CONFERENCE CALL TRANSCRIPT

THIRD QUARTER AND NINE MONTHS FINANCIAL YEAR 2026 RESULTS

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CORPORATE PARTICIPANTS

Tatiana Rizzante – Chief Executive Officer

Marco Cusinato – Chief Financial Officer

Michael Lückenkötter – Director Investor Relations

Michael Lückenkötter

Hello, and good afternoon, everybody. Welcome to the Q3 2026 edition of our earnings call, and thank you for joining us. I'm Michael Lückenkötter, Director of Investor Relations at Reply. Today, as you may have seen, Reply's Board of Directors approved our third-quarter and nine-month results for 2026. The press release went out a short while ago, and we are here now to give you some additional detail. With me are, as usual, our CEO, Tatiana Rizzante, and our CFO, Marco Cusinato, who will both comment on the results and on the current business trends from their perspectives. For those joining us for the first time, the slides Marco will use are available for download on our website: under “We Are”, “Investors” and then “Financial Calendar”, you will find them at the bottom. After my colleagues' remarks, we will open the Q&A session. With that, I hand over to Tatiana, please.

Tatiana Rizzante

Thank you, Michael. Good afternoon, everybody, and thank you for joining us today. As you can see from the results, the third quarter confirmed the very positive trajectory that began in the first half. Demand remains strong and solid across all our main markets, and we continue to combine organic growth with selective investment in the capabilities and markets where we see strong potential and can accelerate. Overall, it has been a very good third quarter for Reply: we saw growth across every region, and we also saw the first contribution from FedTec. Profitability remained strong and in line with previous quarters. Before I move to a longer qualitative comment, I will hand over to Marco for the financial results.

Marco Cusinato

Thank you, Tatiana, and good afternoon, everyone. I will take you through the results for the first nine months and the third quarter, and then add some comments on our financial position.

Before starting, I would like to highlight three main points. First, third-quarter revenues were up almost 13%. Second, nine-month EBITDA is very solid. Third, the balance sheet remains very strong, with almost EUR 400 million of net cash after the acquisitions and the share buyback.

Looking at the numbers: in the first nine months we generated almost EUR 2 billion in revenues, a growth of 9.2%, or 9.7% at constant currency. EBITDA was almost EUR 355 million, up 5.8%, with a margin of 17.9%. As you will remember, 2025 EBITDA included EUR 17.4 million of other operating income, mainly the one-off release of a provision following the settlement of a professional liability dispute. Excluding it, EBITDA grew 11.6% and the margin improved by about 0.4 points, from 17.5% to 17.9%. At the end of September, cash was almost EUR 500 million and the net financial position was positive at EUR 397 million, almost unchanged from the EUR 400 million at the end of June. We employed 17,628 colleagues,

7.5% more than a year ago, which is 1,226 people more.

Here you can see the same nine-month results by region. Region 1 reached EUR 1,280 million in revenues, 10.4% more than the previous period, and now represents almost 63% of the group. Region 2 generated EUR 364 million, a growth of 4.1%. Region 3 reached EUR 396 million, an increase of 9.8%, or 11% at constant currency.

On profitability, Region 1 EBITDA was EUR 260 million, up 7.1%, with a margin of 20.5%. The comparison with last year's 21.1% is affected by the one-off income. Region 2 EBITDA was broadly stable at EUR 51.8 million. Region 3 grew 5.2% to EUR 41 million. At group level, EBIT was EUR 286 million, up 2%, and profit before tax was EUR 291 million, up 8.8%, with a stable margin of 14.7%.

Coming to the third quarter: revenues were EUR 676 million, an increase of almost 13%, as I said. From this quarter we consolidate FedTec, the US federal technology company we acquired over the summer, which Tatiana will talk about later. EBITDA was EUR 121 million, up 8.8%, with a margin of 18%, in line with last year, and there were no one-off items in either year.

By region, Region 1 grew 15.4%, with EBITDA up 10.3% and a margin of 20.3%. It is important to note that the US, excluding the acquisition's revenue, is anyhow growing at constant currency. Region 2 grew 6.1%, continuing its growth trajectory, and this was in fact the best growth of the year; EBITDA was up 5.1% with a margin of 16%, in line with last year.

Region 3 grew almost 11%; in the UK, growth in pounds was about 12%. EBITDA grew 8% to EUR 13.6 million, with a margin of almost 10%. Region 3 EBIT is affected by a further EUR 5 million earn-out adjustment, which I will cover in a moment. Group EBIT for the quarter was EUR 97 million, up 4.7%.

