



**REPLY
INTERIM
MANAGEMENT REPORT
AT 30 SEPTEMBER 2019**

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CORPORATE AND CONTROLLING BODIES

Chairman and Chief Executive Officer

Mario Rizzante

Chief Executive Officer

Tatiana Rizzante

Executive Directors

Filippo Rizzante

Daniele Angelucci

Claudio Bombonato

Elena Maria Previtiera

Fausto Forti (1) (2) (3)

Secondina Giulia Ravera (1) (2)

Francesco Umile Chiappetta (1) (2)

Board of Statutory Auditors

President

Giorgio Mosci

Statutory Auditors

Piergiorgio Re

Ada Alessandra Garzino Demo

Independent Auditors

PwC S.p.A.

(1) Directors not invested with operational proxies

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

(3) Lead Independent Director

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

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

(thousand Euros)

Q3 2019 (*)	%	Q3 2018	%	Economic figures	30 September 2019 (*)	%	30 September 2018	%
292,511	100.0	256,323	100.0	Revenue	866,183	100.0	754,377	100.0
50,557	17.3	32,866	12.8	Gross operating margin	136,212	15.7	101,201	13.4
41,036	14.0	29,251	11.4	Operating margin	108,635	12.5	91,368	12.1
37,504	12.8	32,090	12.5	Income before taxes	107,720	12.4	96,317	12.8

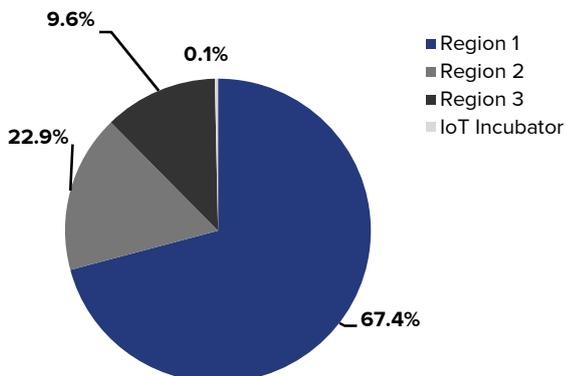
Q3 2019	Q3 2018		30/09/2019	30/09/2018
4,505	6,092	Investments	11,286	28,144

	30/09/2019	30/06/2019	31/12/2018
Net financial position (*)	52,937	18,287	66,552

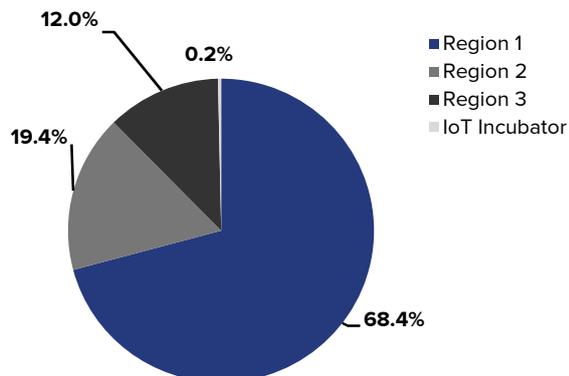
	30/09/2019	30/09/2018
Employees	8,036	7,355

(*) Reply applied the new Accounting Standard IFRS 16 prospectively from January 1, 2019 without restatement of comparative data.

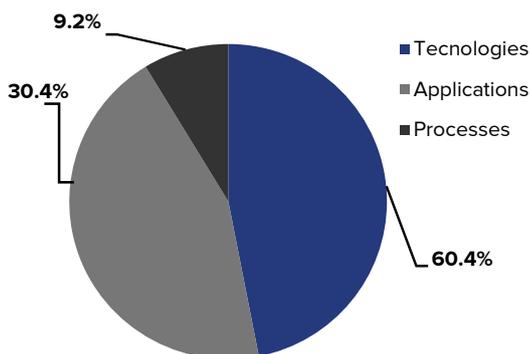
REVENUES BY GEOGRAPHICAL AREA (*)
30 September 2019



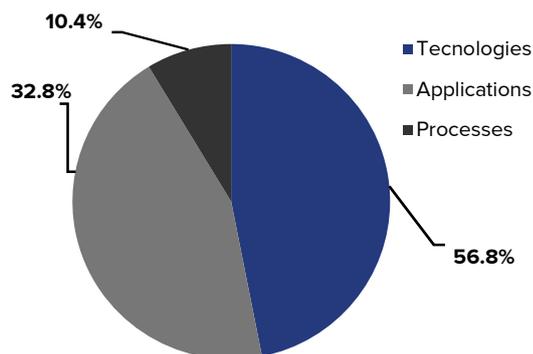
REVENUES BY GEOGRAPHICAL AREA (*)
30 September 2018



REVENUES BY BUSINESS LINES
30 September 2019

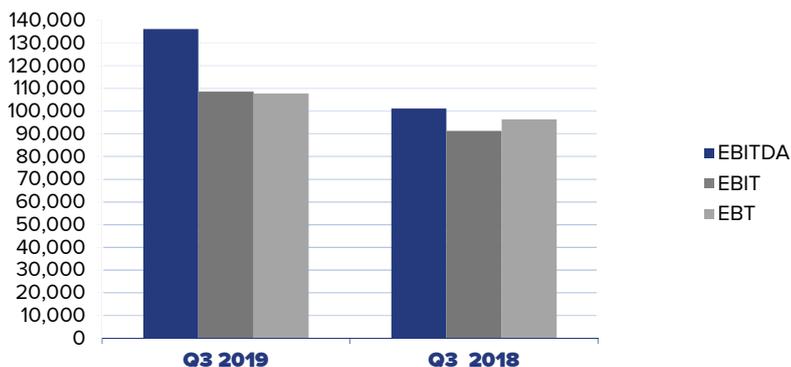


REVENUES BY BUSINESS LINES
30 September 2018



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

TREND IN MARGINS



REPLY LIVING NETWORK

REPLY LIVING NETWORK

Reply is a group that specializes in consulting, system integration and digital services. Comprised of a network of companies, Reply partners with leading industrial groups in defining business models, made possible by new technological and communication paradigms such as artificial intelligence, big data, cloud computing, digital communication and the Internet of Things (IoT).

THE ORGANISATIONAL MODEL

Reply operates through a network of companies that specialize in processes, applications and technologies, as well as centers of excellence in their respective fields.

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

Applications – Reply designs and implements application solutions aimed at satisfying core business needs.

