CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2024

Consolidated income statement (*) (**)

(THOUSAND EUROS)	NOTE	2024	2023
Revenues	**5**	**2,295,938**	**2,117,983**
Other income	6	33,456	23,947
Purchases	7	(46,350)	(29,364)
Personnel	8	(1,237,370)	(1,139,331)
Services costs	9	(603,917)	(619,657)
Amortization, depreciation and write-downs	10	(84,933)	(75,205)
Other operating (cost)/income	11	(26,403)	14,372
Operating income		**330,421**	**292,745**
(Loss)/gain on investments	12	(20,000)	(13,877)
Financial income/(expenses)	13	2,812	(7,287)
Income before taxes		**313,232**	**271,581**
Income taxes	14	(99,464)	(83,122)
Net income		**213,768**	**188,459**
Non-controlling interest		(2,630)	(1,760)
Net income of the Parent company		**211,139**	**186,699**
Earnings per share	*15*	*5.65*	*5.01*

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Consolidated statement of income are reported in the Annexed tables herein and fully described in Note 38.

(**) During the year, the financial statements were subject to a review compared to previous publications, with the aim of ensuring a better representation of the Group's financial and economic situation. The reasons for these revisions have been indicated in the respective notes.

Consolidated statement of comprehensive income

(THOUSAND EUROS)	NOTE	2024	2023
Profit of the period (A)		**213,768**	**188,459**
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) from employee benefit plans		594	(1,150)
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	**28**	**594**	**(1,150)**
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedges		(1,301)	(849)
Gains/(losses) on exchange differences on translating foreign operations		12,567	(1,146)
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):		**11,266**	**(1,995)**
Total other comprehensive income, net of tax (B) = (B1) + (B2):	**28**	**11,860**	**(3,146)**
Total comprehensive income (A)+(B)		**225,628**	**185,315**
Total comprehensive income attributable to:			
Owners of the parent		222,999	183,553
Non-controlling interests		2,630	1,761

Consolidated statement of financial position (*)(**)

(THOUSAND EUROS)	NOTE	31/12/2024	31/12/2023
Tangible assets	17	132,343	108,197
Goodwill	18	693,210	626,481
Intangible assets	19	95,802	81,509
RoU Assets	20	107,055	114,758
Equity investments	21	19,809	41,373
Other financial assets	22	9,055	7,448
Deferred tax assets	23	66,557	66,693
Non-current assets		**1,123,832**	**1,046,457**
Work in progress	24	68,369	47,061
Trade receivables	25	757,558	739,474
Other receivables and current assets	26	115,901	101,832
Current income tax receivables	26	27,675	22,541
Financial assets	22	45,767	32,872
Cash and cash equivalents	22, 27	491,834	383,742
Current assets		**1,507,103**	**1,327,523**
TOTAL ASSETS		**2,630,935**	**2,373,980**
Share Capital		4,863	4,863
Other reserves		1,084,186	923,277
Net result of the period		211,139	186,699
Equity of the Parent company	**28**	**1,300,188**	**1,114,840**
Non-controlling interest	28	2,773	1,883
NET EQUITY	**28**	**1,302,960**	**1,116,723**
Due to minority shareholders and Earn-out	29	57,478	86,523
Financial liabilities	30	48,910	52,291
Financial liabilities from RoU	30	84,695	95,101
Employee benefits	31	84,248	69,677
Deferred tax liabilities	32	33,443	41,605
Provisions	33	47,497	20,644
Non-current liabilities		**356,271**	**365,841**
Due to minority shareholders and Earn-out	29	52,121	27,845
Financial liabilities	30	19,748	32,655
Financial liabilities from RoU	30	35,163	31,670
Trade payables	34	183,233	191,001
Other current liabilities	35	640,928	574,723
Income tax payables	35	39,155	32,982
Provisions	33	1,355	539
Current liabilities		**971,703**	**891,415**
TOTAL LIABILITIES		**1,327,974**	**1,257,256**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,630,935**	**2,373,980**

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Statement of Financial Position are reported in the annexed Tables and further described in Note 38.

(**) During the year, the financial statements were subject to a review compared to previous publications, with the aim of ensuring a better representation of the Group's financial and economic situation. The reasons for these revisions have been indicated in the respective notes.

Consolidated statement of changes in equity (*)

(THOUSAND EUROS)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	EARNING RESERVES	CASH FLOW HEDGE RESERVE	TRANSLATION RESERVE	RESERVE FOR ACTUARIAL GAINS/ (LOSSES)	NON-CONTROLLING INTERESTS	TOTAL
On 1 January 2023	**4,863**	**(17,122)**	**299,533**	**684,679**	**2,599**	**(3,659)**	**(603)**	**1,579**	**971,869**
Dividends distributed	-	-	-	(37,278)	-	-	-	(1,120)	(38,398)
Total profit (loss)	-	-	-	186,699	(849)	(1,146)	(1,150)	1,761	185,315
Other changes	-	-	-	(1,727)	-	-	-	(336)	(2,063)
On 31 December 2023	**4,863**	**(17,122)**	**299,533**	**832,373**	**1,750**	**(4,805)**	**(1,753)**	**1,883**	**1,116,723**

(THOUSAND EUROS)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	EARNING RESERVES	CASH FLOW HEDGE RESERVE	TRANSLATION RESERVE	RESERVE FOR ACTUARIAL GAINS/ (LOSSES)	NON-CONTROLLING INTERESTS	TOTAL
On 1 January 2024	**4,863**	**(17,122)**	**299,533**	**832,373**	**1,750**	**(4,805)**	**(1,753)**	**1,883**	**1,116,723**
Dividends distributed	-	-	-	(37,278)	-	-	-	(1,975)	(39,254)
Change in own shares	-	-	150,000	(150,000)	-	-	-	-	-
Total profit (loss)	-	-	-	211,139	(1,301)	12,567	594	2,630	225,628
Other changes	-	-	-	(372)	-	-	-	235	(137)
On 31 December 2024	**4,863**	**(17,122)**	**449,533**	**855,861**	**449**	**7,762**	**(1,159)**	**2,773**	**1,302,960**

(*) Refer to note 28 for more details

Consolidated statement of cash flows

(THOUSAND EUROS)	2024	2023
Group net income	213,768	188,459
Income taxes	121,317	95,387
Amortization and depreciation	84,933	75,205
Other non-monetary expenses/(income)	36,975	1,402
Change in inventories	(14,095)	33,768
Change in trade receivables	20,063	(76,198)
Change in trade payables	(15,712)	22,166
Change in other assets and liabilities	(7,310)	(44,280)
Change in deferred tax liabilities	(16,403)	(8,072)
Change in employee benefits and provisions	13,788	32,169
Income tax paid	(96,117)	(71,664)
Interest paid	(3,171)	(3,776)
Interest collected	11,401	5,227
Net cash flows from operating activities (A)	**349,438**	**249,794**
Purchase of tangible and intangible assets	(48,378)	(29,265)
Change in financial assets	(13,183)	(485)
Payments for the acquisition of subsidiaries net of cash acquired	(89,014)	(10,942)
Net cash flows from investment activities (B)	**(150,575)**	**(40,692)**
Dividends paid	(39,254)	(38,398)
In payments from loans	13,100	6,500
Financial liabilities for leasing	(34,810)	(33,503)
Repayment of loans	(29,793)	(23,345)
Net cash flows from financing activities (C)	**(90,757)**	**(88,746)**
Net cash flows (D) = (A+B+C)	**108,105**	**120,356**
Cash and cash equivalents at the beginning of period	383,608	263,252
Cash and cash equivalents at period end	491,713	383,608
Total change in cash and cash equivalents (D)	**108,105**	**120,356**

DETAIL OF CASH AND CASH EQUIVALENTS		
(THOUSAND EUROS)		
Cash and cash equivalents at beginning of period:	**383,608**	**263,252**
Cash and cash equivalents	383,742	283,695
Bank overdrafts	(135)	(20,443)
Cash and cash equivalents at period end:	**491,713**	**383,608**
Cash and cash equivalents	491,834	383,742
Bank overdrafts	(121)	(135)

Notes to the financial statements

General information	NOTE 1	General information
	NOTE 2	Accounting principles and basis of consolidation
	NOTE 3	Risk management
	NOTE 4	Scope of Consolidation
Income statement	NOTE 5	Revenue
	NOTE 6	Other revenues
	NOTE 7	Purchases
	NOTE 8	Personnel
	NOTE 9	Service costs
	NOTE 10	Amortization, depreciation and write-downs
	NOTE 11	Other operating and non-recurring (cost)/income
	NOTE 12	(Loss)/gain on investments
	NOTE 13	Financial income/(expenses)
	NOTE 14	Income taxes
	NOTE 15	Earnings per share
	NOTE 16	Other information
Statement of financial position - Assets	NOTE 17	Tangible assets
	NOTE 18	Goodwill
	NOTE 19	Other intangible assets
	NOTE 20	RoU Assets
	NOTE 21	Equity Investments
	NOTE 22	Financial assets
	NOTE 23	Deferred tax assets
	NOTE 24	Work-in-progress
	NOTE 25	Trade receivables
	NOTE 26	Other receivables and current assets and income tax receivables
	NOTE 27	Cash and cash equivalents
Statement of financial position - Liabilities and equity	NOTE 28	Shareholders' equity
	NOTE 29	Due to minority shareholders and Earn-out
	NOTE 30	Financial liabilities
	NOTE 31	Employee benefits
	NOTE 32	Deferred tax liabilities
	NOTE 33	Provisions
	NOTE 34	Trade payables
	NOTE 35	Other current liabilities and income tax payables
Other information	NOTE 36	Segment Reporting
	NOTE 37	Additional disclosures to financial instruments and risk management policies
	NOTE 38	Transactions with related parties
	NOTE 39	Emoluments to Directors, Statutory Auditors and Directors with Key responsibilities
	NOTE 40	Guarantees, commitments and contingent liabilities
	NOTE 41	Events subsequent to 31 December 2024
	NOTE 42	Approval of the Consolidated financial statements 0and authorization to publish
	NOTE 43	Climate change

Note 1 - General information

Reply [EXM, STAR: REY] specialises in the design and implementation of solutions based on new communication channels and digital media. Reply is a network of highly specialised companies supporting key European industrial groups operating in the telecom and media, industry and services, banking, insurance and public administration sectors in the definition and development of business models enabled for the new paradigms of AI, cloud computing, digital media and the Internet of Things. Reply services include: Consulting, System Integration and Digital Service.