This slide shows the profit and loss by nature of cost. Revenues increased by EUR 168 million. The top 20 customers represent about 38% of our revenue, so, as always, there is no significant concentration, and around 70% of revenues come from fixed-price projects. Operating costs grew 10%; again, excluding last year's one-off income, they grew around 8.7%, below revenue growth.

Purchases fell 11.5%, mainly because of lower resale of hardware and software. Personnel costs increased by 7.9% to EUR 1,098 million, mainly driven by headcount growth; as a percentage of revenue, personnel cost declined from 55.9% to 55.3%. Services and other costs increased by 12.4% to EUR 502 million, with their incidence on revenue rising from 24.6% to 25.3%.

Below EBITDA, depreciation, amortization and write-downs fell to EUR 55 million, from EUR 71 million in the previous period, because in 2025 we included a EUR 19 million goodwill write-down, as you remember. Excluding that, they were broadly stable at 2.8%. Fair-value adjustments of earn-out liabilities were negative EUR 13 million, compared with a positive EUR 16.8 million last year, a swing of about EUR 30 million this year. They relate entirely to Region 3, including the EUR 5 million in the third quarter, and reflect the performance of the UK businesses we acquired. These are accounting adjustments with no cash impact in the period; payments follow the contractual schedule.

The financial result improved by EUR 18 million to positive EUR 5 million, mainly thanks to exchange differences: positive EUR 4.5 million this year against negative EUR 12.8 million last year. Profit before tax was almost EUR 300 million, up 8.8%. As usual for the quarterly results, our comments stop at profit before tax.

Turning to the business lines: technologies represent 59% of nine-month revenues, applications 33% and processes 8.5%. Applications are the fastest-growing area, up 16.6% in the nine months and 25.6% in the quarter, which is obviously impacted by the acquisition. Technologies grew 8.4% in the quarter, while processes were stable.

By industry, the portfolio remains diversified. Financial services are our largest sector at 29%. Health, government and defense is now the second largest at 16%, and grew 53% in the third quarter. Telco and high tech grew 18%, and energy and utilities 9%. Automotive and manufacturing, at 15% of revenues, grew 6% in the quarter after a weak first half.

On the net financial position: at the end of September it was positive by almost EUR 400 million. Operating cash flow covered the buyback and most of the acquisition. Bank debt fell to EUR 35 million, from almost EUR 40 million in June, and, excluding IFRS 16 lease liabilities of EUR 137 million, the net financial position was EUR 534 million, which gives us full flexibility for investments and acquisitions.

To sum up: a very good third quarter, with nine-month revenue up 9.2%, underlying EBITDA at almost EUR 355 million and a very strong balance sheet. We will keep the same discipline on cost, capital allocation and cash generation that you have seen over the past years, while continuing to invest in the skills and markets where we see growth. With that, I hand back to Tatiana.

Tatiana Rizzante

Thanks, Marco. Now some flavour on how the business is evolving. AI is increasingly embedded in wider client programs. This brings not only the large opportunity of agentic systems and AI-native applications, but also a significant wave of work in securing critical systems, modernising industrial operations, strengthening governance and cyber defence, and building company-owned AI assets, which we see as rising demand across all our customers.

This is broadening demand across every part of the business, and it is also driving double-digit growth in infrastructure and data work, because data, I remind you, are the fundamental building blocks for artificial intelligence. Data platforms, knowledge bases and governance are all being modernised and are growing very fast.

Beyond the general AI topic, four areas stand out this quarter: defence; cloud and cybersecurity, which are two very important driving segments; and physical AI, which we see as closely linked to growth in logistics and manufacturing, alongside the technology components.

Starting with defence: we are building a very significant portfolio in this area, which is becoming increasingly important for Reply, in particular in Italy, in the UK and now in the US, following the acquisition of FedTec. Clients in defence are opening up to innovation: they are modernising critical systems, strengthening cyber resilience, and increasing their control over data and infrastructure, together with AI, especially in engineering and field operations.

At the same time, the barriers to entry in this sector are high. They require sector expertise, which we have been steadily building over the past couple of years, as well as security clearances, dedicated environments and a strong local presence. This is where Reply's model is proving particularly relevant, because it allows sensitive work to be carried out through specialised local companies, with appropriately cleared teams and infrastructure that meet the security boundaries required by each country, while keeping them isolated from one another.