Technologies – Reply optimizes the use of innovative technologies, implementing solutions capable of ensuring clients maximum efficiency and operational flexibility.

REPLY'S SERVICES INCLUDE:

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

System Integration – Making the best use of potential technology, combining business consulting with innovative technological solutions.

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

MARKET FOCUS

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

TELCO & MEDIA

Reply works with leading operators in the sector to define and implement digital transformation strategies. These are based on the renewal of systems that support products and services and to support the development of new service models that are customer-focused and delivered across all channels. Furthermore, the rising use of the Internet of Things (IoT) requires an increasing reconfiguration of networks that can transport large volumes of data in real time. This data is no longer solely generated by smartphones and mobile devices, but by a multitude of connected objects with widely different functional characteristics.

Reply offers integrated strategic and technological consulting services to support the design, definition and management of the new-generation networks, based on SDN (Software Defining Network) technologies, capable of integrating and managing virtual networks (Network Virtualization) through network engineering services and network operations. The arrival of 5G networks, furthermore, marks the end of the fixed/mobile barrier, eliminating communication-related distances connected to broadband limitations, to latency, and to the receptive capacity of the 3G network.

FINANCIAL SERVICES

Reply is increasingly active in supporting the digital transformation of Europe's financial institutions. In this area, Reply works with some of the major players in the sector on many key issues, from the definition of multi-channel strategies, to the implementation of open banking. In particular, in the increasingly relevant fields of big data, robots and artificial intelligence, Reply is investing heavily and collaborating with leading financial institutions (banks and insurance companies) along two lines of development: the concrete integration of the new big data technologies and architectures with existing systems; and the development of skills, analytics and machine learning models, aimed at extracting tangible business value from available databases.

Reply also boasts a strong and highly specialized presence in mobile payments and related m-commerce services. Reply offers consulting services, as well as a wide range of models and architectural solutions, aimed at the banking/insurance market and at emerging players in the payments industry.

Reply maintains a strong market presence in the wealth management arena and has developed a wide range of specific skills and solutions. These are focused on the emerging consulting models, on expanding the range of services offered and on "robo advice"-type solutions and platforms. In the area of Governance Risk Control (GRC), Reply operates with a dedicated consulting division highly specialized in issues relating to risk evaluation and risk control. Within this, Reply is working with several leading financial institutions on a

broad range of initiatives connected to the implementation of EBU standards and the development of associated models and solutions.

Finally, Reply has been involved in numerous projects relating to the most advanced frontiers of innovation, such as in the latest biometric recognition technologies and digital identity, as well as quantum computing.

MANUFACTURING

Native Cloud platforms and applications, together with a focus on the enabling aspects of digital transformation, and development of Internet of Things are at the core of Reply's offering to the manufacturing market. Industry 4.0 and logistics 4.0 are increasingly critical aspects to the strategic development of companies in the sector. Reply has invested heavily to enhance its products and service offer in this area, with the re-engineering in 2017 and 2018 of its proprietary Supply Chain Execution and Manufacturing Execution System solutions.

RETAIL

The retail industry is experiencing a time of significant change driven by various factors, including the evolution of consumer purchasing behavior, the entry of new players and the digitization of products and services. Customer experience, on the other hand, is an increasingly key differentiator for retailers. Consumers expect to be able to interact with a brand wherever they are, thereby strengthening the link between physical stores and e-commerce.

Reply partnered with various clients to support their digital transformation journeys. This work saw the merging of physical and virtual spaces through the development of multi-channel e-commerce platforms, of marketing automation solutions, of smart boxes and by re-engineering the logistics chain both on supplier and customers ends.

ENERGY & UTILITIES

The energy and utilities sector saw the growth of innovative technologies on an industrial scale, across the entire value chain. Cloud Computing has become the leading provisioning tool for companies of all sizes, above all in the implementation of various digital transformation initiatives. The approach based on IoT models is increasingly widespread in the areas of generation, energy management and at the support of efficiency and smart city initiatives.

Against this backdrop of extensive transformation, Reply is one of the reference partners in the sector, combining knowledge of the market and of its unique processes, with a distinctive capability to design, implement and manage innovative digital solutions and technological platforms that support the "core business". The company's consolidated expertise in the introduction of new digital technologies has been further verticalised, with particular reference to the definition and development of new models in the energy management and downstream services sectors aimed at energy efficiency, areas in which Reply works with energy sales companies, as well as with end customers.

HEALTHCARE & GOVERNMENT

The increasingly evident need to bridge the gap between citizens and Public Administrations (PA) has led to the introduction of measures aimed not only at restructuring the management and control model (e.g. reorganization of the national health system) but also the enhancement of existing services through the introduction of increasingly more digital and smarter systems (e.g. new monitoring system for individuals affected by chronic conditions). A public sector that is closer to its citizens implies a greater reach of the services offered, increasing the levels of usability and therefore of supply possibilities.

In the area of digital health, Reply's highly specialized delivery of IoMT (Internet of Medical Things) focuses on two main areas: developing a network of information sharing among the various stakeholders in the field (i.e. patients, professionals and networks of those affected); as well as monitoring and supporting the citizen/patient at each stage of their "care and cure" journey (e.g. healthcare, social care).

TECHNOLOGICAL INNOVATION

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

ARTIFICIAL INTELLIGENCE

Reply's artificial intelligence offering is based on three key areas: human-machine interaction (with the development of conversation and natural language recognition systems or visual recognition systems), automation (through technologies such as intelligent process automation) and the creation of systems to support business decisions (data prediction). The essential factor for implementing artificial intelligence projects is the availability of data. AI offers effective results, provided that the datasets available are historical and updated in real time. Within this framework, Reply focuses not only on the technology, but also uses advanced models for the management and processing of vast amounts of data required to train the algorithms.

Specifically, Reply applies the results of its research on artificial intelligence to real-world scenarios, creating customized solutions that integrate machine learning, deep learning or reinforcement learning algorithms, with recommendation systems, predictive engines, conversational interfaces or video and image recognition systems. Reply collaborates in these areas with the world's leading AI technology players.

BLOCKCHAIN

In a landscape of emerging technologies, blockchain will increasingly be able to foster new digital ecosystems based on distributed computational infrastructures. Today, the shared nature of blockchain-based digital registers represents an opportunity characterized by multi-industry application, with repercussions for the financial services sector and management of the supply chain. Moreover, the possible synergies with other exponential technologies – such as IoT and artificial intelligence – make blockchain an ideal convergence layer to support the data marketplaces of the future.