Note 2 – Accounting principles and basis of consolidation

Compliance with international accounting principles
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union. The designation "IFRS" also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC"). Following the coming into force of European Regulation No. 1606 of July 2002, starting from 1 January, 2005, the Reply Group adopted International Financial Reporting Standards (IFRS).

The consolidated financial statements have been prepared in accordance with Consob regulations regarding the format of financial statements, in application of Art. 9 of Legislative Decree 38/2005 and other CONSOB regulations and instructions concerning financial statements.

General principles
The consolidated financial statement is prepared on the basis of the historic cost principle, modified as requested for the appraisal of some financial instruments for which the fair value criterion is adopted in accordance with IFRS 9.
The consolidated financial statements have been prepared on the going concern assumption. In this respect, despite operating in a difficult economic and financial environment, the Group's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist with regards its ability to continue as a going concern. These consolidated financial statements are expressed in thousands of Euros and are compared to the consolidated financial statements of the previous year prepared in accordance with the same principles.
Further indication related to the format of the financial statements respect to IAS 1 is disclosed here within as well as information related to significant accounting principles and evaluation criteria used in the preparation of the following consolidated report.

Financial statements

The consolidated financial statements include statement of income, statement of comprehensive income, statement of financial position, statement of changes in shareholders' equity, statement of cash flows and the explanatory notes.

The income statement format adopted by the Group classifies costs according to their nature, which is deemed to properly represent the Group's business.

The Statement of financial position is prepared according to the distinction between current and non-current assets and liabilities. The statement of cash flows is presented using the indirect method.
In the financial statements, the main categories of gross income and payments arising from investment and financing activities have been presented separately, and non-monetary transactions have not been indicated.
The most significant items are disclosed in a specific note in which details related to the composition and changes compared to the previous year are provided.

It should be noted that in order to comply with the indications contained in Consob Resolution no. 15519 of 27 July 2006 "as to the format of the financial statements", additional statements: income statement and statement of financial position have been added showing the amounts of related party transactions.
It is also reported that in accordance with CONSOB communication no. 0031948, if there are non-recurring items in the statements, such components will be explicitly indicated under the relevant item. Operations or events that are not frequent in the normal course of business and have an impact on the financial and asset position, the economic result, and the financial flows of the group may be presented as 'non-recurring'.

BASIS OF CONSOLIDATION

Subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries that have closing date December 31st. An investor controls an investment entity when it is exposed to variable returns, or holds rights to such returns, deriving from its relationship with the entity itself and at the same time has the right to affect those returns by exercising its power over that entity. Please refer Note 4 relating to the scope of consolidation. All companies are consolidated on a line-by-line basis.
The economic results of the subsidiaries acquired or sold during the year are included in the consolidated income statement from the actual acquisition date until the actual date of sale. If necessary, adjustments shall be made to the financial statements of the subsidiaries to align the accounting policies used with those adopted by the Group.

All significant intercompany transactions and balances between group companies are eliminated on consolidation.
Non-controlling interest is stated separately with respect to the Group's net equity. Such Non-controlling interest is determined according to the percentage of the shares held of the fair values of the identifiable assets and liabilities of the company at the date of acquisition and post-acquisition adjustments. According to IFRS 10, overall loss (including the profit/(loss) for the year) is attributed to the owners of the Parent and minority interest also when net equity attributable to minority interests has a negative balance.
Difference arising from translation of equity at historical exchange rates and year-end exchange rates are recorded at an appropriate reserve of the consolidated shareholders' equity.

Transactions eliminated on consolidation
All significant intercompany balances and transactions and any unrealized gains and losses arising from intercompany transactions are eliminated in preparing the consolidated financial statements. Unrealized gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the company's interest in those entities.

Business combinations
Business combinations are accounted for by applying the acquisition method. The recognition of business combinations involves the recognition of assets and liabilities of the acquired entity at its fair value at the date of acquisition of control and the possible registration of goodwill.
The acquisition cost is determined by the sum of the current values, at the date of exchange, of the assets given, of the liabilities incurred or assumed and of the financial instruments issued by the group in exchange for control of the acquired company. Costs directly attributable to the combination are expensed when incurred.
The identifiable assets, liabilities and contingent liabilities of the acquired entity that meet the conditions for recognition in accordance with IFRS 3 are recorded at their fair value at the acquisition date, with the exception of non-current assets (or discontinued operations) which are classified as held for sale in accordance with IFRS 5, and are recorded and valued at fair value minus selling costs.
The positive difference between the purchase cost and the Group's share in the fair values of these assets and liabilities are recognised as goodwill and are classified as intangible asset with an indefinite life.

Minority interest in the company acquired is initially measured to the extent of their shares in the fair value of the assets, liabilities and contingent liabilities recognized.
The accounting of the put and call options on the minority shareholdings of the subsidiary company are recorded according to IAS 32, taking into account therefore, depending

on the case, the existence and the determinability of the consideration to the minority shareholders if the option was exercised.

Foreign currency transactions
Transactions in foreign currencies are recorded at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in the income statement.

Consolidation of foreign entities
All assets and liabilities of foreign consolidated companies with a functional currency other than the Euro are translated using the exchange rates in effect at the balance sheet date. Income and expenses are translated at the average exchange rate for the period. Translation differences resulting from the application of this method are classified as equity until the disposal of the investment. Average rates of exchange are used to translate the cash flows of foreign subsidiaries in preparing the consolidated statement of cash flows. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are recorded in the relevant functional currency of the foreign entity and are translated using the period end exchange rate. In the context of IFRS First-time Adoption, the cumulative translation difference arising from the consolidation of foreign operations was set at nil, as permitted by IFRS 1; gains or losses on subsequent disposal of any foreign operation only include accumulated translation differences arising after 1 January 2004.

The following table summarizes the exchange rates used in translating the 2024 and 2023 financial statements of the foreign companies included in consolidation:

	AVERAGE 2024	ON 31 DECEMBER 2024	AVERAGE 2023	ON 31 DECEMBER 2023
GBP	0.84662	0.82918	0.86979	0.86905
Brazilian Real	5.8283	6.4253	5.401	5.3618
Rumenian Leu	4.9746	4.9743	4.9467	4.9756
US Dollar	1.0824	1.0389	1.0813	1.105
Chinese Yuan	7.7875	7.5833	7.66	7.8509
Polish Zloty	4.3058	4.275	4.542	4.3395
Hong Kong Dollar	8.4454	8.0686	8.465	8.6314
New Zealand Dollar	-	-	1.7622	1.7504
Singapore Dollar	-	-	1.4523	1.4591
Malaysian Ringgit	-	-	4.932	5.0775

Tangible assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses.

Tangible assets are recorded at purchase or production cost, including any possible charges and direct costs necessary to make the asset available for use.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	6%
Equipment	15% - 30%
Plants	20% - 40%
Hardware	40%
Furniture and fittings	12% - 24%

The recoverable value of such assets is determined through the principles set out in IAS 36 and outlined in the paragraph “Impairment” herein.

Ordinary maintenance costs are fully expensed as incurred. Incremental maintenance costs are allocated to the asset to which they refer and depreciated over their residual useful lives.

Improvement expenditures on rented property are allocated to the related assets and depreciated over the shorter between the duration of the rent contract or the residual useful lives of the relevant assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Goodwill

Goodwill is an intangible asset with an indefinite life, deriving from business combinations recognized using the purchase method, and is recorded to reflect the positive difference between purchase cost and the Group's interest at the time of acquisition, after having recognized all assets, liabilities and identifiable contingent liabilities attributable to both the Group and third parties at their fair value.

Goodwill is not amortized but is (tested for impairment) annually or more frequently if events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment losses are recognized immediately as expenses that cannot be recovered in the future.

On disposal of a subsidiary or associate, the attributable amount of unamortized goodwill is included in the determination of the profit or loss on disposal.

RoU assets

According to IFRS 16, the accounting representation of leases (which do not establish the provision of services) takes place through the inclusion in the financial position of a financial liability, represented by the present value of future rents, against the inclusion in the assets of the 'right of use of the leased asset'.

Contracts that are within the scope of IFRS 16 relate mainly to:

- land and buildings for office use;
- long term car-rental.

With reference to the options and exemptions provided by IFRS 16, the Group has made the following choices:

- IFRS 16 is not generally applied to intangible assets, short-term contracts (i.e. less than 12 months) and low unit value;
- rights of use and financial liabilities relating to leasing contracts are classified under specific items in the financial position;
- any component relating to the services included in the leasing fees is generally excluded from IFRS 16.

Other intangible assets

Intangible fixed assets are those lacking an identifiable physical aspect, are controlled by the company and are capable of generating future economic benefits.
Other purchased and internally-generated intangible assets are recognized as assets in accordance with IAS 38 – Intangible Assets, where it is probable that the use of the asset will generate future economic benefits and where the costs of the asset can be determined reliably.
Such assets are measured at purchase or manufacturing cost and amortized on a straight-line basis over their estimated useful lives, if these assets have finite useful lives.
Other intangible assets acquired as part of an acquisition of a business are capitalized separately from goodwill if their fair value can be measured reliably.
In case of intangible fixed assets purchased for which availability for use and relevant payments are deferred beyond normal terms, the purchase value and the relevant liabilities are discounted by recording the implicit financial charges in their original price.
Expenditure on research activities is recognized as an expense in the period in which it is incurred.
Development costs can be capitalized on condition that they can be measured reliably and that evidence is provided that the asset will generate future economic benefits.
An internally-generated intangible asset arising from the Group's e-business development (such as informatics solutions) is recognized only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably.

These assets are amortized when launched or when available for use. Until then, and on condition that the above terms are respected, such assets are recognized as construction in progress. Amortization is determined on a straight-line basis over the relevant useful lives on the following basis:

Development costs	20%
Software	33%
Customer list (PPA)	10%

When an internally-generated intangible asset cannot be recorded at balance sheet, development costs are recognized in the statement of income in the period in which they are incurred.

Intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives consist principally of acquired trademarks which have no legal, contractual, competitive, economic, or other factors that limit their useful lives. Intangible assets with indefinite useful lives are not amortized; in accordance with IAS 36 criteria, are tested for impairment annually or more frequently whenever there is an indication that the asset may be impaired. Any impairment losses are not subject to subsequent reversals.

