of pension increases	1,0% - 2,6%

Directors severance indemnities

This amount is related to Directors severance indemnities paid during the year.
Change amounting to 234 thousand Euros refers to the resolution made by the Shareholders Meeting of several subsidiary companies to pay an additional indemnity to some Members of the Board in 2024 and to a partial payment of the indemnity.

Other

The item Other includes payables accrued in connection with long-term incentive plans based on specific objectives. For further detail refer to the Report on Remuneration.

Note 32 - Deferred tax liabilities

Deferred tax liabilities at 31 December 2024 amounted to 33,443 thousand Euros, of which 31,012 thousand Euros current, and are referred mainly to the fiscal effects arising from temporary differences deriving from statutory income and taxable income related to deferred deductibility.

(THOUSAND EUROS)	31/12/2024	31/12/2023
Deductible items off the books	1,424	7,225
Deferred tax on PPA	21,979	17,196
Other	23,746	17,184
Total	**47,149**	**41,605**
Netting with deferred tax assets (DTA)	(13,706)	-
Total	**33,443**	**41,605**

The item Other mainly includes the measurement of contract work in progress, employee benefits, capitalization of development costs and reversal of amortization of intangible assets.

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 33 - Provisions

Provisions amounted to 48,852 thousand Euros (of which 47,497 thousand Euros were non-current).
Change in 2024 is summarized in the table below:

(THOUSAND EUROS)	BALANCE AT 31/12/2023	ACCRUALS	UTILIZATION	REVERSALS	OTHER CHANGES	BALANCE AT 31/12/2024
Fidelity fund	877	181	(145)	(6)	-	906
Provision for risks	20,306	30,416	-	(2,730)	(45)	47,946
Total	**21,183**	**30,596**	**(145)**	**(2,736)**	**(45)**	**48,852**

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 item Provision for risks refers to the provisions that individual companies made mainly for contractual, commercial and litigations in Italy and abroad.
The nature of the risk covered by the provision is as follows:

- Professional liability for 24 million euros;
- Contractual liability for 11 million euros;
- Preventive seizure for 8 million euros;
- Other risks for 6 million euros.

Regarding the preventive seizure that affected the Parent Company Reply S.p.A. and required the allocation of a provision totalling 8 million euros, it is specified that, according to the decree, the offense alleged is that referred to in Article 640-ter, paragraphs 1 and 3 of the Italian Penal Code, for the period 2017-2019, and no responsibility under Legislative Decree 231/2001 is being contested. The criminal proceedings are still at the preliminary investigation stage.

Other changes mainly refer to translation differences.

Note 34 - Trade payables

Trade payables at 31 December 2024 amounted to 183,233 thousand Euros and are detailed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Trade payables	186,475	193,660	(7,186)
Advances to suppliers	(3,242)	(2,659)	(583)
Total	**183,233**	**191,001**	**(7,768)**

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 35 - Other current liabilities and income tax payables

Other current liabilities at 31 December 2024 amounted to 680,083 thousand Euros with an increase of 72,378 thousand Euros with respect to the previous financial year.

Detail is as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Income tax payable	39,155	32,982	6,173
VAT payable	20,291	23,804	(3,513)
Withholding tax and other	25,585	22,743	2,842
Total due to tax authorities	**85,031**	**79,529**	**5,502**
National social insurance payable	58,433	52,953	5,481
Other	6,118	5,106	1,012
Total due to social securities	**64,551**	**58,058**	**6,493**
Employee accruals	149,417	133,779	15,638
Other payables	304,622	265,663	38,959
Accrued expenses and deferred income	76,462	70,676	5,786
Total other payables	**530,501**	**470,118**	**60,383**
Other current liabilities	**680,083**	**607,705**	**72,378**

Due to tax authorities amounting to 85,031 thousand Euros, mainly refers to income tax payables, payables to tax authorities for withholding tax on employees and professionals' compensation.

Due to social security authorities amounting to 64,551 thousand Euros, is related to both Company and employee's contribution payables.

Other payables at 31 December 2024 amount to 530,501 thousand Euros and mainly include:

- amounts due to employees that at the balance sheet date had not yet been paid;
- remuneration of directors recognised as participation in the profits of the subsidiary companies;
- advances received from customers exceeding the value of the work in progress amounting to 222,510 thousand Euros (201,462 thousand Euros as at 31 December 2023).

Accrued Expenses and Deferred Income, that increase in 2024 by 5,786 thousand Euros, mainly relate to advance invoicing in relation to T&M consultancy activities to be delivered in the subsequent financial year.

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 36 - Segment reporting

Segment reporting has been prepared in accordance with IFRS 8, determined as the area in which the services are executed.
The segments subject to reporting are identified based on the factors used for the management and organization of the Group's activities. In particular, management has chosen to structure the Group according to the geographical areas of operation, which represent the main business segments. The identified sectors are: Region 1, Region 2, Region 3, and IoT Incubator, the latter dedicated to managing investments in start-ups made by the investment company Breed Reply Investments Ltd.

(THOUSAND EUROS)	REGION 1	%	REGION 2	%	REGION 3	%	IOT INCUBATOR	%	INTERSEGMENT	2024	%
Revenues	**1,478,399**	**100**	**469,702**	**100**	**416,875**	**100**	**-**	**100**	**(69,037)**	**2,295,938**	**100**
Operating costs	(1,183,648)	(80.1)	(399,333)	(85.0)	(370,814)	(89.0)	(568)	-	69,037	(1,885,327)	(82.1)
Gross operating income	**294,751**	**19.9**	**70,369**	**15.0**	**46,060**	**11.0**	**(568)**	**-**	**-**	**410,611**	**17.9**
Amortization, depreciation and write-downs	(39,729)	(2.7)	(24,999)	(5.3)	(20,205)	(4.8)	-	-	-	(84,933)	(3.7)
Other (costs)/income	320	-	94	-	4,329	1	-	-	-	4,743	-
Operating income	**255,341**	**17.3**	**45,463**	**9.7**	**30,185**	**7.2**	**(568)**	**-**	**-**	**330,421**	**14.4**
Gain/(loss) on investments	-	-	-	-	1	-	(20,001)	-	-	(20,000)	(0.9)
Financial income/(loss)	24,409	1.65	(10,313)	(2.2)	(8,860)	(2.1)	(2,424)	-	-	2,812	-
Income before taxes	**279,750**	**18.9**	**35,150**	**7.5**	**21,326**	**5.1**	**(22,994)**	**-**	**-**	**313,232**	**13.6**

(THOUSAND EUROS)	REGION 1	%	REGION 2	%	REGION 3	%	IOT INCUBATOR	%	INTERSEGMENT	2023	%
Revenues	**1,341,098**	**100**	**428,559**	**100**	**388,674**	**100**	**50**	**100**	**(40,398)**	**2,117,983**	**100**
Operating costs	(1,086,766)	(81.0)	(370,879)	(86.5)	(347,454)	(89.4)	(1,189)	(2,368.5)	40,398	(1,765,890)	(83.4)
Gross operating income	**254,332**	**19.0**	**57,680**	**13.5**	**41,219**	**10.6**	**(1,139)**	**(2,268.5)**	**-**	**352,093**	**16.6**
Amortization, depreciation and write-downs	(35,782)	(2.7)	(28,149)	(6.6)	(11,262)	(2.9)	(12)	(24.2)	-	(75,205)	(3.6)
Other (costs)/income	4,828	-	11,852	2.8	(823)	(0.2)	-	-	-	15,858	0.7
Operating income	**223,378**	**16.7**	**41,383**	**9.7**	**29,134**	**7.5**	**(1,151)**	**(2,292.71)**	**-**	**292,745**	**13.8**
Gain/(loss) on investments	-	-	-	-	-	-	(13,877)	(27,647.8)	-	(13,877)	(0.7)
Financial income/(loss)	14,034	1.0	(10,303)	(2.4)	(7,122)	(1.8)	(3,896)	(7,763.1)	-	(7,287)	(0.3)
Income before taxes	**237,412**	**17.7**	**31,081**	**7.3**	**22,012**	**5.7**	**(18,924)**	**(37,703.68)**	**-**	**271,581**	**12.8**

Breakdown of revenues by type is as follows:

	REGION 1		REGION 2		REGION 3		IOT INCUBATOR	
REVENUE TYPE	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
T&M	17.9%	18.9%	54.6%	57.0%	64.0%	56.4%	-	-
FIXED PRICE PROJECTS	82.1%	81.1%	45.4%	43.0%	36.0%	43.6%	-	-
OTHER BUSINESS	-	-	-	-	-	-	100.0%	100.0%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

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

(THOUSAND EUROS)	REGION 1	REGION 2	REGION 3	IOT INCUBATOR	INTERSEG.	31/12/2024
Current operating assets	749,128	185,641	141,901	3,870	(111,037)	969,502
Current operating liabilities	(715,185)	(134,410)	(156,851)	(21,383)	111,037	(916,792)
Net working capital (A)	**33,942**	**51,232**	**(14,950)**	**(17,514)**	**-**	**52,711**
Non-current assets	445,099	316,460	339,268	23,005	-	1,123,832
Non-financial liabilities long term	(118,869)	(33,654)	(70,386)	243	-	(222,666)
Fixed capital (B)	**326,229**	**282,805**	**268,883**	**23,248**	**-**	**901,165**
Net invested capital (A+B)	**360,172**	**334,037**	**253,933**	**5,734**	**-**	**953,876**

(THOUSAND EUROS)	REGION 1	REGION 2	REGION 3	IOT INCUBATOR	INTERSEG.	31/12/2023
Current operating assets	693,934	170,928	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 headcount by Region is as follows:

REGION	31/12/2024	31/12/2023	CHANGE
Region 1	10,549	9,755	794
Region 2	3,032	3,049	(17)
Region 3	2,085	1,994	91
IoT Incubator	1	-	1
Total	**15,667**	**14,798**	**869**

Note 37 - Additional disclosures to financial instruments and risk management policies

Types of financial risks and corresponding hedging activities
Reply S.p.A. has determined the guide lines in managing financial risks. In order to maximize costs and the resources Reply S.p.A. has centralized all of the groups risk management. Reply S.p.A. has the task of gathering all information concerning possible risk situations and define the corresponding hedge.

As described in the section “Risk management”, Reply S.p.A. constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance and take the necessary action to mitigate them.
The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the company.
The quantitative data reported in the following do not have any value of a prospective nature, in particular the sensitivity analysis on market risks, is unable to reflect the complexity of the market and its related reaction which may result from every change which may occur.

Credit risk
The maximum credit risk to which the company is theoretically exposed at 31 December 2024 is represented by the carrying amounts stated for financial assets in the balance sheet.

Balances which are objectively uncollectible either in part or for the whole amount are written down on a specific basis if they are individually significant. The amount of the write-down takes into account an estimate of the recoverable cash flows and the date of receipt, the costs of recovery and the fair value of any guarantees received. General provisions are made for receivables which are not written down on a specific basis, determined on the basis of historical experience.

Refer to the note on trade receivables for a quantitate analysis.

Liquidity risk
Reply S.p.A. is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.

The two main factors that determine the company's liquidity situation are on one side the funds generated by or used in operating and investing activities and on the other the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

As described in the Risk management section, Reply S.p.A has adopted a series of policies and procedures whose purpose is to optimize the management of funds and to reduce the liquidity risk, as follows:

- centralizing the management of receipts and payments, where it may be economical in the context of the local civil, currency and fiscal regulations of the countries in which the company is present;
- maintaining an adequate level of available liquidity;
- monitoring future liquidity on the basis of business planning.

Management believes that the funds and credit lines currently available, in addition to those funds that will be generated from operating and funding activities, will enable the Group to satisfy its requirements resulting from its investing activities and its working capital needs and to fulfil its obligations to repay its debts at their natural due date.

Currency risk
Reply S.p.A. has a limited exposure to exchange rate risk, therefore the company does not deem necessary hedging exchange rates.

Interest rate risk

Reply S.p.A. makes use of external funds obtained in the form of financing and invest in monetary and financial market instruments. Changes in market interest rates can affect the cost of the various forms of financing, including the sale of receivables, or the return on investments, and the employment of funds, causing an impact on the level of net financial expenses incurred by the company. To mitigate such risks, the Group, when necessary, has used derivative financial instruments designated as “cash flow hedges”.

Sensitivity analysis

In assessing the potential impact of changes in interest rates, the company separates fixed rate financial instruments (for which the impact is assessed in terms of fair value)) from floating rate financial instruments (for which the impact is assessed in terms of cash flows). Floating rate financial instruments include principally cash and cash equivalents and part of debt.

A hypothetical, unfavourable and instantaneous change of 50 basis points in short-term interest rates at 31 December 2024 applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivatives financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately 380 thousand Euros.

This analysis is based on the assumption that there is a general and instantaneous change of 50 basis points in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

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 31 December 2024, according to the fair value hierarchical assessment level.

(THOUSAND EUROS)	NOTE	LEVEL 1	LEVEL 2	LEVEL 3
Investments	21	-	-	19,809
Convertible loans	22	-	-	988
Financial securities	22	44,698	-	-
Derivative financial assets (IRS)	22	-	935	-
Total financial assets		**44,698**	**935**	**20,797**
Liabilities to minority shareholders and earn out	29	-	-	109,600
Derivative financial assets (IRS)	30	-	253	-
Total financial liabilities		**-**	**253**	**109,600**

The valuation of investments in start-up 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 derivate financial instruments Reply refers to evaluation deriving from third parties (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 IFRS 7 the fair value used by the Group for the exploitation of hedging derivatives contracts in existence as at 31 December 2024 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.
Considering the uncertainty related to the evolution of these variables, simulations were conducted to generate a range of possible scenarios. Based on these analyses, the expected value of the financial liability was determined, reflecting the different possible outcomes of the scenario under consideration.

As at 31 December 2024, there have not been any transfers within the hierarchy levels.

Note 38 - 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.
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 is summarized below.

(THOUSAND EUROS)							
Financial transactions	**31/12/2024**			**31/12/2023**			**Nature of transaction**
	Parent companies	**Key Management with strategic responsibilities**	**Other**	**Parent companies**	**Key Management with strategic responsibilities**	**Other**	
Trade receivables	41	-	29	3		-	Receivables from professional services
Trade payables and other	-	-	1,205	143	-	367	Payables for professional services and official rentals offices
Other payables and employee benefit	-	20,100	148	-	13,500	148	Payables for emoluments to Directors and Managers with strategic responsibilities and Board of Statutory Auditors
Economic transactions	**2024**			**2023**			**Nature of transaction**
	Parent companies	**Key Management with strategic responsibilities**	**Other**	**Parent companies**	**Key Management with strategic responsibilities**	**Other**	
Revenues from professional services	43	-	27	19	-	-	Receivables from professional services
Services from Parent company and related parties	979	-	1,763	848	-	639	Service contracts relating to office rental, and office administration
Personnel	-	17,703	-	-	18,178	-	Emoluments to Directors and Key Management with strategic responsibilities
Services and other costs	-	-	148	-	-	148	Emoluments to Statutory Auditors

With reference to the Cash flows statement, the above-mentioned transactions impact the change in working capital by 7,228 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 (please see the Annual Report on remuneration).

In accordance with Consob Resolution no. 15519 of 27 July 2006 and Consob communication no. DEM/6064293 of 28 July 2006 the financial statements 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 39 - Emoluments to directors, statutory auditors and key management

The fees of the Directors and statutory Auditors of Reply S.p.A. for carrying out their respective function, including those in other subsidiary companies, are as follows:

(THOUSAND EUROS)	2024	2023
Executive Directors	10,770	11,475
Statutory auditors	148	148
Total	**10,918**	**11,623**

Emoluments to Key management amounted to approximately 6,933 thousand Euros (6,753 thousand Euros at 31 December 2023).

Note 40 - 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 AG, 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 AG 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 87 thousand Euros at 31 December 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 recognises specific provision for this purpose.

Note 41 - Events subsequent to 31 December 2024

No significant events were reported after 31 December 2024.

Note 42 - Approval of the consolidated financial statements and authorization to publish

The Consolidated financial statements at 31 December 2024 were approved by the Board of Directors on March 13, 2025 which authorized the publication within the terms of law.

Note 43 – Climate change

Climate change represents a global challenge that also affects business activities, influencing employee well-being, the management of operational sites, and energy efficiency. Reply is aware of the importance of adopting measures to reduce its environmental footprint and ensure operational continuity in a context of increasing attention to sustainability. Throughout the year, the Group has implemented initiatives aimed at optimizing energy consumption at its locations, promoting the adoption of renewable energy sources and energy efficiency systems. Additionally, it has promoted sustainable mobility policies for employees, offering remote working options and encouraging the use of low environmental impact vehicles.

To date, the analysis conducted has not highlighted any significant impacts of climate change on the 2024 financial statements, either in terms of operating costs or revenues. In preparing the financial statements, the Group also assessed the potential effects of climate change on the main accounting estimates, in line with ESMA recommendations. Following this analysis, the Group has determined the following:

- Valuation of tangible assets: The Group does not hold assets that are subject to significant risks of obsolescence or impairment due to climate factors. Therefore, no significant impacts have been identified on the recoverable value of assets or on the determination of their useful life;
- Impairment losses (IAS 36): No impairment indicators related to climate factors have emerged that would require impairments on business assets. It is specified that, as previously described in note 18, any environmental impacts have been considered in the preparation of the budget;
- Provisions for risks and charges (IAS 37): No current obligations or potential liabilities have been identified arising from environmental regulations or other factors related to the ecological transition;

- Going concern assessment: The Group has considered climate risks in its going concern analysis and has not identified any factors that could impair its ability to operate in the foreseeable future.

Despite the absence of significant impacts on current accounting estimates, the Group will continue to monitor regulatory developments and market conditions to promptly adjust its assessments.

Annexed tables

Consolidated income statement prepared pursuant to Consob resolution no. 15519 of 27 july 2006

(THOUSAND EUROS)	2024	OF WHICH WITH RELATED PARTIES	%	2023	OF WHICH WITH RELATED PARTIES	%
Revenues	**2,295,938**	**70**	**0.0%**	**2,117,983**	**19**	**0.0%**
Other income	33,456	-	0.0%	23,947	-	0.0%
Purchases	(46,350)	-	0.0%	(29,364)	-	0.0%
Personnel	(1,237,370)	(17,703)	1.4%	(1,139,331)	(18,178)	2.1%
Services costs	(603,917)	(2,890)	0.5%	(619,657)	(1,636)	0.3%
Amortization, depreciation and write-downs	(84,933)	-	0.0%	(75,205)	-	0.0%
Other operating (cost)/income	(26,403)	-	0.0%	14,372	-	0.0%
Operating income	**330,421**			**292,745**		
(Loss)/gain on investments	(20,000)	-	0.0%	(13,877)	-	0.0%
Financial income/(expenses)	2,812	-	0.0%	(7,287)	-	0.0%
Income before taxes	**313,232**			**271,581**		
Income taxes	(99,464)	-	0.0%	(83,122)	-	0.0%
Net income	**213,768**			**188,459**		
Non-controlling interest	(2,630)	-	0.0%	(1,760)	-	0.0%
Net result of the Parent company	**211,139**			**186,699**		

Consolidated statement of financial position prepared pursuant to Consob resolution no. 15519 of 27 july 2006

(THOUSAND EUROS)	31/12/2024	OF WHICH WITH RELATED PARTIES	%	31/12/2023	OF WHICH WITH RELATED PARTIES	%
Tangible assets	132,343	-	0.0%	108,197	-	0.0%
Goodwill	693,210	-	0.0%	626,481	-	0.0%
Intangible assets	95,802	-	0.0%	81,509	-	0.0%
RoU Assets	107,055		0.0%	114,758		0.0%
Equity investments	19,809	-	0.0%	41,373	-	0.0%
Other financial assets	9,055	-	0.0%	7,448	-	0.0%
Deferred tax assets	66,557	-	0.0%	66,693	-	0.0%
Non-current assets	**1,123,832**			**1,046,457**		
Work in progress	68,369	-	0.0%	47,061	-	0.0%
Trade receivables	757,558	70	0.0%	739,474	3	0.0%
Other receivables and current assets	115,901	-	0.0%	101,832	-	0.0%
Current income tax receivables	27,675			22,541		
Financial assets	45,767	-	0.0%	32,872	-	0.0%
Cash and cash equivalents	491,834	-	0.0%	383,742	-	0.0%
Current assets	**1,507,103**			**1,327,523**		
TOTAL ASSETS	**2,630,935**			**2,373,980**		
Share Capital	4,863	-	0.0%	4,863	-	0.0%
Other reserves	1,084,186	-	0.0%	923,277	-	0.0%
Net result of the period	211,139	-	0.0%	186,699	-	0.0%
Equity of the Parent company	**1,300,188**			**1,114,840**		
Non-controlling interest	2,773	-	0.0%	1,883	-	0.0%
NET EQUITY	**1,302,960**			**1,116,723**		
Due to minority shareholders and Earn-out	57,478	-	0.0%	86,523	-	0.0%
Financial liabilities	48,910	-	0.0%	52,291	-	0.0%
Financial liabilities from RoU	84,695		0.0%	95,101		0.0%
Employee benefits	84,248	-	0.0%	69,677	-	0.0%
Deferred tax liabilities	33,443	-	0.0%	41,605	-	0.0%
Provisions	47,497	-	0.0%	20,644	-	0.0%
Non-current liabilities	**356,271**			**365,841**		
Due to minority shareholders and Earn-out	52,121	-	0.0%	27,845	-	0.0%
Financial liabilities	19,748		0.0%	32,655		0.0%
Financial liabilities from RoU	35,163		0.0%	31,670		0.0%
Trade payables	183,233	2,554	1.4%	191,001	510	0.3%
Other current liabilities	640,928	20,248	3.2%	574,723	13,648	2.4%
Income tax payables	39,155			32,982		
Provisions	1,355	-	0.0%	539	-	0.0%
Current liabilities	**971,703**			**891,415**		
TOTAL LIABILITIES	**1,327,974**			**1,257,256**		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,630,935**			**2,373,980**		

List of companies at 31 December 2024

COMPANY NAME	HEADQUARTERS	GROUP INTEREST
Parent company		
Reply S.p.A.	Turin – Corso Francia, 110 - Italy	
COMPANIES CONSOLIDATED ON 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	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	Munich, Germany	100.00%
Cortex (formerly 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%
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 Sa	Luxembourg	100.00%
Business Elements Reply Sa	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	Hamburg, Germany	100.00%
Cluster Reply S.r.l.	Turin, Italy	100.00%
Cluster Reply GmbH	Munich, Germany	100.00%
Cluster Reply Dynamics GmbH	Guetersloh, Germany	100.00%
Cluster Reply Informatica LTDA.	San Paolo, Brasil	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	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%
Leadvise 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 Reply Ltd	London, United Kingdom	100.00%
MHC Holding Us Ltd	London, United Kingdom	100.00%
Mansion House Consulting Inc.	Wilmington, USA	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 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	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, Swiss	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, Belgium	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.	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 Reply LLC	Atlanta, USA	100.00%
Santer Reply S.p.A.	Milan, Italy	100.00%
Security Reply S.r.l.	Turin, Italy	100.00%
Sense Reply S.r.l.	Turin, Italy	100.00%
Sensor Reply S.r.l.	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%
Solirius Ltd	London, United Kingdom	100.00%
Spark Reply S.r.l.	Turin, Italy	100.00%
Spark Reply GmbH	Germany	100.00%
Spike Reply Ltd	London, United Kingdom	100.00%
Spike Reply Gmbh (formerly Modcomp GmbH)	Cologne, Germany	100.00%
Spike Digital Reply GmbH	Guetersloh, Germany	100.00%
Sprint Reply 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(*)	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	Turin, Italy	100.00%

Syskoplan Reply 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	Munich, Germany	100.00%
Valorem LLC	Kansas City, USA	100.00%
Valorem Private Ltd	India	99.99%
Valorem GmbH	Zurich, Swiss	100.00%
Vanilla 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%
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%

(*) For these companies an option exists for the acquisition of their minority shares; the exercise of such option in future reporting periods is subject to the achievement of profitability parameters. The accounting reflects Management's best estimate as at the closing date of the 2024 Annual Financial Report.

