

CONFERENCE CALL TRANSCRIPT

# FOURTH QUARTER FINANCIAL YEAR 2025 RESULTS

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## CORPORATE PARTICIPANTS

**Tatiana Rizzante** – Chief Executive Officer

**Marco Cusinato** – Chief Financial Officer

**Michael Lückenötter** – Director Investor Relations



## **Michael Lückenkötter**

Hello everyone, and welcome to the Q4 2025 edition of the Reply earnings call. Thanks for joining us today. I am Michael Lückenkötter, Director of Investor Relations.

As you have seen, today we have published the results of the full year and the fourth quarter 2025. We are here to provide you some more background.

With me are, as usual, Tatiana Rizzante, our CEO and Marco Cusinato, our CFO. Both will comment the results from their perspective. The slides Marco is going to use are also downloadable from our website under the usual space in investors, financial calendar and events. After the speeches as usual, we will enter a Q&A session.

And with these introductory remarks I hand over to Tatiana, please.

## **Tatiana Rizzante**

Thank you, Michael. So, welcome everybody. I'm sorry, I anticipate to all of you, I have not too much voice. So, you have to be patient.

We are closing another very good year. And, it has been a very challenging year. But at the end, we have been able to keep going in a very solid way, both in terms of revenues and keeping a very high profitability.

That proves that the work we are doing on technology innovation - to bring it consistently to our customers - is paying out. The macroeconomic environment remains uncertain, as we all know, but we continue to be a preferred partner of choice for our customers, advising them on their journey to AI. But not only this, also on cloud, cybersecurity and other engineering topics, and this is showing in our results.

So, in Q4 we achieved a growth of 6%. And on a sequential base, we saw an 11% increase in revenues compared to Q3 2025. The profitability of the last quarter is excellent, with 19.9% of EBITDA margin. So, last quarter was again the best quarter of the year.

Artificial intelligence, Data, cloud and cybersecurity continue to drive our growth in terms of topics. In terms of market sectors in Q4 2025 we have health, government & defense that is the one with stronger growth, together with energy & utilities and tech and high tech. Retail, consumer products and goods and financial services are stable. While we saw a slight decrease in terms of logistics and transportation, automotive and manufacturing, and the media sector that keeps being under pressure.

As you know, we continue investing in our network model and in the evolution of our offer in



various directions.

First of all, partnerships, which are and keep being a key pillar. Last quarter, to remind you, we communicated the OpenAI partnership. Recently we signed a strategic collaboration agreement with AWS to accelerate the AI driven cloud transformation across all our core markets. A particular focus is on sovereignty to help those customers that want to leverage global cloud together with sovereign infrastructure.

Another relevant partnership has been the one with Mistral, that we recently signed. As usual this partnership is connected with a new startup that is called Sail Reply. It enables us to offer model specialization, fully developed, of course, in Europe, that is particularly relevant for those customers and segments where regulatory or sovereign topics are a key.

In general, we also keep working with Microsoft and Google. I was very happy that Route16 Reply, one of our US companies, has been named Microsoft American System Integration and Managing Partner of the year. For the Microsoft ecosystem this is a very significant recognition.

In parallel to working on partnerships, we have launched a lot of new startups. Q4 2025 has seen heavy work on network development. In total we have launched 25 new internal startups, covering specific niches, Of course, many of them are on Artificial Intelligence. Like the partnership topic I just mentioned, but also the specific verticals like AI for HR, AI for procurement, defining a specific vertical on wealth and so on. But we also have started to work to potentiate some new segments vertical segments across all the group, in particular core banking, because we are among the few players, in Europe and in the world, that are completing banking modernization and other vertical segments.

The other area of investment for startups is infrastructure, which is not just cloud infrastructure. We are focusing the network as well, both for new emerging standards and again, for requirement of some environments that have, in terms of network, critical infrastructure, defense for example.

People continue to be a core asset of Reply; we prioritize talent with high-base skills. That means very high education levels, very specialized skills enabling analytical thinking and adaptability, both are key for us. You cannot leverage new tools if you don't have high education, high degree of adaptability and not just the talent but also the tools to evolve with technology. This has not changed.

We continue to recruit high-potential graduates and develop them to work in regulated mission-critical context, where Artificial Intelligence must be integrated into governance, architectures and secure infrastructure. Deploying it at scale is a sophisticated and complex



job. Few people cause a lot of leverage, and these few people must be excellent.

In general, moving to the financial situation, the financial situation of the group reflects a continuous excellent operational performance. We have closed 2025 with EUR 572 millions of cash, which is EUR 80 million more than 2025. That gives us a room for investment.

On the other side, shareholders will participate as well from this. The board will propose to the next shareholders meeting to approve a dividend of EUR 1.35 for 2025, which is an increase of 17% compared to last year. This is in line our policy in terms of shares.

At this point, Michael has asked me to anticipate a question, so I will do it. A lot of you have been asking about buy back of shares of Reply. In this moment we keep being focused on our operational development. We don't exclude it, but it is not one of our main targets now. Honestly, I prefer to keep the focus on developing the Reply network, more than on pure financial operations.

Now, let me handover to Marco for more details on the financial results.



## Marco Cusinato

Thank you, Tatiana. And good afternoon also from my side. Let's deep dive a little bit in the figures.

As Tatiana said we reached EUR 2.48 billion revenues at the end of 2025. That is an increase of 8%. In local currency the growth would have been 8.5%. FOREX had a limited negative impact of 0.5%. In this selective and still uncertain macroeconomic environment, this performance reflects the strength of our model of specialized companies and our ability to transform innovation. Particularly speaking about translating Artificial Intelligence into industrial and scalable value for our clients.

