

CONFERENCE CALL TRANSCRIPT

FIRST QUARTER FINANCIAL YEAR 2026 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, everybody, and welcome to the Q1 2026 edition of our earnings call. Thanks for joining us. I am Michael Lückenkötter, Director, Investor Relations of Reply.

Today the Reply board has approved the results of the first quarter 2026. The press release was published accordingly, and we are here to provide some more color on the information provided. As usual, I am joined by Tatiana Rizzante, our CEO and Marco Cusinato, our CFO, who both will comment the results from their perspective. Let me remind you that Marcos slides are available for download. If you want, you can find them on the website where you also find the financial calendar.

After the speeches of my colleagues, we will have the usual Q&A session. Having said that, let's go in medias res, and I hand over to Tatiana. Please.

Tatiana Rizzante

Thank you Michael. Good afternoon, everybody.

We have just finished the first stop of our Xchange, the annual event for our employees and customers. It has been packed also with a lot of customer testimonials. We had more than 100 customers testimonials. And at the end of the tour - because we will have another stop in June with Munich and London together - we will have had about 15,000 attendees. I believe that is also a testimony of the value we are creating for our customers and stakeholders alike.

I am very pleased with the performance of this quarter as Reply keeps growing. As a European go-to firm in artificial intelligence, we are implementing our dual strategy to leverage AI both in how we deliver our services and on the type of services we deliver to the market. We increase competitiveness and value for money for our customer consistently, and we keep doing that while delivering a 6.2% revenue growth year on year and a 17.4% EBITDA margin.

Thanks to all the work done on artificial intelligence for software development lifecycle, and to our silicon shoring methodology that allows us to see very good margin, while again giving back value to the customers. In terms of market segments healthcare, government and defense are developing very, very well while automotive and discrete manufacturing are still weaker. In terms of regions, we post a good Q1 for our Region 1 and for Region 3. And we continue to improve consistently both in Region 2 and France. And you will see some signs as we will give some more colour on this.

Artificial intelligence is pervasive across everything we do and is a main source of growth now and for the coming years. But we keep also to have a very strong double-digit growth in data,



cloud, in cybersecurity. And that throughout all the countries, in particular, all data-related services that are also double linked with artificial intelligence because they are basically creating the connective layers have a good momentum overall.

Now let me hand over to Marco before going deeper on the offering and business side results.

Marco Cusinato

Thank you, Tatiana. And also, good afternoon from my side.

Let's start with the main results of Q1. We reached EUR 645 million of revenues. That is a growth, as Tatiana already said, of 6.2% year over year. And obviously, this is driven by the strong demand in AI, cloud, data, in cybersecurity.

EBITDA grew by 6.4% to EUR 112 million, with a stable margin of 17.4%, confirming the resiliency of the operating model.

The balance sheet remains very strong, with cash at EUR 743 million and the positive net financial position of EUR 643 million.

Headcount increases by 6.5% year over year to just over 17,000 employees. So overall, the quarter confirms a very solid start of this year.

Coming to some more colour about the regions, as Tatiana already mentioned at the beginning. Region 1 did very well with a growth of 6.9% with respect to last year, maintaining a very, very strong profitability with EBITDA margin of 19.3%. Region 3 delivered a strong performance, with revenues up 8.3% and EBITDA up 24.6% with respect to last year, supported by a very clear recovery in margins, while Region 2 remained substantially stable in revenues, while profitability was affected by a little bit of business mix as well as cost dynamics. This means that we have invested a lot in new initiatives in this region, particularly in Germany, with new start-ups and the split of companies for developing the offers, on which I think Tatiana will give you more colour afterwards.

The group level EBIT grew 7.2% to EUR 95 million, while EBT increased 14.8% to EUR 100 million, also benefiting from a positive financial result. Overall, the quarter confirms both the strength of our regional diversification and the scalability of our operating model.

Coming to the details of the profit and loss. Obviously, revenue grew 6.2%. The client portfolio also remains largely diversified. The top 20 customer client accounts accounted for ~40% of the total revenues without any significant concentration of risk on individual customers. And the business mix continues to be largely focused on fixed price projects, which accounted for ~70% of our revenues.



Operating costs increased broadly in line with revenues supporting our EBITDA margin of 17.4%. Personnel costs increased by 10%, reflecting both the workforce expansion and reduced use of external contractors. In fact, contractor costs represented 17% of the revenues versus 19.2% last year, confirming a greater internalization of activities. Average revenue per employee remained broadly stable, around EUR 153 k, confirming the stability of the overall productivity levels.