(**) These companies are exempt from filing statutory financial statements in Germany under the German law § 264b HGB.

COMPANIES CARRIED AT COST		
Avantage 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%
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.	United States	25.97%
TAG Sensors AS	Norway	27.40%
Ubirch GmbH	Germany	18.50%
Zeetta Networks Ltd	United Kingdom	24.00%
Yellow Line Parking Ltd	United Kingdom	9.77%

Information in accordance with article 149-Duodecies issued by Consob

The following table, prepared in accordance with Art. 149-duodeciesof Consob's Regulations for Issuers reports the amount of fees charged in 2024 for the audit and audit related services provided by the Independent Auditors and by entities that are part of the Independent Auditors' network.

(THOUSAND EUROS)	SERVICE PROVIDER	GROUP ENTITY	FEE 2024
Audit	PwC S.p.A.	Parent company - Reply S.p.A.	104
	PwC S.p.A.	Subsidiaries	611
	PwC GmbH	Subsidiaries	437
	Total		**1,152**
Audit related services	PwC S.p.A.	Parent company - Reply S.p.A. (1)	21
	PwC S.p.A.	Parent company - Reply S.p.A. (2)	120
	PwC S.p.A.	Subsidiaries (1)	167
	Total		**308**
Total			**1,459**

(1) Signed tax forms (Modello Unico, IRAP and Form 770)
(2) Sustainability Report Attestation

Attestation of the consolidated financial statements in accordance with article 81-ter of Consob regulation no. 11971 of 14 may 1999 and subsequent amendments and additions

The undersigned, Mario Rizzante, in his capacity as Chairman and Chief Executive Officer, and Giuseppe Veneziano, Director responsible for drawing up Reply S.p.A.'s financial statements, hereby attest, pursuant to the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- suitability with respect to the Company's structure and
- the effective application of the administration and accounting procedures applied in the preparation of the Consolidated financial statements for the year ended 2024.

The assessment of the adequacy of administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2024 was carried out on the basis of regulations and methodologies defined by Reply prevalently coherent with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, an internationally-accepted reference framework.
The undersigned also certify that:

1. the Consolidated Financial Statement

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council, dated 19 July 2002;
- correspond to the amounts shown in the Company's accounts, books and records;
- 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 Report on Operations includes a reliable analysis of the performance and results of the management, as well as the situation of the issuer and the group of companies included in the consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Turin, 13 March 2025

/s/ Mario Rizzante
Chairman and Chief Executive Officer
Mario Rizzante

/s/ Giuseppe Veneziano
Director responsible of drawing up the accounting documents
Giuseppe Veneziano

Attestation of the consolidated Sustainability Report in accordance with article 81-ter, paragraph 1, of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned, Mario Rizzante, in his capacity as Chairman and Chief Executive Officer, and Giuseppe Veneziano, Director responsible for drawing up Reply S.p.A.'s financial statements, hereby attest, pursuant to the provisions of Article 154-bis, paragraph 5-ter, of Legislative Decree no. 58 of 24 February 1998, that the Sustainability Report included in the Report on operations was prepared:
a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024;
b) with the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Turin, 13 March 2025

/s/ Mario Rizzante
Chairman and Chief Executive Officer
Mario Rizzante

/s/ Giuseppe Veneziano
Director responsible of drawing up the accounting documents
Giuseppe Veneziano

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Reply SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Reply Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2024, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Reply SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Evaluation of the recoverability of goodwill *Note 2 "Accounting principles and basis of consolidation" paragraph "Impairment" and Note 18 "Goodwill" to the consolidated financial statements* The goodwill recorded in the consolidated statement of financial position as of 31 December 2024 amounts to Euro 693 million, equal to approximately 26 percent of total assets. Group's management carries out test of recoverability of goodwill allocated to cash generating units/groups of cash generating units ("Cash Generating Unit" o "CGU") identified, by comparing the carrying amount with the recoverable amount in accordance with IAS 36 (impairment test). The recoverable amount of an asset is the higher of its fair value, less costs of disposal, and its value in use, determined by discounting the estimated future cash flows for that asset. When determining the value in use, the expected future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money, related to the investment period and the specific risks of the asset. Group management, with the support of external experts, performed the annual impairment test as at 31 December 2024 for all the CGU identified. Based on the impairment test performed as at 31 December 2024, the recoverable amount of the Goodwill, determined according to the configuration of the value in use, resulted higher than the carrying amounts for all the CGU identified.	The audit procedures performed included the analysis of the consistency between the impairment test procedures approved by the Board of Directors, the requirements of the International Accounting Standard 36 and the impairment test procedure effectively in place. We analysed the key assumptions utilized to determine the net present value of the prospective cash flows. These activities have been performed through discussion held with Group's management, comparing discount rates and growth rates with market benchmark, with indications provided by management's external experts and with corresponding assumptions and parameters used in the context of impairment test performed for the previous annual financial report. Additionally, with the support of PwC experts, we evaluated i) the consistency between the expected cash flows used for the impairment test and the economic and financial projections approved by the Board of Directors on 25 February 2025, ii) the mathematical accuracy of underlying calculations, and iii) Group's management sensitivity analyses on the relevant assumptions, with particular reference to future cash flows and their discount rates. Lastly, we verified the adequacy of the financial disclosure based on international financial reporting standards requirements, also considering information and data obtained during our audit, with a particular focus on the description of the impairment

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
The impairment test involved the usage of complex estimates, for instance, those related to future cash flows and related normalization, discount rates and growth rates used to estimate the terminal value beyond the projections of the explicit cash flows. We considered the assessment of the recoverability of the carrying amount of goodwill a key audit matter, considering the significance of this item, as well as the methods of determining the value in use based on complex assumptions which required us to pay particular attention to the impairment test performed by the Company.	test process, disclosure of main assumptions, quantitative results of the impairment test and sensitivity analysis.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Reply SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 19 April 2019, the shareholders of Reply SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Reply SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2024 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Reply SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Reply group as of 31 December 2024, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section on the consolidated sustainability reporting, and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are consistent with the consolidated financial statements of Reply group as of 31 December 2024.

Moreover, in our opinion, the report on operations, excluding the section on the consolidated sustainability reporting, and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Our opinion on compliance with the law does not extend to the section of the report on operations relating to the consolidated sustainability reporting. The conclusions on the compliance of that section with the rules governing its preparation and on compliance with the disclosure requirements established by article 8 of Regulation (EU) 2020/852 are expressed by ourselves in the report prepared in accordance with article 14-bis of Legislative Decree No. 39/10.

Turin, 31 March 2025

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

pwc

Independent auditor's limited assurance report on the consolidated sustainability statement

in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Reply SpA

Conclusion

In accordance with articles 8 and 18, paragraph 1, of Legislative Decree No. 125 of 6 September 2024 (hereinafter also the "Decree"), we have undertaken a limited assurance engagement on the consolidated sustainability statement of the Reply Group (hereinafter also the "Group") for the year ended 31 December 2024 prepared in accordance with article 4 of the Decree, presented in the specific section of the consolidated statement on operations.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the Reply Group for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the reporting criteria adopted by the European Commission pursuant to Directive (EU) 2013/34/UE (*European Sustainability Reporting Standards*, hereinafter also the "ESRS");
- the information set out in paragraph "*Disclosures pursuant to article 8 of regulation (EU) 2020/852 (taxonomy regulation)*" of the consolidated sustainability statement is not prepared, in all material respects, in accordance with article 8 of Regulation (UE) No. 852 of 18 June 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under this Standard are further described in the "*Auditor's Responsibilities for the Limited Assurance Conclusion on the Consolidated Sustainability Statement*" section of this report.

PricewaterhouseCoopers SpA

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We are independent in accordance with the principles of ethics and independence applicable to assurance engagements on consolidated sustainability reporting under Italian law.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters - Comparative information

The consolidated sustainability statement for the year ended 31 December 2024 contains, in the specific section "*Disclosures pursuant to article 8 of regulation (EU) 2020/852 (taxonomy regulation)*", the comparative information referred to in article 8 of the Taxonomy Regulation in relation to the year ended 31 December 2023, which was not subjected to any assurance procedures

Responsibilities of the directors and the board of statutory auditors of Reply SpA for the consolidated sustainability statement

The directors Reply SpA are responsible for developing and implementing the procedures adopted to identify the information included in the consolidated sustainability statement in accordance with the provisions of the ESRS (hereinafter the "materiality assessment process") and for describing those procedures in the *"[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities"* of the consolidated sustainability statement.

The directors are also responsible for preparing the consolidated sustainability statement, which contains the information identified through the materiality assessment process, in accordance with the provisions of article 4 of the Decree, including:

- its compliance with the ESRS;
- its compliance with article 8 of the Taxonomy Regulation of the information set out in paragraph "*Disclosures pursuant to article 8 of regulation (EU) 2020/852 (taxonomy regulation)*".

That responsibility involves designing, implementing and maintaining, in the terms prescribed by law, such internal control as they determine is necessary to enable the preparation of a consolidated sustainability statement in accordance with article 4 of the Decree that is free from material misstatement, whether due to fraud or error. That responsibility also involves selecting and applying appropriate methods for processing the information, as well as developing hypotheses and estimates about specific items of sustainability information that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Inherent limitations in the preparation of the consolidated sustainability statement

As reported in section *"ESRS 2 General disclosures",* for the purpose of reporting forward-looking information in accordance with ESRS, the directors are required to prepare such information on the basis of assumptions, described in the consolidated sustainability statement, about future events and possible future actions by the Group. Because of the uncertainty connected with any future event, in terms both of occurrence and of the extent and timing of occurrence, variances between actual results and forward-looking information may be significant.

As reported in section *"ESRS E1 Climate change",* the disclosure about Scope 3 emissions is subject to greater inherent limitations compared with Scope 1 and 2 emissions, because of the poor availability and relative accuracy of the information used to define both qualitative and quantitative information on Scope 3 emissions related to the value chain.

Auditor's responsibilities for the limited assurance conclusion on the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that contains our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated sustainability statement.

As part of our engagement designed to achieve limited assurance in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- Performing risk assessment procedures to identify the disclosures where a material misstatement, whether due to fraud or error, is likely to arise;
- Designing and performing procedures to verify the disclosures where a material misstatement is likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Directing, supervising and performing a limited assurance engagement on the consolidated sustainability statement and assuming full responsibility for the conclusion on the consolidated sustainability statement.

Summary of the work performed

An engagement designed to obtain limited assurance involves performing procedures to obtain evidence as a basis for our conclusion.
The procedures performed were based on our professional judgement and included inquiries, primarily of personnel of Reply SpA responsible for the preparation of the information presented in the consolidated sustainability statement, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

We performed the following main procedures:

- We understood the Group's business model and strategies, and the environment in which it operates with reference to sustainability issues;
- We understood the processes underlying the generation, collection and management of the qualitative and quantitative information included in the consolidated sustainability statement;
- We understood the process implemented by the Group to identify and assess the material impacts, risks and opportunities, in accordance with the double materiality principle, related to sustainability issues and, based on the information thus obtained, we considered whether any contradictory items emerged that could point to the existence of sustainability issues not considered by the Company in the materiality assessment process;
- We identified the disclosures where a material misstatement is likely to arise;
- We defined and performed procedures, based on our professional judgement, to address the risks of material misstatement identified;
- We understood the process implemented by the Group to identify the eligible economic activities and to determine whether they are aligned in accordance with the provisions of the Taxonomy Regulation, and we verified the related disclosures in the consolidated sustainability statement;
- We reconciled the information reported in the consolidated sustainability statement with the information reported in the consolidated financial statements in accordance with the applicable financial reporting framework, or with the accounting information used for the preparation of the consolidated financial statements, or with management accounting information;
- We verified the structure and presentation of disclosures included in the consolidated sustainability statement in accordance with the ESRS;

- We obtained management's representation letter.

Turin, 31 March 2025

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

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

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

Income statement (*) (**)

(EUROS)	NOTE	2024	2023
Revenue	5	869,223,983	792,261,247
Other income	6	25,100,326	22,794,238
Purchases	7	(33,231,687)	(29,671,176)
Personnel	8	(48,423,316)	(33,309,178)
Services and other costs	9	(786,432,221)	(732,056,100)
Amortization, depreciation and write-downs	10	(4,187,755)	(4,445,008)
Other operating (cost)/income	11	(28,872,484)	(6,482,920)
Operating income		**(6,823,153)**	**9,091,102**
Gain/(loss) on equity investments	12	25,758,250	140,546,955
Financial income/(expenses)	13	41,924,781	20,834,566
Income before taxes		**60,859,877**	**170,472,623**
Income taxes	14	(10,215,550)	(9,342,926)
Net income		**50,644,327**	**161,129,698**
Net and diluted income per share	*15*	*1.35*	*4.32*

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Income Statement are reported in the annexed Tables and further described in Note 35.
(**) During the year, the financial statements were subject to a review compared to previous publications, with the aim of ensuring a better representation of the Company's financial and economic situation. The reasons for these revisions have been indicated in the respective notes.

Statement of comprehensive income

(EUROS)	NOTE	2024	2023
Profit of the period (A)		**50,644,327**	**161,129,698**
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) from employee benefit plans	28	240,699	(11,060)
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):		**240,699**	**(11,060)**
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedges	28	(1,301,055)	(848,990)
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):		**(1,301,055)**	**(848,990)**
Total other comprehensive income, net of tax (B) = (B1) + (B2):		**(1.060.356)**	**(860.050)**
Total comprehensive income (A)+(B)		**48,583,971**	**160,269,648**

Statement of financial position (*)(**)

(EUROS)	NOTE	31/12/2024	31/12/2023
Tangible assets	17	587,761	546,470
Goodwill	18	86,765	86,765
Intangible assets	19	5,102,557	5,565,338
RoU Assets	20	4,513,552	1,262,979
Equity investments	21	239,166,849	208,916,189
Other financial assets	22	514,537,724	464,115,480
Deferred tax assets	23	13,021,559	9,384,763
Non-current assets		**777,016,767**	**689,877,984**
Trade receivables	24	599,647,726	569,853,187
Other receivables and current assets	25	94,883,374	75,284,139
Income tax receivables	25	2,143	848,396
Financial assets	26	93,682,271	86,097,755
Cash and cash equivalents	27	328,234,302	233,202,949
Current assets		**1,116,449,816**	**965,286,426**
TOTAL ASSETS		**1,893,466,584**	**1,655,164,409**
Share Capital		4,863,486	4,863,486
Other reserves		688,087,811	565,296,705
Net income		50,644,327	161,129,698
NET EQUITY	**28**	**743,595,624**	**731,289,889**
Financial liabilities	29	47,217,651	48,174,351
IFRS 16 Financial liabilities	29	2,773,828	740,965
Employee benefits	30	11,741,984	771,789
Deferred tax liabilities	31	173,769	5,934,786
Provisions	34	36,188,584	7,316,101
Non-current liabilities		**98,095,816**	**62,937,992**
Financial liabilities	29	410,099,808	278,585,391
IFRS 16 Financial liabilities	29	1,777,002	523,515
Trade payables	32	496,563,931	476,954,890
Other current liabilities	33	65,394,717	57,830,728
Income tax payables	33	26,439,686	17,042,005
Provisions	34	51,500,000	30,000,000
Current liabilities		**1,051,775,144**	**860,936,529**
TOTAL LIABILITIES		**1,149,870,960**	**923,874,521**
TOTALE PASSIVITÀ E PATRIMONIO NETTO		**1.893.466.584**	**1.655.164.409**

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Statement of Financial Position are reported in the annexed Tables and further described in Note 35.

(**) During the year, the financial statements were subject to a review compared to previous publications, with the aim of ensuring a better representation of the Company's financial and economic situation. The reasons for these revisions have been indicated in the respective notes.

Statement of changes in equity (*)

(EUROS)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	EARNING RESERVES	CASH FLOW HEDGE RESERVE	RESERVE FOR ACTUARIAL GAINS/(LOSSES)	TOTAL
Balance at 1 January 2023	**4,863,486**	**(17,122,489)**	**305,880,909**	**312,074,355**	**2,598,903**	**3,313**	**608,298,476**
Dividends distributed	-	-	-	(37,278,236)	-	-	(37,278,236)
Change in own shares	-	-	-	-	-	-	-
Total income	-	-	-	161,129,698	(848,990)	(11,060)	160,269,648
Other changes	-	-	-	-	-	-	-
Balance at	-	-	-	161.129.698	(848.990)	(11.060)	160.269.648
31 December 2023	**4,863,486**	**(17,122,489)**	**305,880,909**	**435,925,816**	**1,749,913**	**(7,747)**	**731,289,888**

(EUROS)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	EARNING RESERVES	CASH FLOW HEDGE RESERVE	RESERVE FOR ACTUARIAL GAINS/(LOSSES)	TOTAL
Balance at 1 January 2024	**4,863,486**	**(17,122,489)**	**305,880,909**	**435,925,816**	**1,749,913**	**(7,747)**	**731,289,888**
Dividends distributed	-	-	-	(37,278,236)	-	-	(37,278,236)
Change in own shares	-	-	150,000,000	(150,000,000)	-	-	-
Increase for acquisition of treasury shares	-	-	-	-	-	-	-
Total income	-	-	-	50,644,327	(1,301,055)	240,699	49,583,971
Balance at	-	-	-	50.644.327	(1.301.055)	240.699	49.583.971
31 December 2024	**4,863,486**	**(17,122,489)**	**455,880,909**	**299,291,908**	**448,858**	**232,952**	**743,595,623**

(*) Refer to note 28 for more information.

Statement of cash flows

EUROS	2024	2023
Result	50,644,327	161,129,698
Income taxes	19,613,363	12,077,006
Amortization and depreciation	4,187,755	4,445,008
Other non-monetary expenses/(income)	38,346,862	30,756,311
Change in trade receivables	(27,341,377)	(36,475,183)
Change in trade payables	(115,665,521)	33,141,560
Change in other assets and liabilities	131,333,228	(17,226,761)
Income tax paid	(12,077,006)	(5,699,194)
Interest paid	3,559,538	3,966,587
Interest cashed	(10,994,008)	(4,237,225)
Net cash flows from operating activities (A)	**81,607,162**	**181,877,805**
Payments for tangible and intangible assets	(5,022,595)	(1,836,226)
Payments for financial assets	(108,035,824)	(43,407,661)
Cash flows from financial assets	27,266,931	52,860,439
Payments for the acquisition of subsidiaries net of cash acquired	(20,000)	(726,090)
Net cash flows from investment activities (B)	**(89,432,489)**	**6,890,462**
Dividends paid	(37,278,236)	(37,278,236)
Financing granted	13,100,000	6,500,000
Payments of financial liabilities	(25,738,096)	(20,952,381)
Change in financial liabilities from ROU IFRS 16	1,148,438	(681,757)
Net cash flows financing activities (C)	**(48,767,894)**	**(52,412,374)**
Net cash flows (D) = (A)+(B)+(C)	**(52,972,221)**	**136,355,894**
Cash and cash equivalents at the beginning of the period	38,377,880	(97,978,014)
Cash and cash equivalents at period end	(14,594,342)	38,377,880
Total change in cash and cash equivalents (D)	**(52,972,221)**	**136,355,894**

DETAIL OF CASH AND CASH EQUIVALENTS

(EUROS)		
Cash and cash equivalents at the beginning of the period:	**38,377,880**	**(97,978,014)**
Cash and cash equivalents	233,202,949	82,017,473
Transaction accounts - surplus	55,113,331	66,596,349
Transaction accounts - overdraft	(249,938,400)	(226,237,713)
Bank overdrafts	-	(20,354,123)
Cash and cash equivalents at period end:	**(14,594,342)**	**38,377,880**
Cash and cash equivalents	328,234,302	233,202,949
Transaction accounts - surplus	50,014,938	55,113,331
Transaction accounts - overdraft	(392,843,582)	(249,938,400)

Notes to the financial statements

Note 1 – General information

Reply is specialized in the implementation of solutions based on new communication and digital media. Reply, consisting of a network of specialized companies, assists important European industries belonging to Telco & Media, Manufacturing & Retail, Bank & Insurances and Public Administration sectors, in defining and developing new business models utilizing Big Data, Cloud Computing, CRM, Mobile, Social Media and Internet of Things paradigms. Reply's services include: consulting, system integration, application management and Business Process Outsourcing.

The company mainly carries out the operational coordination and technical management of the group and also the administration, financial assistance and some purchase and marketing activities.
Reply also manages business relations for some of its main clients.