Reply has defined a portfolio of services, encompassing consulting, design and the implementation of solutions based on the blockchain and the distributed ledger technology (DLT). Among the major initiatives developed in 2018, Reply, alongside its insurance and academic sector partners, launched the first sandbox for the Italian insurance market. As a founding member of the “Trusted Smart Contract Association”, it aims to define standards for the industrial adoption of legally enforceable smart contracts.

CLOUD COMPUTING

The Cloud has permanently established itself as one of the most important areas of transformation that companies have had to face. Virtual environments and services offered by leading, global vendors have modified the concept of IT, transforming it from being a simple commodity to one of the core elements on which to configure an organization’s digital transformation.

At the same time, the ever-increasing maturity of the cloud in its various declinations (IaaS, PaaS or SaaS) is driving service providers and consulting companies to develop offerings to tackle highly strategic issues, such as the coexistence in the cloud with traditional on premise applications and the challenge of data management security.

In the Cloud Computing field, Reply has defined a products and services offer that combines the following elements:

- consulting support (from the business process to operational management) that can help clients to understand, select and develop the most appropriate technological solutions and applications.
- an end-to-end provider service which, supported by partnerships with major international vendors including Adobe, Amazon Web Services, Google, Microsoft, Oracle, SAP and Salesforce, allows clients to benefit from the most effective solutions for their needs, both in terms of the model and the technology selected.
- SaaS services and solutions, based on Reply’s proprietary application platforms.
- a cloud infrastructure management service, with 24/7 availability, able to support customers not only in managing their infrastructure, but also at the application layer, guaranteeing continuity at the highest levels, constant performance monitoring and cost efficiency.

CUSTOMER ENGAGEMENT

The rapid evolution of data analytics tools was triggered by the major innovations of technology companies. These tools use data-driven analysis methodologies made possible both by the large availability of data and the increasing computational capacity for analysis. Specifically, the data-driven approach is defining a new framework for the design and management of customer-focused marketing initiatives. Once the needs of the individual customer have been interpreted, based on data and analysis provided by CRM platforms, it becomes possible to tailor one-to-one marketing campaigns, launched in real time to meet specific needs.

To exploit this competitive advantage and establish a consultative and strategic platform, Reply has created a competence center focused on the customer robotics approach. Experience from initiatives across various sectors (e.g. automotive, financial services, utilities, retail, etc.), has enabled Reply to develop a framework for the development and implementation of processes related to the direct interaction with the customer, designed to recognize and anticipate needs across the various digital channels. This initiative integrates machine learning, artificial intelligence and cognitive systems models.

Customer robotics facilitates the conception, design and implementation of services aimed at interpreting the data and providing fully data-driven customer service tools. These include recommendation systems for products and conversational services able to understand and interact independently using natural language.

Reply constantly invests in developing its expertise in leading CRM and e-commerce platforms and solutions, thanks to a solid ecosystem of partnerships with world leaders in the industry, including Microsoft, Oracle, SAP and Salesforce.

CYBER SECURITY

Over the years, IT-related risks have increased dramatically in frequency and impact, leading to serious security violations. Millions of client data records have been compromised worldwide, affecting governments and other organizations. As a result, the mounting attention from regulatory bodies concerning the protection of information, personal data and critical infrastructures, requires an ever-increasing commitment from companies to manage their cyber security.

To respond to this increasing complexity, Reply's coherent and complete set of integrated products and services protect the integrity of its customers' systems, from setting the best cybersecurity strategies, to the identification and implementation of the most suitable technological solutions to mitigate risk. Through its extensive network of partnerships, Reply offers wide-ranging expertise on the most innovative and widely used security technologies on the market. Furthermore, the company can help its customers to scout, select and implement protection solutions designed to mitigate advanced risks related to the latest technological drivers (cloud, IoT, Industry 4.0, automation, etc.).

Reply supports businesses throughout the implementation phase of its integrated information protection plan, from the identification of threats and vulnerabilities to the planning, design and employment of appropriate technological, legal, organizational and risk transfer (cyber insurance) countermeasures. Lastly, thanks to its cyber security command center, Reply assists large organizations with advanced computer security incident management and response action as well as threat intelligence services.

DATA & ANALYTICS

Data and its uses have become a key strategic factor in the digital transformation of businesses.

By combining technological skills in data analysis, data modelling and data process re-engineering, Reply makes it easier for its clients to approach the issue of data, focusing on cultural change and a new approach to data management and to the use of data. In particular, Reply supports its customers in the definition and implementation of data analytics platforms that apply advanced models to core corporate processes.

In 2018, Reply continued to develop a specific offer portfolio in the machine learning field, designed to address growing demand from companies wishing to automate lower impact processes such as invoice reconciliation, while building value-added services based on innovative process automation models through deep learning, image recognition and prescriptive analytics.

DESIGN CONSULTING

In a world increasingly characterized by complex ecosystems, Reply supports its clients to create innovative and distinctive product-service experiences for the B2C and B2B sectors. From analyzing needs through to strategic business objectives and technological enablers, Reply can transform them into integrated customer journeys and prototypes that make the results immediately tangible and verifiable. Results are then developed in an iterative and agile way, until they are launched on the market.

At the same time, a customer-centric approach requires a change in the organization, to enable a successful customer experience journey. Reply supports organizations in managing such changes to make them really customer-centric, receptive to market inputs or feedback, agile in releasing new products and services, as well as mobilizing cross-functional teams that operate in full autonomy towards specific objectives.

In 2018, Reply continued to invest in this area through the acquisition of new talent and expertise. Its two studios in Milan and Munich were further expanded enabling support for customers in Europe and globally.

DIGITAL EXPERIENCE

Real time marketing, artificial intelligence and analysis of the customer journey are the three transformation technologies set to impact most on the relationship of brands with customers. The use of these technologies enables brands to increase their marketing results through a continuous improvement of the customer experience in terms of loyalty and growth of its base.

Taking advantage of these emerging capabilities means building a more data-driven vision of the individual customer. The growing interest in cross-device identification tools and account-based marketing solutions (ABM) underlines the increasing interest among brands towards technologies offering targeted and coherent interactions among owned, earned and paid media.

