

**ILLUSTRATIVE
REPORTS
OF THE
BOD OF
MARCH 14
2023**

Reply S.p.A.

Illustrative Reports of the BoD of March 14, 2023

**At the Ordinary Shareholders' Meeting of 20 April 2023
(26 April 2023 on second call)**

AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF 20 APRIL 2023 (26 April 2023 in second call)⁽¹⁾

Dear Shareholders,

you have been convened to an Ordinary Shareholders' Meeting to take resolutions on the following

AGENDA

1. FINANCIAL REPORT

- 1.a. Examination and Approval of the Financial Statements as at December 31, 2022; Directors' Report; Reports of the Board of Statutory Auditors and of the Auditors.
- 1.b. Destination of the net result, proposal to distribute a dividend to shareholders and allocation of a profit share to Directors pursuant to Article 22 of the Articles of Association; related and consequent resolutions.

2. RESOLUTIONS ON THE PURCHASE AND SALE OF TREASURY SHARES,

pursuant to Articles 2357, 2357-ter of the Italian Civil Code and Article 132 of Legislative Decree No. 58/1998, as well as Article 144-bis of Consob Regulation No. 11971, subject to revocation of the resolution passed by the Shareholders' Meeting of 22 April 2022, to the extent not used.

3. REDETERMINATION OF REMUNERATIONS OF THE NON-EXECUTIVE DIRECTORS'; RELATED AND CONSEQUENT RESOLUTIONS.

4. COMPENSATION REPORT.

- 4.a. Resolutions relating to the First Section pursuant to Article 123-ter, paragraph 3-bis of the TUF.
- 4.b. Resolutions relating to the Second Section pursuant to Article 123-ter, paragraph 6 of the TUF.

(1) drafted pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented

1. Financial Report

- 1.a. Examination and Approval of the Financial Statements as at December 31, 2022; Directors' Report; Reports of the Board of Statutory Auditors and of the Auditors.
- 1.b. Destination of the net result, proposal to distribute a dividend to shareholders and allocation of a profit share to Directors pursuant to Article 22 of the Articles of Association; related and consequent resolutions.

Dear Shareholders,

With reference to the first item on the agenda, we submit to your attention the Financial Statements (Separate Financial Statements) of Reply S.p.A. - consisting of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Statement of Cash Flows and Notes to the Financial Statements - related to the year ended December 31, 2022, accompanied by the Group's Directors Report.

Noting that the Financial Statements (Separate Financial Statements) of Reply S.p.A. for the year ended December 31, 2022, show a net profit for the year of 94,141,693.00 Euros, we propose that the Shareholders' Meeting resolves:

- ▶ to approve the Financial Statements (Separate Financial Statements) of Reply S.p.A. which show a net profit for the year of 94,141,693.00 Euros, which already takes into account the provision of 3,200,000.00 Euros attributable to the remuneration of the Executive Directors for the short-term variable component for 2022, to be paid through profit sharing in accordance to article 22 of the Articles of Association and quantified, according to the procedures therein, in the amount that the Board of Directors, on proposal shared by the Remuneration Committee, considered to propose to the Shareholder;
- ▶ to approve the proposal to allocate the net profit for the year of EUR 94,141,693.00 as follows:
 - to the Shareholders, a dividend per share equal to Euro 1.00 for each outstanding ordinary share entitled, thus excluding treasury shares in portfolio, with dividend payment on May 24, 2023, ex-dividend date on May 22, 2023, and record date pursuant to Article 83-terdecies of TUF on May 23, 2023;
 - as to the residual amount, to be carried forward and allocated to the Extraordinary Reserve, as no allocation to the Legal Reserve is necessary since it has reached the limit of one-fifth of the share capital required by Article 2430 of the Civil Code;

- ▶ to approve, pursuant to Article 22 of the Articles of Association, also explicitly, the proposal to allocate to the Executive Directors, by means of a participation in the profits of the parent company, the short-term variable component of remuneration to be established in a total amount of Euro 3,200,000.00, corresponding to approximately 0.90% of the Consolidated Gross Operating Margin 2022 (before the allocation of profit sharing for the Executive Directors), which amounted to € 343.5 thousand, to be paid taking into account the relative allocation in the financial statements in accordance with the provisions of the IAS/IFRS Accounting Standards, ratifying the relative allocation in the financial statements as necessary.