Note 2 - Accounting principles

Compliance with international accounting principles
The 2024 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and with the provisions implementing Article 9 of Legislative Decree No. 38/2005.
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").

In compliance with European Regulation No. 1606 of 19 July 2002, beginning in 2005, the Reply Group adopted the International Financial Reporting Standards ("IFRS") for the preparation of its Consolidated Financial Statements. On the basis of national legislation implementing the aforementioned Regulation, those accounting standards were also used to prepare the separate Financial Statements of the Parent Company, Reply S.p.A., for the first time from 1st January 2006.
It is hereby specified that the accounting standards applied conform to those adopted for the preparation of the initial Statement of Assets and Liabilities as at 1 January 2005 according to the IFRS, as well as for the 2005 Income Statement and the Statement of Assets and Liabilities as at 31 December 2005, as re-presented according to the IFRS and published in the special section of these Financial Statements.

General principles

The Financial Statements were prepared under the historical cost convention, modified as required for the measurement of certain financial instruments. The criterion of fair value was adopted as defined by IFRS 9.

The Financial Statements have been prepared on the going concern assumption. In this respect, despite operating in a difficult economic and financial environment, the Company's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist relative to its ability to continue as a going concern.
These Financial Statements are expressed in Euros and are compared to the Financial Statements of the previous year prepared in accordance with the same principles.

These Financial Statements have been drawn up under the general principles of continuity, accrual-based accounting, coherent presentation, relevancy and aggregation, prohibition of compensation and comparability of information.
The fiscal year consists of a twelve (12) month period and closes on the 31 December each year.

Financial Statements

The Financial Statements include 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 company classifies costs according to their nature, which is deemed to properly represent the company'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 is further noted that, to comply with the indications provided by Consob Resolution No. 15519 of 27 July 2006 "Provisions as to the format of Financial Statements", in addition to mandatory tables, specific supplementary Income Statement and Balance Sheet formats have been added that report significant amounts of positions or transactions with related parties indicated separately from their respective items of reference.
It is also reported that in accordance with CONSOB communication no. 0031948, if there are non-recurring items in the statements, such components will be explicitly indicated under the relevant item. Operations or events that are not frequent in the normal course of business and have an impact on the financial and asset position, the economic result, and the financial flows of the entity may be presented as 'non-recurring'.

Tangible assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses.
Goods made up of components, of significant value, that have different useful lives are considered separately when determining depreciation.
In compliance with IAS 36 – Impairment of assets, the carrying value is immediately remeasured to the recoverable value, if lower.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Equipment	30%
Plant and machinery	20%
Hardware	40%
Furniture and fittings	12%

Ordinary maintenance costs are fully expensed as incurred. Incremental maintenance costs are allocated to the asset to which they refer and depreciated over their residual useful lives.
Improvement expenditures on rented property are allocated to the related assets and depreciated over the shorter between the duration of the rent contract or the residual useful lives of the relevant assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Goodwill

Goodwill is an intangible asset with an indefinite life, deriving from business combinations recognized using the purchase method, and is recorded to reflect the positive difference between purchase cost and the Company’s interest at the time of acquisition of the fair value of the assets, liabilities and identifiable contingent liabilities attributable to the subsidiary.
Goodwill is not amortized, but is tested for impairment annually or more frequently if specific events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.
Impairment losses are recognized immediately as expenses that cannot be recovered in the future.
Goodwill deriving from acquisitions made prior to the transition date to IFRS are maintained at amounts recognized under Italian GAAP at the time of application of such standards and are subject to impairment tests at such date.

Other intangible assets

Intangible fixed assets are those lacking an identifiable physical aspect, are controlled by the company and are capable of generating future economic benefits.

Other purchased and internally-generated intangible assets are recognized as assets in accordance with IAS 38 – Intangible Assets, where it is probable that the use of the asset will generate future economic benefits and where the costs of the asset can be determined reliably.

Such assets are measured at purchase or manufacturing cost and amortized on a straight-line basis over their estimated useful lives, if these assets have finite useful lives.

Other intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill if their fair value can be measured reliably.

In case of intangible fixed assets purchased for which availability for use and relevant payments are deferred beyond normal terms, the purchase value and the relevant liabilities are discounted by recording the implicit financial charges in their original price.

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Development costs can be capitalized on condition that they can be measured reliably and that evidence is provided that the asset will generate future economic benefits.

An internally-generated intangible asset arising from the company's e-business development (such as informatics solutions) is recognized only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes);
- It is probable that the asset created will generate future economic benefits;
- The development cost of the asset can be measured reliably.

These assets are amortized when launched or when available for use. Until then, and on condition that the above terms are respected, such assets are recognized as construction in progress. Amortization is determined on a straight-line basis over the relevant useful lives, on the following basis:

Development costs	20%
Software	33%

When an internally-generated intangible asset cannot be recorded at balance sheet, development costs are recognized to the statement of income in the period in which they are incurred.

Right of use assets

According to IFRS 16, the accounting representation of leases (which do not establish the provision of services) takes place through the inclusion in the financial position of a financial liability, represented by the present value of future rents, against the inclusion in the assets of the 'right of use of the leased asset'.
Leases that were previously accounted for under IAS 17 as financial leases, have not changed compared to the current accounting representation, in full continuity with the past.

Contracts that are within the scope of IFRS 16 relate mainly to long term car-rental.

With reference to the options and exemptions provided by IFRS 16, the Company has made the following choices:

- IFRS 16 is not generally applied to intangible assets, short-term contracts (i.e. less than 12 months) and low unit value;
- rights of use and financial liabilities relating to leasing contracts are classified under specific items in the financial position;
- any component relating to the services included in the leasing fees is generally excluded from IFRS 16.

Intangible assets with indefinite useful life

Intangible assets with indefinite useful lives consist principally of acquired trademarks which have no legal, contractual, competitive, economic, or other factors that limit their useful lives. Intangible assets with indefinite useful lives are not amortized, as provided by IAS 36, but are tested for impairment annually or more frequently whenever there is an indication that the asset may be impaired. Any impairment losses are not subject to subsequent reversals.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually or more frequently, whenever there is an indication that the asset may be impaired.
The recoverable amount of an asset is the higher of fair value less disposal costs and its value in use. In assessing its value in use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Its value in use

is determined net of tax in that this method produces values largely equivalent to those obtained by discounting cash flows net of tax at a pre-tax discount rate derived, through an iteration, from the result of the post-tax assessment. The assessment is carried out for the individual asset or for the smallest identifiable group of cash generating assets deriving from ongoing use, (the so-called Cash generating unit). With reference to goodwill, Management assesses return on investment with reference to the smallest cash generating unit including goodwill.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. When the recognition value of the Cash generating unit, inclusive of goodwill, is higher than the recoverable value, the difference is subject to impairment and attributable firstly to goodwill; any exceeding difference is attributed on a pro-quota basis to the assets of the Cash generating unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset, (or cash-generating unit), with the exception of goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount that would have been determined had no impairment loss been recognized for the asset. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Equity investments
Investments in subsidiaries and associated companies are valued using the cost method. As implementation of such method, they are subject to an impairment test if there is any objective evidence that these investments have been impaired, due to one or more events that occurred after the initial measurement if such events have had an impact on future cash flows, thus inhibiting the distribution of dividends. Such evidence exists when the subsidiary's and associate's operating margins are repetitively and significantly negative. If such is the case, impairment is recognized as the difference between the carrying value and the recoverable value, normally determined on the basis of fair value less disposal costs, normally determined through the application of the market multiples to prospective EBIT or to the value in use.
At each reporting period, the Company assesses whether there is objective evidence that a write-down due to impairment of an equity investment recognized in previous periods may be reduced or derecognized. Such evidence exists when the subsidiary's and associate's operating margins are repetitively and significantly positive. In this case, the recoverable value is re-measured and eventually the investment is restated at initial cost.
Equity investments in other companies, comprising non-current financial assets not held for trading, are measured at fair value, if it can be determined. Any subsequent gains and losses resulting from changes

in fair value are recognized directly in Shareholders' equity until the investment is sold or impaired; the total recognized in equity up to that date are recognized in the Income Statement for the period.

Minor investments in other companies for which fair value is not available are measured at cost, and adjusted for any impairment losses.

Dividends are recognized as financial income from investments when the right to collect them is established, which generally coincides with the shareholders' resolution. If such dividends arise from the distribution of reserves prior to the acquisition, these dividends reduce the initial acquisition cost.

Current and non-current financial assets
Financial assets are classified, on the basis of both contractual cash flow characteristics and the entity's business model for managing them, in the following categories:
(i) financial assets measured at amortized cost;
(ii) financial assets measured at fair value through other comprehensive income (hereinafter also OCI);
(iii) financial assets measured at fair value through profit or loss.

At initial recognition, a financial asset is measured at its fair value; at initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price. After initial recognition, financial assets whose contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the so-called hold to collect business model). For financial assets measured at amortized cost, interest income determined using the effective interest rate, foreign exchange differences and any impairment losses (see the accounting policy for "Impairment of financial assets") are recognized in the profit and loss account.
Conversely, financial assets that are debt instruments are measured at fair value through OCI (hereinafter also FVTOCI) if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the so-called hold to collect and sell business model).
In these cases:
i. interest income determined using the effective interest rate, foreign exchange differences and any impairment losses (see the accounting policy for "Impairment of financial assets") are recognized in the profit and loss account;
ii. changes in fair value of the instruments are recognized in equity, within other comprehensive income. The accumulated changes in fair value, recognized in the equity reserve related to other comprehensive income, is reclassified to the profit and loss account when the financial

asset is derecognized. A financial asset represented by a debt instrument that is neither measured at amortized cost nor at FVTOCI, is measured at fair value through profit or loss (hereinafter FVTPL); financial assets held for trading fall into this category.

Interest income on assets held for trading contributes to the fair value measurement of the instrument and is recognized in "Finance income (expense)", within "Net finance income (expense) from financial assets held for trading".

When the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, the transaction is accounted for on the settlement date.

Transfer of financial assets

The Company derecognizes financial assets from its Financial Statements when, and only when, the contractual rights to the cash flows deriving from the assets expire or the Company transfers the financial asset. In the case of transfer of the financial asset:

- If the entity substantially transfers all of the risks and benefits of ownership associated with the financial asset, the Company derecognizes the financial asset from the Financial Statements and recognizes separately as assets or liabilities any rights or obligations originated or maintained through the transfer;
- If the Company maintains substantially all of the risks and benefits of ownership associated with the financial assets, it continues to recognize it;
- If the Company does not transfer or maintain substantially all of the risks and benefits of ownership associated with the financial asset, it determines whether or not it has maintained control of the financial asset. In this case:
    - If the Company has not maintained control, it derecognizes the financial asset from its Financial Statements and recognizes separately as assets or liabilities any rights or obligations originated or maintained through the transfer;
    - If the Company has maintained control, it continues to recognize the financial asset to the extent of its residual involvement with such financial asset.

At the time of removal of financial assets from the balance sheet, the difference between the carrying value of assets and the fees received or receivable for the transfer of the asset is recognized in the income statement.

Trade payables and receivables and other current assets and liabilities

Trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. At initial recognition they are measured at fair value adjusted for transaction costs and subsequently measured at amortized cost determined using the effective interest rate, to account for foreign exchange differences and any impairment losses.

At each reporting date, all financial assets, with the exception of those measured at fair value through profit and loss, are analysed for any impairment indicators. Under IFRS 9,

an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The expected credit losses model requires the immediate recognition of expected losses over the life of the credit itself, as the occurrence of a trigger event is not necessary for the recognition of losses. For trade receivables accounted for at amortised cost, when an impairment loss has been identified, its value is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate. This value is recognised in the income statement.
For short-term liabilities, such as trade payables, the amortised cost is in fact the same as the nominal value.
Receivables and payables denominated in non-EMU currencies are stated at the exchange rate at period end provided by the European Central Bank.

Cash and cash equivalents
The item cash and cash equivalents includes cash, banks and reimbursable deposits on demand and other short-term financial investments readily convertible in cash and are not subject to significant risks in terms of change in value.

Treasury shares
Treasury shares are presented as a deduction from equity. All gains and losses from the sale of treasury shares are recorded in a special Shareholders' equity reserve.

Financial liabilities and equity investments
Financial liabilities and equity instruments issued by the Company are presented according to their substance arising from their contractual obligations and in accordance with the definitions of financial liabilities and equity instruments. The latter are defined as those contractual obligations that give the right to benefit in the residual interests of the Company's assets after having deducted its liabilities.

The accounting standards adopted for specific financial liabilities or equity instruments are outlined below:

- Bank borrowings
  Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs and subsequently stated at its amortized cost, using the prevailing market interest rate method.
- Equity instruments
  Equity instruments issued by the Company are stated at the proceeds received, net of direct issuance costs.
- Non-current financial liabilities
  Liabilities are stated according to the amortization cost.

Derivative financial instruments and other hedging transactions
The Company's activities are primarily subject to financial risks associated with fluctuations in interest rates. Such interest rate risks arise from bank borrowings; In order to hedge such risks, the Company's policy consists of converting fluctuating rate liabilities in constant rate liabilities and treating them as cash flow hedges. The use of such instruments is disciplined by written procedures in line with the Company risk strategies that do not contemplate derivative financial instruments for trading purposes.

In accordance with IFRS 9, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and sufficient documentation that the hedge is highly effective and that its effectiveness can be reliably measured. The hedge must be highly effective throughout the different financial reporting periods for which it was designated.

All derivative financial instruments are measured in accordance with IFRS 9 at fair value. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows relating to Company commitments and forecasted transactions are recognized directly in Shareholder's equity, while the ineffective portion is immediately recorded in the Income Statement. If the hedged company commitment or forecasted transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognized, associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in the income statement in the same period in which the hedge commitment or forecasted transaction affects net profit or loss, for example, when the future sale actually occurs.
For effective hedging against a change in fair value, the hedged item is adjusted by the changes in fair value attributable to the risk hedged with a balancing entry in the Income Statement.

Gains and losses arising from the measurement of the derivative are also recognized at the income statement.
Changes in the fair value of derivative financial instruments that no longer qualify as hedge accounting are recognized in the Income Statement of the period in which they arise.

The hedge accounting method is abandoned when the hedging instrument matures, is sold, terminates, is exercised, or is no longer qualified as a hedging. At that time, the accumulated gains or losses of the hedging instrument recognised directly in equity are retained in equity until the anticipated transaction actually occurs. If the hedged transaction is not expected to occur, the accumulated gains or losses recognised directly in equity are immediately transferred to the income statement.

Embedded derivatives included in other financial instruments or in other contractual obligations are treated as separate derivatives, when their risks and characteristics are not closely related to those of the financial instrument that houses them and the latter are not measured at fair value with recognition of the relative gains and losses in the Income Statement.

Employee benefits

The scheme underlying the employee severance indemnity of the Italian Group companies (the TFR) was classified as a defined benefit plan up until 31 December 2006. The legislation regarding this scheme was amended by Law No. 296 of 27 December 2006 (the "2007 Finance Law") and subsequent decrees and regulations issued in the first part of 2007. In view of these changes, and with specific reference to those regarding companies with at least 50 employees, this scheme only continues to be classified as a defined benefit plan in the Financial Statements for those benefits accruing up to 31 December 2006 (and not yet settled by the balance sheet date), while after that date the scheme is classified as a defined contribution plan.

Employee termination indemnities ("TFR") are classified as a "post-employment benefit", falling under the category of a "defined benefit plan"; the amount already accrued must be projected in order to estimate the payable amount at the time of employee termination and subsequently be discounted through the "projected unit credit method", an actuarial method based on demographic and finance data that allows the reasonable estimate of the extent of benefits that each employee has matured in relation to the time worked. Through actuarial measurement, interest cost is recognized as financial gains or losses and represents the figurative expenditure that the Company would bear by securing a market loan for an amount corresponding to the Employee Termination Indemnities ("TFR"). Actuarial income and losses that reflect the effects resulting from changes in the actuarial assumptions used are directly recognized in Shareholders' equity.

Share-based payment plans

The Company has applied the standard set out by IFRS 2 "Share-based payment". Share-based payments are measured at fair value at granting date. Such amount is recognized in the Income Statement, with a balancing entry in Shareholders' equity, on a straight-line basis and over the (vesting period). The fair value of the option, measured at the granting date, is assessed through actuarial calculations, taking into account the terms and conditions of the options granted.
The stock options resolved in the previous financial years have been exercised and therefore the Company does not have existing stock option plans.

Bonuses settled through the recognition of shares in the company (equity settlement) are recorded at their initial fair value and measured on a straight-line basis over the vesting period.

Incentive plans (LTI)
Incentive plans linked to specific parameters (economic, financial, ESG and TSR) are recorded, in accordance to IAS 19, on the basis of their initial fair value and reviewed at each reporting date to adjust based on the probability of achieving the objectives and the permanence of the assignees (vesting condition).

Provisions and reserves for risks
Provisions for risks and liabilities are costs and liabilities having an established nature and the existence of which is certain or probable that at the reporting date the amount cannot be determined or the occurrence of which is uncertain. Such provisions are recognized when a commitment actually exists arising from past events of legal or contractual nature or arising from statements or company conduct that determine valid expectations from the persons involved (implicit obligations).
Provisions are recognized when the Company has a present commitment arising from a past event and it is probable that it will be required to fulfil the commitment. Provisions are accrued at the best estimate of the expenditure required to settle the liability at the balance sheet date, and are discounted when the effect is significant.
Where disclosure of information relating to provisions could significantly prejudice the Company's position in a dispute with third parties, only a general description of the nature of the dispute is provided.

Revenue recognition
Revenues represent the gross flows of economic benefits for the year deriving from the performance of ordinary activities.
The process underlying the recognition of revenues follows the steps set out in IFRS 15:

- Identification of the contract: this occurs when the parties approve the contract and identify their respective rights and obligations. in other words, the contract must be legally binding, the rights to receive goods and/or services and the terms of payment can be clearly identified and the Company considers it probable that the consideration will be received;
- identification of performance obligations: the main performance obligations identified, i.e. promises to transfer goods and services;
- determination of the transaction price: it is the total amount contracted with the counterparty, taking into account the entire duration of the contract;
- allocation of transaction price to performance obligations;
- recognition of revenues at the time of satisfaction of the performance obligation.

Therefore, the amount that the Company recognises as revenue must reflect the consideration to which it is entitled in exchange for the goods transferred to the customer and/or the services rendered, to be recognised at the time when the underlying contractual obligations have been fulfilled, or when the Company has transferred control of the good or service to the customer, in the following ways: a) over time; b) at a certain point in time.

In addition, for the recognition of revenue, the need to assess the probability of obtaining/collecting the economic benefits linked to the income is emphasized; for activities deriving from contracts with customers (i.e. contractual activities), the requirement is introduced to proceed with the recognition of revenues also taking into account any discounting effect deriving from deferred collections over time, as explained in the dedicated paragraph.
Interest is recognised at the effective rate on an accrual basis.
Revenues from services include the activities undertaken directly by the Company towards certain primary customers in relation to the commercial activity carried out. These activities are also provided for services rendered by Group companies and the costs of such services are classified under Services and other costs.

Interest income is recognised on an accrual basis, on the basis of the amount financed and the applicable effective interest rate, which represents the rate that discounts the estimated future receipts over the expected life of the financial asset and is reflected in the carrying amount of the asset itself.
Dividends from investments in subsidiaries are recognised when the right of shareholders to receive payment is established.

Financial income and expenses
Financial income and expenses are recognized and measured in the income statement on an accrual basis.

Government grants
Government grants are recognized in the financial statements, in accordance with IAS 20, when there is reasonable assurance that the company concerned will comply with the conditions for receiving such grants and that the grants themselves will be received.
Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate.

Taxation
Income tax represents the sum of the tax currently payable and deferred tax.
The tax currently payable is based on taxable profit for the year. Taxable profit defers from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current income tax is entered for each individual company based on an estimate of taxable income in compliance with existing legislation and tax rates or as substantially approved at the period closing date in each country, considering applicable exemptions and tax credit.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates and interests arising in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

In the event of changes to the accounting value of deferred tax assets and liabilities deriving from a change in the applicable tax rates and relevant legislation, the resulting deferred tax amount is entered in income statement, unless it refers to debited or credited amounts previously recognized to Shareholders' equity.

The International Accounting Standards Board (IASB) issued amendments to the international accounting standard "IAS 12 - Income Taxes" on 23 May 2023.
The amendments concern the methods for accounting for deferred taxes deriving from the international tax reform (the so-called Pillar Two Model Rules) of the Organisation for Economic Co-operation and Development (OECD): they introduced a temporary exemption from the accounting of deferred taxes and specific disclosure requirements that allow for the understanding of exposure to income taxes deriving from the reform.
The Company has adopted these amendments, providing the required information, starting from the 2023 financial year. For more details, please refer to Note 14.

Earnings per share
Basic earnings per share is calculated with reference to the profit for the period of the Company and the weighted average number of shares outstanding during the year. Treasury shares are excluded from this calculation.
Diluted earnings per share is determined by adjusting the basic earnings per share to take account of the theoretical conversion of all potential shares, being all financial instruments that are potentially convertible into ordinary shares, with diluting effect.

Use of estimations
The preparation of the Financial Statements and relative notes under IFRS requires that management makes estimates and assumptions based also on subjective judgments, past experiences and assumptions considered reasonable and realistic in relation to the information at the time of estimation. These estimates shall affect items reported in the consolidated financial balance sheet and income statement and the disclosure of contingent assets and liabilities. The results of the financial statements may differ, even significantly, from these estimates as a result of possible changes in the factors considered in the determination of these estimates. Estimates are periodically reviewed.
The estimates are mainly referred to:

Equity investments
At each balance sheet date, the company verifies whether there are indications that the investments may have suffered a reduction in value. For this purpose, both internal and external sources of information are considered. The identification of value reduction indicators, the estimation of future cash flows and the determination of the fair value of each investment requires Management to make significant estimates and assumptions about the determination of the discount rate to be applied, the useful life and the residual value of the assets. These estimates can have a significant impact on the value of assets and the amount of any write-downs.

Trade receivables
The reduction in value of trade receivables is carried out through the simplified approach,

which provides for the estimation of the expected loss over the entire life of the credit at the time of initial recognition and in subsequent evaluations. For each customer segment, the estimate is made mainly through the determination of the expected default, based on historical-statistical indicators, possibly adjusted using prospective elements. For some categories of loans characterized by specific risk elements, detailed assessments are carried out on the individual credit positions.