Reply has developed a broad and highly specialized set of skills, including digital storytelling, contextual interaction, omnichannel loyalty, data recognition to capture large quantities of information and subsequent data analysis expertise to create effective market insights. To extend this scenario further, there is a need to ensure coherent communication between the various media involved, through a consolidated strategy that also incorporates a multimedia asset management component.

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

E-COMMERCE

Physical and digital, in-store and online: these are today's drivers of convergence and digitalization of companies, reaching far beyond the retail market.

Today, there is an increasing demand that the digital presence of a brand guarantees a purchase experience can be made in just a few clicks, allowing customers to quickly browse an interactive site. There should be no barriers, technological, physical, digital or relating to touch points that limit the user experience. For companies, these needs translate into targeted investments that aim at optimizing and extending processes and choosing enabling technologies, passing through the definition of a clear digitalization strategy.

The magnitude of the customers' digital identities is of increasing importance. Now, any strategic decision regarding investments in technology must be supported by increasingly sophisticated mathematical models based on data collected across the distribution chain, the sales chain and in all interactions with consumers. The value of this information is therefore twofold: the data is able to help streamline revenue reporting, quickly exerting influence on stock management, while the purchase conversion rate can be improved thanks to predictive analysis of purchasing behavior.

Reply supports its customers on their journey, offering the latest technological solutions and helping them to define the best digital transformation strategies for the specific market and budget.

GAME STUDIOS

The development of the videogame market is increasingly prevalent, attracting all age groups and remaining equally divided between males and females. The average age of gamers increased and is now around 36 years old.

Videogames are more and more a communication language. A culture has developed that allows companies to continually improve the dialogue with customers, looking at new forms of "customer engagement" among which video games certainly play an important role.

In addition to creating internationally acclaimed games, Reply has developed an offer that meets the communication needs of gaming brands within a 360° perspective. Reply is constantly investing in this area so that it can offer, through the use of the latest technologies, increasingly innovative and engaging game experiences.

Reply was able to further assert the company's ability to create quality products, with a focus on an international market. In particular, the release of Lone Wolf, a legacy Reply production, on the Nintendo Switch platform has had considerable success both in terms of visibility and sales performance.

INDUSTRY 4.0

Industry 4.0 models are quickly redefining production sites around the world, transforming them into systems closely interconnected with the supply chain, logistics, sales, the products themselves and the support and maintenance chain.

For this new global world of interconnected production, Reply has developed a suite of integrated solutions capable of ensuring its customers are flexible, connected and efficient. In particular, Reply's mission is to accompany its customers along the entire transformation journey: from the planning and development of solutions that open up the production sites and interconnect them to the entire digital world, to the design and implementation of solutions capable of rendering products "smart", connected and digital.

The digitization of companies is a transformation expected to take place in the medium term, made possible and concrete by the use of all the vertical and horizontal pillars offered by Industry 4.0 (robotics, digital twin, cloud and fog computing, augmented reality, big data, artificial intelligence and machine learning, etc.).

THE INTERNET OF THINGS

The last months saw the emergence of three main trends which steered the development of Reply's products and services offer in the IoT realm. The first is the growing need for differentiation in insurance, telco and utilities. In response, companies in these industries have consolidated connected objects as a cornerstone of product portfolio extension strategies for creating value and customer loyalty. The second trend is the growing opportunity for marketing in support of existing products. Through the increasing availability of connectivity, it is now possible to fundamentally transform the market approach of the manufacturing segment. The third and final trend has seen the exponential spread and popularity of new voice interaction mechanisms, such as smart speakers or voice assistants, as well as new systems of interaction, which are stimulating a different interaction between the physical world and the digital services world.

To tackle these challenges, Reply has designed and developed HI Connect™, a platform of services, devices and middleware, on which to base specific vertical applications such as ecosystems for the household appliances sector, advanced logistics, environmental security, contactless payment and product traceability. In 2018, Reply consolidated its position in the areas of home and professional appliances, connected insurance and in new telco offers and utilities for the connected home, as well as in the manufacturing, healthcare, insurance and automotive sectors.

MIXED REALITY

Combining advanced technological skills, experimentation of new technologies that come to the market every month, and the ability to interpret customer needs and to produce high quality content in its proprietary laboratory, means Reply has developed a products and services offer for implementing augmented reality applications. This design and development offer enables users to enjoy an engaging experience, where they are transported into in a virtual and navigable environment.

AR and VR projects implemented by Reply during the course of the year have covered many areas including in healthcare, where installations aimed at motor rehabilitation and training were created. Numerous projects were also conducted in the marketing sphere, which saw VR and AR become excellent tools to support product presentation and customer engagement.

MOBILE & APPS

In the mobile sector, Reply supports companies' interactions with their users based on omnichannel applications and architectures capable of meeting needs of the new market by increasing the usability and performance of services, integrating new channels and types of devices seamlessly following specific guidelines of each platform.

With reference to the increasingly pervasive phenomenon of mobile video – where the quality and stability of the service are essential to ensuring its success – Reply is engaged in major European projects for the provision of Over The Top services, with design, development, validation and monitoring teams.

Following the latest mobile developments, during 2018, Reply launched its first experiments on the iOS platform, based on the use of AR Kit for augmented reality solutions, as well as on the Android platform, based on the Android Auto and Android TV tools.

In addition, Reply strengthened the company's own application factory dedicated to mobile apps for both business and consumer worlds. The factory includes a user experience laboratory that closely collaborates with teams of developers specialized in various platforms, which bases its activity on a data-driven approach using tools and methods that focus on users' needs and behaviors.

SOCIAL MEDIA

Social networks are increasingly connected to digital marketing activities that Reply integrates into a universal relationship model, based on paid, owned and earned media analysis and activation skills to enable and optimize a company positioning integrated in the relationship channels with its own ecosystem: social networks, search engines, comparison sites, shopping and social shopping squares, affiliate networks, email, applications, lead generation channels.

REPLY PLATFORMS

Reply supports its clients in the quest for innovation with services and platforms designed to fully exploit new potentials offered by networks and by communication technologies. These platforms are:

- Brick Reply™
- Discovery Reply™
- HI Connect™
- Lea Reply™
- TamTamy™
- Ticuro Reply™
- Pulse Reply™
- Sonar Reply™

**SUMMARY REPORT OF THE
THIRD QUARTER 2019 AND
EXPECTED BUSINESS
DEVELOPMENTS**

SUMMARY REPORT OF THE THIRD QUARTER 2019 AND EXPECTED BUSINESS DEVELOPMENTS

In the first nine months of the year, the Group has recorded a consolidated turnover of €866.2 million, with an increase of 14.8% compared to €754.4 million at 30 September 2018.