Impairment
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.
An intangible asset with an indefinite useful life is tested for impairment annually or more frequently, whenever there is an indication that the asset may be impaired.
The recoverable amount of an asset is the higher of fair value, less disposal costs and its value in use. In assessing its value in use, the pre-tax estimated future cash flows are discounted at their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Its value in use is determined net of tax in that this method produces values largely equivalent to those obtained by discounting cash flows net of tax at a pre-tax discount rate derived, through an iteration, from the result of the post-tax assessment.
For the purposes of the impairment test, goodwill acquired in a business combination shall, from the date of acquisition, be allocated to each of the acquirer's cash-generating units, or to groups of cash-generating units, that are expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to those units or groups of units.
Goodwill does not generate cash flows independently of other assets or groups of assets and often contributes to the cash flows of a multiplicity of cash-generating units. Goodwill can sometimes be allocated only to groups of cash-generating units in a non-arbitrary manner, but not to individual cash-generating units. As a result, the lowest level within the entity to which goodwill is monitored for internal management control purposes sometimes includes a number of cash-generating units to which goodwill refers, but to which it cannot be allocated.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.
Where the value of the Cash generating unit, inclusive of goodwill, is higher than the recoverable value, the difference is subject to impairment and attributable firstly to

goodwill; any exceeding difference is attributed on a pro-quota basis to the assets of the Cash generating unit.
Where an impairment loss subsequently reverses, the carrying amount of the asset, (or cash-generating unit), with the exception of goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount that would have been determined had no impairment loss been recognized for the asset. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments in other companies
Investments in other companies that are available-for-sale financial assets are measured at fair value, when this can be reliably determined. Gains or Losses arising from change in fair value are recognized in Other comprehensive income/(losses) until the assets are sold or are impaired, at that time, the cumulative Other comprehensive income/(losses) are recognized in the Income Statement. Investments in other companies for which fair value is not available are stated at cost less any impairment losses.
Dividends received are included in Other income/(expenses) from investments.
In the event of write-down for impairment, the cost is recognized in the income statement; the original value is restored in subsequent years if the assumptions for the write-down no longer exist.
The risk resulting from possible losses beyond equity is entered in a specific provision for risks to the extent to which the Parent Company is committed to fulfil its legal or implicit obligations towards the associated company or to cover its losses.

Current and non-current financial assets
Financial assets are classified, on the basis of both contractual cash flow characteristics and the entity's business model for managing them, in the following categories:
(i) financial assets measured at amortized cost;
(ii) financial assets measured at fair value through other comprehensive income (hereinafter also OCI);
(iii) financial assets measured at fair value through profit or loss.

At initial recognition, a financial asset is measured at its fair value; at initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price. After initial recognition, financial assets whose contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the so-called hold to collect business model). For financial assets measured at amortized cost, interest income determined using the effective interest rate, foreign exchange differences and

any impairment losses (see the accounting policy for “Impairment of financial assets”) are recognized in the profit and loss account.
Conversely, financial assets that are debt instruments are measured at fair value through OCI (hereinafter also FVTOCI) if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the so-called hold to collect and sell business model).
In these cases:

(i) interest income determined using the effective interest rate, foreign exchange differences and any impairment losses (see the accounting policy for “Impairment of financial assets”) are recognized in the profit and loss account;
(ii) changes in fair value of the instruments are recognized in equity, within other comprehensive income.

The accumulated changes in fair value, recognized in the equity reserve related to other comprehensive income, is reclassified to the profit and loss account when the financial asset is derecognized. A financial asset represented by a debt instrument that is neither measured at amortized cost nor at FVTOCI, is measured at fair value through profit or loss (hereinafter FVTPL); financial assets held for trading fall into this category. Interest income on assets held for trading contributes to the fair value measurement of the instrument and is recognized in “Finance income (expense)”, within “Net finance income (expense) from financial assets held for trading”.
When the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, the transaction is accounted for on the settlement date.

Transfer of financial assets
The Group removes financial assets from its balance sheet when, and only when, the contractual rights to the cash flows from the assets expire or the Group transfers the financial asset. In the case of transfer of the financial asset:

- if the entity substantially transfers all the risks and rewards of ownership of the financial asset, the Group removes the asset from the balance sheet and recognizes separately as assets or liabilities any rights and obligations created or retained with the transfer;
- if the Group substantially retains all the risks and rewards of ownership of financial assets, it continues to recognize the financial asset;
- if the Group neither transfers nor substantially retains all the risks and rewards of ownership of the financial asset, it determines whether or not it has retained control of the financial asset. In this case:
  - if the Group has not retained control, it removes the asset from its balance sheet and separately recognizes as assets or liabilities any rights and obligations created or retained in the transfer;
  - if the Group has retained control, it continues to recognize the financial asset to the extent of its residual involvement in the financial asset.

At the time of removal of financial assets from the balance sheet, the difference between the carrying value of assets and the fees received or receivable for the transfer of the assets is recognized in the income statement.

Work in progress

Work in progress mainly comprise construction contracts; when the result of a specific order can be reliably estimated, proceeds and costs referable to the related order are indicated as proceeds and costs respectively in relation to the state of progress of activities on the date of closure of the financial statement, based on the relationship between costs sustained for activities taking place up to the date of the financial statement and total costs estimated from the order, except for that which is not considered as representative of the state of progress of the order.
Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.
Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.
When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. Any advance payments are subtracted from the value of work in progress within the limits of the contract revenues accrued; the exceeding amounts are accounted as liabilities.
Product inventories are stated at the lower of cost and net realizable value. Cost comprises direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Trade payables and receivables and other current assets and liabilities

Trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
Consequently, they are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method (i.e. the rate that equals, at the time of initial recognition, the present value of expected cash flows and the book value), appropriately adjusted to take into account any write-downs, through the recognition of a provision for doubtful accounts.

At each reporting date, all financial assets, with the exception of those measured at fair value with a contra-entry in the income statement, are analysed to verify the existence of indicators of a possible impairment. IFRS 9 requires the application of a model based on expected credit losses. The Group applies the simplified approach to estimating expected lifetime credit losses and takes into account historical experience of credit losses, adjusted to reflect current conditions and estimates of future economic conditions. The expected credit losses model requires the immediate recognition of expected losses over the life of the credit itself, as the occurrence of a trigger event is not necessary for the recognition of losses. For trade receivables accounted at amortised cost, when an impairment loss has been identified, its value is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate. This value is recognised in the income statement.

For short-term liabilities, such as trade payables, the amortised cost is the same as the nominal value.

Receivables and payables denominated in non-EMU currencies are stated at year-end exchange rate provided by the European Central Bank.

Cash
The item cash and cash equivalents include cash, banks, reimbursable deposits on demand and other short-term financial investments readily convertible in cash and are not subject to significant risks in terms of change in value.

Treasury shares
Treasury shares are presented as a deduction from equity. The original cost of treasury shares and proceeds of any subsequent sale are presented as movements in equity.

Financial liabilities and equity investments
Financial liabilities and equity instruments issued by the Group are presented according to their substance arising from their contractual obligations and in accordance with the definitions of financial liabilities and equity instruments. The latter are defined as those contractual obligations that give the right to benefit in the residual interests of the Group's assets after having deducted its liabilities.
Financial liabilities, other than derivative instruments, are presented initially at fair value of the sums collected, corrected to any transaction costs directly attributable, and subsequently valued at amortized cost using the effective interest criterion. For short-term liabilities, such as commercial debts, the amortized cost actually coincides with the nominal value.

The accounting standards adopted for specific financial liabilities or equity instruments are outlined below:

- Bank borrowings
  Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs and subsequently stated at its amortized cost, using the prevailing market interest rate method.
- Equity instruments
  Equity instruments issued by the Group are stated at the proceeds received, net of direct issuance costs.
- Non-current financial liabilities.
  Liabilities are stated according to the amortization cost.

Derivative financial instruments and other hedging transactions
In accordance with IFRS 9, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and sufficient documentation that the hedge is highly effective and that its effectiveness can be reliably measured. The hedge must be highly effective throughout the different financial reporting periods for which it was designated.
All derivative financial instruments are measured in accordance with IFRS 9 at fair value.
Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows relating to the Group's contractual commitments and forecast transactions are recognized directly in Shareholders' equity, while any ineffective portion is recognized immediately in the Income Statement.
If the hedged company commitment or forecasted transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognized, associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability.
For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in the income statement in the same period in which the hedge commitment or forecasted transaction affects net profit or loss, for example, when the future sale actually occurs.
For effective hedging against a change in fair value, the hedged item is adjusted by the changes in fair value attributable to the risk hedged with a balancing entry in the Income Statement. Gains and losses arising from the measurement of the derivative are also recognized at the income statement.
Changes in the fair value of derivative financial instruments that no longer qualify as hedge accounting are recognized in the Income Statement of the period in which they arise.
Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction is no longer expected to occur; the net cumulative gain or

loss recognized in equity is transferred to the net profit or loss for the period.
Implicit derivatives included in other financial instruments or in other contractual obligations are treated as separate derivatives, when their risks and characteristics are not strictly related to the underlying contractual obligation and the latter are not stated at fair value with recognition of gains and losses in the Income Statement.

Employee benefits
The scheme underlying the employee severance indemnity of the Italian Group companies (the TFR) was classified as a defined benefit plan up until 31 December 2006. The legislation regarding this scheme was amended by Law No. 296 of 27 December 2006 (the "2007 Finance Law") and subsequent decrees and regulations issued in the first part of 2007. In view of these changes, and with specific reference to those regarding companies with at least 50 employees, this scheme only continues to be classified as a defined benefit plan in the Consolidated financial statements for those benefits accruing up to 31 December 2006 (and not yet settled by the balance sheet date), while after that date the scheme is classified as a defined contribution plan.

For Italian companies with less than 50 employees, severance pay ("TFR") remains a "post-employment benefit", of the "defined benefit plan" type, who's already matured amount must be planned to estimate the amount to settle at the time of annulment of working relations and subsequently updated, using the "Projected unit credit method". Such actuarial methodology is based on an assumption of demographic and financial nature in order to carry out a reasonable estimate of the amount of benefits that each employee had already matured based on his employment performances.

Through actuarial valuation, current service costs are recognized as "personnel expenses" in the Income Statement and represent the amount of rights matured by employees at the reporting date, and the interest cost is recognized as "Financial gains or losses" and represents the figurative expenditure the Company would bear by securing a market loan for an amount corresponding to the Employee Termination Indemnities ("TFR").