Leasing liabilities and right of use assets

The determination of the value of the lease liability and the corresponding right of use asset is carried out by calculating the present value of the lease payments, also considering the estimate on the reasonable certainty of the renewal of the lease contracts.

Provisions, contingent liabilities and employee provisions

The provisions related to litigation are the result of a complex estimation process that is also based on the probability of failure. The provisions related to personnel provisions, and in particular to the employee severance indemnity, are determined on the basis of actuarial assumptions; changes in these assumptions could have significant effects on those provisions.

Derivative instruments and equity instruments

The fair value of derivatives and equity instruments is determined through valuation models that also take into account subjective valuations such as, for example, cash flow estimates, expected price volatility, etc., and/or through market values or quotes provided by financial counterparties.

Pursuant to IAS 8 (Accounting Standards, changes in accounting estimates and errors) paragraph 10, in the absence of a principle or interpretation applicable specifically to a certain transaction, Management defines, through subjective assessments, the accounting methodologies to be adopted in order to provide a financial statements that faithfully represent the financial position, the economic result and the financial flows of the Company, reflects the economic substance of the operations, is neutral, drafted on a prudential basis and comprehensive in all relevant aspects.

Estimations changes and reclassifications

It should be noted that at the balance sheet date there are no significant estimates related to uncertain future events and other causes of uncertainty that may cause significant adjustments to the values of assets and liabilities within the following year.

Recently issued accounting standards

Below are the amendments to the international accounting standards endorsed by the European Commission that became applicable in the reporting period.

Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Additional Information on Financial Arrangements for Suppliers (SFAs) - The objectives of the amendments are:

- to assess how SFAs affect an entity's liabilities and cash flows;
- understand the effect of SFAs on an entity's exposure to liquidity risk and how the entity might be affected if arrangements were no longer available;
- explain the characteristics of the agreements that fall within the scope of the amendments.
- list certain information that an entity must disclose in aggregate form for its SFAs, in particular:

(a) the terms and conditions of its SFAs;
(b) the carrying amounts and related items of financial liabilities in the statement of financial position that form part of the SFAs at the beginning and end of the financial year;
(c) the carrying amounts of the financial liabilities referred to in point (b) for which the suppliers have already received payments from financial suppliers;
(d) the range of payment deadlines for both the financial liabilities referred to in point (b) and for comparable trade payables that are not part of the SFAs;
(e) the type and effect of non-monetary changes in the carrying amount of financial liabilities referred to in point (b).

Amendment to IAS 1 Presentation of Financial Statements - The objectives of the amendments are:

- Classification of liabilities into current or non-current;
- Classification of liabilities as current or non-current - Deferral of the effective date;
- Non-current liabilities with Covenants;

By applying the changes, an entity must:

(a) classify a liability as current when it does not have the right, at the end of the financial year, to defer the settlement of the liability for at least twelve months after the financial year;
(b) classify a liability as current or non-current that is not affected by management's intent or expectations regarding the entity's exercise of the right to defer settlement;
(c) provide certain information when it has classified a liability arising from a financing arrangement as non-current and the entitlement is subject to compliance by the covenant entity within twelve months of the year-end date.

Amendment to IFRS 16 Lease Liabilities in a Sale and Leaseback - IFRS 16 has been amended with respect to Lease Liability in a Sale and Leaseback by adding subsequent measurement requirements for sale and leaseback transactions.

Accounting standards and interpretations issued by IASB/IFRIC and not yet in force

The relevant information is provided below to assess the possible impacts deriving from the application of new accounting standards and interpretations already issued but not yet entered into force or not yet approved by the EU and therefore not applicable for the preparation of the financial statements for the year ended 31 December 2024.

Unless otherwise indicated, it is not believed that the adoption of the following standards will have a significant impact on the Group's economic and financial results, apart from any additional disclosure obligations.

Amendment to IFRS 19 Subsidiaries without public liability - Disclosure - The objective is the development of a reduced disclosure IFRS standard that would apply on a voluntary basis to subsidiaries without public liability. A subsidiary would fall within the scope of IFRS 19 if it had no public liability and if it had an ultimate or intermediate parent that prepares publicly available financial statements that comply with IFRS.

Amendment to IFRS 18 Presentation and disclosure in financial statements - IFRS 18 impacts all entities and sets out general and specific requirements for the presentation of information in financial statements. IFRS 18 introduces three sets of new requirements to improve the reporting of financial results:

(a) improved comparability in the income statement through the definition of categories and subtotals to specify the structure of the income statement;
(b) improve the transparency of the performance measures defined by management;
(c) guidelines for the aggregation and disaggregation of information in order to improve the grouping of information.

Amendments to IFRS 9 and IFRS 7 Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9) - The scope of the amendments is limited to contracts relating to nature-dependent electricity that have contractual characteristics that expose the entity to variability in the underlying amount.

Amendment to IFRS 9 Classification and Measurement of Financial Instruments – The objective of these amendments is:

- settle financial liabilities using an electronic payment system, clarify the date of initial recognition or derecognition of financial assets and describe the criteria for derecognition of financial liabilities;

- assess the contractual characteristics of the cash flows of financial assets to describe how an entity is required to value interest and clarify the term 'basic lending arrangement'. The related principles for the measurement of contractual cash flows over the life of a financial asset have also been described, according to which:

(a) all possible changes in contractual cash flows shall be considered irrespective of the likelihood of a potential event occurring;
(b) if the nature of a contingent event is not directly related to changes in basic risks and costs for loans, an entity shall further assess the effect of the contingent feature on contractual cash flows.

Finally, the amendments clarify that financial instruments that do not fall within the scope of the classification requirements of IFRS 9 may be included in the underlying group of financial instruments, if those instruments have contractual cash flows equivalent only to principal and interest payments on the principal outstanding repayable.

Amendment to IFRS 7 Changes to the classification and measurement of financial instruments – The IASB, in relation to investments in equity instruments designated as FVOCIs, added that it requires the disclosure, for each asset class, of the gains or losses on fair value presented in other comprehensive income during the reporting period. It was also requested to disaggregate fair value gains or losses from investments eliminated during the reporting period. The amendments improve the disclosure for each class of financial assets and liabilities measured at amortised cost, requiring in particular:
(a) a qualitative description of the nature of the potential event;
(b) quantitative information on possible changes in contractual cash flows that could result from such contractual terms (e.g. the range of possible variations);
(c) the gross carrying amount of financial assets and the amortised cost of financial liabilities subject to those contractual conditions.

Amendment to IAS 21 Effects of Exchange Rate Changes – The amendments clarify the definition of when a currency is exchangeable for another currency and when it is not. In addition, guidance has been provided on the disclosures to be made when an entity estimates a spot exchange rate because one currency is not exchangeable for another currency.

Note 3 – Risk management

Reply S.p.A. operates at a world-wide level and for this reason its activities are exposed to various types of financial risks: market risk (broken down in exchange risk, interest rate risk on financial flows and on “fair value”, price risk), credit risk and liquidity risk.
To minimize risks Reply utilizes derivative financial instruments. At a central level it manages the hedging of principle operations. Reply S.p.A. does not detain derivate financial instruments for negotiating purposes.

Credit risk
For business purposes, specific policies are adopted in order to guarantee that clients honour payments.
With regards to financial counterparty risk, the company does not present significant risk in credit-worthiness or solvency. For newly acquired clients, the Company accurately verifies their capability in terms of facing financial commitments. Transactions of a financial nature are undersigned only with primary financial institutions.
The probability of default was considered at the initial recognition of an asset and whether there has been a significant increase in credit risk on a continuous basis for each reporting period. Forward-looking information, if available, was also taken into account. In particular, indicators such as credit ratings or significant negative changes could be considered. Macroeconomic information (such as market interest rates or growth rates), in addition to information related to climate change, is considered for the purpose of the evaluation.

Liquidity risk
The Company 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 companies are monitored and managed on a centralized basis through the Group Treasury. The aim of this centralized system is to optimize the efficiency and effectiveness of the management of the Group’s current and future capital resources (maintaining an adequate level of cash and cash equivalents and the availability of reserves of liquidity that are readily convertible to cash and committed credit).
The difficulties both in the markets and in the financial markets require special attention to the management of liquidity risk, and in that sense particular emphasis is being placed on measures taken to generate financial resources through operations and on maintaining an adequate level of available liquidity. The Company 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.

Risks associated with fluctuations in currency and interest rates
As the company operates mainly in a “Euros area” the exposure to currency risks is limited. The exposure to interest rate risk arises from the need to fund operating activities and M&A 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 Company’s net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.
The interest rate risk to which the Company is exposed derives from bank loans; to mitigate such risks, Reply S.p.A., when useful, uses derivative financial instruments designated as “cash flow hedges”. The use of such instruments is disciplined by written procedures in line with the Company’s risk management strategies that do not contemplate derivative financial instruments for trading purposes.

Note 4 – Other information

Exception allowed under paragraph 4 of Article 2423 of the Italian Civil Code
No exceptions allowed under Article 2423, paragraph 4, of the Italian Civil Code were used in drawing up the annexed Financial Statements.

Fiscal consolidation
The Company has decided to enter into the National Fiscal Consolidation pursuant to articles 117/129 of the TUIR.
Reply S.p.A., Parent Company, acts as the consolidating company and determines just one taxable income for the Group companies that adhere to the Fiscal Consolidation, and will benefit from the possibility of compensating taxable income having fiscal losses in just one tax return.
Each company adhering to the Fiscal Consolidation transfers to Reply S.p.A. its entire taxable income, recognizing a liability with respect to the Company corresponding to the payable IRES; The companies that transfer fiscal losses can register a receivable with Reply, corresponding to IRES on the part of the loss off-set at a Group level and remunerated according to the terms established in the consolidation agreement stipulated among the Group companies.

Branch Offices
The Company operates in Italy through 16 branch offices.

Disclosure pursuant to Article 2427, paragraph 1, no. 22, Civil Code
Reply S.p.A. is included in the largest consolidated financial statements prepared by Iceberg S.r.l., based in Turin, Italy. The consolidated financial statements of Iceberg are available at the company's registered office.

The smallest group of companies that includes Reply S.p.A. and for which a consolidated financial statement is prepared is represented by the Reply Group, which prepares its own consolidated financial statement. This document is available on the website www.reply.com.

Note 5 – Revenue

Revenues amounted to 869,223,983 Euros and are detailed as follows:

(EUROS)	2024	2023	CHANGE
Revenues from services	732,127,450	677,804,118	54,323,333
Royalties on "Reply" trademark	62,394,136	58,424,312	3,969,825
Intercompany services	42,146,336	38,789,200	3,357,136
Other intercompany revenues	32,556,061	17,243,618	15,312,443
Total	**869,223,983**	**792,261,247**	**76,962,737**

Reply manages business relationships on behalf of some of its major clients. Such activities were recorded in the item Revenues from services to third parties which increased by 54,323,333 Euros.

Revenues from Royalties on the "Reply" trademark refer to charges to subsidiaries, corresponding to 3% of the subsidiaries' turnover with respect to third parties.

Revenues from Intercompany services and Other intercompany revenues refer to activities that Reply S.p.A. carries out for the subsidiaries, and more specifically:
- operational, co-ordination, technical and quality management;
- administration, personnel and marketing activities;
- strategic management services.

Note 6 – Other income

Other revenues that as at 31 December 2024 amounted to 25,100,326 Euros (22,794,238 Euros at 31 December 2023) mainly refer to expenses incurred by Reply S.p.A. and recharged to the Group companies and include expenses for social events, telephone and training courses.

Note 7 – Purchases

Detail is as follows:

(EUROS)	2024	2023	CHANGE
Software licenses for resale	24,871,051	18,083,064	6,787,987
Hardware for resale	7,407,392	11,056,580	(3,649,189)
Other	953,245	531,532	421,713
Total	**33,231,687**	**29,671,176**	**3,560,511**

The items software and hardware licenses for resale refer to the costs incurred for software licenses for resale to third parties carried out for the Group companies.

The item Other mainly includes the purchase of fuel and recharge of electric vehicles (538,081 Euros) and purchase of e-commerce material, consumables, stationery, printed materials and advertising (361,631 Euros).

Note 8 – Personnel expenses

Personnel expenses amounted to 48,423,316 Euros, with an increase of 15,114,139 Euros and are detailed in the following table:

(EUROS)	2024	2023	CHANGE
Payroll employees	39,335,346	23,469,355	15,865,991
Directors	9,087,970	9,839,822	(751,852)
Total	**48,423,316**	**33,309,178**	**15,114,139**

Detail of personnel by category is provided below:

(HEADCOUNT)	2024	2023	CHANGE
Directors	247	91	156
Managers	4	4	-
Staff	13	13	-
Total	**264**	**108**	**156**

The average number of employees in 2024 was 231 (in 2023 110).

Note 9 – Services and other costs

Services and other costs comprised the following:

(EUROS)	2024	2023	CHANGE
Commercial and technical consulting	5,380,934	5,072,883	308,052
Travelling and training expenses	3,604,095	2,783,553	820,542
Professional services from group companies	708,945,698	659,609,483	49,336,215
Marketing expenses	8,126,422	7,344,414	782,008
Administrative and legal services	1,830,913	1,573,044	257,869
Statutory auditors and Independent auditors' fees	458,735	282,130	176,605
Leases and rentals	2,807,694	2,005,920	801,774
Office expenses	4,860,637	4,089,459	771,179
Other services from group companies	22,953,717	23,170,374	(216,657)
Expenses incurred on behalf of group companies	19,966,148	20,749,553	(783,404)
Others	7,497,227	5,375,287	2,121,940
Total	**786,432,221**	**732,056,100**	**54,376,121**

Professional Services from Group companies, which increased during the year by 49,336,215 Euros, are mainly related to revenues from services to third parties.
Reply S.p.A. carries out commercial fronting activities for some of its major clients, whereas delivery is carried out by the operational companies.

Office expenses include services rendered by related parties in connection with service contracts for the use of premises, legal domicile and secretarial services, as well as utility costs.

Note 10 – Amortization, depreciation and write-downs

Depreciation of tangible assets was calculated on the basis of technical-economic rates determined in relation to the residual useful lives of the assets, and which amounted in 2024 to an overall cost of 371,074 Euros. Details of depreciation are provided at the notes to tangible assets.

Amortization of intangible assets amounted in 2024 to an overall cost of 2,560,352 Euros. Details of depreciation are provided at the notes to intangible assets.

Amortization related to right of use assets arising from the application of IFRS 16 amounted to 1,256,329 Euros.

Note 11 – Other operating income/(expenses)

The item Other operating income/(expenses), amounting to 28,872,484 euros includes economic components that, although related to the ordinary business management, do not directly fall under the main categories of cost and revenue, such as provisions for risk and charges.

The breakdown by the nature of the risk is as follows:

- Professional liability for 24 million euros;
- Preventive seizure for 1.2 million euros;
- Other risks for 3.6 million euros.

Regarding the provision of 24 million euros for professional liability, this type of risk has been recorded in previous periods and may also arise in the future, as it is related to phenomena intrinsic to the company's operations. We note that, given the recurrence of events and transactions that have originated such costs and revenues over time and their potential future repeatability, as well as the fact that they are linked to endogenous factors in the company's operations, these have been considered as recurring for the company in the present financial statement. In the previous year, these costs and revenues were classified as non-recurring, amounting to 6,482,920 euros.
This reclassification reflects a more in-depth analysis of the nature of the risks and a closer alignment with the criteria of operational continuity.

Note 12 – Gain/(Losses) on equity investments

Detail is as follows:

(EUROS)	2024	2023	CHANGE
Dividends	50,058,250	164,086,955	(114,028,705)
Loss on equity investments	(24,300,000)	(23,540,000)	(760,000)
Total	**25,758,250**	**140,546,955**	**(114,788,705)**

Dividends include proceeds received by Reply S.p.A. from subsidiary companies during the year. Detail is as follows:

(EUROS)	2024
Blue Reply S.r.l.	10,000,000
Cluster Reply S.r.l.	10,000,000
Iriscube Reply S.r.l.	5,000,000
Nexi Digital S.r.l.	981,750
Ringmaster S.r.l.	576,500
Santer Reply S.p.A.	10,000,000
Technology Reply S.r.l.	10,000,000
Whitehall Reply S.r.l.	3,500,000
Total	**50,058,250**

Losses on equity investments refer to write-downs and the year-end losses of several subsidiary companies that were prudentially deemed as non-recoverable with respect to the value of the investment.
For further details, see Note 21 herein.

Note 13 – Financial income/(expenses)

Detail is as follows:

(EUROS)	2024	2023	CHANGE
Interest income from subsidiaries	16,463,909	22,362,048	(5,898,138)
Interest income on bank accounts	10,994,008	4,237,225	6,756,783
Interest expenses	(4,312,892)	(4,214,964)	(97,927)
Other	18,779,754	(1,549,742)	20,329,497
Total	**41,924,781**	**20,834,566**	**21,090,214**

Interest income from subsidiaries refers to the interest yielding cash pooling accounts of the Group companies included in the centralized pooling system.

Financial income include interest in bank accounts.
Interest expenses refer to the interest expenses on the use of credit facilities with Intesa Sanpaolo and Unicredit.

The item Other mainly includes:

- positive 16,493,976 Euros related to the loss on exchange rate differences arising from the translation of balance sheet items not recorded in Euros (negative 2,777,684 Euros at 31 December 2023);
- the financial gains related to the fair value adjustments of the investments held by Reply amounting to positive 768,061 Euros (positive 1,063,254 Euros at 31 December 2023);
- 1,038,331 Euros related to interest income in relation to financial investments (931,262 Euros at 31 December 2023).

Note 14 – Income taxes

The details are provided below:

(EUROS)	2024	2023	CHANGE
IRES	18,428,000	10,709,323	7,718,677
IRAP	1,381,000	1,021,000	360,000
Corporate tax - previous years	(195,637)	346,683	(542,320)
Current taxes	**19,613,363**	**12,077,006**	**7,536,357**
Deferred tax liabilities	(5,761,017)	(77,791)	(5,683,226)
Deferred tax assets	(3,636,796)	(2,656,289)	(980,507)
Deferred taxes	**(9,397,813)**	**(2,734,080)**	**(6,663,733)**
Total income taxes	**10,215,550**	**9,342,925**	**872,625**

Ires theoretical rate

The following table provides the reconciliation between the IRES theoretical rate and the fiscal theoretical rate:

(EUROS)	TAXABLE INCOME	TAX
Result before taxes	**60,859,877**	
Theoretical tax rate	**24.0%**	**14,606,371**
Temporary differences, net	15,901,850	
Taxable income	**76,761,727**	
Total IRES		**18,428,000**

Temporary differences, net refer to:

- deductible differences amounting to 70,117 thousand Euros arising mainly from the non-taxable share of the dividends received in the financial year (47,555 thousand Euros), reversal losses on valuation changes (18,341 thousand Euros), Directors' fees to be paid (3,800 thousand Euros).
- non-deductible differences amounting to 86,019 thousand Euros owing mainly to risks provision (29,273 thousand Euros), reversal earnings on commercial and financial valuation changes (22,144 thousand Euros), Directors' fees to be paid (7,400 thousand Euros), financial losses and write-downs of equity investments (24,348 thousand Euros).

Calculation of taxable irap

(EUROS)	TAXABLE INCOME	TAX
Difference between value and cost of production	(6,823,153)	
IRAP net	40,423,621	
Taxable IRAP	**33,600,468**	
Total IRAP		**1,381,000**

Temporary differences, net refer to:

- non-deductible differences amounting to 40,424 thousand Euros mainly due to risks provision (28,873 thousand Euros), emoluments to Directors (8,840 thousand Euros), losses on receivables (821 thousand Euros), provisions for future charges (400 thousand Euros) and to bank fees (394 thousand Euros);
- deductible differences amounting to 517 thousand Euros mainly due to proceeds from provisions.

Note 15 – Earnings per share

Basic earnings and diluted earnings per share as at 31 December 2024 is calculated with reference to the net profit which amounted to 50,644,327 Euros (161,129,698 Euros at 31 December 2023) divided by the weighted average number of shares outstanding as at 31 December 2024, net of treasury shares, which amounted to 37,380,368 (37,278,236 at 31 December 2023).

(EUROS)	2024	2023
Net profit of the year	50,664,327	161,129,698
Weighted number of shares	37,380,368	37,278,236
Basic earnings per share	1.35	4.32

Reply does not have any financial instruments potentially convertible in shares (stock options) therefore the basic earnings per share corresponds to the diluted earnings per share.

Note 16 – Contributions

Disclosure on the transparency of public disbursements required by Article 1, paragraph 125 of Law 124/2017

Pursuant to Article 1, paragraph 125 of Law 124/2017, the Company in 2024 has received the following contributions:

ENTITY (EUROS)	2024
AG. NAZ.LE PER L'AMM.NE E LA DEST.NE DEI BENI SEQ. E CONF. ALLA CRIM. ORG	703,525
AGENZIA DELLE ENTRATE-RISCOSSIONE	921,561
ARMA DEI CARABINIERI - 2 BRIGATA MOBILE - CC - SERV. AMM.VO	30,000
AUTORITÀ NAZIONALE ANTICORRUZIONE - ANAC	354,859
AZ. OSP. SS ANTONIO E BIAGIO E C. ARRIGO	170,317
AZIENDA SOCIO SANITARIA TERRITORIALE DELLA BRIANZA	111,368
AZIENDA SOCIO SANITARIA TERRITORIALE VALTELLINA E ALTO LARIO	351,114
COMANDO LEGIONE CARABINIERI LAZIO	78,846
CSI PIEMONTE	40,460
FINCANTIERI S.P.A.	43,860
ISTITUTO NAZIONALE PER LE MALATTIE INFETTIVE LAZZARO SPALLANZANI – IRCCS	77,297
LEONARDO SOCIETÀ PER AZIONI	1,876
SOGEI SPA	446,040
TOTAL	**3,331,121**

Note 17 - Tangible assets

Tangible assets as at 31 December 2024 amounted to 587,761 Euros are detailed as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Plant and machinery	293,543	123,331	170,212
Hardware	96,980	168,606	(71,626)
Other tangible assets	197,239	254,533	(57,295)
Total	**587,761**	**546,470**	**41,292**

The item Other mainly includes mobile phones and furniture and fittings.