EBITDA reached EUR 467 million. That is an increase of almost 14% versus FY 2024. The margin stood at 18.8%, that is 1% more than last year. As already communicated in the Q2 and Q3 earning calls this one percentage point improvement in the EBITDA includes a non-recurring income item related to the release of the EUR 24 million provision for a professional liability dispute. Excluding this one-off impact the EBITDA margin would have been 17.9%. That is still very strong.

From a financial standpoint we closed the year with EUR 572 million in cash that is available for deployment, mainly for executing our M&A strategy. In terms of people, we have almost 1,000 people more than last year, 957 to be precise. That is an increase of 6.1%.

Considering this result, we are proposing to distribute a dividend of EUR 1.35 per share.

Coming to the segment results, so the results divided by our operating regions. I remind that region 1 is including Italy and the US mainly, region 2 Germany, and region 3 UK, France, Belgium and Luxembourg.

Region 1 reached EUR 1.59 billion in revenues, that is an increase of 7.5%. Region 2 achieved EUR 474 million, slightly up by 0.8%. And Region 3 EUR 487 million growing 16.7%. Obviously, this is the most dynamic area also because of the acquisition of Solirius done at the end of last year.

The contract mix remains a little bit differentiated. We have in Region 01 the predominance of turnkey projects by 82%. The rest is time and material. In Region 02 and 03 respectively, time and material contracts are a little bit more, 55% in Region 02 and 52% in Region 03.

Profitability improved across all the regions with numbers that you can read directly on the slide. The group EBIT reached EUR 392 million, that is an increase of 18.5% with respect to FY 2024 and reflecting 15.8% of margin. The EBIT includes the impact of depreciation and



amortization (3.6% of revenues) and earn-out fair-value adjustments (positive for EUR 13.4 millions in FY 2025).

Pretax income was EUR 370 million, up 18% year on year with a margin of almost 15%. The net financial expenses of EUR 13.5 million, compared to positive EUR 2.8 million last year, are mainly due to foreign exchange differences that accounted for EUR 14.1 million.

Coming to the Profit and Loss statement, and speaking mainly about Q4, Q4 revenues reached EUR 664 million, that is an increase of 5.2% year on year. Anyhow Q4 has been the strongest quarter of the year. Both in terms of revenues (9.4% above the average of the 3 previous quarters) and profitability. EBITDA reached EUR 132 million with a margin of almost 20% that is well above the average of the previous quarter, although slightly below Q4 2024. The fourth quarter contributed for 28% of the full year EBITDA.

This slide shows the split of Q4 for the different segments. Also in these slides, a lot of numbers that I think you can read by yourselves. But the thing that I want to underline here is that in Region 02 we have a growth of 0.6% that is very little. But if you remember well, in the last earnings call Region 02 was decreasing by 1.6%. So, this is a sign of the inversion of the trend also in Germany.

Profit and loss details. Revenue increased by EUR 183 million or 8% more than last year. The average revenue per employee increased to EUR 153K per employee, that is 1.5% more than last year. The top 20 customers account for ~40% of the revenue without any significant concentration. About 70% of the revenues are coming from turnkey contracts, while the 30% from time and material - with different percentages in our various regions.

From Q3 2025 onwards - for management reporting - public grants, related to funded projects are classified under operating revenues instead of a personal cost reduction. This is obviously not impacting the overall EBITDA result.

On the cost, operating cost increases by 6.7%. Personal cost increased by 8.7%, and the average cost per employee was EUR 85k, unchanged to last year. Service costs increased by 13.2%, mainly driven by contractors. We reached EUR 420 million versus EUR 368 million in FY 2024. Other operating income included EUR 20 million provision release we discussed about before.

Depreciation and amortization amounted for almost EUR 90 million, in line with 2024. Goodwill impairment of EUR 19 million relates to the French cash generating unit within Region 03. Earn-out fair value adjustments were positive for EUR 13.4 million and do not impact the EBITDA.



Financial management deteriorated mainly due to the foreign exchange differences of EUR 14 million as I already said. Tax rate was stable at almost 32%.

Speaking about the development of the business lines and the industry trends, here you can see how the business has developed throughout 2025. For the business lines you can see a very big increase of applications and not so much from technologies. This is explained by regional mix differences. For example, in Region 01, the technologies business line is growing a lot, and we are seeing a lot of demand in this area. Applications are growing so much because of the acquisition we made in Region 03, in UK.

About the industry trends. All sectors are below 20% except for financial services that is accounting for 30% of our business. We can see also a very strong growth in the health, government and defense area.

Net financial position was positive for EUR 468 million. That is an increase of almost EUR 120 million versus 2024. Cash reached EUR 572 million. That is an increase of EUR 80 million. And excluding the FOREX impact this increase would have been EUR 85 million.

Operating cash flow was EUR 326 million, while the DSO remained stable at 71 days. Investing activities absorbed EUR 137 million, of which EUR 16 million for M&A, EUR 53 million for earn-outs paid, EUR 22 million in short term securities and EUR 46 million in capital expenditure.

Financial activities absorbed EUR 105 million, EUR 45 million for dividends paid during FY 2025, EUR 23 million in loan repayments and EUR 37 million in IFRS 16 lease payments. There were no credit line drawdowns during 2025. Excluding IFRS 16 liabilities, net financial position would have been of almost EUR 600 million.

This is the last slide on cash development to show how it developed. EBITDA of EUR 468 million with a stable working capital need of EUR 33 million, and almost EUR 8 million in interest received. Cash was allocated to EUR 45 million in dividends, EUR 60 million financial financing outflows, EUR 46 million capital expenditures, EUR 22 million financial investment and EUR 79 million for investments, mainly for earn outs and M&A.