A few words about FedTec. FedTec gives us concrete access to the US federal market, across both defence and civilian government. In defence in particular, its position is very relevant in modernising operations and infrastructure in large-scale environments, which is highly synergistic with Reply's business. It also has a very strong cybersecurity practice: we are working with the Social Security Administration and the federal government, not only in defence.

Finally, it gives us a good position in some areas of government, in particular related to energy-incentive and clean-energy programs. FedTec combines very well with the acquisitions we have made in the past and with the startups we have been growing across the network.

To give you a flavour of some of the interesting work from the past period: you may remember RED Scientific, who are experts in mathematical modelling and wargaming. We have just developed a new proprietary wargaming capability, called CIRSIUM, for the British Army headquarters and for NATO. It is built on a specific mathematical model and on proprietary assets gathered through hundreds of operational-planning engagements and courses that RED Scientific has delivered over the past decade.

With Shield Reply, we are focusing on mission-critical command-and-control centres and decision-support systems for intelligence in defence. These are multi-domain centres that are gaining strong momentum, together with the sovereign cloud capabilities and security controls we have been developing in the UK, as you may remember from previous quarters.

If you look at the overall picture, we are combining, through this set of acquisitions, a very strong position in cybersecurity, cloud and artificial intelligence with strong vertical domain capability in defence engineering, mathematical modelling and field operations. So defence is becoming quite a relevant source of momentum for us.

Another component is physical AI. Physical AI is important both for our technology teams, as the evolution of our IoT capabilities, and in combination with our logistics and manufacturing teams, focusing on warehouses, factories and the modernisation of critical infrastructure. The value comes from combining the new competencies we have been acquiring in robotics and AI models with our know-how in the operational systems of these very specific domains.

There are several cases we are working on. Among the public ones: we have just become one of the first NVIDIA partners worldwide to receive a Physical AI specialisation, which recognises the innovative work we are doing in this field, in particular our digital-twin capability combined with warehouses and manufacturing.

The other notable case this quarter, which you may have seen, is with the Otto Group. Together with them we have integrated a large number of robots, hundreds of robots across their sites. At Löhne, we created a high-precision digital twin and a coordination layer linking robots from different manufacturers, acting as a common centre for the warehouse operations, including the simulation and testing of the fleet and of its operational effectiveness. These are examples of very specific combinations of competencies that are driving our growth, and I expect them to remain strong in the coming quarters.

Another example, in manufacturing rather than warehousing, is Lavazza, where we are doing similar work: a “second brain” connecting production with all the data to increase traceability and maintenance, reduce costs and accelerate quality improvement. We are seeing very important growth in these combined areas.

Another important area of development is cybersecurity. The strongest momentum again comes from leveraging our competence in IoT and infrastructure, together with our very strong European cybersecurity arm, where the work is securing critical infrastructure and connected devices. Alongside this, we are seeing strongly rising demand for active defence, including against AI models. We have been going through a first phase of strengthening trust boundaries, which is still continuing and will continue for a while; at the same time, companies are starting to set up active-defence mechanisms to react to the speed of these attacks, especially the most critical infrastructure players. Here too, FedTec gives us a first step into cybersecurity in the US.

Apologies, as this is quite long. One other important driver this quarter has been the go-to-market we started with the Reply House of Models. The Reply House of Models, as a reminder, focuses on training, fine-tuning and operating proprietary models, bringing together a talent pool and the software stacks to deliver this with our customers. This quarter we opened the Reply House of Models in London, the second one, together with the Reply House of Models in Turin. In the Reply Houses of Models we are doing all highly confidential projects, but we are seeing a lot of traction: in healthcare, with private customers, especially in manufacturing, and of course in sovereign and sensitive operations.

We have some cases on that. We have an important case with the Austrian Academy of Sciences, where we have just delivered a second version, developed with Mistral AI, focused on ancient Greek. Here we used a very specific combination of coding models and LLMs, with incredibly good results. We have started working on the Latin version.

It is becoming a business line in its own right. We are taking the same approach for the next generation of our logistics platform, called LEA, where we are developing a new, proprietary model for picking and packing in warehouse operations. In addition, we are working on many smaller models; at the moment we are focused on small physical models that run on specific devices, for example with AMD, as well as on optimising certain capabilities in robotics. You will see this in the coming quarters.