Change in Tangible assets during 2024 is summarized below:

(EUROS)	PLANT AND MACHINERY	HARDWARE	OTHER	TOTAL
Historical cost	1,026,086	1,222,559	1,613,602	3,862,246
Accumulated depreciation	(902,755)	(1,053,953)	(1,359,069)	(3,315,776)
31/12/2023	**123,331**	**168,606**	**254,533**	**546,470**
Historical cost				
Increases	264,694	95,476	102,043	462,213
Disposals	-	(7,956)	(100,137)	(108,093)
Accumulated depreciation				
Depreciation	(94,482)	(165,113)	(111,480)	(371,074)
Disposals	-	5,967	52,279	58,246
Historical cost	1,290,779	1,310,079	1,615,508	4,216,366
Accumulated depreciation	(997,236)	(1,213,099)	(1,418,269)	(3,628,605)
31/12/2024	**293,543**	**96,980**	**197,239**	**587,761**

During the year under review the Company made investments amounting to 462.213 Euros, which mainly refer to hardware, mobile phones and general devices.
As at 31 December 2024, 86.1% of tangible assets were depreciated, compared to 85.9% at the end of 2023.

Note 18 - Goodwill

Goodwill as at 31 December 2024 amounted to 86,765 Euros and refers to the value of business branches (consulting activities related to Information Technology and management support) acquired in July 2000.

Goodwill recognized is deemed adequately supported in terms of expected financial results and related cash flows.

Note 19 - Other intangible assets

Intangible assets as at 31 December 2024 amounted to 5,102,557 Euros (5,565,338 Euros at 31 December 2023) and are detailed as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Software	4,566,493	5,029,274	(462,781)
Trademark	536,064	536,064	-
Total	**5,102,557**	**5,565,338**	**(462,781)**

Change in intangible assets in 2024 is summarized in the table below:

(EUROS)	SOFTWARE	TRADEMARK	TOTAL
Historical cost	22,670,763	536,064	23,206,827
Accumulated amortization	(17,641,490)	-	(17,641,490)
31/12/2023	**5,029,274**	**536,064**	**5,565,338**
Historical cost			
Increases	2,097,571	-	2,097,571
Accumulated amortization			
Amortization	(2,560,352)	-	(2,560,352)
Historical cost	24,768,334	536,064	25,304,398
Accumulated amortization	(20,201,842)	-	(20,201,842)
31/12/2024	**4,566,493**	**536,064**	**5,102,557**

The item Software and increase in software is related mainly to software licenses purchased and used internally by the company.

The item Trademark expresses the value of the "Reply" trademark granted to the Parent Company Reply S.p.A. (before Reply Europe Sàrl) on 9 June, 2000, in connection to the Company's share capital increase that was resolved and undersigned by the Parent Company Alister Holding SA, Such amount is not subject to systematic amortisation, and the expected future cash flows are deemed adequate.

As at 31 December 2024 intangible assets were depreciated by 79.8% of their value, compared to 76.0% at the end of 2023

Note 20 – Right of use 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 RoU Assets for the vehicles category:

(EUROS)	01/01/2024	NET CHANGES	AMORTIZATION	31/12/2024
Vehicles	1,262,979	4,506,902	(1,256,329)	4,513,552

The net change mainly refers to the signing of new lease agreements.

Note 21 - Equity investments

The item Equity investments at 31 December 2024 amounted to 239,166,849 Euros, with an increase of 30,250,660 Euros compared to 31 December 2023.

(EUROS)	BALANCE AT 31/12/2023	ACQUISITIONS AND SUBSCRIPTIONS	FINANCIAL REMISSION	WRITE DOWNS	OTHER	BALANCE AT 31/12/2024	INTEREST
Air Reply S.r.l.	1,223,530					1,223,530	100.00%
Aktive Reply S.r.l.	512,696					512,696	100.00%
Arlanis Reply S.r.l.	588,000					588,000	100.00%
Atlas Reply S.r.l.	12,575					12,575	100.00%
Avantage Reply S.r.l.	-	10,000				10,000	100.00%
Blue Reply S.r.l.	527,892					527,892	100.00%
Breed Reply Investment Ltd.	1,000					1,000	100.00%
Bridge Reply S.r.l.	1,206,000					1,206,000	100.00%
Business Reply S.r.l.	239,477					239,477	100.00%
Business Reply P.S. S.r.l.	219,125		183,000			402,125	100.00%
Cluster Reply S.r.l.	2,530,593					2,530,593	100.00%
Cluster Reply Roma S.r.l.	296,184					296,184	100.00%
Consorzio Reply Public Sector	39,500					39,500	22.64%
Core Reply S.r.l.	598,018					598,018	100.00%
Data Reply S.r.l.	317,662					317,662	100.00%
Discovery Reply S.r.l.	1,311,669					1,311,669	100.00%
e*finance Consulting Reply S.r.l.	3,076,385					3,076,385	100.00%
Eos Reply S.r.l.	495,369					495,369	100.00%
Forge Reply S.r.l.	1,000		2,065,000	(2,065,000)		1,000	100.00%
Go Reply S.r.l.	1,920,000					1,920,000	100.00%
Hermes Reply S.r.l.	199,500					199,500	100.00%
Hermes Reply Consulting (Nanjing) Co. Ltd.	1,000,000					1,000,000	100.00%
IrisCube Reply S.r.l.	6,724,952					6,724,952	100.00%
Like Reply S.r.l.	644,317					644,317	100.00%
Logistics Reply Roma S.r.l.	800,542					800,542	100.00%
Logistics Reply S.r.l.	1,033,625					1,033,625	100.00%
Nexi Digital S.r.l.	5,100					5,100	51.00%
Net Reply S.r.l.	1,635,633					1,635,633	100.00%
Next Reply S.r.l.	1,135,000				(1,135,0000)	-	0.00%
Open Reply S.r.l.	1,625,165					1,625,165	100.00%
Pay Reply S.r.l.	10,000					10,000	100.00%
Syskoplan CX Reply S.r.l.	106,000					106,000	100.00%
Power Reply S.r.l.	2,708,265					2,708,265	100.00%
Protocube Reply S.r.l.	4,060					4,060	100.00%

(EUROS)	BALANCE AT 31/12/2023	ACQUISITIONS AND SUBSCRIPTIONS	FINANCIAL REMISSION	WRITE DOWNS	OTHER	BALANCE AT 31/12/2024	INTEREST
Reply Consulting S.r.l.	3,518,434					3,518,434	100.00%
Reply France SAS	35,010,000					35,010,000	100.00%
Reply Deutschland SE	57,883,581					57,883,581	100.00%
Reply Digital Experience S.r.l.	4,673,019					4,673,019	100.00%
Reply Do Brasil Sistema De Informatica Ltda	206,816					206,816	100.00%
Reply Inc.	2,814,625		29,809,660			32,624,285	100.00%
Reply Ltd.	39,691,413					39,691,413	100.00%
Reply Polska Sp. z o.o.	10,217					10,217	100.00%
Reply Sarl	12,000					12,000	100.00%
Reply Services S.r.l.	1,000		850,000	(850,000)		1,000	100.00%
Retail Reply S.r.l.	100,000					100,000	100.00%
Ringmaster S.r.l.	5,000					5,000	50.00%
Santer Reply S.p.A.	11,386,966				1,135,000	12,521,966	100.00%
Sense Reply S.r.l.	1,015,700					1,015,700	100.00%
Sensor Reply S.r.l.	12,800		150,000	(150,000)		12,800	100.00%
Shield Reply S.r.l.	308,000		238,000			546,000	100.00%
Spark Reply S.r.l.	1,042,500					1,042,500	100.00%
Security Reply S.r.l.	392,866					392,866	100.00%
Sprint Reply S.r.l.	155,000					155,000	100.00%
Storm Reply Roma S.r.l.	148,040					148,040	100.00%
Storm Reply S.r.l.	847,960					847,960	100.00%
Syskoplan Reply S.r.l.	949,571					949,571	100.00%
Sytel Reply S.r.l.	3,887,598					3,887,598	100.00%
Sytel Reply Roma S.r.l.	894,931					894,931	100.00%
Tamtamy Reply S.r.l.	293,471					293,471	100.00%
Target Reply S.r.l.	600,338					600,338	100.00%
Technology Reply Roma S.r.l.	10,000					10,000	100.00%
Technology Reply S.r.l.	216,658					216,658	100.00%
Technology Reply S.r.l. (Romania)	9,919					9,919	100.00%
Tender Reply S.r.l.	10,000		135,000	(135,000)		10,000	100.00%
Whitehall Reply S.r.l.	160,212					160,212	100.00%
Whitehall AI Reply S.r.l.	-	10,000				10,000	100.00%
WM Reply S.r.l.	368,255					368,255	80.00%
Xenia Reply S.r.l.	380,000					380,000	100.00%
Xister Reply S.r.l.	9,150,465					9,150,465	100.00%
Total	**208,916,189**	**20,000**	**33,430,660**	**(3,200,000)**	**-**	**239,166,849**	

Acquisitions and subscriptions

Whitehall AI Reply S.r.l.
In the month of March 2024 Whitehall AI Reply S.r.l. was constituted, a company in which Reply S.p.A. holds 100% of the share capital.

Avantage Reply S.r.l.
In the month of December 2024 Avantage Reply S.r.l. was constituted, a company in which Reply S.p.A. holds 100% of the share capital.

The other changes refer to the acquisition of additional shares in the share capital of investments already held in previous years.

Financial loan remission
The amounts are referred to the waiver of financial loan receivables from some subsidiaries in order to increase their equity position.

Write-downs
The amounts recorded reflect losses on some equity investments that are deemed not to be recoverable.

The list of equity investments in accordance with Consob communication no, 6064293 of 28 July 2006 is included in the attachments.

The negative differences arising between the carrying value of the investments and the corresponding portion of their shareholders' equity are not related to permanent impairment of value, as the carrying value is supported by positive economic and financial forecasts that guarantee the recoverable amount of the investment.

Note 22 – Non-current financial assets

Detail is as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Guarantee deposits	448,713	430,716	17,998
Loans to subsidiaries	513,611,011	463,286,764	50,324,247
Investments in other parties	478,000	398,000	80,000
Total	**514,537,724**	**464,115,480**	**50,422,244**

The item Guarantee deposits mainly includes deposits for lease contracts.

Financial receivables from subsidiaries are referred to loans, underwritten and granted to the following companies:

COMPANY	AMOUNT
Reply Services S.r.l.	58,437,521
Reply do Brasil Sistema De Informatica Ltda	2,181,740
Reply Inc.	122,179,538
Cluster Reply Informativa Ltda	1,215,000
Technology Reply S.r.l. (Romania)	200,000
Reply Deutschland SE	122,425,000
Reply Ltd	82,940,750
Reply Belgium SA	500,000
Reply France Sas	26,000,000
Breed Reply Investments Ltd	56,843,328
Reply Sarl	35,488,135
Wemanity Group	5,200,000
Total	**513,611,011**

Note 23 - Deferred tax assets

This item amounted to 13,021,559 Euros at 31 December 2024 (9,384,763 Euros at 31 December 2023), and included the fiscal charge corresponding to the temporary differences on statutory income and taxable income related to deferred deductible items.

TEMPORARY DEDUCTIBLE DIFFERENCES	TAXABLE AMOUNT	TAX
Total deferred tax assets at 31/12/2023	**37,411,897**	**9,384,763**
Accrued	33,245,999	8,963,790
Utilization	(22,195,724)	(5,326,993)
Total deferred tax assets at 31/12/2024	**48,462,173**	**13,021,560**
Of which:		
- directors fees and employee bonuses accrued but not yet paid	44,865,585	12,044,498
- taxable amounts greater than book value	3,596,588	977,062
Total	**48,462,173**	**13,021,560**

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.
There are no deferred tax assets on losses carried forward.

Note 24 - Trade receivables

Trade receivables at 31 December 2024 amounted to 599,647,726 Euros and are all collectible within 12 months.

Detail is as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Third party trade receivables	312,112,132	306,971,530	5,140,602
Credit notes to be issued	(9,158,348)	(10,711,100)	1,552,751
Allowance for doubtful accounts	(356,315)	(823,549)	467,234
Third party trade receivables	**302,597,469**	**295,436,882**	**7,160,588**
Receivables from subsidiaries	297,038,502	274,416,306	22,622,197
Receivables from Parent Company	11,755	-	11,755
Trade receivables from subsidiaries and Parent Company	**297,050,257**	**274,416,306**	**22,633,952**
Total trade receivables	**599,647,726**	**569,853,187**	**29,794,539**

Reply manages business relationships on behalf of some of its major clients. This activity is reflected in the item Third party trade receivables which increased by 7,160,588 Euros.

Receivables from subsidiaries are related to services that the Parent Company Reply S.p.A. carries out in favour of the subsidiary companies at normal market conditions.
Trade receivables are all due within 12 months and do not include significant overdue balances.

In 2024, following a specific risk analysis of all the trade receivables, the provision for doubtful accounts was of 356,315 Euros and calculated by using the expected credit loss approach pursuant to IFRS 9; detail is as follows:

AMOUNT AT 31/12/2023	823,549
Provision	356,315
Utilization	(823,549)
Amount at 31/12/2024	**356,315**

The utilization of 823,549 is related to the extraordinary administration procedure for a client for which the original provision was made.

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.

Note 25 - Other receivables and current assets and income tax receivables

Detail is as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Current income tax receivables	2,143	848,396	(846,253)
Tax receivables	6,402,861	3,058,321	3,344,540
Other receivables from subsidiaries	44,866,011	40,822,578	4,043,433
Other receivables	296,700	139,303	157,397
Accrued income and prepaid expenses	43,317,802	31,263,937	12,053,865
Total	**94,885,517**	**76,132,534**	**18,752,983**

The item Tax receivables mainly includes IRES receivables and advances for withholding taxes suffered amounting to 2,677,788 (1,871,710 Euros at 31 December 2023) and VAT receivables net amounting to 2,528,139 Euros (741,291 Euros at 31 December 2023).
Other receivables from subsidiary companies mainly refer to IRES receivables which are calculated on taxable income, and transferred by the Italian subsidiaries under national fiscal consolidation.

Accrued income and prepaid expenses refer to prepaid expenses arising from the execution of services, lease contracts, insurance contracts and other utility expenses, which are accounted for on an accrual basis.

The carrying amount of other 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.

Note 26 - Current financial assets

This item amounted to 93,682,271 Euros (86,097,755 Euros at 31 December 2023) and mainly refers to:

- interest yielding cash pooling accounts of subsidiaries included in the centralized pooling system of the Parent Company Reply S.p.A. for 50,014,938 Euros (55,113,331 at 31 December 2023); the interest yield on these accounts is in line with current market conditions.
- the investments held by Reply for 42,268,424 Euros. The valuation of short-term investments, based on market valuations at 31 December 2024, showed a positive difference of 768,061 Euros compared to the purchase cost of the same.
- the fair value of the IRS contracts signed with Unicredit in order to hedge fluctuations in the floating interest rate on loans and/or mortgages for 935,388 Euros.

Note 27 - Cash and cash equivalents

This item amounted to 328,234,302 Euros, with a decrease of 95,031,353 Euros compared to 31 December 2023 and is referred to cash at banks and on hand at year-end.
It is to be noted that the cash and cash equivalents held but not freely available by the Company amount to 7.9 million euros, related to the preventive seizure referred to in Note 34.

Note 28 – Shareholders' equity

Share capital
As at 31 December 2024 the fully subscribed paid-in share capital of Reply S.p.A., amounted to 4,863,486 Euros and is made up of no. 37,411,428 ordinary shares having a nominal value of euro 0.13 each.
The number of shares in circulation as at 31 December 2024 totalled 37,278,236, unchanged compared to 31 December 2023.

Treasury shares
The value of the Treasury shares, amounting to 17,122,489 Euros, refers to the shares of Reply S.p.A. that at 31 December 2024 were equal to no. 133,192, unchanged compared to 31 December 2023.

Capital reserves
At 31 December 2024 amounted to 455,880,909 Euros, and included the following:

- Treasury share reserve amounting to 17,122,489 Euros, relating to the shares of Reply

S.p.A. which at 31 December 2024 were equal to no. 133,192.

- Reserve for the purchase of treasury shares amounting to 432,877,511 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 20% of the share capital, in a lump sum solution or in several solutions within 18 months of the resolution.
- Reserves arising from the merger operation of Reply Deutschland AG. in Reply S.p.A, and include:
  - Share swap surplus reserve amounting to 3,445,485 Euros;
  - Surplus annulment reserve amounting to 2,902,479 Euros.

Earnings Reserve

Earning reserves amounted to 299,291,908 Euros and were comprised as follows:

- The Legal reserve amounting to 972,697 Euros (972,697 Euros at 31 December 2023);
- Extraordinary reserve amounting to 244,852,182 Euros (271,000,721 Euros at 31 December 2023);
- Retained earnings amounting to 2,822,701 Euros (2,822,701 Euros at 31 December 2023);
- Net result totalling 50,644,327 Euros (161,129,698 Euros at 31 December 2023).

Other comprehensive income

Other comprehensive income can be analysed as follows:

(EUROS)	31/12/2024	31/12/2023
Other comprehensive income that will not be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) from employee benefit plans	240,699	(11,060)
Tax effect relating to other overall gains/(losses) which will not be subsequently reclassified to income statement:		
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	**240,699**	**(11,060)**
Other comprehensive income that may be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedges	(1,301,055)	(848,990)
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):	**(1,301,055)**	**(848,990)**
Total Other comprehensive income, net of tax (B) = (B1) + (B2):	**(1,060,356)**	**(860,050)**

Note 29 – Financial liabilities

Detail is as follows:

(EUROS)	31/12/2024			31/12/2023		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Bank loans	17,002,815	47,217,651	64,220,466	28,646,991	48,174,351	76,821,343
Transaction accounts	392,843,582	-	392,843,582	249,938,400	-	249,938,400
Derivative financial instruments	253,411	-	253,411	-	-	-
IFRS 16 financial liabilities	1,777,002	2,773,828	4,550,830	523,515	740,965	1,264,480
Total financial liabilities	**411,876,810**	**49,991,479**	**461,868,289**	**279,108,906**	**48,915,316**	**328,024,222**

The future out payments of the financial liabilities are detailed as follows:

	31/12/2024				31/12/2023			
(EUROS)	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 loans	17,002,814	9,940,531	-	26,943,345	25,295,498	26,365,509	-	51,661,007
Mortgage loans	-	27,106,571	10,170,549	37,277,120	3,351,493	10,058,902	11,749,940	25,160,335
Transaction accounts	392,843,582	-	-	392,843,582	249,938,400	-	-	249,938,400
Derivative financial instruments	253,411	-	-	253,411	-	-	-	-
IFRS 16 financial liabilities	1,777,002	2,773,828	-	4,550,830	523,515	740,965	-	1,264,480
Total	**411,876,810**	**39,820,930**	**10,170,549**	**461,868,289**	**279,108,906**	**37,165,376**	**11,749,940**	**328,024,222**

M&A loans refers to credit lines to be used for acquisition operations carried 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 31 December 2024 this line had been used for 8,333 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. The loan will be reimbursed on a half year basis and will expire on 30 September 2026. This line was used for a total of 30,000 thousand Euros. As at 31 December 2024 the outstanding amount is 17,143 thousand Euros.
- 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 31 December 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 in 7 half year instalments to commence on 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 by 24 months. As at 31 December 2024 this line had been used for 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 31 December 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 the balance sheet date, Reply fulfilled the Covenants under the various contracts.

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 December 18, 2024 an amendment was signed with the same institution, agreeing to extend the period of use from 66 to 90 months (as with the amendment of November 15, 2021), with the possibility to obtain mortgage disbursements till November 30, 2025. The mortgage is disbursed in relation to the progress of the work. Such credit line was used for 37,300 thousand Euros at 31 December 2024.

The item IFRS 16 financial liabilities is related to the financial lease liabilities at 31 December 2024 related to the adoption of IFRS 16.

The item Derivative financial instruments refer to several loans established with Unicredit S.p.A. to hedge changes in floating interest rates on loans and/or mortgages; the total underlying notional amounts to 45,633 thousand Euros. The effective component of the instrument is stated in the Statement of changes in net equity.

The carrying amount of the Financial Liabilities estimates 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:

(EUROS)	31/12/2024	31/12/2023	CHANGE
A Cash	328,234,302	233,202,949	95,031,353
B Cash equivalents	-	-	-
C Current financial assets	93,682,271	86,097,755	7,584,516
D Cash (A+B+C)	**421,916,573**	**319,300,704**	**102,615,869**
E Current financial liabilities	394,873,995	250,461,915	144,412,081
F Short-term portion of long-term financial liability	17,002,815	28,646,992	(11,644,177)
G Financial liabilities short-term (E+F)	**411,876,810**	**279,108,906**	**132,767,904**
H Net financial debt short-term (G-D)	**(10,039,763)**	**(40,191,798)**	**30,152,035**
I Financial liabilities long-term	50,025,801	48,973,822	1,051,978
J Financial instruments	(34,321)	(58,506)	24,184
K Other liabilities long-term	-	-	-
L Financial debt long-term (I+J+K)	**49,991,479**	**48,915,317**	**1,076,163**
Total financial debt	**39,951,716**	**8,723,518**	**31,228,198**

Net financial debt includes IFRS 16 financial liabilities amounting to 4,550,830 Euros, of which 2,773,828 Euros were non-current and 1,777,002 Euros were current.

Pursuant to the aforementioned recommendations long term financial assets are not included in the net financial position.
For further details with regards to the above table see Notes 26 and 27 as well as Note 29.

Change in Financial liabilities during 2024 is summarized below:

(EUROS)	
Total financial liabilities 2023	**328,024,222**
Bank overdrafts	(249,938,400)
IFRS 16 financial liabilities	(1,264,480)
Non-current financial liabilities 2023	**76,821,343**
Cash flows	(12,638,096)
Non-current financial liabilities 2024	**64,183,247**
Bank overdrafts	392,843,582
IRS and other	290,631
IFRS 16 financial liabilities	4,550,830
Total financial liabilities 2024	**461,868,290**

Note 30 – Employee benefits

The Employee severance indemnity represents the obligation to employees under Italian law (amended by Law no. 296/06) accrued by employees up to 31 December 2006 which will be paid 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.