We therefore submit the following draft of resolution for your approval:

“The Shareholders’ Meeting of Reply S.p.A.

- ▶ having taken note of the report of the Board of Directors on the Group’s performance for the financial year 2022;
- ▶ having acknowledged the Financial Statements (Separate Financial Statements) of Reply S.p.A. for the year ended December 31, 2022 - consisting of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders’ Equity, Statement of Cash Flows and Notes to the Financial Statements - which shows a profit of 94,141,693.00 Euros that already takes into account the provision of 3,200,000.00, referring to the remuneration of Executive Directors for the short-term variable component for 2022, to be paid through profit-sharing pursuant to Article 22 of the Articles of Association and quantified, in accordance with the procedures set forth therein, in the amount that the Board of Directors, based on the proposal shared by the Remuneration Committee, deemed to propose to the Shareholders’ Meeting;
- ▶ having acknowledged the report of the Board of Statutory Auditors and the report of the auditing firm PricewaterhouseCoopers S.p.A.

resolve

concerning agenda item 1.a.

- i. to approve the Financial Statements (Separate Financial Statements) of Reply S.p.A. for the year ended December 31, 2022, which show a net income of 94,141,693.00 Euros that already takes into account the provision of 3,200,000.00 Euros, referable to the remuneration of the Executive Directors for the short-term variable component for 2022, to be paid through profit sharing referable to the remuneration of the Executive Directors, pursuant to article 22 of the Articles of Association and quantified, according to the modalities set forth therein, in the measure that the Board of Directors, based on a proposal shared by the Remuneration Committee, deemed to propose to the Shareholders’ Meeting;

regarding agenda item 1.b.

- II. To approve the proposal to allocate the net profit for the year of Euro 94,141,693.00 as follows:
 - to the shareholders, a dividend per share equal to Euro 1.00 for each outstanding ordinary share entitled, thus excluding treasury shares in portfolio, with dividend payment on May 24, 2023, ex-dividend date on May 22, 2023, and record date pursuant to Article 83-terdecies of TUF on May 23, 2023;
 - as to the residual amount, to be carried forward as an allocation to the Extraordinary Reserve, as no allocation to the Legal Reserve is necessary since it has reached the limit of one-fifth of the share capital required by Article 2430 of the Civil Code;
- III. to approve, pursuant to Article 22 of the Articles of Association, also explicitly, the proposal to allocate the remuneration to the Executive Directors of the short-term variable component for 2022, by means of a participation in the parent company's profits, to be established in a total amount of Euro 3,200,000.00, corresponding to approximately 0.90% of Consolidated EBITDA 2022 (before the allocation of profit-sharing for Executive Directors) amounting to € 343.5 thousand, which will be paid taking into account the relevant provision in the financial statements in accordance with IAS/IFRS;
- IV. to grant the Board of Directors, upon the proposal of the Remuneration Committee, the mandate to allocate the amount of Euro 3,200,000.00 among the Executive Directors'.

Turin, 14 March 2023
for the Board of Directors
The Chairman
Dr. Mario Rizzante

2. Resolutions on the purchase and sale of treasury shares, pursuant to Articles 2357, 2357-ter of the Italian Civil Code and Article 132 of Legislative Decree No. 58/1998, as well as Article 144-bis of Consob Regulation No. 11971, subject to revocation of the resolution passed by the Shareholders' Meeting of 22 April 2022, to the extent not used^(*).

Dear Shareholders,

also pursuant to Article 73 of the Regulation adopted by Consob Resolution No. 11971 of 14 May 1999, as amended (the "Issuers' Regulation"), we hereby report the following.