Overall FY 2025 confirmed a strong cash generation and disciplined capital allocation while maintaining a very solid liquidity position.

And with this, I will pass this stage back to Tatiana.



## Tatiana Rizzante

Okay. Now let me give you some flavors on the things we are doing.

First let's talk about Artificial Intelligence. We're working along three main lines. One line is keeping changing the way we work. If you remember all the silicon shoring offer that is growing very well and is allowing us to keep consolidating customer positions.

On the other side we are working a lot on the development of agentic systems in every sector. I give you a few examples, so that you have a taste of what it means.

One example is Healthcare. With the European Oncology Institute (IEO) we have been developing an agentic system that allow basically to reduce all the activities on sample management by reducing the retrieval time by over 50%, improving data traceability and the compliance topic.

In the manufacturing together with NVIDIA, we supported OTTO Group by deploying an AI driven robot orchestration platform that reduces robot idle time by 25% and increase of course production flexibility. One feature is that it allows control tower monitoring and traceability, which is one of the things that are also in general growing very rapidly with the usage of AI.

In financial services we supported a leading global insurance group in addressing every manual effort required to analyze complex documents across business operations. You will see not far from now the respective press release. So, instead of using traditional automation approaches and business process outsourcing, this is completely implemented with Agentic AI and autonomous agents. It reduces manual processing time by more than 50% with 95% accuracy level.

But AI is opening also new areas for us. We are entering new markets on the creative and media side that before were not accessible for us. We already talked about our Reply AI Studios. You may have seen one of our first AI-crafted productions for FIAT. It is a prime-time TV commercial completely developed using Google VEO technology.

Other areas opening are for instance the last frontier of legacy modernization: mainframe core banking. It is now possible to rewrite COBOL applications very fast and transform them into modern architecture with the help of AI. Agentic AI and new types of businesses are core examples for expanding the scope of our engagements and how we are transforming normal software building.

In addition to AI in terms of offer, we've been working a lot on the network topics, especially, for mission critical infrastructure sensitive context and leveraging new type of network.



We have new partnership with Celeste Technologies, Qualcomm and Sateliot, where we are helping Celeste to launch Europe's first 5G satellite constellation that will enable direct to device connectivity from space.

In cloud the focus is now continue working on cloud adoption and cloud migration. So, the traditional work that we have been doing in the past few years. But we also have announced the work on data center and sovereignty, which is sovereign cloud or a mixed landscape ensuring data sovereignty on the cloud environment. And we have developed our own asset, dedicated to highly secure environments: REPLY EveryCloud.

In general, we expect the current demand profile to gradually improve throughout 2026. Customers are focusing simultaneously on efficiency, resilience, and speed, and on innovation — all areas heavily driven by technology and AI. It plays directly into our strengths.

And I believe that our model is perfect in the sense that is very difficult to change the way of working of big teams. And when you leverage AI, few people can do a lot of work if they change the way of working and if they leverage the tools. And on these topics Reply's network is reacting in a very effective way. In general, I am currently positive on 2026 and the evolution of Reply.



## **Michael Lückenkötter**

Thank you, Tatiana and Marco, for your comments. We are now entering the Q&A part of the session. Please raise your hands and, we will pick up you in order of appearance. And remember please to open your microphone so that we can really hear you. I see the first question comes from Giovanni from Berenberg. Please go ahead, Giovanni.

## **Giovanni Selvetti, Berenberg**

Thank you for that. I have a couple.

The first one is on the profitability of Region 02. I was wondering, how come in Q4 the profitability of Region 02 is around 4 points lower on the EBITDA level, but higher at the EBIT level. So, I was wondering, what's the reason for a) the lower EBITDA and b) what is compensating at the DA-level?

The second one is on Region 03. If you could give us a sense of what's happening between UK and France? Because if I look at the development of organic growth, it seems very strong in Q4, but at the same time, the EBIT in Q4 is down 25% year over year. So, considering that in the last update, it seems that the profitability of France was getting better and improving, should we assume that there's a deterioration in the UK or what are the moving parts here?

And probably the last one is on cash. You already anticipated that the priority is on acquisitions rather than share buyback, but I would also assume that given this environment, the multiples for potential targets are probably lower. So, the cash you need for acquisitions is lower. Or how should we think about this? Is it fair to assume that the targets you were looking at are trading now at lower multiples?

## **Marco Cusinato**

Can I go on the first one? The difference between the lower EBITDA and the higher EBIT in Region 02 is coming from a depreciation we did in FY 2024 on the goodwill of Fincon. This was a mistake that we had to correct in FY 2025. The EBIT is higher than the EBITDA because of this reclassification. The situation is just that last year was an exceptional Q4 for Region 02.

## **Tatiana Rizzante**

As regards UK and France, UK is going very well, both in revenue and profitability. So, what is dragging down is France, which is recovering. In FY 2025 we went down. In H1 2026 we will still be below last year, but the situation is gradually getting better. So, the effect on EBIT is basically all coming from the French speaking regions (France, Benelux).



The third question was?

**Giovanni Selvetti, Berenberg**

On M&A. You said that you want to keep the cash for M&A and external growth, and I get that. I was wondering probably you need less cash anyhow because the multiples of acquisition targets decreased quite a lot. In theory you can buy the same with less cash. And you will still have room to do share buyback if you want.

**Tatiana Rizzante**

Yes. I don't exclude. Again, the focus in this moment is frankly not on the financial side. Multiples have come down a bit, meaning we may be able to do more. It's also possible that in some regions we could buy larger than before though, and we don't exclude this possibility. I would prefer not to close doors.

**Giovanni Selvetti, Berenberg**

Is it fair to assume the priority is still US?