Actuarial income and losses that reflect the effects resulting from changes in the actuarial assumptions used are directly recognized in Shareholders' equity without being ever included in the consolidated income statement.

Pension plans
According to local conditions and practices, some employees of the Group benefit from pension plans of defined benefits and/or a defined contribution.

In the presence of defined contribution plans, the annual cost is recorded at the income statement when the service cost is executed.
The Group's obligation to fund defined benefit pension plans and the annual cost recognized in the Income Statement is determined on an actuarial basis using the "ongoing single premiums" method. The portion of net cumulative actuarial gains and losses which exceeds the greater of 10% of the present value of the defined benefit obligation and 10% of the fair value of plan assets at the end of the previous year is amortized over the average remaining service lives of the employees.

The post-employment benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses, arising from the application of the corridor method and past service costs to be recognized in future years, reduced by the fair value of plan assets.

Share-based payment plans
The Group has applied the standard set out by IFRS 2 "Share-based payment". Share-based payments are measured at fair value at granting date. Such amount is recognized in the Income Statement, with a balancing entry in Shareholders' equity, on a straight-line basis over the "vesting period". The fair value of the option, measured at the granting date, is measured through actuarial calculations, taking into account the terms and conditions of the options granted. Following the exercise of the options assigned in previous years, the Group has no more stock option plans.
For cash-settled share-based payment transactions, the Group measures the goods and services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group is required to remeasure the fair value of the liability at each reporting date and at the date of settlement, with the changes in value recognized in profit or loss for the period.
Bonuses settled through the recognition of shares in the company (equity settlement) are recorded at their initial fair value and measured on a straight-line basis over the vesting period.

Incentive Plans (LTI)
Incentive plans linked to specific parameters (economic, financial, ESG and TSR) are recorded, in accordance to IAS 19, on the basis of their initial fair value and reviewed at each reporting date to adjust based on the probability of achieving the objectives and the permanence of the assignees (vesting condition).

Due to minority shareholders and Earn-out
Earn-out payables represent contingent liabilities arising from acquisition transactions. According to IFRS 3 – Business Combinations, earn-outs must be accounted for as part of the purchase consideration recognised at fair value at the acquisition date as part of the purchase price. Subsequently, the value of earn-outs is subject to periodic measurement and changes in fair value are accounted for in the income statement, reflecting any updates based on the achievement of contractual objectives and the evolution of future estimates. Valuations are carried out on the basis of methodologies consistent with international accounting standards, considering market parameters, performance expectations and risk factors.
This methodology ensures that the liability is represented according to the fair value measurement method, ensuring transparency and adherence to the applicable accounting standards.

Provisions and reserves for risks
Provisions for risks and liabilities are costs and liabilities having an established nature and the existence of which is certain or probable that at the reporting date the amount cannot be determined or the occurrence of which is uncertain. Such provisions are recognized when a commitment actually exists arising from past events of legal or contractual nature or arising from statements or company conduct that determine valid expectations from the persons involved (implicit obligations).
Provisions are recognized when the Group has a present commitment arising from a past event and it is probable that it will be required to fulfil the commitment. Provisions are accrued at the best estimate of the expenditure required to settle the liability at the balance sheet date, and are discounted when the effect is significant.
Where disclosure of information relating to provisions could significantly prejudice the Group's position in a dispute with third parties, only a general description of the nature of the dispute is provided.

Revenue recognition
Revenues represent the gross flows of economic benefits for the year deriving from the performance of the ordinary business.
Revenue from contracts with customers is recognized on the basis of the following steps pursuant to IFRS 15:
- identifying the contract with the customer: this happens when the parties approve the

contract and identify their respective rights and obligations. In other words, the contract must be legally binding, the rights to receive goods and/or services and the terms of payment can be clearly identified and the company considers probably to receive the payment;
- identifying the performance obligations: the main performance obligation identified, or transfer goods and/or services to a customer;
- determining the transaction price: is the total amount established with the customer, related to the entire contract period;
- allocating the transaction price to each performance obligation;
- recognizing revenue when (or as) a performance obligation is satisfied.

Revenue is measured at the fair value of the consideration to which the Group expects to be entitled in exchange for transferring promised goods and/or services to a customer, excluding amounts collected on behalf of third parties. Therefore, revenue is recognized when control over the goods or services is transferred to the customer either a) "over time" or b) "at a point in time". Following are the major types of services and products that the Group provides.

Turnkey projects: The Group fulfils its obligations and recognizes revenue "over time", based on the percentage of the accrued costs or the progress of the services provided. The unconditional right to payment by the customer emerges as a result of the accrual of the costs or the underlying progress of each contract.
Other services: The Group fulfils its obligations and recognizes revenue "at a point in time" based on the underlying events of the supply of products and services. The unconditional right to receive payment from the customer emerges as a result of these events occurring.

In addition, for the recognition of revenue, the need to assess the probability of obtaining/collecting the economic benefits linked to the income is emphasized; for activities deriving from contracts with customers (i.e. contractual activities), the requirement is introduced to proceed with the recognition of revenues also taking into account any discounting effect deriving from deferred collections over time, as explained in the dedicated paragraph. Interest is recognised at the effective rate on an accrual basis.

Financial income/expenses
Financial income and expenses are recognised in the income statement on an accrual basis.

Government grants
Government grants are recognized in the financial statements, in accordance with IAS 20, when there is reasonable assurance that the company concerned will comply with the conditions for receiving such grants and that the grants themselves will be received. Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate.

Taxation
Income tax represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit defers from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.
Current income tax is entered for each individual company based on an estimate of taxable income in compliance with existing legislation and tax rates or as substantially approved at the period closing date in each country, considering applicable exemptions and tax credit.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates and interests arising in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.
Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income

statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

In the event of changes to the accounting value of deferred tax assets and liabilities deriving from a change in the applicable tax rates and relevant legislation, the resulting deferred tax amount is entered in income statement, unless it refers to debited or credited amounts previously recognized to Shareholders' equity.

The International Accounting Standards Board (IASB) issued amendments to the international accounting standard "IAS 12 - Income Taxes" on May 23, 2023. The amendments concern the methods for accounting for deferred taxes deriving from the international tax reform (the so-called Pillar Two Model Rules) of the Organisation for Economic Co-operation and Development (OECD): they introduced a temporary exemption from the accounting of deferred taxes and specific disclosure requirements that allow for the understanding of exposure to income taxes deriving from the reform. The Group has adopted these amendments, providing the required information, starting from the 2023 financial year. For more details, please refer to Note 14.

Dividends
Dividends are entered in the accounting period in which distribution is approved.

Earnings per share
Basic earnings per share is calculated with reference to the profit for the period of the Group and the weighted average number of shares outstanding during the year. Treasury shares are excluded from this calculation. Diluted earnings per share is determined by adjusting the basic earnings per share to take account of the theoretical conversion of all potential shares, being all financial instruments that are potentially convertible into ordinary shares, with diluting effect.

Changes in accounting policies
The accounting standards newly adopted by the Group and their effects are described in the following paragraph "Newly issued accounting standards". There have been no further changes further to those described in the above paragraph.

Estimations changes and adjustments
At the reporting date there are no significant estimations related to uncertain future events and other causes of uncertainty that could cause significant adjustments to the values of assets and liabilities within the following year.

Use of estimations

The preparation of the Financial Statements and relative notes under IFRS requires that management makes estimates and assumptions based also on subjective judgments, past experiences and assumptions considered reasonable and realistic in relation to the information at the time of estimation. These estimates shall affect items reported in the consolidated financial balance sheet and income statement and the disclosure of contingent assets and liabilities. The results of the financial statements may differ, even significantly, from these estimates as a result of possible changes in the factors considered in the determination of these estimates. Estimates are periodically reviewed.

The estimates are mainly referred to:

Goodwill

Checking for the reduction in the value of goodwill is carried out by comparing the book value of the cash flow generating units and their recoverable value; the latter is represented by the greater of the fair value, minus the selling costs, and the value in use of the same unit. This complex valuation process involves, among other things, the use of methods such as discounted cash flow with the related assumptions on the estimation of cash flows and the determination of market multiples. The recoverable value depends on the discount rate used in the discounted cash flow model as well as the expected cash flows in the future and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable value for the different cash flow generating units, including a sensitivity analysis, are detailed in the Goodwill Note.

Equity investments

The fair value of investments in other non-controlling companies is, in line with the provisions of the International Private Equity and Venture Capital valuation guideline (IPEV), determined both by valuation models that also take into account subjective valuations such as, for example, those estimates of cash flows, and on the basis of external information such as multiples and quotes provided by new investment rounds.

Business combinations and due to minority shareholders and earn-out

The recognition of business combinations entails the recognition of the assets and liabilities of the acquired company at their fair value on the date of acquisition of control as well as the possible recognition of goodwill. The determination of these values is carried out through a complex estimation process.
Due to minority shareholders and earn-out represents the valuation of the obligations assumed by the Reply Group as part of the acquisitions made. These liabilities are linked either to the commitments to purchase shares from minority shareholders or to the deferred component of the consideration to be paid to the sellers – Earn-out. These liabilities are remeasured at fair value at each balance sheet date and adjusted through the income

statement. The fair value of the liabilities is determined on the basis of evaluation models based on the acquisition contracts and on the economic and financial parameters derived from the budgets of the acquired companies. These are therefore also based on subjective assessments such as, for example, estimates of future cash flows.

Trade receivables

The reduction in value of trade receivables is carried out through the simplified approach, which provides for the estimation of the expected loss over the entire life of the credit at the time of initial recognition and in subsequent evaluations. For each customer segment, the estimate is made mainly through the determination of the expected default, based on historical-statistical indicators, possibly adjusted using prospective elements. For some categories of loans characterized by specific risk elements, detailed assessments are carried out on the individual credit positions.

Work in progress

Work in progress is evaluated on the basis of the state of progress, determined according to the percentage of completion method, which requires the use of reasonable and reliable estimates of the costs incurred, the expected revenues and the possible profitability margin of the project. The estimates are subject to periodic review and may be subject to adjustments if significant changes emerge in the operating conditions or in the initial assumptions of the order.

Lease liabilities and right of use assets

The determination of the value of the lease liability and the corresponding right of use asset is carried out by calculating the present value of the lease payments, also considering the estimate on the reasonable certainty of the renewal of the lease contracts.