All indicators are positive for the period. Consolidated EBITDA at September 2019, was €136.2 million, an increase of 34.6% compared to €101.2 million recorded in September 2018. Consolidated EBITDA - excluding the effects of the application of IFRS 16 - would have been €118.4 million.

EBIT, from January to September, was €108.6 million, an increase of 18.9% compared to €91.4 million at September 2018). EBIT, excluding the effects of the application of IFRS 16, would have been €107.9 million.

Pre-tax profit, from January to September 2019, was €107.7 million (+11.8% compared to €96.3 million in 2018). The value excluding the effects of the application of IFRS 16 would have been equal to €108.7 million.

For the third quarter of the year, the Group's performance is equally positive, with consolidated turnover for the period of €292.5 million, an increase of 14.1% compared to 2018.

EBITDA, from July to June 2019, was equal to €50.6 million (excluding the effects of the application of IFRS 16, this would have been equal to €44.8 million), with an EBIT of €41.0 million (the application of IFRS 16 does not significantly affect EBIT) and pre-tax profit of €37.5 million (excluding the effects of the application of IFRS 16, this would have been equal to €38.1 million).

As at 30 September 2019, the Group's net financial position is positive at €52.9 million (€151.6 million excluding the effects of the application of IFRS 16). The net financial position at 30 June 2019 was positive at €18.3 million.

In the first nine months of 2019 Reply was able to achieve extremely positive results, both in terms of turnover and margins. Even the third quarter was characterised by significant growth, which has allowed us to view the coming months with optimism and continue with the development of our Group.

Reply's strength lies in its ability to interpret digital innovation so that it meets the needs of business, continues, in particular, these first nine months of 2019 have seen important developments in Reply's main offering lines: Cloud, IoT and connected products, data platforms and digital experience. Also in these months, Reply has witnessed an exponential growth in demand for new applications related to the use of artificial intelligence, an area in which Reply has long been committed and where it has acquired a leadership position.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

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

CONSOLIDATED FINANCIAL STATEMENT AT 30 SEPTEMBER 2019

(thousand Euros)	Note	30/09/2019 (*)	%	30/09/2018	%
Revenue	4	866,183	100	754,377	100
Purchases	5	(14,778)	(1.7)	(13,065)	(1.7)
Personnel	6	(426,266)	(49.2)	(375,070)	(49.7)
Services and other costs	7	(291,845)	(33.7)	(265,682)	(35.2)
Other operating (costs)/income	8	2,918	0.3	641	0.1
Operating costs		(729,971)	(84.3)	(653,176)	(86.6)
EBITDA		136,212	15.7	101,201	13.4
Amortization and depreciation	9	(27,162)	(3.1)	(9,903)	(1.3)
Other non recurring (costs)/income	8	(415)	-	70	-
Operating income (EBIT)		108,635	12.5	91,368	12.1
(Loss)/gain on investments	10	3,831	0.4	6,205	0.8
Financial income/(losses)	11	(4,746)	(0.5)	(1,256)	(0.2)
Income before taxes		107,720	12.4	96,317	12.8

(*) The data at 30 September 2019 include the following impacts relating to the application of the new Accounting Standard IFRS 16:

- cancellation of rents and rental fees with a positive impact on EBITDA of 17,835 thousand Euros;
- depreciation and amortization increase for 17,076 thousand euro with a positive impact on EBIT of 759 thousand Euros;
- increase in financial charges for 1,734 thousand Euros with a negative impact on EBT of 974 thousand Euros.

CONSOLIDATED FINANCIAL STATEMENT OF THE THIRD QUARTER

(thousand Euros)	Note	Q3 2019 (*)	%	Q3 2018	%
Revenue	4	292,511	100	256,323	100
Purchases	5	(3,652)	(1.2)	(3,888)	(1.5)
Personnel expenses	6	(136,175)	(46.6)	(125,620)	(49.0)
Services and other expenses	7	(104,098)	(35.6)	(94,202)	(36.8)
Other operating expenses	8	1,972	0.7	253	0.1
Operating costs		(241,954)	(82.7)	(223,457)	(87.2)
Gross operating margin (EBITDA)		50,557	17.3	32,866	12.8
Amortization and depreciation	9	(9,148)	(3.1)	(3,618)	(1.4)
Other non recurring (costs)/income	8	(373)	(0.1)	2	-
Operating income (EBIT)		41,036	14.0	29,251	11.4
(Loss)/gain on investments	10	(399)	(0.1)	3,735	1.5
Financial income/(expenses)	11	(3,133)	(1.1)	(895)	(0.3)
Income before taxes		37,504	12.8	32,091	12.5

(*) The third quarter data of 2019 include the following impacts relating to the application of the new Accounting Standard IFRS 16:

- cancellation of rents and rental fees with a positive impact on EBITDA of 5,792 thousand Euros;
- depreciation and amortization increase for 5,734 thousand euro with a positive impact on EBIT of 58 thousand Euros;
- increase in financial charges for 652 thousand Euros with a negative impact on EBT of 594 thousand Euros.

NET FINANCIAL POSITION

The Group's net financial position as at 30 September 2019, analyzed by due date and with comparative figures as at 30 June 2019 and at 31 December 2018, is shown in the following statement:

(thousand Euros)	Note	30/09/2019 (*)	30/06/2019	31/12/2018
Cash and cash equivalents		191,475	149,635	122,481
Current financial assets		2,935	1,401	997
Due to banks		(17,740)	(20,634)	(31,990)
Due to other providers of finance		(866)	(442)	(689)
Financial liabilities IFRS 16		(20,644)	(22,629)	-
Net financial position - Short term	12	155,160	107,331	90,799
Due to banks		(23,362)	(27,989)	(23,366)
Due to other providers of finance		(823)	(912)	(881)
Financial liabilities IFRS 16		(78,040)	(60,143)	-
Net financial position - Long term	12	(102,224)	(89,044)	(24,247)
Total net financial position		52,937	18,287	66,552

(*) The data at 30 September 2019 include financial liabilities for 98,684 thousand Euros following the application of the new accounting standard IFRS 16. Net of this effect, the group's net financial position at 30 September 2019 would have amounted to 151,620 thousand Euros.