On 22 April 2022, in continuity with past resolutions adopted on the same subject, the Shareholders' Meeting authorised the purchase and disposal of treasury shares for a period of 18 months, i.e. from 22/04/2022 to 22/10/2023; by virtue of these authorisations, 133,192.00 treasury shares are held to date.

You are now asked to again authorise, within the limits and in the manner set out below, the purchase and disposal of treasury shares.

It should be noted that all transactions involving the purchase of treasury shares are subject to the provisions of Regulation (EU) No. 596/2014 ("MAR") and its implementing rules.

This proposal serves multiple purposes.

First of all, the purchase of treasury shares is justified by corporate purposes, as it may allow for transactions such as the sale, contribution, assignment and exchange of treasury shares for the acquisition of shareholdings, the implementation of extraordinary finance transactions and/or the conclusion of agreements with strategic partners that fall within the Group's expansion objectives and/or for the conclusion of agreements with individual directors, employees and/or collaborators of the Company or of its directly or indirectly controlled companies, which do not fall within the plans for the free assignment of shares governed by Article 114-bis of Legislative Decree No. 58 of 24 February 1998, No. 58 of the Italian Civil Code.

The authorisation to purchase treasury shares, if granted, will also allow the Company to make investments on the stock market involving its own securities, also in consideration of the low volumes of securities generally traded, and thus defend the investment of minor shareholders as well as, should it prove necessary in relation to contingent market situations, to offer the opportunity to carry out trading, hedging and arbitrage transactions.

The purchase of treasury shares may also be used for the constitution of the securities necessary to concretely implement share incentive plans that may be approved pursuant to Article 114-bis of Legislative Decree No. 58 of 24 February 1998.

It should be noted that the authorisation will, in any event, be exercised within the limits provided for by the laws in force and, where applicable, in compliance with the market practices permitted by Consob, pro tempore, in accordance with Article 13 of the MAR and the relevant implementing rules.

^(*) Explanatory Report prepared in accordance with Annex 3A of Consob Regulation 99/11971 as amended.

In order to achieve the above purposes, we propose that you authorise the Board of Directors to purchase, also in several tranches, considering the treasury shares already held by the Company to date, a maximum of 7,349.093 ordinary shares with a nominal value of Euro 0.13, corresponding to 19.64398% of the current share capital of Euro 4,863,485.64 within the limit of a maximum expenditure commitment of Euro 300,000,000, a percentage and amount that, as detailed below, fully comply with the provisions of Article 2357 of the Italian Civil Code. Such limits also include treasury shares that Reply S.p.A. was legitimated to buy back in accordance to lock-up agreements entered into by the same Reply S.p.A. At the same time, we ask you to authorise, pursuant to Article 2357-ter of the Italian Civil Code, the Board of Directors to dispose of the treasury shares that may be acquired, also in several tranches and in accordance with the purposes for which the authorisation is requested, for a consideration and free of charge, also through subsequent purchase and sale transactions, in accordance with the procedures indicated below.

For the purposes of compliance with the third paragraph of Article 2357 of the Italian Civil Code, it should be noted that the Company's share capital of €4,863,485.64 is currently divided into 37,411,428 ordinary shares with a nominal value of €0.13 each.

It should also be noted that the Company currently holds 133,192 treasury shares in its portfolio, with a nominal value of EUR 0.13 each, corresponding to 0.35602% of the share capital.

The authorisation for the purchase is requested for a period of 18 months, i.e. from 20 April 2023 to 20 October 2024 and, in the event of authorisation, replaces that granted by the shareholders' resolution of April 22, 2022: it shall, therefore, be considered correspondingly revoked, for the unused portion, the authorisation to purchase treasury shares and the use thereof adopted by the shareholders' meeting of April 22, 2022.