**Tatiana Rizzante**

Priority is mainly US, yes. In parallel we keep still enforcing Germany and UK. We will probably restart France in the course of 2026, having reestablished the new governance structure. They will be able to absorb probably later in the year additional teams. Currently they are managing startups; in the second part of the year, they will probably be able to integrate another acquisition. So, we are looking at parts of Europe and the US.

**Giovanni Selvetti, Berenberg**

Ok. Maybe, a quick last one. Why is personnel cost going up by 20% in Q4? Is it mainly related to the new startups you mentioned at the beginning?

**Tatiana Rizzante**

Yes, partially the new startups are a reason. On the other hand, we are in some cases absorbing subcontractors since you can currently hire in a very good way.

**Michael Lückenkötter**

Okay. Next in line is Alessandro from Equita. Alessandro, please go ahead.



**Alessandro Cecchini, Equita**

Good afternoon to everybody. I have some questions. The first one is related to the number of employees. If my calculations are correct, you basically had an increase in the fourth quarter 2025 (quarter on quarter) of 1.4% in your employees. What are your hiring expectations for the year 2026? Do you expect to continue hiring people to support the business?

**Tatiana Rizzante**

Yes, we kept actually a very high level of hiring. We had, compared to the past, less resignations. We are experiencing a moment where the attrition is very low. We do expect to keep hiring. As I said, we keep focusing on high-level talent. Of course, we are also leveraging the tools from which we are getting good marginality. So, we increase productivity.

**Alessandro Cecchini, Equita**

Okay, clear. My second question is about France and Germany. In Germany, you have reshaped your offering. We saw marginal improvement in the fourth quarter. Just to see your view on the Germany for 2026? And the same question on France. I believe you had a negative 2025. Just to know if you are happy now with your offering, and so you can maybe follow better the market trends? If you can update on this. Thank you.

**Tatiana Rizzante**

Last year it was the same trend for both countries. At the beginning of the year higher revenues and higher margins. Then they slowed down towards the end of the year. Both countries were in descent. We started to reverse the trend in Q4. We see this continuing, both in France and in Germany. In general, we are looking to a gradual improvement throughout 2026 for both regions with different dynamics. In Germany we are retaking different market conditions and reassessing the organization. In France as you know, it was more a reorganization. But in both cases, we see the same trend.

**Alessandro Cecchini, Equita**

Okay. And finally, you said buyback is not a priority. Of course, but for everything there is a price. So today the stock is -15%. Can this change your view? I would like to understand if there is a threshold, a level where this kind of prioritization shifts more to buying back Reply shares than other companies in the market? In this moment, I presume that we are trading at a deep discount versus peers. So, just to know if there is a price that you can consider or is something that is a secondary.



**Tatiana Rizzante**

Okay. The company is sound and is developing and growing well. The market will decide what to do with the price. At one point in time, if the market will not, we will take a different decision, but for sure not to manage tactical buy-back. You cannot use those shares in practical ways. My position is now there is no reason. But the market will take the decision, and then we see.

**Alessandro Cecchini, Equita**

Last very technical. The M&A expenditures are around EUR 70 million, EUR 69 million in your cash flow? So just to be sure.

**Marco Cusinato**

Let me check, I think you are right. Now I don't find the point. We will come back to you.

**Michael Lückenkötter**

Now we move to Kepler. Hugo, please go ahead.

**Marco Cusinato**

Sorry. I found it. EUR 69 million for M&A that has been EUR 16 million for new M&A and EUR 53 million for earn-out.

**Hugo Paternoster, Kepler Cheuvreux**

Good afternoon. Can you hear me well? Thank you for the presentation. I have 3 questions.

The first one is on the on the growth in Q4, and I just wanted to have the breakdown in terms of contribution between price, volume and perhaps the mix between AI-related and legacy activity. If you can give it, would my first question.

The second question would be on Region 03. You already provided some flavor between the UK and France. But the performance has been very strong in Q4. Just wondering whether it's structural or is there any project timing there?

Another one is the 6% organic growth that you that you have in the in Q4? It's a tough question, but how should we think about this exit rate for the year, especially for the for the full year of 2026?

And maybe a last one on your exposure in the US? I remember that you have had some difficulties last year with Microsoft. If you could update us on this matter. Thank you.



**Tatiana Rizzante**

I start from the last one. Microsoft it has stabilized, yes. Last year there has been a dip that lasted like six months. I don't remember the exact timeframe, but it has stabilized since the end of last year. I will say, October, November started to stabilize.

**Hugo Paternoster, Kepler Cheuvreux**

And what is the current momentum with this customer?

**Tatiana Rizzante**

It has stabilized, and we are developing our own business.

**Hugo Paternoster, Kepler Cheuvreux**

The first question was on the contribution in Q4 for price, volume, and the mix of AI and legacy.

**Tatiana Rizzante**

Yes. I don't have these numbers, but I can tell you that I believe is that it is all volume because price has not increased. And the mix: We have AI everywhere; we don't have a specific AI segment because we are embedding it in every business and company. What I can tell you is that we have just completed the first round of the Ethical AI registry, which is a pilot. And at the end of Q4, there were like more than 900 project registered So, to give you an indication, but we don't really track this data.

**Marco Cusinato**

From the standpoint of the numbers the price didn't decrease. They increase because, the KPI is the revenue per employee. And as I said the revenue per employee is stable, has increased by 1.5% to EUR 153K per employees. At the same time, we are using more employees than contractors with respect to last year.

**Hugo Paternoster, Kepler Cheuvreux**

Good. The other question was regarding the dynamics for Region 03 in Q4, which was strong. You already mentioned that the UK was as good as it was in Q3. It has improved in France. Can we have like more granularity whether is it structural or project timing there?