NOTE 1 – ACCOUNTING PRINCIPLES

Notwithstanding that Legislative Decree no. 25 of 15 February 2016 has removed the obligation to prepare Interim Management Statements, these as at 30 September 2019 in relation to the third quarter of financial year 2018, have been prepared, in capacity of STAR segment issuer, as required by Borsa Italiana S.p.A. under communication no. 7587 of 21 April 2016; the contents herein are pursuant to Art. 154-ter, paragraph 5 of Legislative Decree 24 February 1998, no. 58.

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

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

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

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

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

The Interim Management report as at 30 September 2019 was not subject to audit by Reply’s Independent auditors, as allowed by existing laws.

Adoption of accounting standard IFRS 16

The application of the IFRS 16 accounting standard, in use since 1 January 2019, did not result in the restatement of the previous periods used for comparison (modified retrospective approach). According to this standard, liabilities for leasing are measured based on the residual payments set forth in the lease agreement, discounted using the incremental borrowing rate on the date of first adoption. The book value of the right-of-use asset ("RoU asset") is equal to the book value of the liabilities for leasing on the date of first application. The effects resulting from the application of the new standard are as follows:

Economic figures (K/000)	30/09/18	30/09/19			Q3 2018	Q3 2019		
		pre IFRS 16	post IFRS 16	Impact		pre IFRS 16	post IFRS 16	Impact
Services and other costs	265,682	309,680	291,845	(17,835)	94,202	109,890	104,098	(5,792)
EBITDA	101,201	118,376	136,212	17,836	32,866	44,766	50,557	5,791
Amortization and depreciation	9,903	10,086	27,162	17,076	3,618	3,414	9,148	5,734
EBIT	91,368	107,876	108,635	759	29,251	40,978	41,036	58
Financial expenses	1,256	3,012	4,746	1,734	895	2,481	3,133	652
Income before taxes	96,317	108,694	107,720	(974)	32,090	38,098	37,504	(594)

Financial figures K/000	IFRS 16 effect at 01/01/2019	30/09/2019		
		pre IFRS 16	post IFRS 16	Impact
RoU asset	89,788	-	97,640	97,640
Net financial position	(89,788)	151,620	52,937	(98,683)

NOTE 2 – GROUP ACTIVITIES

Reply [MTA, STAR: REY] specializes in the implementation of solutions based on new communication channels and digital media. Reply, consisting of a network of specialist companies, supports important European industries belonging to the Telco & Media, Manufacturing & Retail, Bank & Insurances and Public Administration segments, in defining and developing new business models utilizing Big Data, Cloud Computing, CRM, Mobile, Social Media and Internet of Things paradigms. Reply offers consultancy, system integration, application management and business process outsourcing (www.reply.com).

NOTE 3 - CONSOLIDATION

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

Change in consolidation compared to 30 September 2018 is related to:

- Elbkind GmbH, a company acquired in the month of November 2018 under German law of which Reply AG holds 100% of share capital, is a digital communication agency specializing in boosting conversations and placing brands and products on social channels;
- Neveling.net GmbH, a company acquired in the month of January 2019 under German law of which Reply AG holds 100% of share capital, specializing in content-management systems activities based on sitecore technologies.

Change in consolidation does not significantly affect the Group's revenues and profits before tax of the third quarter 2019 (4% on revenues).

Furthermore, the list of the Reply Group's companies and equity investments, presented as an annex herein, also includes in the consolidation, with respect to 30 September 2018, the incorporated company Core Reply S.r.l., a company incorporated in the month of October 2018 under Italian law of which Reply S.p.A. holds 90% of the share capital, and Reply Consulting (Nanjing) Co. Ltd., a company incorporated in the month of May 2019, of which Reply S.p.A. holds 100% of the share capital.

NOTE 4 - REVENUES

Revenues from sales and services, including change in work in progress, amounted to 866,183 thousand Euros (754,377 thousand Euros in the previous period of 2018) with an increase of 14.8%.

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

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

Region (*)	30/09/2019	30/09/2018
Region 1	67.4%	68.4%
Region 2	22.9%	19.4%
Region 3	9.6%	12.0%
IoT Incubator	0.1%	0.2%
Total	100.0%	100.0%

(*)

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

Region 2: DEU, CHE, CHN, HRV

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

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

Business line	30/09/2019	30/09/2018
Tecnologies	60.4%	56.8%
Applications	30.4%	32.8%
Processes	9.2%	10.4%
Total	100,0%	100,0%

NOTE 5 - PURCHASES

Detail is as follows:

Q3 2019	Q3 2018	(thousand Euros)	30/09/2019	30/09/2018	Change
1,845	1,703	Software licenses for resale	8,886	7,693	1,193
191	373	Hardware for resale	1,543	601	942
1,616	1,812	Other	4,349	4,771	(422)
3,652	3,888	Total	14,778	13,065	1,713

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

The item Other includes the purchase of fuel for 2,053 thousand Euros, the purchase of consumption material for 724 thousand Euros and the purchase of office stationery for 598 thousand Euros.

NOTE 6 - PERSONNEL

Increase in personnel expenses amounting to 51,196 thousand Euros owes to the overall increase of the Group's business and to the increase of the number of employees.

Detail of personnel by category is provided below:

(number)	30/09/2019	30/09/2018	Change
Directors	274	264	10
Managers	1,003	850	153
Staff	6,759	6,241	518
Total	8,036	7,355	681

Change in consolidation brought an increase of 179 employees.

NOTE 7 – SERVICES AND OTHER COSTS

Services and other costs amounting to 291,845 thousand Euros (265,682 thousand Euros in the previous period of 2018) comprised the following:

Q3 2019	Q3 2018	(thousand Euros)	30/09/2019	30/09/2018	Change
71,731	60,371	Consulting and commercial	200,521	160,637	39,884
8,937	8,714	Travelling and professional training expenses	28,620	26,332	2,288
12,128	10,675	Other services	42,951	42,835	116
4,367	6,575	Office charges	9,386	19,967	(10,582)
1,021	2,146	Rental and leasing	3,397	6,227	(2,830)
5,915	5,721	Other	6,971	9,682	(2,712)
104,098	94,202	Total	291,845	265,682	26,163

Change in Services and other costs, amounting to 26,163 thousand Euros is attributable to an overall increase in the Group's business.

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

Office expenses mainly include service related expenses in relation to the buildings in which the Group operates (mainly utility, maintenance and security expenses).