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.

The assumptions adopted can be summarized as follows:

DEMOGRAPHIC ASSUMPTIONS	
Mortality	RG 48 survival tables of the Italian population
Inability	INPS tables divided by age and gender
Retirement age	Fulfilment of the minimum requisites provided by the General Mandatory Insurance
Advances on Employee severance indemnities	Annual frequency of advances and employee turnover were assumed from historical data of the company: frequency of advances in 2024: 2.50% frequency of turnover in 2024: 10%

ECONOMIC AND FINANCIAL ASSUMPTIONS	
Annual inflation rate	Constant average annual rate equal to 2.0%
Annual discount rate	Calculated with reference to the valuation date of primary shares on the stock market in which the company belongs and with reference to the market yield of Federal bonds. The annual discount used for 2024 was 3.38%
Annual growth rate of the Employee severance indemnities	Annual increase in salaries equal to 3.0%
Annual increase in salaries	The annual increase of salaries used was calculated in function of the employee qualifications and the Company's market segment, net of inflation, from 1.0% to 1.50%

In accordance with IAS 19, Employment severance indemnities at 31 December 2024 is summarized in the table below:

31/12/2023	**771,789**
Actuarial gains/(losses)	(240,699)
Interest cost	78,884
Indemnities paid	2,993,402
31/12/2024	**3,603,376**

The item also includes debts accrued in relation to long-term incentive plans based on specific objectives for 8,138,608 euros. For further details, please refer to the Remuneration Report.

Note 31 – Deferred tax liabilities

Deferred tax liabilities at 31 December 2024 amounted to 173,769 Euros and are referred mainly to the fiscal effects arising from temporary differences between the statutory income and taxable income.

TEMPORARY TAXABLE DIFFERENCES	TAXABLE	TAX
Balance at 31/12/2023	**24,627,064**	**5,934,786**
Utilization	(24,004,236)	(5,761,017)
Balance at 31/12/2024	**622,828**	**173,769**
- different goodwill/trademark measurements	622,828	173,769
Total al 31/12/2024	**622,828**	**173,769**

Note 32 – Trade payables

Trade payables at 31 December 2024 amounted to 496,563,931 Euros with an increase of 19,609,041 Euros.

Detail is as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Due to suppliers	9,450,897	13,765,692	(4,314,794)
Due to subsidiaries	328,551,022	312,734,811	15,816,212
Due to Parent Company	29,280	-	29,280
Advance payments from customers – asset	158,532,732	150,454,388	8,078,344
Total	**496,563,931**	**476,954,890**	**19,609,041**

Due to suppliers mainly refers to services from domestic suppliers.
Due to subsidiaries recorded a change of 15,816,212 Euros, and refers to professional services in connection to third party agreements with Reply S.p.A..
Reply S.p.A. carries out commercial fronting activities for some of its major clients, whereas delivery is carried out by the operational companies.

Advance payments from customers include amounts invoiced to customers for contracts subcontracted to subsidiary companies, which at the balance sheet date were not yet completed.

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 33 – Other current liabilities and income tax payables

Detail is as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Current income tax payable	26,439,686	17,042,005	9,397,681
Withholding tax and other	2,140,774	3,809,339	(1,668,564)
Total payable to tax authorities	**28,580,461**	**20,851,344**	**7,729,117**
INPS (National Italian insurance payable)	4,316,925	1,790,189	2,526,736
Other	1,129,196	448,689	680,507
Total social security payable	**5,446,120**	**2,238,877**	**3,207,243**
Employee accruals	11,124,158	5,223,904	5,900,254
Payable to subsidiary companies	2,069,622	2,947,657	(878,035)
Miscellaneous payables	9,645,455	14,627,783	(4,982,328)
Accrued expenses and deferred income	34,968,588	28,983,169	5,985,419
Total other payables	**57,807,822**	**51,782,512**	**6,025,310**
Total other current liabilities	**91,834,403**	**74,872,733**	**16,961,670**

Due to tax authorities mainly refers to payables due for withholding tax on employees and free lancers' compensation.
Due to social security authorities is related to both Company and employee's contribution payables.
Employee accruals mainly include payables to employees for remunerations due but not yet paid at year-end.
Due to subsidiary companies represents the liability on tax losses recorded by subsidiaries under national tax consolidation for 2024 and for the tax credits that subsidiaries transferred to Reply S.p.A. as part of the tax consolidation.
Miscellaneous payables mainly refer to remuneration and bonus of directors recognized as participation in the profits of the company.
Accrued expenses and deferred income are mainly related to advance invoicing in relation to fronting activities carried out for subsidiaries.
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 34 – Provisions

The item Provisions amounting to 87,688,583 Euros is summarized as follows:

(EUROS)	BALANCE AT 31/12/2023	ACCRUED	REVERSAL	UTILIZED	BALANCE AT 31/12/2024
Provision for risks	7,316,100	29,272,483	-	-	36,588,583
Provision for losses on equity investments	30,000,000	21,100,000	-	-	51,100,000
Total	**37,316,100**	**50,372,483**	**-**	**-**	**87,688,583**

The item Provision for risks reflects the best estimate of contingent liabilities deriving from ongoing legal litigations.
The nature of the risk covered by the provision is as follows:

- Professional liability of 24 million euros;
- Preventive seizure for 8 million euros;
- Other risks of 4 million euros.

Regarding the preventive seizure that affected Reply S.p.A. and required the allocation of a provision totalling 8 million euros, it is specified that, according to the decree, the offense alleged is that referred to in Article 640-ter, paragraphs 1 and 3 of the Italian Penal Code, for the period 2017-2019, and no responsibility under Legislative Decree 231/2001 is being contested. The criminal proceedings are still at the preliminary investigation stage.

In 2024 the Company accrued an additional 21,100,000 Euros as a provision for losses on equity investments.

Note 35 - Transactions with related parties

With reference to CONSOB communications no. DAC/RM 97001574 of 20 February 1997 and no. DAC/RM 98015375 of 27 February 1998 concerning relations with related parties, the economic and financial effects on Reply S.p.A.'s year ended 2024 Financial Statements related to such transactions are summarised below.
Transactions carried out by Reply S.p.A. with related parties are considered ordinary business and are carried out at normal market conditions.
Financial and business transactions among the Parent Company Reply S.p.A. and its subsidiaries and associate companies are carried out at normal market conditions.

Reply S.p.A. main economic and financial transactions

(THOUSAND EUROS)							
Financial transactions	**31/12/2024**			**31/12/2023**			
	Subsidiaries	**Key Management with strategic responsibilities**	**Others**	**Subsidiaries**	**Key Management with strategic responsibilities**	**Others**	**Nature of transaction**
Financial receivables	513,611	-	-	463,287	-	-	Financial loans
Guarantee deposits	-	-	80	-	-	80	Guarantee deposits
Transaction accounts, net	(342,829)	-	-	(194,825)	-	-	Transaction accounts held by the Parent company
Trade receivables and other	341,905	-	12	315,239	-	3	Royalties, administration services, marketing, quality management services and office rental
Trade payables and other	330,621	-	29	315,682	-	143	Services carried out in relation to contracts signed by the Parent company and subsequently committed to subsidiary companies
Other payables	-	11,900	160	-	8,300	148	Compensation paid to Directors, Key Management and Statutory Auditors

(THOUSAND EUROS)							
Economic transactions		**2024**			**2023**		
	Subsidiaries	**Key Management with strategic responsibilities**	**Others**	**Subsidiaries**	**Key Management with strategic responsibilities**	**Others**	**Nature of transaction**
Revenues from Royalties	62,394	-	-	58,424	-	-	Licensing of the "Reply" trademark consisting in a 3% fee on third party revenues
Revenues from services	65,538	-	18	67,294	-	18	Administrations services, marketing, quality management and office rental
Revenues from management services	32,017	-	-	14,225	-	-	Strategic management services
Costs for professional services	765,078	-	96	712,287	-	-	Services carried out in relation to contracts signed by the Parent company and subsequently committed to subsidiary companies
Other services	2,454	-	724	2,322	-	479	Services related to office rental and office of the secretary
Personnel	-	10,770	-	-	11,475	-	Emoluments to Directors and Key Management
Other services and costs	-	-	148	-	-	148	Compensation paid to Statutory Auditors
Interest income, net	16,464	-	-	22,362	-	-	Interest on financial loans: 3 months Euribor + spread of 3 percentage points

With reference to the Cash flows statement, the above mentioned transactions impact the change in working capital by 15,642 thousand Euros.
In accordance with Consob Resolution no. 15519 of 27 July 2006 and Consob communication no. DEM/6064293 of 28 July 2006, in the annexed tables herein, the Statement of income and the Statement of financial position reporting transactions with related parties separately, together with the percentage incidence with respect to each account caption has been provided.
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.

NOTA 36 – Additional disclosure to financial instruments and risk management policies

Types of financial risks and corresponding hedging activities
Reply S.p.A. has determined the guide lines in managing financial risks. In order to maximize costs and the resources Reply S.p.A. has centralized all of the groups risk management. Reply S.p.A. has the task of gathering all information concerning possible risk situations and define the corresponding hedge.

As described in the section "Risk management", Reply S.p.A. constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance and take the necessary action to mitigate them.
The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the company.
The quantitative data reported in the following do not have any value of a prospective nature, in particular the sensitivity analysis on market risks, is unable to reflect the complexity of the market and its related reaction which may result from every change which may occur.

Credit risk
The maximum credit risk to which the company is theoretically exposed at 31 December 2024 is represented by the carrying amounts stated for financial assets in the balance sheet.

Balances which are objectively uncollectible either in part or for the whole amount are written down on a specific basis if they are individually significant. The amount of the write-down takes into account an estimate of the recoverable cash flows and the date of receipt, the costs of recovery and the fair value of any guarantees received. General provisions are made for receivables which are not written down on a specific basis, determined on the basis of historical experience.
Refer to the note on trade receivables for a quantitate analysis.

Liquidity risk
Reply S.p.A. is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.

The two main factors that determine the company's liquidity situation are on one side the funds generated by or used in operating and investing activities and on the other the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

As described in the Risk management section, Reply S.p.A has adopted a series of policies and procedures whose purpose is to optimize the management of funds and to reduce the liquidity risk, as follows:

- Centralizing the management of receipts and payments, where it may be economical in the context of the local civil, currency and fiscal regulations of the countries in which the company is present;
- Maintaining an adequate level of available liquidity;
- Monitoring future liquidity on the basis of business planning.

Management believes that the funds and credit lines currently available, in addition to those funds that will be generated from operating and funding activities, will enable the Group to satisfy its requirements resulting from its investing activities and its working capital needs and to fulfil its obligations to repay its debts at their natural due date.

Currency risk
Reply S.p.A. has a limited exposure to exchange rate risk; therefore, the company does not deem necessary hedging exchange rates.

Interest rate risk
Reply S.p.A. makes use of external funds obtained in the form of financing and invest in monetary and financial market instruments. Changes in market interest rates can affect the cost of the various forms of financing, including the sale of receivables, or the return on investments, and the employment of funds, causing an impact on the level of net financial expenses incurred by the company.

In order to manage these risks, the Reply S.p.A uses interest rate derivative financial instruments, mainly interest rate swaps, with the object of mitigating, under economically acceptable conditions, the potential variability of interest rates on the net result.

Sensitivity analysis
In assessing the potential impact of changes in interest rates, the company separates fixed rate financial instruments (for which the impact is assessed in terms of fair value) from floating rate financial instruments (for which the impact is assessed in terms of cash flows). Floating rate financial instruments include principally cash and cash equivalents and part of debt.
A hypothetical, unfavourable and instantaneous change of 50 basis points in short-term interest rates at 31 December 2024 applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivatives financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately 351 thousand Euros.

This analysis is based on the assumption that there is a general and instantaneous change of 50 basis points in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

Fair value hierarchy levels

IFRS 13 establishes a fair value hierarchy that classifies the inputs of the measurement techniques used to measure fair value into three levels. 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 31 December 2024, according to the fair value hierarchical assessment level.

(THOUSAND EUROS)	NOTE	LEVEL 1	LEVEL 2	LEVEL 3
Financial securities	26	42,268	-	-
Derivative financial assets (IRS)	26	-	935	-
Total assets		**42,268**	**935**	**-**
Derivative financial liabilities (IRS)	29	-	253	-
Total liabilities		**-**	**253**	**-**

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

To determine the effect of interest rate derivate financial instruments Reply refers to evaluation deriving from third parties (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 Reply for the exploitation of hedging derivatives contracts in existence as at 31 December 2024 re-enters under the hierarchy profile in level 2.

As at 31 December 2024, there have not been any transfers within the hierarchy levels.

Note 37 - Significant non-recurring transactions

Pursuant to Consob communication no. 6064293 of 28 July 2006, there were no significant non-recurring transaction during 2024.

Note 38 - Transactions resulting from unusual and/or abnormal operations

Pursuant to Consob communication no. 6064293 of 28 July 2006, in 2024 Reply S.p.A. has not taken part in any unusual and/or abnormal operations as defined in that Communication, under which unusual and abnormal transactions are those which because of their significance or importance, the nature of the parties involved, the object of the transaction, the means of determining the transfer price or of the timing of the event (close of the year end) may give rise to doubts regarding the accuracy/completeness of the information in the Financial Statements, conflicts of interest, the safeguarding of the entity's assets or the protection of minority interests.

Note 39 - Guarantees, commitments and contingent liabilities

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

Commitments
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 AG 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 34). In relation to the above accruals, as a result of the utilizations, the provision for risks has a residual amount of 87 thousand Euros at 31 December 2024.

Contingent liabilities

As an international company, Reply 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 Company 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 Company recognises specific provision for this purpose.

Note 40 - Emoluments to directors, statutory auditors and key management

The fees of the Directors and Statutory Auditors of Reply S.p.A. for carrying out their respective functions, including those in other consolidated companies, are fully explained in the Annual Report on Remuneration annexed herein in the related table.

Note 41 - Events subsequent to 31 december 2024

No significant events were reported after 31 December 2024.

Note 42 - Approval of the financial statements and authorization to publish

The financial statements for the year-ended 31 December 2024 were approved by the Board of Directors on March 13, 2025 which approved their publication.

Note 43 – Climate change

Climate change represents a global challenge that also affects business activities, influencing employee well-being, the management of operational sites, and energy efficiency. Reply is aware of the importance of adopting measures to reduce its environmental footprint and ensure operational continuity in a context of increasing attention to sustainability. Throughout the year, Reply has implemented initiatives aimed at optimizing energy consumption at its locations, promoting the adoption of renewable energy sources and energy efficiency systems. Additionally, it has promoted sustainable mobility policies for employees, offering remote working options and encouraging the use of low environmental impact vehicles.

To date, the analysis conducted has not highlighted any significant impacts of climate change on the 2024 financial statements, either in terms of operating costs or revenues.

In preparing the financial statements, Reply also assessed the potential effects of climate change on the main accounting estimates, in line with the recommendations of ESMA. Following this analysis, Reply has determined the following:

- Valuation of tangible assets: The company does not hold assets that are subject to significant risks of obsolescence or impairment due to climate factors. Therefore, no significant impacts have been identified on the recoverable value of assets or on the determination of their useful life;
- Impairment losses (IAS 36): No impairment indicators related to climate factors have emerged that would require impairments on business assets;
- Provisions for risks and charges (IAS 37): No current obligations or potential liabilities have been identified arising from environmental regulations or other factors related to the ecological transition;
- Going concern assessment: The company has considered climate risks in its going

concern analysis and has not identified any factors that could impair its ability to operate in the foreseeable future.

Despite the absence of significant impacts on current accounting estimates, Reply will continue to monitor regulatory developments and market conditions to promptly adjust its assessments.

Annexed Tables

Reply S.p.A.
Statement of income pursuant to Consob resolution no. 15519 of 27 july 2006

(EUROS)	2024	OF WHICH RELATED PARTIES	%	2023	OF WHICH RELATED PARTIES	%
Revenues	869,223,983	138,280,189	15.9%	792,261,247	118,326,732	14.9%
Other income	25,100,326	21,686,387	86.4%	22,794,238	21,635,227	94.9%
Purchases	(33,231,687)	(32,255,152)	97.1%	(29,671,176)	(29,137,494)	98.2%
Personnel	(48,423,316)	(10,769,600)	22.2%	(33,309,178)	(11,475,106)	34.5%
Services and other costs	(786,432,221)	(736,244,744)	93.6%	(732,056,100)	(686,097,859)	93.7%
Amortization and depreciation	(4,187,755)	-	0.0%	(4,445,008)	-	0.0%
Other operating income/(expenses)	(28,872,484)	-	0.0%	(6,482,920)	-	0.0%
Operating income (EBIT)	**(6,823,153)**			**9,091,102**		
Gain/(loss) on equity investments	25,758,250	-	0.0%	140,546,955	-	0.0%
Financial income/(loss)	41,924,780	16,463,909	39.3%	20,834,566	22,362,048	107.3%
Income before taxes	**60,859,877**			**170,472,623**		
Income taxes	(10,215,550)	-	0.0%	(9,342,926)	-	0.0%
Net income	**50,644,327**			**161,129,698**		
Net and diluted income per share	*1.35*			*4.32*		

Reply S.p.A.
Statement of financial position pursuant to Consob resolution no. 15519 of 27 july 2006

(EUROS)	31/12/2024	OF WHICH RELATED PARTIES	%	31/12/2023	OF WHICH RELATED PARTIES	%
Tangible assets	587,761	-	0.0%	546,470	-	0.0%
Goodwill	86,765	-	0.0%	86,765	-	0.0%
Intangible assets	5,102,557	-	0.0%	5,565,338	-	0.0%
RoU Assets	4,513,552	-	0.0%	1,262,979	-	0.0%
Equity investments	239,166,849	-	0.0%	208,916,189	-	0.0%
Other financial assets	514,537,724	513,611,011	99.8%	464,115,480	463,286,764	99.8%
Deferred tax assets	13,021,559	-	0.0%	9,384,763	-	0.0%
Non-current assets	**777,016,767**			**689,877,984**		
Trade receivables	599,647,726	297,050,257	49.5%	569,853,187	274,416,306	48.2%
Other receivables and current assets	94,883,374	44,866,011	47.3%	75,284,139	40,822,578	54.2%
Income tax receivables	2,143	-	0.0%	848,396	-	0.0%
Financial assets	93,682,271	50,014,938	53.4%	86,097,755	55,113,331	64.0%
Cash and cash equivalents	328,234,302	-	0.0%	233,202,949	-	0.0%
Current assets	**1,116,449,816**			**965,286,426**		
TOTAL ASSETS	**1,893,466,584**			**1,655,164,409**		
Share Capital	4,863,486	-	0.0%	4,863,486	-	0.0%
Other reserves	688,087,811	-	0.0%	565,296,705	-	0.0%
Net income	50,644,327	-	0.0%	161,129,698	-	0.0%
NET EQUITY	**743,595,624**			**731,289,889**		
Financial liabilities	47,217,651	-	0.0%	48,174,351	-	0.0%
IFRS 16 Financial liabilities	2,773,828	-	0.0%	740,965	-	0.0%
Employee benefits	11,741,984	-	0.0%	771,789	-	0.0%
Deferred tax liabilities	173,769	-	0.0%	5,934,786	-	0.0%
Provisions	36,188,584	-	0.0%	7,316,101	-	0.0%
Non-current liabilities	**98,095,816**			**62,937,992**		
Financial liabilities	410,099,808	392,843,582	95.8%	278,585,391	249,938,400	89.7%
IFRS 16 Financial liabilities	1,777,002	-	0.0%	523,515	-	0.0%
Trade payables	496,563,931	328,727,982	66.2%	476,954,890	313,025,322	65.6%
Other current liabilities	65,394,717	13,982,161	21.4%	57,830,728	11,247,657	19.4%
Income tax payables	26,439,686	-	0.0%	17,042,005	-	0.0%
Provisions	51,500,000	-	0.0%	30,000,000	-	0.0%
Current liabilities	**1,051,775,144**			**860,936,529**		
TOTAL LIABILITIES	**1,149,870,960**			**923,874,521**		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,893,466,584**			**1,655,164,409**		

Reply S.p.A.
Equity investments in subsidiaries with additional information required by Consob (communication no. 6064293 of 28 july 2006)

COMPANY	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	TOTAL SHAREHOLDERS' EQUITY	NET RESULT	INTEREST	CARRYING VALUE AT 31/12/2024
Air Reply S.r.l.	Turin	€	10,000	3,460,629	1,227,646	100.00%	1,223,530
Arlanis Reply S.r.l.	Turin	€	10,000	4,152,782	2,102,871	100.00%	588,000
Aktive Reply S.r.l.	Turin	€	10,000	4,281,931	2,198,683	100.00%	512,696
Atlas Reply S.r.l.	Turin	€	10,000	1,843,939	1,309,771	100.00%	12,575
Blue Reply S.r.l.	Turin	€	10,000	30,959,075	24,566,537	100.00%	527,892
Breed Reply Investment Ltd.	London	GBP	100	(42,365,867)	(16,484,582)	100.00%	1,000
Bridge Reply S.r.l.	Turin	€	10,000	1,615,049	850,301	100.00%	1,206,000
Business Reply P.S. S.r.l.	Turin	€	10,000	28,907	(181,499)	100.00%	402,125
Business Reply S.r.l.	Turin	€	78,000	10,091,084	5,799,753	100.00%	239,477
Cluster Reply S.r.l.	Turin	€	139,116	26,951,808	21,107,697	100.00%	2,530,593
Cluster Reply Roma S.r.l.	Turin	€	10,000	2,381,369	999,706	100.00%	296,184
Consorzio Reply Public Sector	Turin	€	174,500	112,320	-	22.64%	39,500
Core Reply S.r.l.	Turin	€	10,000	2,875,971	1,618,408	100.00%	598,018
Data Reply S.r.l.	Turin	€	10,000	10,682,602	6,258,307	100.00%	317,662
Discovery Reply S.r.l.	Turin	€	10,000	6,573,688	2,471,956	100.00%	1,311,669
e*finance Consulting Reply S.r.l.	Turin	€	34,000	7,232,437	4,060,960	100.00%	3,076,385
Eos Reply S.r.l.	Turin	€	200,000	2,552,729	1,411,836	100.00%	495,369
Forge Reply S.r.l.	Turin	€	10,000	32,488	(2,062,275)	100.00%	1,000
Go Reply S.r.l.	Turin	€	50,000	5,578,453	4,048,770	100.00%	1,920,000
Hermes Reply S.r.l.	Turin	€	10,000	3,792,416	2,273,283	100.00%	199,500
Hermes Reply Consulting (Nanjing) Co. Ltd.	China	CNY	7,641,350	20,348,890	4,737,598	100.00%	1,000,000
IrisCube Reply S.r.l.	Turin	€	651,735	19,112,975	13,889,344	100.00%	6,724,952
Like Reply S.r.l.	Turin	€	10,000	1,042,424	630,934	100.00%	644,317
Logistics Reply Roma S.r.l.	Turin	€	10,000	585,291	414,793	100.00%	800,542
Logistics Reply S.r.l.	Turin	€	78,000	18,483,672	4,632,702	100.00%	1,033,625
Open Reply S.r.l.	Turin	€	10,000	12,500,323	7,030,257	100.00%	1,625,165
Net Reply S.r.l.	Turin	€	10,000	7,598,645	2,554,630	100.00%	1,635,633
Nexi Digital S.r.l.	Turin	€	10,000	2,725,166	2,707,529	51.00%	5,100
Pay Reply S.r.l.	Turin	€	10,000	1,906,549	902,094	100.00%	10,000
Syskoplan CX Reply S.r.l.	Turin	€	10,000	2,055,624	812,134	100.00%	106,000
Power Reply S.r.l.	Turin	€	10,000	12,433,139	6,922,118	100.00%	2,708,265
Protocube Reply S.r.l.	Turin	€	10,200	527,472	63,067	100.00%	4,060