The Board proposes that the minimum purchase price per share be not less than the nominal value of the REPLY S.p.A. ordinary share (currently EUR 0.13) and that the maximum consideration may not exceed the official trading price recorded on the MTA Market on the day before the purchase increased by 20%. The maximum financial commitment is envisaged within the limit of Euro 300,000,000 (three hundred million). With reference to the maximum spending limit, the Board recalls that, pursuant to Article 2357 of the Italian Civil Code, the purchase of treasury shares is allowed within the limits of distributable profits and available reserves resulting from the latest approved financial statements. In this regard, we point out that in the Company's financial statements as of December 31, 2022, submitted for your approval, the total amount of profits and reserves that can be used by the Company to purchase treasury shares, without taking into account the Reserves established following the application of the IAS/IFRS accounting standards, is equal to €506,185,440, broken down as follows:

Reserve for purchase of treasury shares:	Euro	282,877,511
Extraordinary reserve:	Euro	214,137,264
Previous years' profit reserve:	Euro	2,822,701
Merger Surplus Reserve	Euro	6,347,964

Therefore, it is clear that, taking into account the above-mentioned maximum consideration, any purchase of treasury shares is adequately covered by the available reserves in the balance sheet.

With regard to the modalities of treasury share purchase transactions, which can be carried out once or more than once, the Board proposes that they be carried out:

- ▶ in accordance with the combined provisions of Article 132 of Legislative Decree 58/98, as amended, Article 144-bis of the Regulation on Issuers of Regulated Markets and, where applicable, Article 13 of the MAR;
- ▶ in accordance with the technical forms set forth in Article 144-bis, paragraph 1(b) of the Issuers' Regulation, as well as in Delegated Regulation (EU) 2016/1052;
- ▶ with operating procedures established in the market organisation and management regulations, that ensure equal treatment among shareholders and do not allow the direct matching of purchase proposals with predetermined sale proposals, with the exception of transactions related to Reply S.p.A. own shares that Reply S.p.A. is legitimated to repurchase by virtue of the provisions of the lock-up agreements; cases in relation to which the provisions of article 132 of Legislative Decree no. 58 of February 24, 1998, and article 144-bis of the Issuers Regulation do not apply;
- ▶ where applicable, under the conditions set out in Article 5 MAR.

As to the manner of disposition, it is proposed:

- ▶ that the Shareholders' Meeting authorise the Board of Directors, pursuant to and for the purposes of Article 2357-ter of the Italian Civil Code, to dispose - at any time, in whole or in part, in one or more tranches and even before having exhausted the purchases - of the treasury shares purchased and those already in the portfolio, either through sale on the Stock Exchange or in blocks, or through public offering,
- ▶ that treasury shares already held in the portfolio and those purchased pursuant to this resolution may be sold, transferred, exchanged, assigned, exchanged as consideration for the purchase of equity investments, the implementation of extraordinary finance transactions and/or the conclusion of agreements with strategic partners and/or the conclusion of agreements with individual directors, employees and/or collaborators of the Company or of the companies directly or indirectly controlled by it that do not fall within the plans for the free assignment of shares governed by Article 114-bis of Legislative Decree No. 58/1998,
- ▶ that, in implementation of the pro-tempore stock grant plans launched by the Board of Directors and approved by the Ordinary Shareholders' Meeting pursuant to Article 114-bis of Legislative Decree No. 58 of February 24, 1998, the treasury shares already held in the portfolio and those purchased pursuant to this resolution may be granted free of charge in accordance with and within the limits of the implementation provisions of the plans.

It is therefore requested, with regard to acts of disposition, that the Shareholders' Meeting grant the Board of Directors the power to establish, on a case-by-case basis, in compliance with legal and regulatory provisions, the most appropriate applicable terms, modalities and conditions that best serve the interests of the Company.

The Board of Directors shall act in compliance with the disclosure obligations pursuant to Article 144-bis, paragraph 3 of the Regulation on Issuers.

The transaction is not instrumental in reducing the share capital by cancelling the treasury shares purchased.

Pursuant to Art. 2357-ter, para. 1 of the Civil Code, within the above-mentioned limits, successive purchase, sale and assignment transactions may be carried out free of charge within the scope of the Share Incentive Plans.