EBIT reached EUR 95 million, up 7.2%, with margins substantially stable. At the financial level, the quarter benefited from positive foreign exchange dynamics, leading to a net financial income of almost EUR 5 million. As a result, the EBT increased by 14.8% to almost EUR 100 million, corresponding to a margin of 15.5%.

Business lines. The growth was mainly driven by applications up 12.3% and technologies up 5.2%. Technology remained the largest component of the group, representing around 59% of the revenues. While applications continued to show the strongest momentum, Processes declined by 6.4% during the quarter.

From an industry perspective, the portfolio remains well diversified, with financial services representing around one third of the overall revenues and continuing to grow at a solid pace. And as Tatiana already said, we are seeing a very strong momentum in Health Government and Defence, Energy & Utilities and Telco & High Tech, while Automotive, Manufacturing and Logistics and Transportation are a little bit weaker.

Overall, the quarter confirms solid demand across several strategic sectors, and the increase in the group's revenues during the first three months of 2026 was mainly driven by the growing demand for artificial intelligence solutions, particularly generative AI, and by Reply's ability to combine these technologies with specialized vertical technological and market expertise to support the evolution of its client, business processes and operating models.

Coming to the last slide of numbers, the net financial position improved both versus year-end and versus same period of last year. Cash increased by EUR 171 million, reaching EUR 743 million, reflecting the typical cash collection seasonality. Operating cash flow remained very strong at EUR 280 million, supported by solid profitability and disciplined working capital management, with the DSO stable at around 64 days. Investment activities during the quarter mainly related to M&A activities and infrastructure investment.

Excluding IFRS 16 liabilities the financial position would have been positive for €775 million. Overall, the quarter confirms the group's strong balance sheet and cash generation capabilities.

Finally, just because we announced it, since starting on the 13th of April, the share buyback



program had no impact, obviously, on these Q1 figures. The effects we will see in the Q2 figures for the next earnings call. But anyhow, since the start of the program, we have been at a very good pace of the buyback of shares of ~ 9.5k - 10k per day. And I think, this will continue at the same pace in the next months.

With these remarks I pass this stage back to Tatiana.

Tatiana Rizzante

Let me start with some considerations on the demand situation. We continue to see very selective movements in terms of demand. Customers keep being driven by efficiency, resilience, speed - particularly where it directly touches revenues and customer experience. They are very selective in spending. And customers are trying to drive efficiency. This is due to the general situation in some segment-specific tendencies of the different markets. Nonetheless, it keeps being a very solid demand.

So, selection for us is actually very good because it plays directly to the Reply strength. Our model is flexible, and we have a very focused delivery approach which drives a deep competence, expertise, speed in terms of results and also that ability to the new way working with AI and for AI. This is why we are able to get market share in today's competitive environment.

But some of the most important points that I want to share today are about investments done in the last year. Especially in the past few months we have been communicating at the Xchange. We have launched what we call the Reply Model Factory. We see a clear shift in the artificial intelligence market. The first phase of the market has been about, almost exclusively, using generic models. We believe that the next phase is also about building proprietary and vertical models, models that are trained on unique corporate data and shaped around specific business knowledge, and that are integrated directly into the enterprises DNA. This is especially important in complex and regulated environments, but not only. Everywhere you need accuracy, control and reliability. And especially where data is an asset that you don't want to share.

The Reply model factory is an answer to this shift. It will start with basically three production lines. One is the European one, based on the partnership with Mistral, which you already saw announced by Mistral during their forge model launch. The other is fully Italian for national purposes. And then a third line based on Amazon Web Services that is covering the different aspects you know very well from the AWS model. Of course, this combines our AI expertise and engineering expertise with data management platform capabilities, model vault and data vault services, and all the compliance with the EU AI act and the other regulation frameworks



that are coming out. It is really a kind of an industrial assembly line approach.

Let me give you two examples of the types of models, that you can build on this type of environment and that we that are already pre-worked for the launch.

One is, in collaboration with the European Institute of Oncology, where we are co-developing and training models for mammography, now with training a vertical large language model for oncology with a shared IP. In this case you are combining tens of millions of clinical data, medical expertise with model training. And these will be combined with the already existing x-ray assets for mammography.

This model will have several main usages. One will be breast cancer; another one will be oncological urology.

The second example is our collaboration with Austrian Academy of Sciences, where we are developing Apollo, which is a specialized AI model for Ancient Greek that has been trained on about 600 million words. It is built on Mistral and enables the semantic extraction of ancient papyri. Here we are talking about a job that would take humanity 2000 years to accomplish without the use of a vertical pre-trained model.