COMPANY	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	TOTAL SHAREHOLDERS' EQUITY	NET RESULT	INTEREST	CARRYING VALUE AT 31/12/2024
Reply Consulting S.r.l.	Turin	€	10,000	4,488,962	2,608,994	100.00%	3,518,434
Reply Deutschland SE	Guetersloh	€	120,000	128,893,107	(12,120,683)	100.00%	57,883,581
Reply Digital Experience S.r.l.	Turin	€	29,407	2,739,887	1,973,600	100.00%	4,673,019
Reply Do Brasil Sistema De Informatica Ltda	Belo Horizonte - Brasil	R$	650,000	5,002,814	(1,146,198)	100.00%	206,816
Reply France Sas	France	€	5,310,000	26,696,833	(3,280,812)	100.00%	35,010,000
Reply Inc.	Michigan - USA	$	35,582,982	(9,833,239)	(18,487,822)	100.00%	32,624,285
Reply Ltd.	London	GBP	24,215,720	41,051,445	(1,420,281)	100.00%	39,691,413
Reply Polska Sp. z o.o.	Katowice-Poland	ZLT	8,546	4,363,432	1,514,989	100.00%	10,217
Reply Sarl	Luxemburg	€	-	(6,789,753)	(14,161,717)	100.00%	12,000
Reply Services S.r.l.	Turin	€	10,000	79,819	(847,549)	100.00%	1,000
Retail Reply S.r.l.	Turin	€	10,000	5,703,518	3,146,044	100.00%	100,000
Ringmaster S.r.l.	Turin	€	10,000	1,636,283	1,541,571	50.00%	5,000
Santer Reply S.p.A.	Milan	€	2,209,500	32,935,111	21,221,965	100.00%	12,521,966
Security Reply S.r.l.	Turin	€	50,000	28,649,704	16,759,207	100.00%	392,866
Sense Reply S.r.l.	Turin	€	10,000	6,033,168	2,001,242	100.00%	1,015,700
Sensor Reply S.r.l.	Turin	€	10,000	36,091	(148,504)	100.00%	12,800
Shield Reply S.r.l.	Turin	€	10,000	15,979	(235,539)	100.00%	546,000
Spark Reply S.r.l.	Turin	€	10,000	448,868	428,895	100.00%	1,042,500
Sprint Reply S.r.l.	Turin	€	10,000	3,641,363	2,220,470	100.00%	155,000
Storm Reply Roma S.r.l.	Turin	€	10,000	1,105,807	1,068,721	100.00%	148,040
Storm Reply S.r.l.	Turin	€	10,000	13,016,366	6,362,750	100.00%	847,960
Syskoplan Reply S.r.l.	Turin	€	32,942	3,671,090	2,424,806	100.00%	949,571
Sytel Reply S.r.l.	Turin	€	115,046	18,417,082	7,296,965	100.00%	3,887,598
Sytel Reply Roma S.r.l.	Turin	€	10,000	15,226,677	10,104,919	100.00%	894,931
TamTamy Reply S.r.l.	Turin	€	10,000	4,867,123	2,307,181	100.00%	293,471
Target Reply S.r.l.	Turin	€	10,000	8,427,746	4,980,381	100.00%	600,338
Technology Reply Roma S.r.l.	Turin	€	10,000	3,573,699	1,303,191	100.00%	10,000
Technology Reply S.r.l.	Turin	€	79,743	16,397,792	13,946,808	100.00%	216,658
Technology Reply S.r.l. (Romania)	Romania	RON	44,000	1,822,080	(2,549,808)	100.00%	9,919
Tender Reply S.r.l.	Turin	€	10,000	54,857	(137,416)	100.00%	10,000
Whitehall Reply S.r.l.	Turin	€	21,224	2,982,618	2,825,493	100.00%	160,212
Whitehall AI Reply S.r.l.	Turin	€	10,000	1,175,019	1,165,019	100.00%	10,000
WM Reply S.r.l.	Turin	€	10,000	685,469	671,712	80.00%	368,255
Xenia Reply S.r.l.	Turin	€	10,000	560,425	303,978	100.00%	380,000
Xister Reply S.r.l.	Rome	€	10,000	5,370,742	1,010,752	100.00%	9,150,465

Details of shareholders' equity stated according to origin, possibility of utilization, possibility of distribution, availability and the utilization in the previous three fiscal years

				SUMMARY OF THE AMOUNT USED IN THE PRIOR THREE FISCAL YEARS	
NATURE/DESCRIPTION	AMOUNT	POSSIBILITY OF UTILIZATION	AVAILABLE	FOR COVERAGE OF LOSSES	OTHER
Capital	4,863,486				
Capital reserves					
Reserve for treasury share	17,122,489				
Reserve for purchase of treasury shares	43,391,072	A,B,C	43,391,072		
Income reserves					
Legal reserve	972,697	B			
Extraordinary reserve	244,852,182	A,B,C	244,852,182		
Surplus merger reserve	6,347,964	A,B,C	6,347,964		
Retained earnings	674,740	A,B,C	674,740		
Reserve for purchase of treasury shares	389,486,439	A,B,C	389,486,439		
Total			**684,752,398**		
Not available amount			-		
Residual available amount			**684,752,398**		
Reserves from transition to IAS/IFRS					
FTA reserve	303,393				
Retained earnings	2,147,961				
Reserve for cash flow hedge	448,858				
Reserve for treasury share	(17,122,489)				
IAS reserve	232,952				
Accounting expenses according to IAS 32	(770,448)				
	(14,759,773)				

Legend
A: for share capital increase
B: for coverage of losses
C: distribution to shareholders

Disclosures pursuant to article 149-duodecies by consob

The following table, prepared in accordance with Art. 149-duodecies of the Regolamento Emittenti issued by Consob, reports the amount of fees charged in 2024 for the audit and audit related services provided by the Audit Firm and by entities that are part of the Audit Firm network. There were no services provided by entities belonging to its network.

(EUROS)	SERVICE PROVIDER	2024 FEES
Audit	PwC S.p.A.	103,676
Audit related services	PwC S.p.A. (1)	20,624
	PwC S.p.A. (2)	120,000
Total		**244,300**

(1) Attestation of tax forms (tax return, IRAP and Form 770)
(2) Sustainability Report Attestation

Attestation of the financial statements

in accordance with article 81-ter of Consob regulation no. 11971 of 14 may 1999 and subsequent amendments and additions

The undersigned, Mario Rizzante, in his capacity as Chairman and Chief Executive Officer, and Giuseppe Veneziano, Director responsible for drawing up Reply S.p.A.'s financial statements, hereby attest, pursuant to the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- suitability with respect to the Company's structure and
- the effective application of the administration and accounting procedures applied in the preparation of the financial statements for the year ended 2024.

The assessment of the adequacy of administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2024 was carried out on the basis of regulations and methodologies defined by Reply prevalently coherent with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, an internationally-accepted reference framework.

The undersigned also certify that:

1 the Financial Statements

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council, dated 19 July 2002;
- correspond to the amounts shown in the Company's accounts, books and records;
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company.

2 the Report on operations includes a reliable operating and financial review of the Company, as well as the situation of the issuer and a description of the main risks and uncertainties to which they are exposed.

Turin, 13 March 2025

/s/ Mario Rizzante
Chairman and Chief Executive Officer
Mario Rizzante

/s/ Giuseppe Veneziano
Director in charge of signing
the financial statements
Giuseppe Veneziano

Statutory Auditors' Report to the Shareholders

meeting pursuant to art. 153 of legislative decree 58/1998 and art. 2429, co.2 of the civil code regarding the financial statements and consolidated financial statements as of december 31, 2024

Dear Shareholders,
Pursuant to Article 153 of Legislative Decree 58/1998, and in compliance with the applicable regulations, the Board of Statutory Auditors is required to report to the Shareholders' Meeting on the supervisory activities carried out during the year, on any omissions and censurable facts identified, and may make observations and proposals regarding the financial statements, their approval, and matters within its competence.

During the year, the Board of Statutory Auditors carried out its supervisory duties in compliance with the Civil Code, Legislative Decree 58/1998 (TUF), Legislative Decree 39/2010, the statutory provisions, and regulations issued by the Authorities exercising supervisory and control activities, also considering the recommended conduct standards issued by the National Council of Chartered Accountants and Accounting Experts.

In particular, the Board of Statutory Auditors has supervised: (i) compliance with the law and the articles of association, (ii) adherence to the principles of correct administration, (iii) the adequacy of the Company's organizational structure, internal control system, risk management system, and accounting system, and the reliability of the latter in representing management facts accurately, (iv) the effective implementation of the corporate governance rules adopted by the Company in accordance with the Corporate Governance Code for Listed Companies, (v) the adequacy of the provisions given to subsidiaries pursuant to Article 114, paragraph 2, TUF, and (vi) the obligations related to sustainability reporting under Legislative Decree 125/2024.

In carrying out its supervisory duties, the Board referred to the "Conduct Standards for the Board of Statutory Auditors of Listed Companies," particularly adopting a risk-based approach that allowed it to focus its activities on the most significant aspects of the Company's management.

Supervisory activities under Legislative Decree 39/2010 implementing Directive 2006/43/EC on the legal audits of annual accounts and consolidated accounts

The Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, has performed the functions provided for in Article 19 of Legislative Decree 39/2010, overseeing the following aspects:

- The financial reporting process;
- The effectiveness of internal control systems, internal audit, and risk management systems;
- The legal audit of the annual accounts and consolidated accounts;
- The independence of the legal auditor, particularly regarding the provision of services other than auditing.

The legal auditor, periodically met in compliance with Article 150, paragraph 3, of the TUF to exchange mutual information, did not highlight any actions or facts considered censurable nor irregularities that required the formulation of specific reports pursuant to Article 155, paragraph 2, of the TUF.

During the meetings, particular attention was given to the application of the impairment test to investments and goodwill from corporate acquisitions. The Board notes that the impairment procedure remained unchanged from the previous year.

The Control and Risk Committee examined the results of the impairment test as of December 31, 2024, prepared in accordance with the aforementioned procedure. The Board of Directors pre-approved the economic and financial projections for 2025-2027 specifically prepared for the test, and in the subsequent meeting, it approved the results of the application of the impairment procedure.

The Board of Statutory Auditors also held a meeting with the Quality Review Partner from PricewaterhouseCoopers S.p.A., responsible for the auditing activities for the Reply Group. During the meeting, the Auditors were informed about all activities related to the quality control of the audit process for the Reply Group.

The Board of Statutory Auditors also took note of the 2024 Transparency Report prepared by the auditing firm and published on its website pursuant to Article 13 of EU Regulation No. 537/2014.

The Board of Statutory Auditors acknowledges the activities related to the assignment of non-audit services to the auditing firm, which were authorized by the Board after a careful prior analysis.

Supervisory activities on the sustainability reporting process
The Board of Statutory Auditors monitored compliance with the provisions of Legislative Decree No. 125 of September 6, 2024, particularly regarding both the preparation process for sustainability reporting and the limited assurance activities performed by PricewaterhouseCoopers S.p.A. The activity was carried out through meetings with the relevant company structure and discussions with the external auditor in charge of the legal audit.

The Declaration was subject to limited assurance by PricewaterhouseCoopers S.p.A., which issued an attestation on the conformity of the provided information with the requirements of Legislative Decree 125/2024 and with the principles, methodologies, and procedures set by the adopted reporting standard.

The Board, having reviewed the report from the auditing firm pursuant to Article 14-bis of Legislative Decree 125/2024 and the declaration issued by the Company pursuant to Article 154-bis, paragraph 5-ter, of Legislative Decree No. 58/1998, did not identify any non-compliance or violations of the relevant regulations.

Self-assessment of the Board of Statutory Auditors
During the first months of 2025, the Board of Statutory Auditors conducted its annual self-assessment process, the results of which will be forwarded to the Board of Directors so that the conclusions can be included in the Corporate Governance and Ownership Structure Report.

For this purpose, the Board requested and obtained information from individual members, collected individual statements, and prepared a questionnaire based on the document "Self-assessment of the Board of Statutory Auditors – Conduct Standards of the Board of Statutory Auditors of listed companies – Rule Q.1.1," from the National Council of Chartered Accountants and Accounting Experts, referenced by Rule Q.1.7 of the new Conduct Standards for the Board of Statutory Auditors of listed companies from December 2024.

During the self-assessment activities, the Board of Statutory Auditors verified and confirmed that all its members continue to meet:

- The independence requirements established by law (Article 148, paragraph 3, TUF) and the Corporate Governance Code (Article 2, Recommendation No. 7). The Board of Statutory Auditors has established its own Conduct Protocol to identify corrective measures to be adopted to adequately address any circumstances that may compromise the independence of its members. During the year, no circumstances arose that required the activation of the measures provided for by the Conduct Protocol;
- The professional, ethical, competence, and experience requirements as set forth by Articles 1 and 2 of the Ministry of Justice Decree No. 162 of March 30, 2000;
- The requirements set by the articles of association.

It was also verified that each Board member continues to comply with the applicable regulations on the limits to the accumulation of offices.

Based on the information at hand, the Board of Statutory Auditors has assessed the current composition of the Board as adequate, in reference to the professional, diversity, competence, ethical, and independence requirements established by the regulations. Having established the above, the following information is provided in accordance with the provisions contained in Consob Communication No. DEM 1025564 of April 6, 2001, as subsequently amended.

1. Major Economic, Financial, and Asset-Related Transactions

We have received timely and adequate information from the Executive Directors regarding major economic, financial, and asset-related transactions carried out by the Company and/or its subsidiaries during the 2024 fiscal year or after its closure.
These transactions, to which the Board of Auditors has no observations, are appropriately indicated in the documents related to the financial statements submitted for your approval.

2. Possible Existence of Atypical and/or Unusual Transactions, Including Intra-group and Related Party Transactions

The documents submitted for your approval, the information received during meetings of the Board of Directors, and those received from the Chairman, the CEO, the management, and the Board of Auditors (where present) of the companies directly controlled by Reply S.p.A., as well as the statutory auditor, have not highlighted the existence of atypical and/or unusual transactions, including intra-group or related party transactions, carried out during the 2024 fiscal year, nor any after the closure of the year.
Regarding intra-group transactions, it is reported that during the 2024 fiscal year, Reply S.p.A.:

- Purchased professional services from group companies related to revenues from contracts signed with third-party clients;
- Granted guarantees in favour of controlled companies;
- Provided financing to subsidiaries without a specific purpose, aimed at supporting their activities;
- Provided strategic management, administrative, marketing, quality management, and management services to subsidiaries;
- Managed the group’s treasury for Italian subsidiaries through bank accounts held by the individual controlled companies;
- Granted the use of the “REPLY” trademark to group companies;
- Acquired “office services” (providing equipped spaces and secretarial services) from controlled companies.

The transactions with other related parties during 2024 were related to compensation for directors, auditors, and executives with strategic responsibilities, as well as “office services” for the use of the property at the Torino headquarters (Corso Francia 110), provided by Alika S.r.l.

For these transactions, the Procedure for Transactions with Related Parties was not applied as they are exempt transactions as defined in Articles 4.1 and 4.4 of the Procedure.

3. Information in the Management Report on Atypical and/or Unusual Transactions, Including Intra-group and Related Party Transactions

The information provided by the Directors in the Management Report for the financial statements as of December 31, 2024, in the comment notes and in the annexed statements to the consolidated financial statements of the Reply Group and the financial statements of Reply S.p.A. as of December 31, 2024, regarding major economic, financial, and asset-related transactions, as well as active and passive relationships with controlled, affiliated companies, and related parties, is adequate.

The Report on Operations, the information received during the meetings of the Board of Directors, and those received from the Chairman, the CEOs, the management, the controlling bodies (where present) of the controlled companies, and the statutory auditor did not highlight the existence of atypical and/or unusual transactions, including intra-group or related party transactions, conducted during the fiscal year or after its closure.

4. Observations and Proposals Regarding the Audit Observations and Disclosures in the Auditor's Report

The Board of Auditors has reviewed the following reports prepared by the statutory auditor, PricewaterhouseCoopers S.p.A.:

- The audit reports on the financial statements and the consolidated financial statements issued on March 31, 2025, pursuant to Article 14 of Legislative Decree 39/2010 and Article 10 of Regulation (EU) No. 537/2014;
- The report on the compliance of the consolidated sustainability reporting issued on March 31, 2025, pursuant to Article 14-bis of Legislative Decree 39/2010;
- The supplementary report issued on March 31, 2025, pursuant to Article 11 of the aforementioned Regulation, to the Board of Auditors in its capacity as the internal control and audit committee.

The aforementioned reports highlight that:

- The separate and consolidated financial statements of the Reply Group have been prepared in accordance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board and adopted by the European Union, in force as of December 31, 2024, and in compliance with the provisions of Article 9 of Legislative Decree 38/2005, as amended;
- The separate and consolidated financial statements of the Reply Group provide a true and fair view of the company's financial position, performance, and cash flows for the year ended December 31, 2024;

- The separate and consolidated financial statements were prepared in XHTML format in accordance with the provisions of Delegated Regulation (EU) 2019/815 of the European Commission regarding the technical regulatory standards for the specification of the European Single Electronic Format (ESEF);
- The statutory auditor has not received any elements suggesting that:
  - The consolidated sustainability reporting of Reply Group for the fiscal year ended December 31, 2024, was not prepared, in all significant aspects, in accordance with the reporting principles adopted by the European Commission under Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also “ESRS”);
  - The information contained in the section “Disclosure under Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)” of the consolidated sustainability reporting was not prepared, in all significant aspects, in accordance with Article 8 of Regulation (EU) No. 852 of June 18, 2020 (also known as the “Taxonomy Regulation”).

Moreover, in the statutory auditor’s opinion, the Report on Operations and the information under paragraph 4 of Article 123-bis of the Consolidated Finance Act contained in the Report on Corporate Governance and Ownership Structures are consistent with the financial documents.

Regarding the identification of material errors in the Report on Operations (Article 14, paragraph 2, letter e) of Legislative Decree 39/2010), the auditor declared that there were no issues to report.

Concerning the supplementary report issued under Article 19 of Legislative Decree 39/2010, the Board of Auditors verified that it includes:
- The main aspects of the audit;
- The significance levels for the consolidated and separate financial statements;
- The audit plan;
- The consolidation scope and method;
- The audit methodology and valuation methods applied in the consolidated and separate financial statements;
- The areas of focus for the consolidated and separate financial statements;
- The activities carried out by the audit team.

In this document, the statutory auditor also confirmed that no significant audit differences were found in the consolidated and separate financial statements, nor were there significant deficiencies identified in the internal control system regarding the financial reporting process. The auditor also listed the mandatory communications made to the corporate bodies and confirmed that, based on the checks on the regular maintenance of the company’s accounting records and the correct recognition of transactions in the financial records, no significant issues were found to report.

The Board of Auditors has reviewed the declaration on the independence of the statutory auditor, issued under Article 17 of Legislative Decree 39/2010, on March 31, 2025. The declaration does not indicate any situations that would compromise the auditor's independence or causes of incompatibility under Articles 10 and 17 of the same decree and the related implementing provisions.

5. Reports under Article 2408 of the Civil Code

The Board of Auditors has not received any communications and/or complaints, even those qualified as such under Article 2408 of the Civil Code, during the fiscal year or after its closure.

6. Submission of Complaints

The Company's directors have not reported any complaints directed to them during the fiscal year, nor after its closure.