**Tatiana Rizzante**

We must come back to you because I don't have it currently. This is something Michael and Paolo can come back to you. In general, we finished in Q3 the reorganization. The company restarted to grow well. They are developing well in this moment, and we have a good outlook. To go to a normal profitability at Reply level, we will take at least one year and a half, I believe. In this moment in Q4 it is a significant loss. That is why it's quite a lot on UK.

**Hugo Paternoster, Kepler Cheuvreux**

And the last one is mainly a joker question. How should we see the exit rate, the 6% growth in Q4? Do you see it for 2026 as well, or how should we interpret this number?

**Tatiana Rizzante**

You are asking for guidance basically. And we don't provide guidance. I already told you that we are foreseeing a good development of the company. That is all that I tell you.

**Michael Lückenkötter**

Thank you, Hugo. I think the next question comes from Antonella from Intesa. Antonella, please go ahead.

**Antonella Frongillo, Intesa Sanpaolo**

Hi. Good afternoon, everyone. Thank you for taking my questions. I go one by one; the first one is on Region 01 and the reduced growth you reported in the fourth quarter. Could you comment on that? Could you provide more color in terms of sectors in that region?

**Tatiana Rizzante**

In terms of sectors, Healthcare, government defense, so the public, is developing well, financial services in Region 01 is, growing but little bit less than the other sectors, also because it's much bigger Region 01 in terms of weight. You can consider the group sector development we gave you with the presentation. I don't remember any specific deviation on Region 01.

**Antonella Frongillo, Intesa Sanpaolo**

Okay. Is there any issue related to the automotive sector in that Region considering the current persisting weakness of automotive?



**Tatiana Rizzante**

This affects Region 01 and Region 02, basically throughout the second half of 2025, for both countries. We believe for 2026 that the situation has normalized, and the new plans are starting, both consolidation plans and new development. The automakers are starting to respond. So, we have a slightly positive outlook on that.

**Marco Cusinato**

And another explanation about the Region 01 growth of Q4, that is slowing down with respect to the previous quarter: We had in the last quarter a negative effect of almost 1% coming from the weakening of the U.S. dollar with respect to the Euro. So local currency it would have been 1% more.

**Antonella Frongillo, Intesa Sanpaolo**

Okay. And then on Region 03 on the margin. I see that it is improving a quarter by quarter, but in the fourth quarter, it was below last year, despite the acceleration in growth and despite the fourth quarter contribution of Solirius and despite the ongoing restructuring process in France. So, I would have expected a higher margin in the Region 03. Where am I wrong?

**Tatiana Rizzante**

Because France is consolidated in Region 03.

**Antonella Frongillo, Intesa Sanpaolo**

I know, but Region 03 is also experiencing an acceleration in organic growth. That should be operating leverage.

**Tatiana Rizzante**

We don't have adjustment of any kind. France 2024 was higher. We had the bigger restructuring part mid 2025. So, France in 2024 was higher than 2025, we restructured, so France is lower in revenue and in EBIT. IT is still recovering from end of 2024. We forecast the recovery in 2026. But we are not yet there. And that is what you see in the consolidation with UK.

**Antonella Frongillo, Intesa Sanpaolo**

Okay. And my last question is - high level - on your sector view. You know there is a sort of panic on the listed software stocks. So, I wanted to ask you, what is your view? What are you seeing the market in terms of impact on you, in terms of efficiency gains or from your



customers in terms of orders? Any comment on that could provide some help to understand the deep prospects of the sector.

**Tatiana Rizzante**

Again, I understand the hysteria. I can just say Reply is developing well in terms of customer demand, is developing well in terms of operations. We have been working on solving our own specific problems that have nothing to do with the market outlook. Like the above-mentioned situation in France. I believe our model is almost perfect for the AI age because we are already organized as small team of parachutes. We can do a lot more with AI. So, I'm positive. The market makes baskets, but I do another job.

**Antonella Frongillo, Intesa Sanpaolo**

So, don't you fear that you can have a decline in your top line? I am not speaking about 2026, but the longer term.

**Tatiana Rizzante**

If you remember, I kept saying we will have a slower growth pace because we are taking more jobs to do that growth. With AI you can do more with less people, but the volume of the single project is smaller. A part you convert in margin, a part is given to the customer. So that's how we are seeing, at least for us, this moment in which we are winning a lot. But of course, the single project has a smaller size, even as you know we never worked on multi-hundreds of million programs. So, the demand is still very fragmented and will keep being very fragmented, which I think it plays very well into our chords in this substitution moment because we are substituting some legacy with the new stuff.

We have this single digit growth that I tried to explain already in the past calls but for us I see it as a positive development in general. It gives us a lot more chance than a consolidating market. So, for me is positive.

**Michael Lückenötter**

Okay, now we turn to Natasha from UBS. Natasha, we wait your questions.

**Natasha Brilliant, UBS**

Thank you very much. Good afternoon. Thanks for taking my questions. I've got three. I'll ask them one by one to make life easier.

The last one, just to follow on from Antonella, her question and the comments you made about



the pricing. Do you think in the last 12 months the environment has deteriorated for pricing? So, do you think the rates that the prices are declining are getting faster? And then when do you think you'll get back to a higher rate of growth? When would this substitution period be over and when we will start to see higher growth for Reply based on a mid-term view?

**Tatiana Rizzante**

Yes, the market is deteriorating our rates. As Marco was saying, we can keep our value per employees. There are a lot of phenomena inside the terms also how we do business. We do a lot of turnkey projects. So, these are fed to more volume. For sure, Time & material will decrease a lot or almost disappear. So, there is this moment of transition in which companies are still used to buy FTE, and they are transitioning to buy by outcome, but Reply is mostly by outcome. So, I expect that we will see this pressure keeping on at least for 2026, 2027. Again, there are some areas that are completely out of these types of considerations, but that is the landscape.