Of course, these are lighthouse projects, but it's everywhere you have a language, everywhere you have a larger corpus of data, everywhere where you want to teach mastery with reinforcement learning. And it is also where we combine expertise on vertical things like for example, financial services. We are working on some other financial services or supply chain execution and so on.

The second important development is the launch of Silicon Shoring Version 2. Silicon Shoring - our AI-powered software delivery model covering the entire Software Development Life Cycle - is now embedded in the majority of our turnkey offerings to customers. We have already reached over 20 customers who have actively adopted it at scale, meaning they are not just being offered the capability, but are genuinely integrating it into their own operations. With Version 2, we have significantly expanded the agent architecture. In addition to our own Reply proprietary agents, we are now also incorporating third-party agentic frameworks - specifically Claude from Anthropic and the GitHub Agentic system - creating a richer, multi-agent environment across the full development lifecycle.

The other key addition in Version 2 is the introduction of a dedicated metrics and control layer. This represents an important architectural step: we are evolving from coding, to remain firmly in control, toward one where our agents operate with increasing degrees of autonomy. The longer-term vision is fully autonomous agents running end-to-end. However, we are being transparent: today's agents do not yet sustain reliable operation over sufficiently long-time



horizons to enable that fully autonomous scenario at scale - but we are systematically building towards it.

Finally, we are starting to work on what we call SiliconOps. So, to apply the same overarching approach to operations, completely different scenario, much more fragmented here. Last year we started to deploy a model that is called the Digital Twin Organization. It is about the deployment of agentic scale into operations. Using this model we have done projects like an agentic control centre for operations (for a very large automakers, one of the largest in the world), that just in the first two months gave a contribution of about EUR 5 million back to the customer and between 20% to 40% improvement, depending on some categories on incident management in the production plant. For Lavazza we implemented a completely revised level2-support. We have done 45 level2-automations of handling of tickets and 24/7 coverage of all critical elements. So, in SiliconOps we will go with service plus agents, vertical, handling pieces of operations. It's a mixture of agents plus experts, packed in a service for the nature of operation.

The third development is the formal launch of what we already previewed last time: our Forward Deployed Engineer program. The program is designed to help customers navigate and accelerate the transformation that artificial intelligence demands. The signal from our customer base is unambiguous - they are all asking for this kind of support. What they need are people who can operate at the intersection of business and technology: professionals who understand the relevant vertical domain, who can rapidly shape prototypes, and who know how to work hands-on with data and AI stacks. Our approach to scaling this is deliberate and two-directional. On one side, we take our highly specialized AI and technology talent and complement them with methodology and product design capabilities - enabling them to engage directly and credibly with the business. On the other side, we take our deep domain experts and augment them with AI - equipping them to deliver at the prototype and mini-application level.

We have already tested this model, and we are convinced it is the right approach: it gives customers a meaningful increase in speed-to-value and a much more flexible service model - particularly for business-side stakeholders who need to move fast without getting lost in technical complexity.

We have also continued to invest actively in our pre-built apps-portfolio, and we launched a new set of applications during this period. This cycle, our thematic focus has been on HR - following last year's emphasis on procurement. Specifically, we have developed a cognitive layer for extended enterprise HR that allows customers to automate and scale their HR processes without having to build individual agents from scratch. Instead, the intelligence is embedded directly at the application level - an architectural approach we are increasingly



applying across enterprise software more broadly.

The second area of focus is manufacturing and critical infrastructure. As a reminder, we have a manufacturing execution product called Brick, purpose-built for discrete manufacturing. We have now developed a dedicated cognitive layer for Brick, together with a new suite of agents - starting with control and command functionality. This is being made available as a pre-built product. Importantly, the cognitive layer can also be deployed in combination with third-party manufacturing execution systems, not just Brick - which significantly broadens its addressable market.

On the critical infrastructure side, we are working with major customers - including Frankfurt Airport - where we apply AI to support the monitoring and management of complex infrastructure environments. This includes handling sophisticated operational tasks, and notably the vision component - which requires highly specialized capabilities in this type of application - is now available as a standalone pre-built module.

The final launch I want to highlight is Symbiosis. Symbiosis complements the Silicon Shoring methodology but is designed specifically for business consulting and domain teams rather than engineering teams. It operates at the top of the value chain - focusing on intent and evaluation: the two dimensions that matter most when deploying intelligence. Because in an AI-driven delivery model, you are no longer working with traditional requirements - you are working with intent definitions and measurable outcomes. There is currently no established methodology in the market that addresses this gap. We have been working hard to fill it. Our plan is to release Symbiosis as fully open source sometime between this summer and September. For us is an asset to be included in the toolbox of designers and forward deployed engineers alike. We believe a de facto standard methodology in this space will emerge over the next two years, and we intend to shape it.