7. Possible Granting of Additional Engagements to the Statutory Auditor and Related Costs

During 2024, in addition to the engagement for the statutory audit of the financial statements for the year ended December 31, 2024, PricewaterhouseCoopers S.p.A. was granted the following assignments for attestation services:

INCARICHI	CORRISPETTIVO €/000
Subscription of Unico, IRAP, 770 models for Reply S.p.A.	3.6
Agreed-upon procedures aimed at verifying the document "GHG Inventory – Statement on 2023 GHG Emission" of the Reply Group ("GHG Statement") drafted by Reply S.p.A.	17.0
Limited review of Sustainability Reporting pursuant to Legislative Decree 125/2024 of the Reply Group	120.0
Subscription of Unico, IRAP, 770 models for Reply S.p.A.'s subsidiaries	40.5
Agreed-upon procedures aimed at verifying the competencies declared in 2022 by the Reply Public Sector Consortium for "Information & Communication Technology" services for the update of its IT services supplier qualification for the client Poste Italiane.	29.5
Agreed-upon procedures aimed at verifying the competencies declared by the Reply Public Sector Consortium during its registration in the Poste Italiane suppliers' register, for the Category "Information Technology Services," Subcategory "Application Development and Maintenance," Class "Applications Supporting Business Processes" in the telematic tender, with a call from the Register, pursuant to Article 134 of Legislative Decree no. 50/2016, for the establishment of a Framework Agreement for "Specialist Support Services for the Evolution of Poste Italiane's Post Office Systems"	33.0
Agreed-upon procedures aimed at verifying the competencies declared by the Reply Public Sector Consortium during its registration in the Poste Italiane suppliers' register, for the Category "Information Technology Services," Subcategory "Application Development and Maintenance," Class "Financial and Payment Applications" in the competitive comparison for excluded tenders, with a call from the Register, for the establishment of a Framework Agreement for the "Provision of Services Related to the Evolution of Financial Services Systems in the areas of Financing, Securities, and Funds, Finance Risk Management, and Digital Application Solution and Banking Systems of Poste Italiane," Lot 2 - Wealth Systems, Investment Products, Finance & Risk, Financing	30.0
Agreed-upon procedures aimed at verifying the competencies declared by the Reply Public Sector Consortium during its registration in the Poste Italiane suppliers' register, for the Category "Information Technology Services," Subcategory "Management and Operation Services," Class "Application Operation" in the "Competitive Comparison for the Establishment of a Framework Agreement for Specialist Support Services for the Production Transition, Operational Management of Infrastructures, Platforms, and Applications in Service, Used in Digital and Postal Services, and the Certification of Applications and Digital Services and Platforms – Three Lots (Tender Code 17973)" - Lot 2.	18.0
Agreed-upon procedures aimed at verifying the competencies declared by Santer Reply during the telematic open procedure tender for the conclusion of a framework agreement, pursuant to Article 59, paragraph 4, letter c) of Legislative Decree 36/2023, regarding the awarding of application services, system management, and ICT support services, announced by Innovapuglia S.p.A. – Aggregator Entity of the Region of Puglia	3.5
Certification of Research and Development Tax Credit for Logistics Reply and Santer Reply	12.5

8. Possible appointment of assignments to individuals linked to the auditing company, from ongoing relationships and related costs.

During the year, no assignments were given to individuals linked to PricewaterhouseCoopers S.p.A. through ongoing relationships and/or to individuals belonging to its network.

9. Indication of the existence of opinions issued according to the law during the year.

During the year, the opinions requested from the Board of Statutory Auditors, as required by law, were issued.

10. Indication of the frequency and number of meetings of the Board of Directors and the Board of Statutory Auditors.

During the year, the Board of Directors held 8 meetings, and the Board of Statutory Auditors held 15 meetings. The Control and Risk Committee met 4 times, the Remuneration Committee met 2 times, the Sustainability Committee met 3 times, and the Ethical AI Committee met 1 time. The Board of Statutory Auditors participated in the meetings of the Board of Directors and, through its Chairman, attended the meetings of the Control and Risk Committee and the Remuneration Committee.

11. Observations on compliance with the principles of correct administration.
The Board of Statutory Auditors, having participated in the meetings of the Board of Directors and based on the information obtained in these meetings, confirms having verified, excluding the merit control over the appropriateness and convenience of the decisions made by the Board, that the operations carried out and to be carried out by the Company, as approved by the Board of Directors, were in line with the principles of correct administration, compliant with the law and the corporate bylaws, not in conflict with the resolutions of the shareholders' meeting, and were adequately supported by information, analysis, and verification processes.

12. Observations on the adequacy of the organizational structure and setup.
The Board has assessed the timeliness and completeness of the organizational structure and its alignment with business and governance needs, in terms of professionalism and ability to achieve strategic and operational goals, considering the adequacy of the delegation system and the principles of adequate "separation of duties." In this regard, the Board has overseen the adequacy of the composition, size, and functioning of the Board of Directors and the internal committees, participating in meetings and reviewing the documentation produced by these bodies in the performance of their duties, and in its collegiality, believes there are no further observations to make on this matter. Management, following requests from the Board for more information on management activities, after internal assessment, decided to provide this information when deemed necessary regarding specific events or contingencies or upon specific request from Board members. Periodic reporting continued to focus on, in addition to the economic results approved quarterly by the Board of Directors, mainly on the most significant economic, financial, and asset-related transactions conducted by the Company or its subsidiaries, particularly on extraordinary and internal reorganization aspects. The Board of Statutory Auditors also highlights that:

- The Chairman of the Company holds executive delegations substantially similar to those of the Chief Executive Officer;
- The breadth of these delegations allows their holders substantial independent management executive capacity for all transactions not deemed "price-sensitive" under the law by management;
- This management executive capacity, in the absence of a strategic industrial plan approved by the Board of Directors, means that the strategic direction is effectively dictated by management.

The Chairman of the Board of Statutory Auditors believes that this situation limits, overall, the Board of Directors' ability to exercise its guiding role, particularly regarding the definition of the Company's and Group's strategies and monitoring their implementation, as recommended by the Corporate Governance Code. In this context, while acknowledging the crucial role of CEOs and Executive Directors in driving the success of the Company and Group, the Chairman hopes that, through the future sharing and approval of an industrial plan resulting from Board discussion and contribution, the Board of Directors can exercise its strategic leadership role and guide the Group, as the Corporate Governance Code recommends. This will also allow the Board to have a necessary reference point for evaluating the returns of the extensive delegations given to the Chairman and CEO of the Company.

In this regard, the Board of Statutory Auditors positively assesses that the Company's Enterprise Risk Management (ERM) model has, starting from the 2024 financial year, included the determination of the Risk Appetite Framework (RAF) by the Board of Directors, as discussed in paragraph 13. This initiative marks a significant first step toward greater involvement of the Board in the strategic process, enabling it to not only more effectively monitor management decisions but also assume a more active role in defining corporate directions.

The Board hopes this evolutionary process will lead to a progressive integration between management and the guiding role of the Board of Directors, strengthening its contribution to determining medium- to long-term orientations and evaluating the effectiveness of adopted strategies. The Board of Statutory Auditors acknowledges that the executive directors report promptly on the most significant economic, financial, and asset-related operations, as required by Article 150 of the TUF. In accordance with Recommendation No. 13 of the Corporate Governance Code, the Board of Directors appointed a Lead Independent Director in 2021.

The Board of Statutory Auditors has also considered the documentation related to other components of the overall organizational structure of Reply S.p.A. and has noted:

- The existence of an organizational chart and related company documentation outlining the organizational structures;
- A system of delegations exercised in line with the roles and powers assigned to each function/committee involved;
- Consolidated company practices for governance by Reply S.p.A. in its functions of direction, coordination, and control of subsidiaries, mainly exercised through: (i) centralized functions governing the Group's main activities deemed sensitive (Personnel, Communications, Management Control, Innovation), (ii) constant monitoring of business by top management, and (iii) the presence of top management on the Boards of Directors of subsidiaries;
- Company regulations for the activities of each managerial function, primarily based on the ISO 9000 procedural model.

Overall, based on the above analysis, these additional components of the organizational structure are mainly based on structured and effective management practices.

13. Observations on the adequacy of the internal control system.

The Board of Statutory Auditors, having reviewed the decisions made by the Board of Directors and reported in the Corporate Governance and Ownership Structure Report regarding the adequacy and actual functioning of the internal control system, examined the 2024 reports of the Internal Audit function. In particular, the Board of Statutory Auditors points out:

- Throughout the year, the necessary functional and informational link was maintained between the Head of the Internal Audit function, the Control and Risk Committee, and the Supervisory Body regarding the execution of evaluation, monitoring, and control tasks concerning, within their respective competence, the adequacy, operation, and actual functioning of the internal control system and risk management, as well as the outcomes of the verification activities carried out by the Internal Audit function, in accordance with the audit plan approved by the Board of Directors and the risk assessment performed by the Company with the support of a Reply Group company specializing in this field;
- The Company has described in the Corporate Governance and Ownership Structure Report the main features of the internal control system and risk management, as well as the coordination mechanisms among the entities involved, specifying the national and international models and best practices used as reference;
- In this regard, the Board of Statutory Auditors positively evaluates the progressive refinement of the Company's Enterprise Risk Management (ERM) model. In this update, the annual risk assessment was conducted, involving the relevant company functions and leading to the identification of the main business risks. A relevant step, introduced in 2023, was the definition of Risk Appetite (RA), i.e., the level of risk the Company is willing to assume, differentiated according to various risk types. In 2024, the model underwent another important evolution, involving the determination of the RAF by the Board of Directors. This step represents a significant evolution, marking a first step toward the integration of risk management and decision-making processes, offering a structured criterion for evaluating the adequacy of risk assumption in light of the Board of Directors' greater awareness of business objectives;
- The Head of the Internal Audit function has periodically updated the Board of Statutory Auditors on the activities performed and the main findings of the audits conducted, with no corrective actions highlighted. T

The documents presented during the periodic information exchange with the Board of Statutory Auditors summarized the outcomes of the audits, which, for all completed audits, did not show any observations, suggestions, or recommendations.

The Board of Statutory Auditors has acknowledged that the Internal Audit's analysis of the overall Internal Control and Risk Management System, for the purposes of assessing its suitability, has been completed and revealed no issues to report.

As part of its oversight activities, the Board of Statutory Auditors has also assessed the current effectiveness of the quality, environmental, safety, and energy management system in place at the Reply Group.

During these checks, no specific issues were identified, and the integrated quality, environmental, and safety management system is considered effective in its practical operation and adequate. The Board also found that the Company complies with the measures set by the Personal Data Protection Authority and acts in substantial compliance with the provisions of EU Regulation No. 679/2016 (GDPR), Legislative Decree No. 196/2003, as amended by Legislative Decree No. 101/2018, and other applicable data protection regulations.

The Board of Statutory Auditors has noted that the Data Protection Officer, during periodic meetings, has not highlighted any critical elements to report in this report.

The Board has not received any information regarding violations of the Organization and Management Model pursuant to Legislative Decree 231/01 from the Supervisory Body. Overall, while agreeing with and appreciating the initiatives undertaken by management in the areas of Risk Management and the Internal Control System, the Board recommends the timely completion of its implementation in the evolutionary perspective of progressively advancing its maturity level. In this regard, the Board notes that the external evaluation of adherence to International Standards for the professional practice of Internal Auditing (EQR), conducted in 2021, highlighted the need to expand the function's activities in the areas of "operations" and anti-fraud, as provided by international standards.

The Board acknowledges that the Company has initiated a multi-year implementation process to fully comply with international standards and improve its alignment with the specific recommendation of the Corporate Governance Code to which the Company adheres. As part of this process, the Internal Audit function has gradually strengthened its operations, promising to reassess over time the adequacy of the resources assigned to the function in relation to the scope of activities required.

During the year, however, the Internal Audit activity primarily focused, even with full resource utilization, on traditional and compliance audit areas, without including specific operational audit interventions. Additionally, the audit plan is not currently integrated with the Enterprise Risk Management (ERM) process, maintaining an independent approach in selecting areas of intervention. The Board emphasizes the importance of continuing this path in an integrated manner with the risk management process and, more generally, continuing the path started in previous years with a view to continuous improvement.

The Board, in its collegiality, believes there are no further elements to bring to the attention of the Shareholders' Meeting.

14. Observations on the administrative accounting system.
The Board of Statutory Auditors has reviewed the internal regulations related to the internal control system for financial reporting, which includes the activities for identifying risks/controls and procedures to ensure, with reasonable certainty, the achievement of objectives for reliability, accuracy, timeliness, and credibility of financial information. This system enables the officer responsible for preparing financial and corporate documents, together with the delegated administrative bodies, to issue the attestations required by Article 154-bis of the TUF.

The Board of Statutory Auditors has met periodically with the responsible officer and the external auditor for an information exchange, which also covered the management and control model of the Reply Group under Law 262/2005.

During these meetings, no significant deficiencies were reported in the operational and control processes that could affect the adequacy and effective application of the administrative-accounting procedures, ensuring the correct representation of economic, financial, and asset-related events in compliance with international accounting principles. Similarly, during periodic information exchange meetings, as well as in the additional report prepared under Article 19 of Legislative Decree 39/2010, the external auditor has not reported any significant issues in the internal control system regarding the financial reporting process.

The Chairman and the responsible officer for preparing the corporate financial documents have issued, pursuant to Article 81-ter of Consob Regulation No. 11971/1999 and its subsequent amendments, the certification required by Article 154-bis, paragraph 5 of Legislative Decree No. 58/1998, which has been reviewed by the Board as evidence of the effectiveness of the administrative-accounting processes.

15. Provisions given by the company to subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree No. 58/1998.
The provisions issued by Reply S.p.A. to its subsidiaries, pursuant to Article 114, paragraph 2 of Legislative Decree No. 58/1998, appear adequate; likewise, the subsidiaries have provided the parent company with the necessary information for timely knowledge of business events. In this regard, we inform you that, in order to ensure the timeliness of the requested communications, the Finance and Control Director of Reply S.p.A. holds the position of Chairman and/or CEO of all Italian subsidiaries, except for Ringmaster S.r.l., and is a Director of Nexi Digital S.r.l., a Director in several foreign subsidiaries, as well as a Director in some U.S. companies and a member of the Supervisory Board of Reply Deutschland SE.

We also inform you that:

- The Chairman of the Board of Directors of Reply S.p.A., Mr. Mario Rizzante, is a member of the Supervisory Board of Reply Deutschland SE;

- The CEO, Engineer Tatiana Rizzante, holds, among other positions, the role of Director of the UK subsidiaries Reply Ltd, Airwalk Holdings Reply Limited, Airwalk Consulting Reply Limited, AWC Partners Reply Ltd, Graymatter Reply Ltd, Arlanis Reply Ltd, Mansion House Reply Limited, and Managing Director of the German subsidiary Reply Deutschland SE;
- Director Mr. Filippo Rizzante holds, among other positions, the role of Director in several UK subsidiaries, as well as the position of Vice President of Ringmaster S.r.l.;
- The dissemination of information to the subsidiaries is carried out through processes established and operational within Reply's Finance department according to the functioning of the so-called Service Hubs, i.e., centralized operational centres that provide financial, administrative, and support services to one or more entities within a specific country.

16. Relevant Aspects Emerging from Meetings Held with the Legal Auditors Pursuant to Article 150, Paragraph 3, of Legislative Decree No. 58/1998.

During the meetings and discussions held with representatives of the legal auditing firm, no actions or facts were identified that could be considered censurable or significant enough to warrant mention and/or specific reports in accordance with Article 155, Paragraph 2, of Legislative Decree No. 58/1998.

17.Company's Adherence to the Self-Discipline Code of the Corporate Governance Committee for Listed Companies.

The Company has adhered to the Corporate Governance Code (formerly the Self-Discipline Code) since the 2000 financial year, which was last reviewed in January 2020 and came into effect from the 2021 financial year.

On March 13, 2025, the Board of Directors approved the annual report on Corporate Governance and Ownership Structure as per Article 123-bis of Legislative Decree No. 58/1998.

The Board has acknowledged the Remuneration Policy Report and the compensation paid (Remuneration Report), prepared in accordance with Article 123-ter of Legislative Decree No. 58/98, Article 84-quater of the Issuers' Regulation, and its annex 3A, schedules no. 7-bis and 7-ter. This report was approved by the Board of Directors on the recommendation of the Remuneration Committee.

As recommended by the Corporate Governance Code, when determining the remuneration of executive directors, the Board of Directors took into account remuneration practices prevalent in the relevant sector and for companies of similar size.

Regarding the supervision of the implementation of the Corporate Governance Code, the Board has no further observations to report beyond what has already been mentioned.
18.Proposals to Be Presented to the Shareholders' Meeting Pursuant to Article 153 of

Legislative Decree No. 58/1998. In relation to the provisions of the second paragraph of Article 153 of Legislative Decree No. 58/1998, the general supervisory duty under Article 149 letter a) of the same decree, and the agenda item regarding the discussion of the financial statements, the Board of Statutory Auditors acknowledges that it has supervised compliance with the procedural and legal rules governing the preparation of these documents.

The following declarations were made by the Directors:
- The financial statements as of December 31, 2024, were prepared in accordance with European Regulation No. 1606/2002 of July 19, 2002, and in compliance with international accounting principles (IFRS);
- The consolidated annual financial report as of December 31, 2024, was prepared in electronic format, in accordance with European Regulation 815/2018 (the “ESEF” format);
- The sustainability reporting as of December 31, 2024, was prepared in accordance with the reporting standards applied under Directive 2013/34/EU of the European Parliament and Council of June 26, 2013, and Legislative Decree No. 125 of September 6, 2024, as well as the specifications under Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and Council, dated June 18, 2020.

Based on the checks performed and the information exchanged with the legal auditing firm, and after reviewing the report issued under Article 14 of Legislative Decree No. 39/2010, which expresses an unqualified opinion, the Board of Statutory Auditors believes it has no observations or proposals regarding the financial statements, the Management Report, or the proposals contained therein, which it considers, as far as within its competence, suitable for your approval.

Similarly, with specific reference to the provisions of the second paragraph of Article 153 of Legislative Decree No. 58/1998, the Board believes it has no proposals to make regarding other matters within its competence.

Regarding the agenda item related to the resolution on the purchase and sale of own shares, in light of the presentation made by the Directors, the Board notes that the proposed resolution complies with the provisions of Articles 2357 and 2357-ter of the Civil Code, Article 132 of Legislative Decree No. 58/1998, and Article 144-bis of the Consob Regulation adopted with Resolution No. 11971 of May 14, 1999.

19. Final Assessments Regarding the Supervisory Activity Performed, as well as any Omissions, Censurable Facts, or Irregularities Identified During the Same.

The supervisory activity carried out by the Board, in addition to what has already been outlined, was conducted through:

- The acquisition of information during meetings with representatives of the Board of Statutory Auditors of the subsidiaries and parent companies, where applicable, to exchange information about the Group's activities and to coordinate the supervisory and control activities;
- The collection of additional information in meetings with the Designated Director according to the Procedure for Transactions with Related Parties and the Person Responsible for Implementing the Code of Conduct regarding Internal Dealing;
- The analysis of any new legislative provisions or Consob communications of interest to the Company.

The Board has verified the existence of organizational measures to ensure compliance with statutory, legal, and regulatory requirements in this area, with a continuous commitment to improvement.

In particular, the Board informs the Shareholders that:

- It has supervised the compliance with the law of the Procedure for Transactions with Related Parties, initially approved by the Board of Directors of Reply S.p.A. on November 11, 2010, and later amended on May 14, 2015, August 2, 2018, and June 21, 2021, and has monitored its implementation;
- It has verified the correct application of the criteria adopted by the Board of Directors in assessing the independence conditions of the "independent directors";
- It has monitored, where required, the compliance with legal limits regarding non-audit services provided by the auditing firm to Reply S.p.A. and its subsidiaries;
- It has supervised compliance with the provisions of Article 17, Paragraph 4, of Legislative Decree No. 39/2010 and informs that the key responsible for the audit of Reply S.p.A.'s financial statements is Mrs. Monica Maggio;
- It has verified and monitored the independence of the legal auditing firm PricewaterhouseCoopers S.p.A. in accordance with Articles 10, 10-bis, 10-ter, 10-quater, and 17 of Legislative Decree No. 39/2010 and Article 6 of Regulation (EU) 537/2014;
- It has monitored the fulfilment of obligations related to the "Market Abuse" and "Investor Protection" regulations in corporate reporting and Internal Dealing based on communications received from the Company.

Regarding the supervision of any censurable facts or irregularities, the Board finds it important to point out that the evaluation of whether an event or circumstance constitutes an irregularity or censurable fact may depend on aspects subject to multiple interpretations, sometimes only determined after fact-finding procedures that may last several years.

Based on the supervisory activity performed during the financial year, the Board:

a) finds no reasons to oppose the approval of the financial statements as of December 31, 2024, and the resolutions proposed by the Board of Directors;

b) has not identified any irregularities or censurable facts during its work.

Rome-Turin, March 31, 2025

THE STATUTORY AUDITORS

Chairman (Ciro Di Carluccio)

Board member (Donatella Busso)

Board member (Piergiorgio Re)

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Reply SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Reply SpA (the Company), which comprise the statement of financial position as of 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Evaluation of the recoverability of equity investments in subsidiaries *Note 2 "Accounting principles" and Note 21 "Equity investments" to the financial statements* The value of equity investments in subsidiaries as of 31 December 2024 amounted to Euro 239 million, equal to approximately 13 percent of total assets. These investments are carried at cost adjusted for impairment losses. Company's management tests the equity investments for potential impairment by comparing the carrying amount with the recoverable amount in accordance with IAS 36 (*impairment* test), when indicators of potential impairment exist. The recoverable amount of an asset is the higher of its fair value, less costs of disposal, and its value in use, determined by discounting the estimated future cash flows for that asset. When determining the value in use, the expected future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money, related to the investment period and the specific risks of the asset. The assessment required Company's management to perform with the support of external experts, complex estimations which are mainly based on assumptions affected by economic and market conditions which are hard to foresee and quantify. These complex estimates are especially referred to the determination of market multiples used for the *fair value* calculation, the definition of expected cash flows, the discount and growth rates used for estimating the terminal value in determining the value in use calculation. Following the test carried out, the recoverable value of all the investments was higher than the related book value.	We gained an understanding and assessed the procedures adopted by management in order to verify the compliance with the requirements of IAS 36. We analysed the management's expert report with a focus on market multiples. We also verified the reasonability of Company's management assumptions used to estimate the expected cash flows, also verifying the mathematical accuracy of the calculations performed to determine the equity investments fair value and value in use. Additionally, we verified, also with the support of the experts of the PwC network, i) the determination of the multiples, ii) the consistency of the projected cash flows used for the *impairment* test with the economic and financial projections approved by the Board of Directors on 25 February 2025, iii) the mathematical accuracy of the calculation models and iv) the relevant assumptions, particularly regarding future cash flows and their discount and growth rates. Lastly, we verified the adequacy of the financial disclosure based on international financial reporting standards requirements, also considering information and data obtained during our audit.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
We considered the assessment of the recoverability of the value of equity investments in subsidiaries a key audit matter, given the significance of this item as well as the complexity of the valuation process, based on complex assumptions that required us to pay particular attention to the *impairment* test performed by the Company.	

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 19 April 2019, the shareholders of Reply SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Reply SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation

In our opinion, the financial statements as of 31 December 2024 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Reply SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Reply SpA as of 31 December 2024, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements;

- express an opinion on the compliance with the law of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are consistent with the financial statements of Reply SpA as of 31 December 2024.

Moreover, in our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Turin, 31 March 2025

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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