One last point before I close. We have many cases I will not go into, as they are very technical, and they are publicly available from the last quarter. One of the strongest growth areas continues to be cloud, which has accelerated compared with earlier in the year. The infrastructure momentum is due to two big topics: AI demand for new mission-critical infrastructure and the continuation of migration, but also the optimisation of the operations layer. This is an important source of revenue for us, because AI opens up new ways to transform high-cost areas of IT spending, which are heavily cloud-related, and where we are gaining a lot of traction. It includes optimising resources, increasing uptime and improving quality in ticket resolution.

In conclusion, AI is becoming part of every critical operation, from public security to industrial systems, in every company. For Reply, this is expanding demand and a very strong market, and the fact that AI is being embedded into broader programs is accelerating this demand. Our specialized companies and partner ecosystem, and all the work we have done, are proving very effective and of high quality, and this is reflected in our results and in our direction. We expect this evolution to continue over the medium to long term, and we will keep investing selectively in developing skills and strengthening the Reply network to sustain this growth.

And now we will move to your questions.

Michael Lückenkötter

Thank you, Marco and Tatiana, for your statements. We now open the Q&A session. I can see a lot of digital hands up. Let me just remind you to open your microphone so that we can hear you, and, if possible, to turn on your camera so that we can see you. The first question goes to Equita. Alessandro, please go ahead.

Alessandro Cecchini, Equita

Hello, everybody, and thank you for taking my questions. The first is about France. Could you elaborate on the top line in France in the quarter and the previous quarter, and on the profitability levels you are seeing, so we can understand the drivers in the market and your efforts to improve profitability?

My second question: we saw Germany up 6% in the third quarter, which I presume was entirely organic. Could you elaborate on the drivers and on what you are seeing in the market, and perhaps also on demand from the automotive business? Thank you.

Tatiana Rizzante

I will start with the second question. Yes, Germany is all organic. We are progressively restarting the growth engine, as we mentioned before; it is a progression of the work we started in previous quarters, and the result of our investment in startups, which we will continue throughout next year. It also reflects a market that is stabilising somewhat, with demand picking up. There is probably still some optimisation going on at some customers and in parts of the market, but overall demand is healthy. So it is a mix of us picking up again on the growth engine and healthy demand from the market.

On France, as I said last time, you can see it in the Region 3 profitability numbers. We don't discuss a specific figure, but it is definitely getting better: growth has picked up again, and the

new management is in place. We may restart acquisitions there next year. It is moving in the right direction.

Alessandro Cecchini, Equita

Okay. Thank you very much.

Michael Lückenkötter

Thank you, Alessandro, for your questions. Next in line is Kepler. Hugo, please go ahead.

Hugo Paternoster, Kepler Cheuvreux

Yes, good afternoon. Can you hear me well?

Michael Lückenkötter

Yes, great.

Hugo Paternoster, Kepler Cheuvreux

I have a few questions. The first is mainly on defence, and in particular on the strong growth you experienced in that market. Could you share a little more detail on the breakdown between the contribution from FedTec and the ramp-up of new customers, and perhaps on whether you are gaining market share versus some peers in this market?

A second question on telco: you had a strong quarter in telco. I wonder what drove it. Is reinvestment starting again among telecom operators, or is it mainly driven by AI and network modernisation?

And a last one: you mentioned you still have some flexibility for M&A. Beyond FedTec, I wanted to know whether you are still contemplating targets in the US, and what kind of priorities you are looking for in potential additional M&A. Those would be my three questions.

Tatiana Rizzante

The first was on defence. Defence is a very large market in which we are still very small, so we are growing well. We have done a lot of work, because we were essentially non-existent there, so we are very happy, and it is a market that is delivering a lot of results. As for taking a position against competitors, I couldn't really say, because we are still small relative to a large market; for us it is all blue ocean. So I genuinely don't know yet.

In general, FedTec of course contributed significantly to this last quarter. I don't know the

specifics by segment, but overall the UK remains our largest market and the largest contributor in defence, followed by the US and Italy. Germany is a slow market where you win very large contracts; but there too I expect we will continue to grow significantly, given the relative pace, if that makes sense.

The second question was on high tech and telco. Yes, customers have restarted demand. There had been a few years of a somewhat dormant phase, including in infrastructure, partly linked to transformations some customers were going through. We now see a renewed pickup in demand, both for optimising operations and for developing new products and services. So in general it is mostly due to a pickup in demand.