For now, we wanted to have an asset to support our customers from the very earliest phase of their AI journey - a phase where we currently see enormous opportunity, but also a great deal of uncertainty and confusion.

To summarize: the demand environment continues to strengthen. Our customers are focused on efficiency, resilience, speed, and innovation - and everything they are doing is either directly driven by AI or requires AI as a precondition to be executed effectively. Notably, even as they invest in immediate priorities, they are simultaneously laying the right foundations for the next generation of their technology landscape. That is a very deliberate and forward-looking posture.

This is, at this moment, a very positive environment for Reply. We believe we are



exceptionally well positioned - and that is not just our own assessment; it is the consistent feedback we are receiving across our customer base. Our adaptive model is proving to be a real differentiator. And we are also delivering at a pace and quality that I believe is itself a product of AI: the constant self-improvement embedded in these technologies is making us faster, more productive, and better at translating ideas into tangible outcomes on the ground.

On outlook, we are confident and forward-looking for 2026, with a solid balance sheet underpinning that view. One point worth addressing directly: AI is a fundamentally different wave from digital transformation - the opportunity set, the pace, and the competitive dynamics are not comparable.

On Germany specifically: the country has faced well-documented headwinds over the past couple of years - a combination of automotive sector weakness and broader macroeconomic softness - and that has weighed on growth in that market. We saw that continue into Q1 and the early months of this year. At the same time, we have been actively investing in Germany: building new startups and a close partnership ecosystem focused on deploying AI into core competency areas such as government and defense. These are sectors where Reply is well-positioned, and where AI adoption is now gaining real momentum. However, these investments carry a near-term cost, and the effect of that investment phase is visible in our current EBIT.

We view this as the right trade-off: we are planting the seeds now in a market that we expect to recover and accelerate - and we intend to be firmly in place when it does.

Michael Lückenkötter

Thank you, Tatiana and Marco, for your comments. We are opening up now the Q&A session. As I can see, I don't need to speak a lot. So, raise your hand, and we will take you in order of appearance. And today we start with Equita. Alessandro, good afternoon, please, it's your turn.

Alessandro Cecchini, Equita

Good afternoon to everybody. I have some questions. The first one actually is on France after your strong revamping of the business KPI in terms of top line growth and in terms of profitability.

My second question is about Germany. Top line is - for your standard - a little bit softer. So, still, 1% growth and respect that things thanks to sorry to these new launches, new, model



offering a can, restart to have, traction or over the year of these, 2026.

And finally on the US, if you can allow us to better understand what kind of trends are there. What is your outlook for the region? And if you have a pipeline in terms of M& in the country? Thank you.

Tatiana Rizzante

In France in this moment, we are improving but we still can do better. The margin is almost at break-even. It is recovering.

The US shows little growth - converted in Euro. We have been focusing also on M&A there. We are at the end phases, and we are awaiting a formal approval decision. Not transformative but important for US. The current trading is more or less in line in line with last year.

So, France is on the recovery line, not yet there, but getting better. Last year was negative. This year it is progressing.

Alessandro Cecchini, Equita

And Germany?

Tatiana Rizzante

In Germany the growth is increasing comparing Q1 versus Q4 of last year. We expect that it will continue to increase incrementally. And we will see what all the actions that we put in place induce. But the signals are good. In Germany we are working as well on further small M&A activities. We expect something from Germany and UK, also getting closed in Q2. So that will probably affect H2, maybe something in the last month of Q2.

Alessandro Cecchini, Equita

Okay. And finally on US: In US dollar probably is growing?

Marco Cusinato

Tatiana was answering in Euros, but obviously in US dollar we are growing in the US, more or less 6% Q1 over Q1 2025.

Michael Lückenkötter

Thank you, Alessandro. If these were your questions, I hand over to Andrea from Intermonte. Andrea, please go ahead.



Andrea Randone, Intermonte

Thank you, Michael, and good afternoon. I have a couple of questions, this time by industry and not by country. The point is to understand your ongoing trends.

The first one is about automotive. Your performance was about -6%. I wonder if you can provide us some color about your main customers. And about the regions. We can guess that Germany and German automakers are relevant. But you mentioned in the previous call you were starting to see some contracts with Chinese automakers. If you can elaborate about the outlook for this industry also in relation to possible public incentives in Germany?

The second question is about the industry performing at the top, healthcare, government and defence. Here you group three different things. If you can help us in understanding the composition of the three and your strategy here, because there is a lot of money in every segment in this area? If you can give us an idea about what you expect in the future. Thank you.