Provisions, contingent liabilities and employee provisions

The provisions related to litigation are the result of a complex estimation process that is also based on the probability of failure. The provisions related to personnel provisions, and in particular to the employee severance indemnity, are determined on the basis of actuarial assumptions; changes in these assumptions could have significant effects on those provisions.

Derivative instruments and equity instruments

The fair value of derivatives and equity instruments is determined through valuation models that also take into account subjective valuations such as, for example, cash flow estimates, expected price volatility, etc., and/or through market values or quotes provided by financial counterparties.

Pursuant to IAS 8 (Accounting Standards, changes in accounting estimates and errors) paragraph 10, in the absence of a principle or interpretation applicable specifically to a certain transaction, Management defines, through subjective assessments, the accounting methodologies to be adopted in order to provide a financial statements that faithfully represent the financial position, the economic result and the financial flows of the Group, reflects the economic substance of the operations, is neutral, drafted on a prudential basis and comprehensive in all relevant aspects.

Recently issued accounting standards

Below are the amendments to the international accounting standards endorsed by the European Commission that became applicable in the reporting period.

Amendment to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:
Additional Information on Financial Arrangements for Suppliers (SFAs) - The objectives of the amendments are:

- to assess how SFAs affect an entity's liabilities and cash flows;
- understand the effect of SFAs on an entity's exposure to liquidity risk and how the entity might be affected if arrangements were no longer available;
- explain the characteristics of the agreements that fall within the scope of the amendments.
- list certain information that an entity must disclose in aggregate form for its SFAs, in particular:
  - **(a)** the terms and conditions of its SFAs;
  - **(b)** the carrying amounts and related items of financial liabilities in the statement of financial position that form part of the SFAs at the beginning and end of the financial year;
  - **(c)** the carrying amounts of the financial liabilities referred to in point (b) for which the suppliers have already received payments from financial suppliers;
  - **(d)** the range of payment deadlines for both the financial liabilities referred to in point (b) and for comparable trade payables that are not part of the SFAs;
  - **(e)** the type and effect of non-monetary changes in the carrying amount of financial liabilities referred to in point (b).

Amendment to IAS 1 Presentation of Financial Statements - The objectives of the amendments are:

- Classification of liabilities into current or non-current;
- Classification of liabilities as current or non-current - Deferral of the effective date;
- Non-current liabilities with Covenants;

  By applying the changes, an entity must:

  (a) classify a liability as current when it does not have the right, at the end of the financial year, to defer the settlement of the liability for at least twelve months after the financial year;

  (b) classify a liability as current or non-current that is not affected by management's intent or expectations regarding the entity's exercise of the right to defer settlement;

  (c) provide certain information when it has classified a liability arising from a financing arrangement as non-current and the entitlement is subject to compliance by the covenant entity within twelve months of the year-end date.

Amendment to IFRS 16 Lease Liabilities in a Sale and Leaseback - IFRS 16 has been amended with respect to Lease Liability in a Sale and Leaseback by adding subsequent measurement requirements for sale and leaseback transactions.

Accounting standards and interpretations issued by IASB/IFRIC and not yet in force

The relevant information is provided below to assess the possible impacts deriving from the application of new accounting standards and interpretations already issued but not yet entered into force or not yet approved by the EU and therefore not applicable for the preparation of the financial statements for the year ended 31 December 2024.

Unless otherwise indicated, it is not believed that the adoption of the following standards will have a significant impact on the Group's economic and financial results, apart from any additional disclosure obligations.

Amendment to IFRS 19 Subsidiaries without public liability - Disclosure - The objective is the development of a reduced disclosure IFRS standard that would apply on a voluntary basis to subsidiaries without public liability. A subsidiary would fall within the scope of IFRS 19 if it had no public liability and if it had an ultimate or intermediate parent that prepares publicly available financial statements that comply with IFRS.

Amendment to IFRS 18 Presentation and disclosure in financial statements - IFRS 18 impacts all entities and sets out general and specific requirements for the presentation of information in financial statements. IFRS 18 introduces three sets of new requirements to improve the reporting of financial results:

(a) improved comparability in the income statement through the definition of categories and subtotals to specify the structure of the income statement;

(b) improve the transparency of the performance measures defined by management;

(c) guidelines for the aggregation and disaggregation of information in order to improve the grouping of information.

Amendments to IFRS 9 and IFRS 7 Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9)- The scope of the amendments is limited to contracts relating to nature-dependent electricity that have contractual characteristics that expose the entity to variability in the underlying amount.

Amendment to IFRS 9 Classification and Measurement of Financial Instruments – The objective of these amendments is:

- settle financial liabilities using an electronic payment system, clarify the date of initial recognition or derecognition of financial assets and describe the criteria for derecognition of financial liabilities;
- assess the contractual characteristics of the cash flows of financial assets to describe how an entity is required to value interest and clarify the term 'basic lending arrangement'. The related principles for the measurement of contractual cash flows over the life of a financial asset have also been described, according to which:
  (a) all possible changes in contractual cash flows shall be considered irrespective of the likelihood of a potential event occurring;
  (b) if the nature of a contingent event is not directly related to changes in basic risks and costs for loans, an entity shall further assess the effect of the contingent feature on contractual cash flows.

Finally, the amendments clarify that financial instruments that do not fall within the scope of the classification requirements of IFRS 9 may be included in the underlying group of financial instruments, if those instruments have contractual cash flows equivalent only to principal and interest payments on the principal outstanding repayable.

Amendment to IFRS 7 Changes to the classification and measurement of financial instruments – The IASB, in relation to investments in equity instruments designated as FVOCIs, added that it requires the disclosure, for each asset class, of the gains or losses on fair value presented in other comprehensive income during the reporting period. It was also requested to disaggregate fair value gains or losses from investments eliminated during the reporting period. The amendments improve the disclosure for each class of financial assets and liabilities measured at amortised cost, requiring in particular:

(a) a qualitative description of the nature of the potential event;

(b) quantitative information on possible changes in contractual cash flows that could result from such contractual terms (e.g. the range of possible variations);

(c) the gross carrying amount of financial assets and the amortised cost of financial liabilities subject to those contractual conditions.

Amendment to IAS 21 Effects of Exchange Rate Changes – The amendments clarify the definition of when a currency is exchangeable for another currency and when it is not. In addition, guidance has been provided on the disclosures to be made when an entity estimates a spot exchange rate because one currency is not exchangeable for another currency.

IFRS 14 Regulatory deferral accounts establishes guidelines for the accounting of regulatory deferral accounts for companies operating in regulated sectors, such as the utilities sectors (energy, water, gas, etc.), where tariffs can be determined by a regulatory authority.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) - These amendments focus on the accounting of investments in joint ventures and transfers of controls between controlled entities, joint ventures and associates, seeking to clarify how to treat investments in joint ventures when an entity has joint control and how to apply the equity method.

Note 3 - Risk management

The Group operates at a world-wide level and for this reason its activities are exposed to various types of financial risks: market risk (broken down in exchange risk, interest rate risk on financial flows and on "fair value", price risk), credit risk and liquidity risk.
The probability of default at the time of the initial recognition of an asset and whether there was a significant increase in credit risk on an ongoing basis for each reporting period was considered. Forward-looking information, where available, was also considered.
In particular, indicators such as credit ratings or significant negative changes could be considered. Macroeconomic information (such as market interest rates or growth rates), as well as information on climate change, are considered for assessment purposes.

Credit risk
For business purposes, specific policies are adopted to assure its clients' solvency.
With regards to financial counterparty risk, the Group does not present significant risk in credit-worthiness or solvency.

Liquidity risk
The group is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.
The cash flows, funding requirements and liquidity of the Group companies are monitored and centrally managed under the control of the Group Treasury. The aim is to guarantee the efficiency and effectiveness of the management of current and perspective capital resources (maintaining an adequate level of reserves of liquidity and availability of funds via a suitable amount of committed credit lines).
The difficult economic situation of the markets and of financial markets necessitates special attention being given to the management of the liquidity risk, and in that sense particular emphasis is being placed on measures taken to generate financial resources through operations and maintaining an adequate level of liquid assets. The Group therefore plans to meet its requirements to settle financial liabilities as they fall due and to cover expected capital expenditures by using cash flows from operations and available liquidity, renewing or refinancing bank loans.

Exchange rate and interest rate risk
The Group entered into most of its financial instruments in Euros, which is its functional and presentation currency. Although it operates in an international environment, it has a limited exposure to fluctuations in the exchange rates.
The exposure to interest rate risk arises from the need to fund operating activities and M&A investments, as well as the necessity to deploy available liquidity. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.
The interest rate risk to which the Group is exposed derives from bank loans; to mitigate such risks, the Group, when necessary, has used derivative financial instruments designated as "cash flow hedges".
The use of such instruments is disciplined by written procedures in line with the Group's risk management strategies that do not contemplate derivative financial instruments for trading purposes.

Note 4 – Scope of consolidation

Companies included in consolidation are consolidated on a line-by-line basis.
The main change in the scope of consolidation compared to 31 December 2023 is related to Solirius Ltd, a company acquired in the month of October 2024 under UK law, leader in digital transformation with a strong focus on software development, agile delivery, artificial intelligence and data management, of which Reply Ltd holds 100% of share capital.
Change in the scope of consolidation at December 31, 2024 affected Group's revenues by 0.5% and profits before tax by 0.4%.
It should also be noted that, if the acquisition of Solirius Ltd. had been completed on 1 January 2024, the Reply Group's consolidated financial statements as at 31 December 2024 would have recorded higher revenues and pre-tax profit of approximately 3%.

Furthermore, the list of the Reply Group companies, compared to 31 December 2023, presented as an annex herein, include the start-up companies efinance consulting Reply Gmbh, Neo Reply Gmbh, Whitehall AI Reply S.r.l. while the company WM Ltd exited.

Note 5 - Revenue

Revenues from sales and services, including changes in work in progress on contracts, amounted to 2,295,938 thousand Euros (2,117,983 thousand Euros in 2023).
This item includes consulting services, fixed price projects, assistance and maintenance services and other minor revenues.

The following table shows the percentage breakdown of revenues by geographical area. Moreover, the breakdown reflects the decision-making process by Management and the allocation approximates the localization of services provided:

REGION (*)	**2024**	**2023**
Region 1	62.5%	62.1%
Region 2	19.9%	19.9%
Region 3	17.6%	18.0%
IoT Incubator	0.0%	0.0%
Total	**100.0%**	**100.0%**

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

Disclosure required by IFRS 8 ("Operating segment") and breakdown of revenues by type are provided in Note 36 herein.