The decrease of the items Office charges and Rental and leasing compared to the 30 September 2018 is mainly due to the reversal of the rent fees following the application of IFRS 16.

NOTE 8 - OTHER OPERATING AND NON RECURRING INCOME/(EXPENSES)

Other operating and non recurring income amounted to 2,503 thousand Euros (positive for 711 thousand Euros in the previous period of 2018) and refer to:

- 2,918 thousand Euros related to the reversal of provisions for risk and charges for contractual, commercial and legal disputes;
- 415 thousand Euros related to the fair value adjustment of the deferred consideration liabilities for the acquisition of shareholdings in subsidiary companies.

NOTE 9 - AMORTIZATION, DEPRECIATION AND WRITE-DOWNS

Depreciation of tangible assets, amounting to 7,041 thousand Euros 30 September 2019 has been determined on a straight-line basis at economic-technical rates that reflect the useful lives of the asset. Amortization of intangible assets at 30 September 2019 amounted to 3,045 thousand Euros and is mainly related to:

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

Amortization related to RoU assets arising from the adoption of IFRS 16 amounted to 17,076 thousand Euros.

NOTE 10 – (LOSS)/GAIN ON INVESTMENTS

The item, amounting to positive 3,831 thousand Euros, is related to the net change in fair value of investments made by Breed Investments Ltd. and includes:

- the fair value of investments resulting in a gain of 8,374 thousand Euros;
- the impairment of investments in the amount of negative 4,544 thousand Euros.

NOTE 11 – FINANCIAL INCOME/(EXPENSES)

Detail is as follows:

Q3 2019	Q3 2018	(thousand Euros)	30/09/2019	30/09/2018	Change
137	150	Financial income	369	264	104
(326)	(470)	Financial losses	(764)	(816)	52
(2,944)	(575)	Other	(4,350)	(704)	(3,646)
(3,133)	(895)	Total	(4,746)	(1,256)	(3,490)

The item Financial gains mainly includes interest on bank accounts.

Interest expenses mainly include the interest costs related to the use of the credit lines for M&A operations.

The item Other mainly includes:

- the interest expenses arising from the adoption of the new International Accounting Standard IFRS 16 for 1,734 thousand Euros;

- the changes in fair value of financial liabilities pursuant to IFRS 9 in a net loss of 2,366 thousand Euros.
- the Exchange rate differences from the translation of balance sheet items not stated in Euros in a net loss of 254 thousand Euros;

NOTE 12 – NET FINANCIAL POSITION

The net financial position as at 30 September 2019 was positive for 52,937 thousand Euros; without the effects arising from the application of IFRS 16, the net financial position would have amounted to 151,620 thousand Euros (66,552 thousand Euros at 31 December 2018).

Due to banks, amounting to 41,101 thousand Euros is referred mainly to credit lines for M&A operations.

NOTE 13 – EVENTS SUBSEQUENT TO 30 SEPTEMBER 2019

In the month of October 2019 Reply Ltd acquired Blowfish Digital Holdings Ltd and its subsidiaries Threepipe Ltd and Spot Digital Ltd, companies incorporated under the English law, specializing in digital marketing and creative agency.

NOTE 14 – OTHER INFORMATION

The following is to be noted:

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

For the Board of Directors

/s/ Mario Rizzante

Chairman

Mario Rizzante

**DECLARATION PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2 OF LEGISLATIVE
DECREE NO. 58 OF 24 FEBRUARY 1998**

The director responsible for preparing the Company's financial reports, Dott. Giuseppe Veneziano, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this interim management report at 30 September 2019 corresponds to the results documented in the books, accounting and other records of the company.

Turin, 14 November 2019

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

Giuseppe Veneziano

ANNEXED TABLES

LIST OF COMPANIES AT 30 SEPTEMBER 2019

Company name	Headquarters	Group interest
Parent company		
Reply S.p.A.	Turin – Corso Francia, 110 - Italy	
Companies consolidates on a line-by-line basis		
4brands Reply GmbH & CO. KG.	Minden, Germany	51.00%
Air Reply S.r.l. (*)	Turin, Italy	85.00%
Arlanis Reply S.r.l.	Turin, Italy	100.00%
Arlanis Reply AG	Potsdam, Germany	100.00%
Aktive Reply S.r.l.	Turin, Italy	100.00%
Atlas Reply S.r.l.	Turin, Italy	100.00%
Avantage Reply Ltd.	London, United Kingdom	100.00%
Avantage Reply GmbH	Munich, Germany	100.00%
Avantage Reply (Belgium) Sprl	Brussels, Belgium	100.00%
Avantage Reply (Luxembourg) Sarl	Itzig, Luxembourg	100.00%
Avantage Reply (Netherlands) BV	Amsterdam, Netherland	100.00%
Avvio Reply Ltd.	London, United Kingdom	100.00%
Blue Reply S.r.l.	Turin, Italy	100.00%
Blue Reply GmbH	Guetersloh, Germany	100.00%
Bridge Reply S.r.l.	Turin, Italy	60.00%
Business Reply S.r.l.	Turin, Italy	100.00%
Breed Reply Ltd.	London, United Kingdom	100.00%
Breed Reply Investment Ltd.	London, United Kingdom	80.00%
Cluster Reply S.r.l.	Turin, Italy	100.00%
Cluster Reply GmbH & CO. KG	Munich, Germany	100.00%
Cluster Reply Informatica LTDA.	San Paolo, Brazil	100.00%
Cluster Reply Roma S.r.l.	Turin, Italy	100.00%
ComSysto Reply GmbH (*)	Munich, Germany	100.00%
Concept Reply GmbH	Munich, Germany	100.00%
Consorzio Reply Public Sector	Turin, Italy	100.00%
Core Reply S.r.l.	Turin, Italy	90.00%
Data Reply S.r.l.	Turin, Italy	100.00%
Data Reply GmbH (*)	Munich, Germany	92.50%
Discovery Reply S.r.l.	Turin, Italy	100.00%
e*finance consulting Reply S.r.l.	Turin, Italy	100.00%
Ekip Reply S.r.l.	Turin, Italy	100.00%
Elbkind Reply GmbH	Hamburg, Germany	100.00%
Eos Reply S.r.l.	Turin, Italy	100.00%
Envision Reply S.r.l.	Turin, Italy	88.00%