Tatiana Rizzante

Okay. I start from the last one. In Europe it is a specific way of go-to-market. Healthcare is mostly in the public sector, so we have a common setup for addressing these markets, standards and so on. Defence for us is new and is very fast growing. It is designed well in Italy, but also in UK. We just started in Germany, and they already added some very good results. Healthcare for us is Italy and UK. It doesn't exist yet in France or in Germany.

They are all at growth rates of 20%+x, so high growth segments. And the other consideration is all three of these markets have longer duration contracts compared to the other sectors where you may have much shorter durations. In this case, you always have long contracts in every country. And also in the US we are working to add something in these segments.

Regarding automotive I have no deep dive here. There are some automakers that for us are growing, but they are smaller. That means their main ones for us are the Germans, and of course Stellantis is the largest. Since a while Toyota, some of the Chinese groups and so on are already customers but are smaller in terms of percentage. That is still about the European centric automobile industry.

I don't know about the incentive, but what we are seeing is that there has been a lot of turbulence. We expect a sector under pressure and we are very, very competitive to support the pressure. So probably we have even one more than the past year. But we have given back a lot of the work that we are doing to drive efficiency, really a lot.



Andrea Randone, Intermonte

Thank you very much.

Michael Lückenkötter

Thank you. Andrea. Now we turn to Mediobanca. Isacco, please go ahead.

Isacco Brambilla, Mediobanca

Good afternoon, everybody. Three questions from my side.

The first one is a follow up on the top line growth. If you could break down the 6% reported growth between FX, the perimeter effect, and then, like-for-like. Also connected to that: in the CFO remarks - if I'm not mistaken - there was a mention to M&A investments. If you can provide a bit more colour on that.

Second point is on region two, Germany. Just an indication on the timing to reap the fruits of the many investments completed in the first quarter. If 2026 is too soon to fill that up in terms of margins since the first quarter.

Final question is a bit more high-level. Over the past couple of weeks, we have seen both, Anthropic and OpenAI directed initiatives, like the OpenAI deployment company. There is a bit of debate on the financial markets on how this plays out with respect to IT consultancy players like you. I'm very interested to get your thoughts on that.

Marco Cusinato

The breakdown of growth impact components is that we had to correct 1.4% of foreign exchange and 1% of in-organic growth. All in all, the LFL-growth is 6.6%.

You asked for information about the investments we did. By heart, we spent not much ~ EUR 8 million - EUR 9 million for two companies in UK, Cyberis and Movar.

Isacco Brambilla, Mediobanca

Second question was on Germany, just generally on the margin outlook.

Tatiana Rizzante

We expect today that in Germany during 2026 we definitely will recover. The companies are going well in taking positions.

This brings me to the broader topic of AI model providers such as OpenAI - and what it



actually takes to put these models to work at scale. There is an enormous amount of work involved in moving from a powerful model to a deployed, value-generating solution in a real enterprise environment. This is precisely why we have invested in Symbiosis and in our broader training and enablement capabilities - both for our own people and increasingly for our customers directly.

Because deploying AI at scale, with the right architecture, in a way that genuinely creates business value rather than generating unbounded cost, is an exceptionally difficult challenge. Getting the architecture wrong - or scaling without the right methodology and governance in place - is one of the most common and costly mistakes we see in the market today. This is where Reply adds critical value: we sit between the model and the business outcome, and we have the methodology, the tooling, and the trained people to bridge that gap reliably and efficiently.

Let me draw your attention to something GitHub has written about - what they call the vibe-coding cliff. The concept is simple: you start with a blank page, write a prompt, and something remarkable happens. For a single, contained task, it works. We are genuinely there today. But as soon as the scope grows, as time increases, content accumulates, and teams need to collaborate - the magic breaks down. You cannot keep adding to a single prompt indefinitely without ending up with spaghetti architecture. The work has to be properly fragmented. The knowledge layer has to be explicitly structured. The architecture of AI-driven development is fundamentally different from what came before it. That is the hard part - and it is a significant one.

That said, I fully expect the models to keep improving. But our job is to stay one level above. We moved from assembler to Java; now we are moving to AI. The abstraction layer shifts - our role is to master the new one. And the market we are operating in is enormous: IT services across all industries, all of them in motion, all of them needing help navigating this transition.

On the question of OpenAI entering services: Microsoft has a consulting arm. Oracle has a consulting arm. Google has a consulting arm. This is not a new dynamic in our industry - it is the norm.

What is genuinely new is a different consideration entirely. We are seeing the emergence of a new category of services - ones that blend intelligence and people in varying combinations, calibrated to the task, the industry, and the type of work. The long tail of these hybrid service models is remarkably diverse. And it raises a fundamental question: is the world we are moving into primarily a software world - or a service world?