**Natasha Brilliant, UBS**

Okay. Thank you. My second question, I think in Q3 you said that your organic growth outperformed the market. You were taking share, any similar dynamics in Q4. How should we think about that in 2026? Do you still think that's the case? I know the market is quite hard to size and quantify.

**Tatiana Rizzante**

I think that we will continue. I mean, our go to market on artificial intelligence and infrastructure that are both very big markets. When I put infrastructure, cloud and the data engineering part together, they are going very, very well. And what I'm seeing is that we are currently positioned well. So yes, we expect this trend to grow.

And I expect that as we progress throughout the year and towards next year, this effort of substitution that we are managing in this moment, would be basically absorbed. I'm positive. It's a particular market moment, but it's something positive.

**Natasha Brilliant, UBS**

Okay. Thanks. And then my last question is just on margins. So, I think the margin ex the provision reversal for 2025 was 17.9%. If we use that as the starting point, how should we think about 2026? And are there any adjustments, provisions, any one-offs we should bear in mind to expect for 2026?



**Marco Cusinato**

No, we don't expect any further one-off situation or provision for FY 2026.

**Natasha Brilliant, UBS**

Okay. Anything you can say on levels of margin versus 2025 on a like for like basis?

**Tatiana Rizzante**

We don't provide guidance. You can expect the usual results Reply style.

**Michael Lückenkötter**

Thank you, Natasha. Then we go to Isacco from Mediobanca. Please.

**Isacco Brambilla, Mediobanca**

Hi. Thanks. Thanks for taking my questions. A lot of them have already been answered. I have two.

The first one is on your general comment; you mentioned several areas that are growing. From the outside a lot of concerns from the financial market are on the areas that are shrinking. I presume there are some segments within your turnover mix that are shrinking. Can you help us figure out which is the incidence of those areas on your total turnover? Whatever you label, like legacy and so on, I presume it's quite limited. But that is an income we are receiving more and more from investors. So that's the first question.

Second question. It's maybe a bit simpler. How you see competition in Region 01 that at the end of the day remains, especially Italy, a core driver of your overall group performance?

**Tatiana Rizzante**

Okay, maybe, I answer on the on the first one, but you must clarify the second one.

So, if I look at shrinking areas there are some industry segments. One is media. There are some excellent situations, but in general it is a sector that also for us has been shrinking since a while.

In terms of offering there are areas that grow less. So, reducing no, apart again from regional phenomena, while growing less, yes. The one that is more static are for sure the big enterprise applications areas. So, when you do the typical core platform. Around those segments which are typical of old-style process automation, where there is legacy continuation, consolidation



of markets. This does not affect much the technology teams because they transform very easily. They are always on the edge of innovation. They keep moving and they are very agile squad. So that's why in average you have that less growing is around classical core enterprise application that have been built, changed a lot in the past year and now are relatively stagnating. The CRM, if you do the new, it's done by the AI, by the technology. But the classical apps I expect them to reduce in terms of percentage.

**Isacco Brambilla, Mediobanca**

Okay. Thanks. Second question was on Region 01, especially the Italian market. How do you see it developing in 2026 compared to 2025? I guess in 2025 it remained very resilient despite having a no growth environment.

**Tatiana Rizzante**

Yes, I confirm. It shows a very strong demand on artificial intelligence, a very strong demand on sovereign infrastructures and cloud infrastructure in general. The Italian market remains very lively. Of course, we have a significant position in the market. So, our growth rates are more linked to the overall size. We are developing and deploying new areas. Government and defense and infrastructure for us are completely new. And we are shifting in terms of contents. We can continue in the Italian market quite favorably.

**Marco Cusinato**

If I can add something about the labelling of the kind of work that we are doing instead of speaking about industries or segments. We are not on big outsourcing contracts or this kind of stuff that is suffering mostly of the shrink. We are more on the innovative side with our customers on all our business lines.

**Tatiana Rizzante**

Yes. And we are more on CAPEX than on OPEX, to be precise.

**Isacco Brambilla, Mediobanca**

That is very helpful. Just to wrap up, I know you don't give guidance. But directionally speaking, if I get correctly from your comments qualitatively by region, we see Region 02 not slowing down compared to 2025, Region 03 improving over time. And Region 01 again not slowing down. Is it correct?



**Tatiana Rizzante**

Yes.

**Michael Lückenkötter**

Thanks for your questions, Isacco. And now we go to Gilles from Dorval. Gilles, awaiting your questions.

**Gilles Sitbon, Dorval**

Hi. Good afternoon. Three questions on my end, if I may. So, just to be clear, you're not providing numerical guidance, but you are expecting an accelerating growth for 2026, just based on the question that was asked most recently. And you talked about gradual recovery through 2026 that you're expecting. If you can confirm that and what would be the drivers of that, how much of that is backed by the pipeline that you have in terms of deals and the visibility that you have? This the first question.

**Tatiana Rizzante**

Again, I don't cross 2026. We had a positive start to the year and see moderately increasing growth. Because we expect the demand to keep going as it is.

I remember everybody that one month ago we were not foreseeing a new war in Iran. If the world is not stable, demand may change again. Don't ask me for guidance this year because it's still a too unstable situation, which has nothing to do with most of the things to discuss today.

**Gilles Sitbon, Dorval**

Okay, thank you. The second one is on the M&A pipeline. You mentioned you could be doing more acquisitions. There was a change, I guess, in your Head of M&A a year or year and a half ago. So maybe I think we were expecting M&A last year, which didn't happen in the large scale. So now you're saying it could happen now. But just wondering how furnished the M&A pipeline is at is this point.