Note 6 - Other revenues

Other revenues, which amounted to 33,456 thousand Euros as at 31 December 2024 (23,947 thousand Euros as at 31 December 2023), mainly refer to extraordinary income (10,723 thousand Euros), reversal of provision for doubtful accounts for 2,639 thousand Euros, research grants (10,931 thousand Euros), miscellaneous income (3,660 thousand Euros) and operating grants (4,587 thousand Euros).

Note 7 - Purchases

Detail is as follows:

(THOUSAND EUROS)	2024	2023	CHANGE
Software licenses for resale	34,505	20,978	13,528
Hardware for resale	3,820	1,798	2,021
Other	8,025	6,588	1,437
Total	**46,350**	**29,364**	**16,986**

Purchases of Software licenses and Hardware licenses for resale are recognized net of any change in inventory.
The item Other included the purchase of fuel for 4,825 thousand Euros, the purchase of tangible assets for 1,932 thousand Euros and the purchase of office stationery for 542 thousand Euros.

Note 8 - Personnel

Detail is as follows:

(THOUSAND EUROS)	2024	2023	CHANGE
Payroll employees	1,155,995	1,067,925	88,070
Executive Directors	81,375	71,405	9,970
Total	**1,237,370**	**1,139,331**	**98,040**

The increase in the cost of employees, amounting to 98,040 thousand Euros, is attributable to the increase in the number of employees due to an overall increase in the Group's business.

Detail of personnel by category is provided below:

HEADCOUNT	2024	2023	CHANGE
Directors	456	436	20
Managers	1,741	1,724	17
Staff	13,470	12,638	832
Total	**15,667**	**14,798**	**869**

On 31 December 2024 the Group had 15,667 employees compared to 14,798 at the end of 2023.
The average number of employees in 2024 was 15,244 marking an increase with respect to 14,220 of the previous year.
Employees of the group are mainly electronic engineers, economic, computer science, and business graduates from the best Universities.

Note 9 - Service costs

Service costs comprised the following:

(THOUSAND EUROS)	2024	2023	CHANGE
Commercial and technical consulting	388,885	415,607	(26,722)
Travelling and professional training expenses	48,249	48,074	175
Other services costs	112,931	106,387	6,544
Office expenses	17,715	21,620	(3,905)
Lease and rentals	7,709	8,814	(1,105)
Other	28,428	19,155	9,273
Total	**603,917**	**619,657**	**(15,740)**

The item Other service costs mainly included marketing services, administrative and legal services, telephone and meal vouchers.
Office expenses included services rendered by related parties referred to service contracts for the use of premises, domiciliation and secretarial services for 3,408 thousand Euros and also included rent charged by third parties for 1,905 thousand Euros, utility costs for 7,406 thousand Euros, cleaning expenses for 2,718 thousand Euros and maintenance expenses for 1,723 thousand Euros.
The item Other includes extraordinary expenses for 7,396 thousand Euros, the provision for doubtful accounts for 5,368 thousand Euros, deductible and non-deductible taxes and duties for 3,955 thousand Euros, subscriptions and membership fees for 3,682 thousand Euros and Gifts for 1,720 thousand Euros.

Note 10 - Amortization, depreciation and write downs

Depreciation of tangible assets, calculated on the basis of economic-technical rates determined in relation to the residual useful lives of the assets, resulted in an overall charge as at 31 December 2024 of 15,699 thousand Euros. Details of depreciation are provided in the notes to tangible assets.

Amortization of intangible assets for the year ended 2024 amounted to 17,510 thousand Euros. Details of depreciation are provided in the notes to tangible assets.
Amortization related to right of use assets arising from the adoption of IFRS 16 amounted to 35,546 thousand Euros.

This item also included the write off of customer lists for 9,918 thousand Euros and a correction of goodwill originally booked in Region 2 amounting to 6,260 thousand Euros.

Note 11 - Other operating income/(expenses)

The item Other operating income/expenses includes economic components that, although related to the ordinary course of business, do not directly fall under the main categories of cost and revenue, such as provisions for risk and charges and to the fair value adjustments to earn-out liabilities.
In particular, it consists of:

- Provision for risks and charges related to contractual, commercial risks, and litigation, and for funds allocated to adjust assets, amounting to a negative 31,147 thousand euros (1,485 thousand euros as of December 31, 2023).

The breakdown by nature of the risk is as follows:

  - Professional liability for 24 million euros;
  - Preventive seizure for 1.2 million euros;
  - Other risks for 6 million euros.

- Adjustments to earn-out liabilities: amounting to a positive 4,743 thousand euros (15,858 thousand euros as of December 31, 2023), arising from the fair value adjustments of the liability related to the variable consideration for the acquisition of shares in subsidiaries (Business combination).

Regarding the provision of 24 million euros for professional liability, this type of risk has been recorded in previous periods and may also arise in the future, as it is related to phenomena intrinsic to the company's operations. Given the recurrence of events and transactions that have originated such costs and revenues over time and their potential future repeatability, as well as the fact that they are linked to endogenous factors in the Group's operations, these have been considered as recurring for the group in the present financial statement. In the previous year, these costs and revenues were classified as non-recurring, amounting to

14,372 thousand euros.
This reclassification reflects a more in-depth analysis of the nature of the risks and a closer alignment with the criteria of operational continuity.

Note 12 - (Loss)/Gain on investments

This item amounting to negative 20,000 thousand Euros (negative 13,877 thousand Euros in 2023) is related to the fair value adjustments to equity investments in start-up companies made by the Investment company Breed Reply Investments Ltd.

Note 13 - Financial income/(expenses)

Detail is as follows:

(THOUSAND EUROS)	2024	2023	CHANGE
Financial income	13,451	7,002	6,449
Interest expenses	(5,448)	(5,789)	341
Other	(5,191)	(8,499)	3,308
Total	**2,812**	**(7,287)**	**10,099**

Financial income mainly included positive interest on financial investments amounting to 1,124 thousand Euros, positive interest on convertible loans amounting to 103 thousand Euros and interest on bank deposits amounting to 11,401 thousand Euros.
Interest expenses mainly included expenses related to loans for M&A operations.

The item Other included:

- interest expenses arising from the adoption of the International Accounting Standard IFRS 16 for 3,866 thousand Euros (3,504 thousand Euros at 31 December 2023);
- changes in fair value of financial liabilities pursuant to IFRS 9 for negative 4,961 thousand Euros (negative 2,142 thousand Euros at 31 December 2023);
- exchange rate differences from the translation of balance sheet items not stated in Euros for positive 3,628 thousand Euros (negative 3,580 thousand Euros at 31 December 2023);
- net changes in fair value of Convertible Loans for negative 552 thousand Euros (negative 341 thousand Euros at 31 December 2023);
- financial gains related to the fair value adjustments of the investments mainly held by Reply S.p.A. amounting to 768 thousand Euros (positive 1,063 thousand Euros at 31 December 2023).

Note 14 - Income taxes

Income taxes for the financial year ended 2024 amounted to 99,464 thousand Euros and is detailed as follows:

(THOUSAND EUROS)	2024	2023	CHANGE
IRES and other taxes	107,145	84,179	22,966
IRAP (Italy)	14,165	11,938	2,227
Current taxes	**121,310**	**96,117**	**25,194**
Deferred tax expenses	(3,384)	(2,731)	(653)
Deferred tax income	(18,469)	(9,534)	(8,936)
Deferred taxes	**(21,854)**	**(12,265)**	**(9,589)**
Corporate tax - previous years	7	(729)	737
Total income taxes	**99,464**	**83,122**	**16,342**

The tax rate was equivalent to 31.8% (compared to 30.6% of 2023).

The reconciliation between the tax charges recorded in the consolidated financial statements and the theoretical tax charge, calculated on the basis of the theoretical tax rate in effect in Italy, is the following:

Profit/(loss) before taxes from continuing operations	**313,232**	
Theoretical income taxes	75,176	24.0%
Effect of fiscal permanent/temporary differences	7,944	
Effect of difference between foreign tax rates and the theoretical Italian tax rate	2,180	
Current and deferred income tax recognized in the financial statement excluding IRAP	**85,299**	**27.2%**
IRAP current and deferred	14,165	4.5%
Current and deferred income recognized in the financial statements	**99,464**	**31.8%**

In order to render the reconciliation between income taxes recognized in the financial statements and theoretical income taxes more meaningful, IRAP tax is not taken into consideration since it has a taxable basis that is different from the result before tax of continuing operations. Theoretical income taxes are therefore calculated by applying only the tax rate in effect in Italy (“IRES”), equal to 24.0%, on the result before tax of continuing operations.

In light of the new regulations, the Group (which falls within the scope of the Global Minimum Tax) is currently engaged in implementing the internal procedures necessary to manage the compliance requirements imposed by the Pillar Two rules in the most effective and efficient way, both for its Italian and foreign activities. In this context, thorough analyses have been conducted to estimate the likelihood that, in the jurisdictions where the Group operates, the requirements for applying the simplified transitional regime known as 'Safe Harbour' (regulated in our legal system by the Ministerial Decree of May 20, 2024) will be met. If these requirements are satisfied, they would allow the Group to avoid applying the more complex regulatory framework provided under the permanent system. Furthermore, analyses have been carried out to estimate whether, in some of these jurisdictions, a GMT would be due based on the results achieved in the tax period ending December 31, 2024.

From these checks, it has emerged that in 2024, the requirements for applying the simplified transitional regime are met in all jurisdictions where the Group operates, and therefore, no Global Minimum Tax would be due in these jurisdictions.

Note 15 - Earnings per share

The basic and diluted earnings per share as at 31 December 2024 was calculated on the basis of the Group's net result amounting to 211,139 thousand Euros (186,699 thousand Euros as at 31 December 2023) divided by the weighted average number of shares, net of treasury shares, as at 31 December 2024 which amounted to 37,380,368 (37,278,236 as at 31 December 2023).

(EUROS)	2024	2023
Group net result	211,139,000	186,699,000
Average no. shares	37,380,368	37,278,236
Earnings per share	5.65	5.01

The basic earnings per share and diluted earnings per share are the same as there are no financial instruments potentially convertible in shares (stock options).