My view is that it will be more of a service world. This is a turbulent and genuinely open



moment. How it fully unfolds, we will see - but we intend to be well positioned for whichever direction it takes.

Isacco Brambilla, Mediobanca

Very helpful. My thanks.

Michael Lückenkötter

With that I would now hand over to Natasha from UBS. Natasha, good afternoon.

Natasha Brilliant, UBS

Good afternoon, and thanks for taking my questions. I'm sorry. I'm traveling so I haven't got my camera on. I've got three questions, if I may. My first question is just on the very near-term trading. Have you seen any indirect impact of the macroeconomic conditions, any change in behaviour from your customers in recent weeks? Have April and the start of May been in line with the first quarter?

My second question is my usual question on pricing. If you can give us a sense of the first quarter break down between volume and price, any colour you can give us on the pricing environment at the start of the year.

And then finally on capital allocation with another strong quarter cash generation. The buyback is ongoing. I think Marco said it could continue for the next few months. So, can you say how much you might spend in Q2? And if you do undertake M&A, would you then stop the buyback? Thank you.

Marco Cusinato

Can I start from the last one? The cap for our buyback is very high. We are limited by the rules of the market abuse regulation. The pace since the beginning, as I said, has been an average of 10,000 shares per day. I think that if the volume and the liquidity of our share on the market will be the same in the future, this will be the pace for the next months. Since the beginning, that was the 13th of April, we spent EUR 20 million.

The revenue per FTE has been stable, EUR 153k. Stable with respect to last year.

Tatiana Rizzante

Yes, there is pressure on rates. We are able to keep our revenue per employee stable. Because we really use a lot a lot of automation. So, people are able to deliver much more work.



Marco Cusinato

Just to be precise, we have more internal people than in the previous period. So, at the end we increase a little bit.

Tatiana Rizzante

First one was on macroeconomic impacts, the war in Iran, etc.

Natasha Brilliant, UBS

Yeah. Is April-May trading in line with Q1 basically.

Tatiana Rizzante

Yes, we see them trading in line. I always make the exception there is seasonality in some of the countries, but apart from seasonality, you know, there is no specific effect of that. Of course, there is some nervousness in some industries. But for the moment there is nothing affecting in terms of contracts.

Natasha Brilliant, UBS

Okay. Thank you. And just to follow up on the comments that the buyback, if you were to do M&A, would you then pause the buyback, for the second half of the year?

Marco Cusinato

We gave an irrevocable mandate to the bank. So, we cannot pause it. But we think that we have enough cash to do both things. It's not an issue for us.

Natasha Brilliant, UBS

Okay. Very clear. Thank you everybody.

Michael Lückenötter

Thank you, Natasha, for your questions. Now we to turn to Tintin Stormont from Deutsche Bank. Tintin, nice to see you. And welcome in this, this circle. Go ahead. Please

Tintin Stormont, Deutsche Bank

Thank you. Just one question for me. Very simple one. Could you help us think about the charging mechanism for the Reply model factory? You know, you're building up a model, it's going to be used on an ongoing basis. Most of your projects, or 70% of your projects are kind



of fixed price. How does that translate in the Reply model factory when you're building this for a client?

Tatiana Rizzante

On the business model - training vs. inference:

To be clear: we provide training services to a set of partners or directly to customers - we do not provide inference. This is an important distinction, as it essentially defines our scope: we take the customer up to the training phase. We may assist them in setting up inference, since not every use case involves large models - some are very small models running on small devices or standard machines. In those cases, we can help with the setup, but we do not offer inference as a managed service.

On the physical launch - the "Playhouse of Model":

We will have a public launch - the opening of what we call the factory. Alongside the digital offering, we are also creating a physical space in Turin, which we call the Playhouse of Model. The purpose is to use it as a workshop and training facility where we work with customers to help them understand when it makes sense to train a custom model, when it makes sense to use an existing model, or when simply buying off-the-shelf software is the right answer. Frankly, there is some overuse happening right now - people sometimes reach for model training when it isn't the appropriate solution. The facility will also serve as a secure vault for data and models, offering a custody service for customers working in sensitive vertical domains.

On margin impact - additive or dilutive:

I believe it will be additive. There are cases where we may co-invest if we have a strategic interest in the application being developed. Naturally, margin impact depends on scale - for very large models, it could be dilutive, but those would be exceptions and treated accordingly, potentially with dedicated initiatives. For the typical engagement, it will be additive, and it will of course accelerate our customer work. We already have demand and existing agreements - for example, with Mistral for basic compute, and similar arrangements with AWS and others, who have their own provisioning mechanisms. We leverage on-demand services where appropriate.