Forge Reply S.r.l.	Turin, Italy	100.00%
France Reply Ltd.	London, United Kingdom	100.00%
Go Reply S.r.l.	Turin, Italy	100.00%
Go Reply GmbH	Guetersloh, Germany	100.00%
Hermes Reply S.r.l.	Turin, Italy	100.00%
Hermes Reply Polska zo.o	Katowice, Poland	100.00%
Implico LLC	Seattle, USA	100.00%
Industrie Reply GmbH	Munich, Germany	100.00%
Industrie Reply LLC	Michigan, USA	100.00%
InEssence Reply GmbH	Düsseldorf, Germany	100.00%
Infinity Reply GmbH	Düsseldorf, Germany	100.00%
IrisCube Reply S.p.A.	Turin, Italy	100.00%
Leadwise Reply GmbH	Darmstadt, Germany	100.00%
Lem Reply S.r.l.	Turin, Italy	100.00%
Like Reply S.r.l.	Turin, Italy	100.00%
Live Reply GmbH	Düsseldorf, Germany	100.00%
Logistics Reply S.r.l.	Turin, Italy	100.00%
Lynx Recruiting Ltd.	London, United Kingdom	100.00%
Macros Reply GmbH	Munich, Germany	100.00%
MCG Systems AG	Colony, Germany	100.00%
Modcomp GmbH	Colony, Germany	100.00%
Neveling.net GmbH	Hamburg, Germany	100.00%
Open Reply GmbH	Guetersloh, Germany	100.00%
Open Reply S.r.l.	Turin, Italy	100.00%
Pay Reply S.r.l.	Turin, Italy	100.00%
Portaltech Reply Ltd.	London, United Kingdom	100.00%
Portaltech Reply S.r.l.	Turin, Italy	100.00%
Portaltech Reply GmbH	Guetersloh, Germany	100.00%
Portaltech Reply Süd GmbH	Munich, Germany	100.00%
Power Reply S.r.l.	Turin, Italy	100.00%
Power Reply GmbH & CO. KG.	Munich, Germany	100.00%
Profondo Reply GmbH	Guetersloh, Germany	100.00%
Protocube Reply S.r.l.	Turin, Italy	70.00%
Reply Consulting S.r.l.	Turin, Italy	100.00%
Reply Consulting (Nanjing) Co. Ltd.	China	100.00%
Reply AG	Guetersloh, Germany	100.00%
Reply GmbH	Zurich, Switzerland	100.00%
Reply do Brasil Sistemas de Informatica Ltda	Belo Horizonte, Brazil	100.00%
Reply Inc.	Michigan, USA	100.00%
Reply Ltd.	London, United Kingdom	100.00%
Reply Belgium Sprl	Mont Saint Guibert, Netherland	100.00%

Reply Digital Experience S.r.l.	Turin, Italy	100.00%
Reply France Sarl	Paris, France	100.00%
Reply Luxembourg Sarl	Sandweiler, Luxembourg	100.00%
Reply NL Ltd.	London, United Kingdom	100.00%
Reply Services S.r.l.	Turin, Italy	100.00%
Reply Verwaltung GmbH	Guetersloh, Germany	100.00%
Retail Reply S.r.l.	Turin, Italy	100.00%
Ringmaster S.r.l.	Turin, Italy	50.00%
Risk Reply Ltd.	London, United Kingdom	100.00%
Riverland Reply GmbH	Munich, Germany	100.00%
Santer Reply S.p.A.	Milan, Italy	100.00%
Security Reply S.r.l.	Turin, Italy	100.00%
Sense Reply S.r.l.	Turin, Italy	90.00%
Solidsoft Reply Ltd.	London, United Kingdom	100.00%
Spark Reply S.r.l.	Turin, Italy	100.00%
Spark Reply GmbH	Germany	100.00%
Spike Reply GmbH	Colony, Germany	100.00%
Sprint Reply S.r.l.	Turin, Italy	100.00%
Sprint Reply GmbH (formerly Twice Reply GmbH)	Munich, Germany	100.00%
Storm Reply S.r.l.	Turin, Italy	100.00%
Storm Reply GmbH	Guetersloh, Germany	100.00%
Syskoplan Reply S.r.l.	Turin, Italy	100.00%
Syskoplan Reply GmbH & CO. KG	Guetersloh, Germany	100.00%
Sytel Reply Roma S.r.l.	Turin, Italy	100.00%
Sytel Reply S.r.l.	Turin, Italy	100.00%
Target Reply S.r.l.	Turin, Italy	100.00%
TamTamy Reply S.r.l.	Turin, Italy	100.00%
Technology Reply S.r.l.	Turin, Italy	100.00%
Technology Reply Roma S.r.l.	Turin, Italy	100.00%
Technology Reply S.r.l.	Bucharest, Romania	100.00%
TD Reply GmbH	Berlin, Germany	100.00%
TD Marketing Consultants, Beijing Co. Ltd.	China	100.00%
Tool Reply GmbH	Guetersloh, Germany	100.00%
TripleSense Reply GmbH	Frankfurt, Germany	100.00%
Twice Reply S.r.l.	Turin, Italy	100.00%
Valorem LLC (*)	Kansas City, USA	80.00%
Valorem Private Ltd	India	99.99%
Valorem GmbH	Zurich, Switzerland	100.00%
WM Reply Ltd	London, United Kingdom	100.00%
WM Reply LLC	Minsk, Belarus	100.00%
Whitehall Reply S.r.l.	Turin, Italy	100.00%

Xister Reply S.r.l. (*)	Turin, Italy	89.20%
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Companies carried at fair value

Amiko Digital Health Limited	England	22.73%
Appy Parking	England	9.86%
CageEye	Norway	10.16%
Callsign	England	3.61%
Canard Drones	Spain	24.06%
Connecterra BV	Belgium	23.25%
enModus Ltd.	England	19.24%
FoodMarble	England	23.45%
iNova Design Ltd.	England	34.05%
lotic Labs Ltd.	England	14.41%
Kokoon Technology Ltd.	England	36.68%
Metron Sas	France	8.05%
RazorSecure Ltd.	England	32.06%
Senseye Ltd.	England	12.57%
Sensoria Inc.	USA	24.00%
TAG Sensors AS	Norway	15.60%
Ubirch GmbH	Germany	20.83%
We Predict Ltd.	England	16.64%
Wearable Technologies Ltd.	England	20.05%
Zeetta Networks Limited	England	29.28%

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

CORPORATE INFORMATION

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