On M&A priorities: in general these remain the countries we are already in, so we are looking in Germany, in the US and in the UK. As I said, we may, and probably will, restart in France. The priorities depend somewhat on the shape of the network in each country, so it is not exactly the same everywhere. There are some common lines: as we said last year, defence is a priority and will remain one in some countries; strengthening certain positions in cybersecurity, cloud and infrastructure; and then, country by country, specific vertical and industrial-operations domains. In some countries that is financial services; in others, industrial. It depends.

Marco Cusinato

If I may add to the second question: the growth in high tech and telco, beyond the telco part Tatiana mentioned, also reflects new customers in high tech. Microsoft is our biggest, but we recently won SAP, OpenAI and Amazon, all coming from Spur Group in Seattle. So the growth in that sector is also driven by these customers.

Hugo Paternoster, Kepler Cheuvreux

Okay, very interesting. Thanks a lot.

Michael Lückenkötter

Thank you. Now we go back to Italy, to Antonella from Intesa. Please go ahead.

Antonella Frongillo, Intesa Sanpaolo

Hi, good afternoon, and thank you for the presentation. Three questions from my side.

The first: I know you don't provide guidance, but just a qualitative comment. Your third-quarter performance was very good, and your comments on the underlying business are supportive. You have an easier comparison base in Region 1 from an organic point of view in the fourth

quarter, and France is improving. So is there any possibility of going back to double-digit organic growth as you enter 2027? And, as a second part: we have often seen profitability in Region 3 be quite volatile, with several moving parts, so how confident are you that the current level is sustainable? (Sorry, I meant Region 3.)

The second question is on cash flow. I know you don't provide cash-flow details at this point in the year, but I noticed that the net financial position is flat compared with the end of June, and I assume cash generation was offset by the cash-out for FedTec. Could you confirm that, and perhaps specify how much the cash-out related to FedTec was?

And lastly, I see that your buyback plan is on standby. Do you expect to restart the buyback program at some point? Thank you.

Tatiana Rizzante

On the cash-out, we don't provide that disclosure. On the buyback, I'll let Marco answer, and then I'll come in.

Marco Cusinato

I'll start with the second question. Over these nine months, cash was mainly affected, compared with the previous period, by two big items: the acquisitions we made and the share buyback. Together these drained about EUR 170 million, which is the main reason cash is flat. In addition, this quarter we had a slight worsening of our DSO, by about two days. Those are the two main effects: the first accounts for about 95% and the second for about 5%. That is on the cash flow. The other question was the possibility of going back to double digits.

Tatiana Rizzante

Yes, we are working on it. I cannot guarantee it, but we are working on it. It will depend somewhat on how we bring Germany back to double digits. We are working on it, but I cannot promise it.

The momentum is good and the business is good, but we don't anticipate numbers or guidance.

Marco Cusinato

She also asked whether the profitability of Region 3 is sustainable in the future.

Tatiana Rizzante

The profitability of Region 3, yes, is sustainable going forward. As I said: the UK is a

consolidated country, and France and Belgium are on a clear, solid path.

Antonella Frongillo, Intesa Sanpaolo

Thank you. And on the share buyback?

Marco Cusinato

We don't disclose it. Sorry, what exactly did you ask about the share buyback, how much we spent?

Antonella Frongillo, Intesa Sanpaolo

I assume what you spent relates to what you announced in April.

Tatiana Rizzante

Could you repeat the question on the buyback?

Antonella Frongillo, Intesa Sanpaolo

I asked how much you spent in the quarter, and whether that relates to the earlier share buyback program, because I understood it had been completed or put on hold. What are your plans, in general terms, do you expect to continue it?

Marco Cusinato

The share buyback program is not on hold; it is continuing. There are currently conditions under which the bank that holds the mandate cannot buy the shares, but the program is still in place. In total we have spent EUR 91 million, and in this quarter EUR 27 million.

Antonella Frongillo, Intesa Sanpaolo

Okay, thank you. I'll go back into the queue.

Michael Lückenkötter

Thank you, Antonella. Now we move to Mediobanca. Isacco, please, it's your turn.

Isacco Brambilla, Mediobanca

Hi, good afternoon, everybody. I hope you can hear me well. I have three quick questions.