On infrastructure:

We want to stay clearly away from the infrastructure business - that is not our role. We have strong partners for that: AWS, Google Cloud, Microsoft, and local providers whom we will



communicate about in July. We believe in ecosystems and see those relationships as complementary, not competitive.

Tintin Stormont, Deutsche Bank

Great. Thank you.

Michael Lückenkötter

Thank you, Tintin. And now we move to Giovanni from Berenberg. Please go ahead.

Giovanni Selvetti, Berenberg

Thanks for taking my question. At the first one is this is an easy one. Is a follow up on Isacco's question before. The organic growth in Q1 was 6.6%. Did I get it right?

Marco Cusinato

The organic growth, if you are meaning, the like for like, so local currency plus organic is this 6.6%. On 6.2% reported growth you have to add 1.4% for FOREX. And you have to subtract 1% for the non-organic growth.

Giovanni Selvetti, Berenberg

Okay. Within region one you have US growing 6%, but was the growth almost compensated by the loss on the dollar. Is it fair then to assume that Italy is almost growing double digit organically, or nine point something percent?

Marco Cusinato

Italy is growing, if I remember well, around 9% organically, yes.

Giovanni Selvetti, Berenberg

And maybe, a follow up on Alessandro's question on region three. Again, if France is stabilizing, does that mean that UK is also growing double digit?

Tatiana Rizzante

UK is growing double digit. Yes.

Giovanni Selvetti, Berenberg

Thank you. The last one is on M&A. You said before that the acquisition in the US is not going



to be transformative for Reply as a group but is going to be important for the US. Should we think about something in the revenue region of EUR 40 to EUR 50 million revenues?

Tatiana Rizzante

It would not be very small; it would be decent. Let's put it this way.

Giovanni Selvetti, Berenberg

Okay. But...

Tatiana Rizzante

Sorry Giovanni, I cannot disclose more.

Giovanni Selvetti, Berenberg

Okay. Fair enough. Thanks.

Michael Lückenkötter

I see Andrea has a question left, so, please, Andrea, again.

Andrea Randone, Intermonte

Just a quick follow up. For Reply people are the heart of the company. We see that you keep hiring people. I wonder if you can comment on what you see on the job market. Corporations are eager to hire IT specialists, or you see people very happy to join Reply? What is your perception?

Tatiana Rizzante

That in this moment is easier to hire than a couple of years ago. Especially, as we tend to grow our own experts because it's easier than to change the way of working if not needed. Because we may need expertise or competencies, but when it's possible, we hire young graduates and we grow them up. In this moment it is much easier than a couple of years ago. So, there is less pressure.

There is also this idea on the market that in times of AI you don't need juniors, which I don't subscribe at all. I'm actually more on the opposite side, in the sense that we see the people joining are naturally working up from AI. They don't even ask themselves, if they should write code or the code will be written by AI. They start not with writing code at all. I believe that it's simply crazy not to hire young people. We continue as we are doing; no way that we change



that.

Andrea Randone, Intermonte

Thanks again.

Michael Lückenkötter

Okay. Thank you, Andrea, for your question. Now, we have another question. Derric, please.

Derric Marcon, Bernstein

Very good afternoon. I'm not in the office. That's why my camera was off. The first one on the contribution of the 2 acquisitions on the full-time equivalent numbers at the end of March?

Marco Cusinato

143.

Derric Marcon, Bernstein

143. All right. It's okay. It is important to have the number.

Marco Cusinato

This is the exact number, 143. I remember by heart.

Derric Marcon, Bernstein

If you look to the scope effect. In Q1, one percentage point, as you mentioned, it's double compared to Q4. So, were these two acquisitions consolidated from the beginning of the year, since January? Or were they consolidated throughout the quarter, so we don't see yet the full contribution of that in this one percentage points, that you were mentioning. What are the consolidation dates of these 2 acquisitions?

Tatiana Rizzante

I don't remember, frankly. We have to come back.

Marco Cusinato

One was in January and the other one in February, but we have to come back to be precise, because I don't remember.



Michael Lückenkötter

I think we have one month for the latter and 2 months for first acquisition.

Derric Marcon, Bernstein

Okay. Second question on financial services. It is still positively growing in Q1, but we see the slowdown quarter after quarter. Now it is single digit. I was wondering, if you are happy with this performance.

Tatiana Rizzante

I am. There is a lot of regional movement inside. Financial services are very relevant in Italy, where we are also a very relevant player. The markets are growing in financial services.

Derric Marcon, Bernstein

But you don't have a story like the one you had a couple of years ago with HSBC or Société Générale where you have a massification of suppliers? Any specific situation with single customers that are weighing a bit currently?