Note 16 - Other information

Italian Law 124/2017 requires that information on subsidies, contributions, paid assignments and economic benefits of any kind received from Italian public administrations be provided. In this regard, the following tables show the amounts collected by the Group in 2024:

PAID ASSIGNMENTS

CLIENT	THOUSAND EUROS
AZIENDA REGIONALE PER L'INNOVAZIONE E GLI ACQUISTI SPA	19,794
SOGEI ED ALTRI ENTI PUBBLICI	16,595
PREVIDENZA SOCIALE	5,836
REGIONI E PROVINCE	5,463
MINISTERI	4,141
AZIENDA SOCIO SANITARIA TERRITORIALE	3,002
FONDAZIONI	2,271
AGENZIA DELLE ENTRATE-RISCOSSIONE	1,784
AZIENDA ZERO	1,547
INAIL	1,448
ENTE PUBBLICO NAZIONALE DI RICERCA	762
AGENZIA NAZIONE PER L'AMMINISTRAZIONE E LA DESTINAZIONE DEI BENI SEQUESTRATI ALLA CRIMINALITÀ ORGANIZZATA	704
AGENZIA DI TUTELA DELLA SALUTE REGIONALE	681
AGENZIA PER LE EROGAZIONI IN AGRICOLTURA - AGEA	645
ANAC	576
AUTORITA GARANTE DELLA CONCORRENZA E DEL MERCATO	420
ARERA - AUTORITA DI REG. PER ENERGIA RETI E AMBIENTE	377
INARCASSA	314
AZIENDA ULSS	236
UNIVERSITÀ	220
BANCHE	188
ARMA DEI CARABINIERI	149
ISTITUTO CENTRALE PER LA DIGITALIZZAZIONE DEL PATRIMONIO CULTURALE	139
SYSTEM CERAMICS S.P.A.	56
ARTEA	50
A.S.I. - AGENZIA SPAZIALE ITALIANA	50
FINCANTIERI	44
INSIEL	40
AGECONTROL S.P.A.	32
SASIB S.P.A.	12
COMUNI	2
LEONARDO SOCIETÀ PER AZIONI	2
AGENZIA REGIONALE PER LA PROTEZIONE DELL'AMBIENTE	1
EQUITALIA S.P.A.	1
TOTAL	**67,582**

In accordance to the above-mentioned regulation, the following table shows the public grants received by some group companies.

ENTITY	THOUSAND EUROS
ANPAL	4,587
MIUR	1,233
REGIONE PIEMONTE	896
REGIONE LOMBARDIA	393
MINISTERO DELLO SVILUPPO ECONOMICO	266
EUROPEAN COMMISSION	195
COMMISSION EUROPEENNE	105
TOTAL	**7,676**

The beneficiary companies were: Reply S.p.A., Blue Reply S.r.l., Cluster Reply S.r.l., Cluster Reply Roma S.r.l., Consorzio Reply Public Sector, Eos Reply S.r.l., Forge Reply S.r.l., Like Reply S.r.l., Santer Reply S.p.A., Security Reply S.r.l., Storm Reply S.r.l., Technology Reply Roma S.r.l., Xenia Reply S.r.l., Xister Reply S.r.l. and Whitehall Reply S.r.l.. For further details, please refer to the individual company's 2024 annual report.

Note 17 - Tangible assets

Tangible assets as at 31 December 2024 amounted to 132,343 thousand Euros and are detailed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Buildings	92,173	71,434	20,739
Plant and machinery	6,647	5,759	888
Hardware	11,662	12,491	(829)
Other	21,861	18,513	3,348
Total	**132,343**	**108,197**	**24,146**

Change in tangible assets during 2024 is summarized below:

(THOUSAND EUROS)	BUILDINGS	PLANT AND MACHINERY	HARDWARE	OTHER	TOTAL
Historical cost	77,177	20,121	49,613	52,179	199,090
Accumulated depreciation	(5,743)	(14,363)	(37,121)	(33,666)	(90,893)
31/12/2023	**71,434**	**5,759**	**12,491**	**18,513**	**108,197**
Historical cost					
Increases	21,948	2,759	7,930	7,419	40,056
Disposals	(34)	(1,428)	(5,578)	(3,911)	(10,951)
Change in consolidation	-	-	503	82	586
Other changes	4	63	273	889	1,229
Accumulated depreciation					
Increases	(1,210)	(1,857)	(8,368)	(4,264)	(15,699)
Disposals	34	1,414	5,078	3,679	10,206
Change in consolidation	-	-	(362)	(82)	(444)
Other changes	(3)	(64)	(305)	(464)	(836)
Historical cost	99,094	21,516	52,741	56,658	230,009
Accumulated depreciation	(6,922)	(14,869)	(41,079)	(34,797)	(97,666)
31/12/2024	**92,173**	**6,647**	**11,662**	**21,861**	**132,343**

During the financial year the Group carried out total investments for 40,056 thousand Euros (27,683 thousand Euros at 31 December 2023).

The item Buildings mainly includes:

- the net value of a building owned by the group amounting to 4,065 thousand Euros located in Guetersloh, Germany.
- the real estate complex located in Turin and called “ex Caserma De Sonnaz” in the amount of 62,667 thousand Euros, that after proper renovation will be used to host the offices of the Group.
- the real estate complex located in Turin – Via Nizza 250 – in the amount of 25,025 thousand Euros that hosts the offices of the Group.

Increases in the item Buildings refers to the restructuring costs of the buildings.

Increase in the item Plant and machinery mainly refers to purchases of general devices and to plant systems for the offices in which the Group operates.

Change in the item Hardware is due to investments made by companies included in Region 1 for 3,791 thousand Euros, 2,664 thousand Euros for purchases made by the companies included in Region 2 and 1,475 thousand Euros for purchases made by the companies included in Region 3.
The item Other as at 31 December 2024 mainly includes office furniture and leasehold improvements. The increase of 7,419 thousand Euros mainly refers to the purchase of office furniture for 996 thousand Euros and leasehold improvements for 5,398 thousand Euros. The item Other is mainly related to mobile phones.
Other changes mainly refer to translation differences.

As at 31 December 2024 tangible assets were depreciated by 42.5% of their value, compared to 45.7% at the end of 2023.

Note 18 - Goodwill

This item includes goodwill arising from consolidation of those subsidiaries purchased in a Business Combination.

Goodwill in 2024 developed for the exchange rate differences as follows:

(THOUSAND EUROS)	
Beginning balance	**626,480**
Increases	59,991
Impairment	-
Other changes	(6,260)
Total	**680,212**
Exchange rate differences	12,998
Ending balance	**693,210**

Increase in goodwill compared to 31 December 2023 owes to the acquisition, in October 2024, by the UK subsidiary Reply Ltd of Solirius Ltd, leader in digital transformation with a strong focus in artificial intelligence, agile delivery and data management.
Other changes refer to a correction of goodwill originally booked in Region 2 amounting to 6,260 thousand Euros.
The effect generated by this correction is not considered significant, therefore the comparative data have not been restated.

The following table summarizes the calculation of goodwill and the book value of the company as at the acquisition date.

(THOUSAND EUROS)	*FAIR VALUE (*)*
Tangible and intangible assets	141
Trade receivables and other current assets	11,093
Cash and cash equivalents	29,269
Trade payables and other current liabilities	(7,944)
Net assets acquired	**32,559**
Transaction value	117,683
Difference allocated to other intangible assets net of deferred tax liabilities	25,132
Goodwill	**59,991**

(*) book value is equal to fair value

Goodwill was allocated to the cash generating units or groups of cash generating units ("CGU"), identified in the Region in which the Group operates (Region 1 includes the CGU related to American companies and Region 3 includes the CGU related to French companies). The breakdown reflects the managerial view of the Group by Management and is summarized as follows:

(THOUSAND EUROS)	AT 31/12/2023	INCREASES	OTHER CHANGES	EXCHANGE RATE DIFFERENCES	AT 31/12/2024
Region 1	200,070	-	-	9,223	209,293
Region 2	233,053	-	(6,260)	-	226,793
Region 3	193,357	59,991	-	3,775	257,124
Total	**626,480**	**59,991**	**(6,260)**	**12,998**	**693,210**

Reply has adopted a structured and periodic planning and budgeting system aimed at defining objectives and business strategies in order to draft the annual budget.

The impairment model adopted by the Reply Group is based on future cash flows calculated using the Discounted cash flow analysis.
In applying this model, Management uses different assumptions, which are applied to the single CGU over two years of extrapolation subsequent to the annual budget, in order to estimate:

- increase in revenues,
- increase in operating costs,
- investments,
- change in net capital.

The recoverable value of the CGU, to which the single goodwill is referred, is determined as the highest between the fair value less any selling costs (net selling price) and the present value of the estimated future cash flows expected from the continuous use of the good (value in use). If the recoverable value is higher than the carrying amount of the CGU there is no impairment of the asset; in the contrary case, the model indicates a difference between the carrying amount and the recoverable value as the effect of impairment.

The following assumptions, determined also with the support of third-party experts, were used in calculating the recoverable value of the Cash Generating Units:

ASSUMPTION	REGION 1	REGION 2	REGION 3
Terminal value growth rates:	2%	2%	2%
Discount rate, net of taxes:	7.82%	6.21%	8.06%
Discount rate, before taxes:	10.31%	8.88%	10.75%
Multiple of EBIT	11.7	11.7	11.7

As to all CGUs subject to the impairment tests at 31 December 2024 no indications emerged that such businesses may have been subject to impairment.

On 31 December 2024 the difference between the headroom estimated and the book value of the net invested capital inclusive of the goodwill initially recognized, is equal to 591.2% for Region 1, 159.9% for Region 2 and 29.6% for Region 3.
Reply has also developed a sensitivity analysis of the estimated recoverable value. The Group considers that the growth rate of revenues and the discount rate are key indicators in estimating the fair value and has therefore determined that:

- a decrease of up to 30% of the revenue growth;
- an increase of 100 basis points in the discount rate.

This analysis would not lead to an excess of the carrying value of the CGU compared to its recoverable value, which tends to be always significantly high.

In addition to the above analyses, for Region 1, which includes US company goodwill (US CGU) for a total amount of 163.2 million Euros and for Region 3, which includes the French company goodwill (French CGU) for a total amount of 88 million Euros, the company carried out a specific impairment test, which did not reveal any indication that such goodwill may have suffered a loss in value.