The first is on Region 1. Looking at the EBITDA margin, it moved down a little compared with the second quarter. Is it fair to say this dilution comes from FedTec, which is not dilutive at

group level but perhaps slightly below Region 1? Or is it just a small variation? I'm just wondering whether it is related to FedTec.

The second is on the perimeter contribution. Marco, if I'm not mistaken, you broke out the FX impact on the nine months. Could you also give us the precise figure for the perimeter effect on the top line?

The final point is on FedTec. Scouting a bit on the web, it looks as though they were awarded significant contracts over the past months, before the acquisition. It is not easy to understand how many years it will take to see them deployed, so could you help us understand the average time frame of these large contracts they have been winning year to date?

Tatiana Rizzante

I'll start with the first. EBITDA has normal fluctuations; it is a very high EBITDA, so there can be a few points of movement. It is not specifically related to FedTec, but rather to some additional investment in startups. It is a normal fluctuation of EBITDA, nothing more.

Second, on FedTec's contracts: yes, I also saw the news in the press. These are long-horizon contracts. There is a normal seasonality, and there are always significant contracts, which are not always picked up by the newspapers. Fortunately we keep winning this type of contract. I don't remember the specific duration, but they are five years and more; I honestly don't recall the specific one. And the other question was the perimeter effect.

Isacco Brambilla, Mediobanca

You mentioned FX. I meant the perimeter effect.

Marco Cusinato

The FX impact over the nine months was 0.5%, that is the constant-currency effect. In the quarter I don't recall, because it goes in the other direction, but over the nine months it was 0.5%. And if we exclude the acquisitions we made in 2026, growth would have been 7.5% at constant currency.

Isacco Brambilla, Mediobanca

Okay, brilliant. Thanks a lot.

Michael Lückenkötter

Thank you, Isacco, for your questions. Now we move to London, to Natasha. We look forward to your question, please go ahead.

Natasha Brilliant, UBS

Thank you very much. A few questions from me. First, coming back to Antonella's questions on growth: I know you don't give guidance, but any colour on trading into Q4, now that we are halfway through the quarter? Any changes in behaviour, or any sectors moving one way or the other, any near-term colour would be helpful.

The second is on M&A: could you talk about valuations and how they are changing, and whether you are coming up against competitors for these kinds of assets, particularly in defence? That would be good to know.

And the last is on headcount: could you share any plans for hiring levels into 2027, please?

Tatiana Rizzante

On the first, we don't give guidance. What I can say is that we see things as stable, with no disruption in the fourth quarter so far compared with previous ones.

On people, we are keeping up top-line growth and hiring, with the same policy as usual. As you know, we grow as much as we can, bottom-up, except when we enter new segments, and with a strong AI-native focus. So we keep hiring, and we don't see problems at the moment. As always, certain talents are very difficult to hire and certain segments are easier, but right now it is not a constraint on our ability to grow.

On the second question, valuations in M&A are becoming a little more reasonable, depending on the segment. As for competition, I don't see a strong change: competition is about being effective on price and on quality of delivery, and with AI the bar keeps moving, because you have to deliver faster and with good quality, which often also means more cheaply. So it is normal competition. There are completely new spaces where competition is very different, because there are businesses that did not exist a year ago; in the AI era it is still quite an open race, and you see a different type of competition there.

Natasha Brilliant, UBS

Got it. Thank you very much.

Michael Lückenkötter

Thank you for your questions, Natasha. Now we move to Intermonte. Andrea, please, it's your turn.

Andrea Randone, Intermonte

Thank you, and good afternoon. Three quick questions. The first is on the automotive and financial-services industries. Automotive showed an improving performance; I wonder whether you have new customers here, or whether you revamped existing ones. On the other side, financial services were positive but a bit softer, and I wonder whether that is just a temporary trend, or whether you are concerned about concentration in Italy or something related to customers here.

The second is a very quick one: in Region 2 I noticed a small reduction in employees despite improving revenue growth. Could you elaborate on that, just out of curiosity?

And the last is on FedTec. A few weeks ago there were US elections. Do you consider your business outlook quite resilient to any possible change in politics? Thank you.

Tatiana Rizzante

On the first: automotive growth is mostly with existing customers. We work for almost all Western, mainly European, automotive groups, as well as some other large companies such as Toyota and Yamaha. This has been mostly growth with existing customers who are investing in new programs and new technologies.