Tatiana Rizzante

No, in this moment, we don't see it. It's more that we are a relevant player. We expect a major growth in Italy, not a double digit grow on this type of services, but a single digit growth. Other countries are growing double digit. But they are small, so they don't compensate completely currently.

We don't have in this moment massification that we are seeing. There are customers that for us are completely new. For us of in reality they are opening for innovation and new things.

Derric Marcon, Bernstein

Perfect. And the last one for me is on processes. It's a bit strange to see that a consulting practice is reducing in this world of AI where customers are rethinking the way they organize their processes. Why is your consulting practice not performing? It's not in Q1 that we see that. It's 4 or 6 quarters in a row down low single digit. Any issue here or any repositioning to do to get to a better performance?

Tatiana Rizzante

First of all, in processes we but also the digital experience. I know it's a little bit weird but it's a categorization that has a little bit of history. So, when you read processes, you read the



consulting, but you also read the digital experience. Digital experience is probably struggling slightly more in this moment in terms of go to market and competence.

The other consideration is, yes, we are also working on the business consulting. We have changed a bit the model, and we are deploying it across Italy and then across the different countries. And you will see also us working on branding and so on. Because we expect due to AI that type of demand will increase. And we want to position better in supporting transformation and doing consulting on top of AI for AI programs.

Derric Marcon, Bernstein

And will you put your forward deployed engineers in this category, or will you put it under applications?

Tatiana Rizzante

No, we do two programs. One is on technology and the other one is a touch application and consulting because part of the consulting for us is an application. Because we have the consulting that is a pure management consulting, and what we call the industry focus is on application there. So, processes as pure management consulting and digital experience. While applications no. The team that does energy trading consulting is in the application, not in the processes. I know that is like too difficult to read in this way.

In forward deployed engineers we have two categories. One is the AI tech engineers. And these are, as I said, completed with product design capabilities because we have full stack engineers and we are competing on the product design. So, making them more effective in small teams, to cover the end-to-end cycle where we are taking the people on the domain expertise. Risk managers, energy trading, wealth management and so on. And we are completing them on AI, in this case the super-agent capabilities.

Derric Marcon, Bernstein

Okay. Thank you very much.

Michael Lückenkötter

Okay. Thank you, Derrick for your questions. Now we turn again to Alessandro.

Alessandro Cecchini, Equita

Yes. Just a follow up. I remember that in previous conference call, you were expecting automotive to improve, while in the first quarter was mid-single digit negative. It's a question of



shifting the demand towards the coming quarters. So just, if you can elaborate a little bit more on this.

Tatiana Rizzante

Yes. The cycles are long in terms from sales to delivery, of course. What I see is that the automotive is getting better and better in terms of demand cycle. But still, it is also a very competitive market. I think, we are winning position, not losing position, but we are also trying to be very competitive for them.

Alessandro Cecchini, Equita

Okay. Thank you.

Michael Lückenkötter

Okay. So once again we return to Bernstein. Derric, please go ahead.

Derric Marcon, Bernstein

Sorry, I forgot one. When I look to the salary per employee in Q1, it seems to increase a bit compared to last year. Any specific item to mention here?

Marco Cusinato

Yes. Increase by 10% if I remember well.

Derric Marcon, Bernstein

The revenue per employee. But the salary per employee seems to...

Marco Cusinato

The salary per employee is EUR 85 k per employees. I don't remember how much was before. It was increasing ~3.5% with respect to the same period of last year and is in line with the average of last year.

Derric Marcon, Bernstein

It's EUR 85k in Q1. it was EUR 82k in Q1 last year.

Marco Cusinato

Yes. 3% to 3.5% increase. But if you compare these EUR 85 k with the average of the



complete FY 2025 it is more or less in line. Increasing with respect to Q1 2025, but not with respect to the overall 2025 year.

Derric Marcon, Bernstein

And it's due to the new acquisitions?

Tatiana Rizzante

The UK is growing; the UK is a higher salary compared to the group average. Country dynamics and a little bit of normal increase in France.

Derric Marcon, Bernstein

Perfect. Thank you.

Michael Lückenkötter

Okay. Thank you very much, Derric.

And I see no more questions. So, we come to the end of this call. Many thanks again for joining us today. My colleagues told me in the course of the afternoon the formal Q1 report will be published and will be findable on our website.

In case further questions appear, write to Paolo and me, and we will try to help you. We see you again in July when we come with the H1 results. Have a good afternoon.

Marco Cusinato

Good afternoon.

Tatiana Rizzante

Thank you. Good afternoon.