To this end, we propose to establish that, in the event of the sale for consideration or free assignment under the Stock Incentive Plans of treasury shares in portfolio or of those that have been acquired and/or subscribed to on the basis of this proposal the "Reserve for treasury shares in portfolio" is reclassified for an amount equal to the book value of the treasury shares sold to the "Reserve for treasury shares to be purchased" so that it can be used for further purchases within the limits and under the conditions set forth above and that, also in the event of write-downs or revaluations of treasury shares in portfolio, the aforesaid reserves are adjusted accordingly.

Turin, 14 March 2023
for the Board of Directors
The Chairman
Dr. Mario Rizzante

3. Redetermination of remunerations of the non-executive Directors'; related and consequent resolutions^(*).

Dear Shareholders,

The Shareholders' Meeting of April 26, 2021, resolved to appoint the Board of Directors for the three-year term up to the approval of the financial statements as at December 31, 2023.

In this occasion, the Shareholders' Meeting had set the annual remuneration for the non-executive members of the Board of Directors at Euro 50,000.00 (fifty thousand/00) for each, gross of legal withholdings.

At the convened Shareholders' Meeting, the Board of Directors of the Company, adopting a recommendation of its chairman, proposes the integration of the annual remuneration of the non-executive Directors by granting them, starting from the financial year 2023, an additional remuneration of Euro 10,000 per year for the participation in each Committee.

Turin, 14 March 2023
for the Board of Directors
The Chairman
Dr. Mario Rizzante

(*) Report prepared pursuant to Article 125-ter of Legislative Decree 58/1998, as amended

4. Compensation Report.

4.a. Resolutions relating to the First Section pursuant to Article 123-ter, paragraph 3-bis of the TUF

4.b. Resolutions relating to the Second Section pursuant to Article 123-ter, paragraph 6 of the TUF.

Dear Shareholders,

In view of the Shareholders' Meeting, the Compensation Report was prepared.

The document is divided into two Sections:

- ▶ the first illustrates the Company's policy on the remuneration of Directors, Statutory Auditors and key management personnel, as well as the procedures used for the adoption and implementation of such policy, and is subject to binding resolution by the Shareholders' Meeting at the intervals required by the duration of the policy and, in any case, at least every three years or when the policy is amended;
- ▶ the second one provides a representation of the items that make up the remuneration of the aforementioned persons, with an analytical illustration of the remuneration paid in the financial year 2022 and is subject to a non-binding resolution of the Shareholders' Meeting on an annual basis.

In light of the provisions of Article 123-ter of the TUF, since three years have elapsed since the last approval of the First Section of the Compensation Report by the Shareholders' Meeting, the Company intends to submit to the Shareholders' Meeting the First and Second Sections of the Compensation Report, drafted pursuant to Article 123-ter of Legislative Decree No. 58/1998 and Article 5 of the Corporate Governance Code promoted by Borsa Italiana S.p.A.

The First Section of the Report prepared by the Company illustrates:

- a) the Remuneration Policy adopted by Reply S.p.A. in compliance with the Recommendations of the Corporate Governance Code, with reference to the remuneration of (i) the members of the Board of Directors and in particular of the Executive Directors, (ii) the Executives with strategic responsibilities and (iii) the Board of Statutory Auditors,
- b) the procedures used for the adoption and implementation of this policy.

The Second Section of the Report prepared by the Company illustrates, analytically, the remuneration paid in 2022 to the members of the Board of Directors, to the Statutory Auditors and to the other Executives with strategic responsibilities, as well as the stock options assigned, and the equity investments held in the Company by the same persons.

Please note that:

- ▶ Pursuant to Article 123-ter, paragraphs 3-bis and 3-ter of Legislative Decree No. 58/1998, the Shareholders' Meeting shall cast a binding vote on the First Section of the Report;
- ▶ Pursuant to Article 123-ter, Section 6 of Legislative Decree No. 58/1998, the Shareholders' Meeting casts a non-binding vote on the Second Section of the Report.

Turin, 14 March 2023
for the Board of Directors
The Chairman
Dr. Mario Rizzante