**Tatiana Rizzante**

We are looking at relatively small M&A like we did in the past couple of years. We have a few big, but nothing transformative now. It's a very good moment to acquire. The pipeline is good, but in this moment, you can expect activities like we did in the past couple of years.



**Gilles Sitbon, Dorval**

Got it. And then the last one, if I may. You know there is a lot of talk of services and software. With FTEs, forward deployed engineering. Where people go in more with the business consultant hat versus really IT services hat. You mentioned that you are pricing on a per outcome basis. Yes. Per FTE. So, I'm just wondering what's your view on services as software and just going in more with kind of a McKinsey, BCG type approach into businesses for business transformation versus just quote unquote pure IT which requires business consulting skills which are slightly different from just pure IT. Is it relevant for Reply or not?

**Tatiana Rizzante**

Okay. First, these dynamics are there for 20 years. I talk more about domain expertise, more than business consulting or IT. Because it's not that we don't do business consulting, otherwise we couldn't work by outcome. And what we put in processes is those types of people. That is a small portion that doesn't do IT at all. But in most cases, it is embedded with IT. If you are working with an e-commerce manager to develop a completely new e-commerce from the way it is, not just building it, but the way it's designed through the building, you do an end to end, outcome-based turnkey project from design to deployment. To make a simple example, we do this type of work. We do a lower percentage on time and material basis. So, most of our work is committed to result end to end engagement.

Now, I think that domain expertise is important with AI, as well as you must have technical prowess even more than before. And it is not just a matter of business or technical competence; it's a matter of working in a different way. Because there are these types of system, designed by intent. They require to be set in a context. And these is normally very complex. So, the green field is relatively small compared to the brown field. It will change in ten years' time. We will have 60% of the system AI native. But not in the medium term. And you must keep them fit. So, we are building on a changing landscape. These models change every moment. The agentic platform changes every moment. The way you manage or control, train, etc., these agents are changing continuously. You need very good people. Not so many. Mixed with domain experts a lot of the time, with designers, which is another species compared to business consultants, so they don't reason in process, They reason in product.

The skill mix is not one recipe, is very, very sophisticated. And it depends on context from context. Technical competence on this type of architecture is key. And they are very, very complex to make them work well. And it is all new but a bit untested. So, it's a challenge.

**Gilles Sitbon, Dorval**

So, the concept of forward deployed engineering that Palantir talks about is that kind of where



are you taking the business model?

**Tatiana Rizzante**

Basically, it is the same type of logic, because you are mixing engineering with a little bit of assets with domain expertise. This is probably coming from different side. But the most similar I will say. That term is very Palantir like. I would not use forward deployed engineering because we work by outcome. They work in a different way. But conceptually it is going to solve the same type of demand.

**Gilles Sitbon, Dorval**

Sure. And a small follow up for me. Just you mentioned that buyback is not on the table for now. It's not part of what you are thinking. But just in terms of how you are assessing buyback versus M&A in terms of financial framework. So, maybe this is more question for your CFO. How you put the hurdle rate that you are using in terms of IRR for M&A versus buyback? Is that part of the capital allocation framework? And if not, why wouldn't it be? If you could just explain to the reasoning.

**Marco Cusinato**

The reasoning is not about financials, and as Tatiana said, we want to do more for the industrial development of Reply, not the financial development of Reply. This means that buyback is not on the table now because we want to use the money to do M&A, not because M&A perhaps is more or less profitable compared to doing buyback of our own shares. But because we want to develop our ecosystem of companies inside the Reply network.

**Tatiana Rizzante**

Yes. And this is the general strategy that we have been keeping, It's not the first time we go up and down with the shares. It is a general strategy we have been keeping for 20 years.

**Gilles Sitbon, Dorval**

Just to echo the question that was asked by the analysts earlier, you know. I guess there has been a massive rerating of not just your share but of the whole sector which kind of begs the question.

**Tatiana Rizzante**

I believe we have the right model. I see the demand; the company is fit. And there is no reason to change our direction, both industrially and financially speaking.



**Michael Lückenkötter**

Thank you. Gilles. And now we turn to Derek from Bernstein. Derek, it's your turn.

**Derric Marcon, Bernstein**

I hope you can hear me. The first question is on the IPCEI contract, the contributions to revenue. In 2025 it was bigger than 2024. I was wondering if you could help us understanding what the contribution of this contract would be in 2026. And what is the duration of each contract? So, is the EUR 45 million to EUR 40 million stable for a couple of years from now? Or how we should model that?

**Marco Cusinato**

It should be stable for the next couple of years, stable slash a little bit increasing for the next couple of years that are in the program. If we don't change something - and we don't want to change anything - this will be stable for 2026 and 2027. And in the meantime, we are participating to new tenders from the European Union on the other IPCEI programs that may add on these. But I mean this is just a possibility, not for sure.

**Derric Marcon, Bernstein**

The second question is on the startups. The figure you mentioned was very interesting. The 25 startups you created in Q4, can you share the number that you created for the whole year 2025? The point of this strategy could be a booster on your top line growth.

**Tatiana Rizzante**

I don't have the numbers in mind. So, we will have to come back for 2025 number because I had Q4, but not the ones before. One of the reasons why I mentioned is because startups have always been a very relevant aspect for our development. In 2024 we did less compared to our normal activities.

**Derric Marcon, Bernstein**

That is why 2025 was to highlight. So yes, if you can send me later the total number. And if we try to quantify the impact of that in terms of investments?