On the fluctuation between industries, between financial services and automotive, I don't see an issue. Remember that we have both application companies and technology companies, and, as you heard in my remarks, I mentioned manufacturing and industrial IoT a lot. So it is more the technology companies that move this split between quarters, because they work across different segments. At the moment there is simply more investment in base technology in other sectors; there is nothing specific pulling us towards one industry or another. On financial services, as I said, it is mostly the technology teams moving the mix, not the industry ones. On Region 2 headcount, what exactly is the question? Sorry.

Marco Cusinato

We have slightly fewer people but we grew revenues. Yes, we increased revenues with fewer people, so: more efficiency, is my answer. But go ahead.

Tatiana Rizzante

Yes, we need a bit of efficiency; as you can see, the margin needs some adjustment. We started a lot of initiatives at the end of last year, so it is a mix of things in recovering efficiency. And the last point was political risk in the US for FedTec. No, frankly, we don't see it.

Michael Lückenkötter

Did that answer your questions, Andrea?

Andrea Randone, Intermonte

Yes, indeed. Thank you.

Michael Lückenkötter

Now we move to Deutsche Bank. Tintin, we're happy to hear your questions. Go ahead.

Tintin Stormont, Deutsche Bank

Good afternoon, everyone. Thanks for taking my questions. Three from me. First, on the US: last quarter, when you talked about the FedTec acquisition, I think you were comfortable with around a EUR 50 million contribution for the year, given you only own it for part of the year. Is that still the case? And, Marco, if I heard you correctly, outside FedTec, US growth was 2%. Could you give us some colour on that and on what you will do to drive it higher?

Second, on Germany: Germany was up 6%, probably the best growth in about four quarters. Do you expect that to keep improving in Q4?

And finally, on backlog and pipeline: what visibility do you currently have, in terms of the revenue you want to deliver based on the current backlog and pipeline, and has that visibility improved? I don't think you give that number, but, compared with previous quarters, is the cover you have for the revenue you want to deliver improving?

Tatiana Rizzante

On the last one, we don't give that number. What I can say, as I already said, is that we don't see major disruption or any factor that worries us for the remaining part of the year, so we expect to stay in line. Could you repeat the first question, sorry?

Tintin Stormont, Deutsche Bank

The first was on the US: is a EUR 50 million contribution from FedTec for 2026 a reasonable assumption? I think you talked about EUR 100 million of revenues before. And then US performance outside FedTec, where organic growth was about 2%, some colour on that.

And on Germany, do you expect to deliver growth better than the 6% in Q3?

Tatiana Rizzante

We don't provide the specific numbers, but we expect FedTec to continue in line. As I said, it is

a long-run business, quite slow and stable, in the sense that the contracts are long.

On growth, the US is actually developing well. The only issue was a bit of readjustment among some high-tech customers in recent months, which we all know about from the news, but, as Marco mentioned with some examples, it is picking up again. And the second question…

Tintin Stormont, Deutsche Bank

Germany, 6% in Q3, the best in the last four quarters. Do you think you can improve on that in Q4?

Tatiana Rizzante

We are working on continuous improvement, as I said, but overall we don't disclose that. I understand it's your job to push, but…

Tintin Stormont, Deutsche Bank

Okay, fair enough. Thank you.

Michael Lückenkötter

Thank you, Tintin. Now we move to Bernstein. Derric, please, we look forward to your questions.

Derric Marcon, Bernstein

Thank you for taking my question. I'm scratching my head a bit with the figures, Marco: constant-currency growth for the nine months was 9.7%, and organic growth 7.5%. If I take the difference, it implies about EUR 27 million for Q3. So, following the question asked earlier, it seems FedTec is a bigger animal than…

Tatiana Rizzante

No. We are being more realistic than ever, because it is not only FedTec in those numbers. Remember that we also have part of the past acquisitions, as well as Cyberis and Movar from the beginning of the year.

Derric Marcon, Bernstein

Yes. So the EUR 27 million is the combined perimeter effect from FedTec plus the others?

Tatiana Rizzante

Yes, exactly, together with the other acquisitions.

Derric Marcon, Bernstein

Okay, perfect. And on the headcount number: plus about 330, if I remember correctly, on a sequential basis. Does that include FedTec?

Marco Cusinato

Yes, yes.

Derric Marcon, Bernstein

But it seems a bit low compared with FedTec's revenue contribution. What is the perimeter effect there?

Michael Lückenkötter

Derric, we didn't catch that acoustically. Could you repeat it?