**Tatiana Rizzante**

This is very difficult as they can perform very differently. So, worst case put a million for



startup. But I would prefer not to give also because it is too generic. We have always treated them as OPEX in the year. Like in 2024, 2023, 2022, we always pay them in the year.

**Derric Marcon, Bernstein**

I supposed that you try to quantify the maximum effort it will be present for the group. And you don't want these initiatives to dilute your margin by 5%?

**Tatiana Rizzante**

Of course. We have always budgeted them in the year to keep the margin. If that was the question, of course they should be neutral as an effect on the EBITDA.

**Derric Marcon, Bernstein**

One of your competitors this week in a fireside chat said that we have worked right cutting software. I was surprised by the productivity gains he was mentioning. We have ten engineers, The engineers could do the work of 100 engineers, programmers. He was talking about coding and just programing. 100 programmers could do the work of 500 or 1000 programmers. What is your thought on that? And do you really think that we are at the stage where you have a ten-time multiplier game? Because if it's the case, it's a significant description for the IT services industry. We are not talking about 15, 20% productivity gains here. If it is a ten-time multiplier, it is a completely different story.

**Tatiana Rizzante**

I think the answer is complex. If you see individual productivity, what an individual can do within a team is keep working as you are normally working. So, in the classical product IT cycle you have people say 20% to 30% individual productivity gain, because you need to keep the human in the loop because it must liaise with the others. Again, you are not changing the chain.

But there was a recent MIT study that says - if you keep the way of working - programmers are actually worsening by 20%, not improving by 20%. There is a topic of individual productivity that can improve by 10%, 20% and so on. But if you don't change the way of working, you don't have a big improvement because the chain is built for human in the loop to be integrated in certain processes.

If you change the way of working, we go to the other side of the spectrum, like for some silicon shoring plants currently running that are completely autonomous. But to put the silicon shoring plants, you have a different scenario. If you are in a greenfield it's easy. You don't have to talk to anybody, just a few MCP connectors or similar things. In the Greenfield, you start from



scratch.

There is nothing easy when you put yourself into an existing system. You must put the plant working into a system, talking with the knowledge bases. So, you have a Capex, you have a return an investment. You do an average. The first few years, 30, 40%, because you have the initial capex, then the year after it will be much better. But you have anyhow to depreciate the initial investment to establish the AI workers in a very complex environment.

Then what I believe is, is reality is just a link to existing legacy, existing systems. There is a completely new way of making applications. They call them applications that evolve themselves, where the agents that compose applications are also the ones that basically work at evolving the application itself. Maybe with 1 or 2 people, which is another architectural paradigm. So, if you try to look at things like we keep working as we are working, we just add tools. You don't see such big improvements. If you do it like that you will see some improvements like increase speed, increase quality, some less cost, but not a big improvement. You must change the way you work. And that is a much more complex and different challenge.

### **Marco Cusinato**

And also, in a project the coding part is 20% to 30%. You can perhaps save in this big jump in the productivity of the coding part. But you have also all the rest. This is a general topic for all knowledge work.

### **Derric Marcon, Bernstein**

Very clear. For the silicon shoring initiative have you already put in place different pricing model, subscription or things like that, that will be outcome based? Anything completely different from what you were doing before?

### **Tatiana Rizzante**

It is more outcome based. But measuring outcome when it is making software is a topic. There are some contexts in which this is quite easy, because for example you do by unit of processing in software. There are other contexts in which is relatively easy, for example because the outcome is directly a product. However, in this moment is a bit of a mix because there are no established measures to measure productivity, which is one of the reasons why the industry in this moment is in a strong transition, and unclear models.

I believe that the point is not the fact that, if you are building the same software in the same way just putting AI, magically that does those coding, when you have hundreds of systems,



hundreds of millions of lines of codes. Yes, you can have a very good code exit, but still, you cannot put all that in that context window. Maybe, in few years from now. But in this moment is impossible. So, it is a big work. That is the silicon shoring topic. The applications are changing, when you make AI-native applications then it is different. Then you can measure more easily on the outcome because you are not measuring anymore lines of code or requirements like we are doing today. Yes, we are starting to mix the pricing models. Not just with turnkey, but also with some price per unit, speed, again - in some cases - very simple tickets answered, in other cases is a bit more complex.

**Michael Lückenkötter**

Derric, thank you very much for your questions. There was one more question from Gilles.

**Gilles Sitbon, Dorval**

That's a very quick one. I'm curious, do you see token costs as an issue? Because we have been hearing some people are saying that regarding token there has been a substitution of employee labor with agents. But is token cost a hurdle right now because some of it is subsidized by the hyperscalers and the model companies just to push adoption in all this or not really?

**Tatiana Rizzante**

With human in the loop, no. With autonomous systems, without any guardrails, developing millions of code lines, yes. The point is that tokens are not a hurdle until you start producing a very large quantity of code or contents or whatever. Quantities that are unmanageable anyhow for most companies, and not very useful for most companies. One of the keys of the methodology that we are using with Artificial Intelligence is what we call portfolio management or intent management, because portfolio people confuse with the old portfolio management. When you are developing code and the cost of developing code becomes marginal, then you move the accent to what you want to develop and how much it costs to develop. Taking out the fact that it must work, the infrastructure must work the thing that we did before.

No, I don't believe that token cost in this moment is a hurdle, is less than people cost. And it could be just in some very specific scenarios.

**Michael Lückenkötter**

Okay. Thank you, Gilles.



And I see no more questions. So, we come to the end of this call now. Again, many thanks for joining us today. I will now start working on the transcript that shall be published as soon as possible. As you know, in the meantime Paolo and I are available for questions. So please reach out to us. Hopefully we see you again in May 2026 for the Q1 results. Thank you very much and have a nice day.