Derric Marcon, Bernstein

Yes. What is the perimeter effect on the change in headcount in Q3? You grew headcount by about 331 people; what is FedTec's contribution to that number?

Tatiana Rizzante

Frankly, I don't remember. We can let you know precisely, but we don't have it to hand. In general, headcount growth has been slightly below revenue growth, so we are gaining productivity, partly through more productive work with AI.

Derric Marcon, Bernstein

Do you report subcontractors or freelancers in the headcount?

Tatiana Rizzante

No. You can see that spending on freelancers is roughly the same percentage; we have not switched. So the incidence of contractors is more or less the same as the previous year.

Derric Marcon, Bernstein

And a last one on figures: the EUR 5 million mentioned as a one-off in Q3, is it in the other services and costs line, or below that?

Marco Cusinato

Sorry, I can't quite understand you. Michael, did you get it?

Michael Lückenkötter

Which cost line is the EUR 5 million one-off in Region 3?

Marco Cusinato

That I understood. It's a line below EBITDA. It is the adjustment for the earn-out of Solirius.

Derric Marcon, Bernstein

And a last one on the cash-out for FedTec. I assume there is some earn-out. You gave us the nine-month cash-out of EUR 170 million, combining M&A and the share buyback, and you gave the share-buyback figure, so in the difference there is no earn-out payment?

Tatiana Rizzante

Please don't. We will not confirm it, and we will not discuss that number.

Derric Marcon, Bernstein

Thanks. You gave us the number. In the difference, is there any earn-out payment we should be aware of for the first nine months, or anything material that could affect the figure in the near future?

Tatiana Rizzante

No.

Derric Marcon, Bernstein

Thank you very much.

Michael Lückenkötter

Thank you, Derric, for your questions. And now I see Beltrán has another question. Please go ahead.

Beltrán Palazuelo, Dux Inversores, S.G.I.I.C., S.A.

Good afternoon, and thank you for taking my questions. First, and I know you won't answer, but I have to try: on margins over the long term, not five or ten years out, but where should

margins ultimately settle? Are we at a sustainable level, or do you think that, if you keep passing on efficiencies and adding value for your clients, they could go higher?

And the second is on the buyback. You said you are still implementing it, but that your bank temporarily cannot. Why is that? Are they helping you with an M&A, or is it only a technical issue related to the results presentation? It seems a little odd, so perhaps you could clarify. Thank you very much.

Tatiana Rizzante

On the first, and Marco will take the second. We work in a very healthy way with our customers, and we already give value back to them: as we gain efficiency, we pass part of it on. I believe we have a very good and solid margin, and it is definitely sustainable at a good level. We don't give this guidance, but I don't see any issue, it is normal business. If the question was whether, with AI, you will have to reduce margins to win work, no, I don't see that.

Marco Cusinato

On the share buyback, as I said, the buyback is still in place. The mandate is with the bank, and this mandate has boundaries; right now the market is outside those boundaries. So there is no technical issue: the market is simply outside the boundaries of the mandate, so the bank cannot buy the shares. If we move back within the boundaries, the bank will continue to buy.

Beltrán Palazuelo, Dux Inversores, S.G.I.I.C., S.A.

You mean the price has gone above the maximum you are willing to pay?

Marco Cusinato

There are boundaries I cannot share, but, as I said, the market is currently outside them.

Beltrán Palazuelo, Dux Inversores, S.G.I.I.C., S.A.

Great. And a comment on the buyback: I remember that a few quarters ago you were not very happy with the valuation, and you were not sure the market would recognise it. You started the buyback and the stock has nearly doubled, so the market perhaps now sees you as a good capital allocator. Congratulations on the execution.

Michael Lückenkötter

Thank you very much. As far as I can see, there are no more questions, so we come to the end of this call. Many thanks again for your interest.

My colleagues tell me that, in the course of the afternoon, you will find the formal report on the third quarter and nine months on our website. And, as usual, Paolo and I will work on the transcript of this session, which you will also find on the website. As always, if you have questions in between, Paolo and I are here to help.

Finally, our next session will be in March. I don't yet have the precise date, I expect it will be around mid-March, but we will let you know as soon as we do. Thank you again, and have a nice day and evening. Thank you.

Tatiana Rizzante

Thank you. Thank you to all. Bye.

Marco Cusinato

Thank you. Thank you to all. Bye.