Please see below the main assumptions used:

ASSUMPTIONS	REGION 1 – US	REGION 3 – FRANCE & BENELUX
Terminal value growth rates:	2%	2%
Discount rate, net of taxes:	8.04%	7.23%
Discount rate, before taxes:	10.72%	9.64%
Multiple of EBIT	11.7	11.7

Finally, it is appropriate to note that the estimates and budget data to which the above mentioned parameters have been applied are those determined by management on the basis of past performance and expectations of developments in the markets in which the Group operates, also pursuant to CONSOB and ESMA recommendations, significant attention has been placed on the planning process to account for the possible impacts deriving from the current geo-political situation, the potential climate changes and to the sensitivity analysis of the recoverable value, which is always significantly higher.

Moreover, estimating the recoverable amount of the Cash-Generating Units requires discretion and the use of estimates by Management. The Group cannot guarantee that there will be no goodwill impairment in future periods. Circumstances and events which could potentially cause further impairment losses are constantly monitored by Reply management.

Note 19 - Other intangible assets

Net intangible assets as at 31 December 2024 amounted to 95,802 thousand Euros (81,509 thousand Euros on 31 December 2023).

Other intangible assets are detailed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Development costs	5,756	3,764	1,992
Software	3,652	3,689	(36)
Trademarks	537	537	-
Other intangible assets	85,858	73,520	12,338
Total	**95,802**	**81,509**	**14,293**

Change in intangible assets during 2024 is summarized in the table below:

(THOUSAND EUROS)	DEVELOPMENT COSTS	SOFTWARE	TRADEMARK	OTHER INTANGIBLE ASSETS	TOTAL
Historical cost	36,541	25,984	537	119,477	182,540
Accumulated depreciation	(32,777)	(22,310)	-	(45,943)	(101,030)
31/12/2023	**3,764**	**3,674**	**537**	**73,535**	**81,509**
Historical cost					
Increases	4,228	1,631	-	33,514	39,373
Disposals	-	(983)	-	-	(983)
Other changes	-	36	-	4,383	4,420
Accumulated depreciation					
Increases	(2,236)	(1,664)	-	(23,528)	(27,428)
Disposals	-	983	-	38	1,021
Other changes	-	(25)	-	(2,084)	(2,109)
Historical cost	40,768	26,668	537	157,375	225,348
Accumulated depreciation	(35,013)	(23,016)	-	(71,517)	(129,546)
31/12/2024	**5,756**	**3,652**	**537**	**85,858**	**95,802**

Development costs refer to the development of software products and are accounted for in accordance with provisions of IAS 38.

The item Software mainly refers to software licenses purchased and used internally by the Group companies. This item includes 1,048 thousand Euros related to software development for internal use in 2024.

The item Trademark mainly refers to the value of the "Reply" trademark granted on 9 June 2000 to the Parent Company Reply S.p.A. (at the time Reply Europe Sàrl), in connection with the share capital increase that was resolved and subscribed to by the Parent Company. Such amount is not subject to systematic amortization and the expected future cash flows are deemed adequate.

Other intangible assets include the customer lists following the completion of the PPA procedures under M&A activities. Following the impairment test of the value initially recognised, it was necessary to write-off 9,918 thousand euros (6,038 thousand euros for Region 1 and 3,880 thousand euros for Region 3).
As at 31 December 2024 intangible assets were depreciated by 57,5% of their value, compared to 55,3% at the end of 2023.

Note 20 – Right of use assets

The application of the IFRS 16 accounting standard, in use since 1 January 2019, resulted in the accounting of the book value of the right-of-use asset ("RoU Asset") that is equal to the book value of the liabilities for leasing on the date of first application, net of any accrued income/costs or deferred revenue/expenses related to the lease. The table below shows the 2024 RoU Assets changes divided by category:

(THOUSAND EUROS)	01/01/2024	NET CHANGES	AMORTIZATION	EXCHANGE DIFFERENCE	31/12/2024
Buildings	93,587	7,575	(23,224)	1,665	79,602
Vehicles	20,576	18,639	(11,976)	(35)	27,205
Office equipment	595	-	(347)	-	248
Total	**114,758**	**26,214**	**(35,546)**	**1,630**	**107,055**

The net changes mainly refer to the signing of new financial leasing agreements, resulting in an increase in the value of the right of use, the redetermination of certain liabilities, increases in rents and the renegotiation of existing contracts.
Leasing contracts relating to buildings have extension option clauses, which are carefully evaluated by management for the purposes of correct valuation and presentation in the financial statements.

Note that there are no leases not yet stipulated for which the lessee has committed.

Note 21 - Equity investments

The item Equity investments amounts to 19,809 thousand Euros and includes for 19,524 thousand Euros investments in start-up companies principally in the IoT field made by the Investment company Breed Reply Investments Ltd.
Note that the investments in equity investments mainly held through an Investment Entity are designated at fair value and accounted for in accordance with IFRS 9 "Financial Instruments: Recognition and Measurement" Through Profit & Loss. The fair value is determined using the International Private Equity and Venture Capital valuation guideline (IPEV) and any change therein is recognized in profit (loss) in the period in which they occurred.
Detail is as follows:

(THOUSAND EUROS)	VALUE AT 31/12/2023	NET INCREASES/ DISPOSALS	CONVERSION CONVERTIBLE LOANS INTO EQUITY	NET FAIR VALUE ADJUSTMENTS	EXCHANGE DIFFERENCES	VALUE AT 31/12/2024
Investments	41,155	(2,536)	93	(20,297)	1,109	19,524

Net fair value adjustments

The net fair value adjustment amounting to 20,297 thousand Euros reflects the market values of the last rounds that took place in 2024 on investments already in portfolio.
All fair value assessments shall be part of the hierarchy level 3.

Note 22 - Financial assets

Current and non-current financial assets amounted to 54,822 thousand Euros compared to 40,320 thousand Euros as at 31 December 2023.

Detail is as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Short term securities	2,082	1,870	212
Financial investments	42,616	28,886	13,730
Derivative financial instruments	935	1,983	(1,048)
Loans to third parties	133	133	-
Total current financial assets	**45,767**	**32,872**	**12,894**
Receivables from insurance companies	2,896	3,277	(382)
Guarantee deposits	2,114	2,459	(345)
Other financial assets	3,057	413	2,644
Convertible loans	988	1,299	(310)
Total non-current financial assets	**9,055**	**7,448**	**1,607**
Total financial assets	**54,822**	**40,320**	**14,502**

Short term securities mainly refer to Time Deposit investments.

The item Financial investments refers to bonds held by the parent company Reply S.p.A.. The valuation of short-term investments, based on fair value at 31 December 2024, showed a positive difference amounting to 768 thousand Euros compared to the purchase cost of the same.
Derivative instruments refer to the fair value of derivative contracts signed with Unicredit in order to cover fluctuations in floating interest rates on loans and/or mortgages whose underlying notional value amounts to 45,633 thousand euros. The effective component of the hedges and the related movements during the financial year are reported in the changes in net equity.

The item Receivables from insurance companies mainly refers to the insurance premiums paid against pension plans of some German companies and to directors' severance indemnities.

The item Other financial assets mainly referred to long-term financial receivables for deferred collections amounting to 2,493 thousand Euros arising from the sale of a company held by Breed Reply Investments Ltd.

Convertible loans relate to the option to convert into shares of start-up companies in the field of IoT.
Detail is as follows:

(THOUSAND EUROS)	VALUE AT 31/12/2023	INCREASES/ DISPOSALS	EQUITY CONVERSION	CAPITALIZED INTERESTS	NET FAIR VALUE ADJUSTMENTS	EXCHANGE DIFFERENCES	VALUE AT 31/12/2024
Convertible loans	1,299	234	(93)	87	(552)	13	988

Note that the items Receivables from insurance companies, Convertible loans, Guarantee deposits and Other financial assets are not shown in the Net financial position.

Note 23 - Deferred tax assets

Deferred tax assets, amounting to 66,557 thousand Euros, of which 35,045 thousand Euros are current, as at 31 December 2024 (66,693 thousand Euros as at 31 December 2023), include the fiscal charge corresponding to the temporary differences originating among the anti-tax result and taxable income relating to entries with deferred deductibility.
Detail of Deferred tax assets is provided at the table below:

(THOUSAND EUROS)	31/12/2023	ACCRUALS	UTILIZATION	OTHER CHANGES	31/12/2024
Prepaid tax on costs that will become deductible in future years	12,582	3,221	(6,040)	-	9,763
Prepaid tax on greater provisions for doubtful accounts	19,773	10,779	(3,941)	-	26,611
Deferred fiscal deductibility of amortization	2,472	686	(364)	-	2,794
Consolidation adjustments and other items	31,867	16,259	(7,137)	106	41,095
Total	66,693	30,944	(17,481)	106	80,263
Netting with deferred tax liability (DTL)	-				(13,706)
Total	**66,693**				**66,557**

The decision to recognize deferred tax assets is taken by assessing critically whether the conditions exist for the future recoverability of such assets on the basis of expected future results.

Where the assumptions exist, deferred tax assets and liabilities have been presented in the financial statements taking into account the offsets per legal entity.
There are no deferred tax assets on losses carried forward.

Note 24 - Work in progress

Contract work in progress, amounting to 68,369 thousand Euros, is recognized net of a provision amounting to 50,564 thousand euros (57,777 thousand euros at 31 December 2023) detailed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Contract work in progress	200,034	159,726	40,308
Advance payments from customers	(131,665)	(112,665)	(19,000)
Total	**68,369**	**47,061**	**21,308**

Any advance payments from customers are deducted from the value of the inventories, within the limits of the accrued consideration, representing the assets deriving from the contracts; the exceeding amounts, as well as the advance payments related to work in progress not yet started, are accounted as liabilities.
Change in the provision is mainly due to the accrual made during the fiscal year amounting to 2,083 thousand euros and to the reversal amounting to 9,348 thousand euros.

Note 25 - Trade receivables

Trade receivables as at 31 December 2024 amounted to 757,558 thousand Euros with a net increase of 18,084 thousand Euros.

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Trade receivables	766,271	746,158	20,113
Allowance for doubtful accounts	(8,713)	(6,684)	(2,029)
Total trade receivables	**757,558**	**739,474**	**18,084**

Trade receivables are shown net of allowances for doubtful accounts, calculated by using the expected credit loss approach pursuant to IFRS 9, amounting to 8,713 thousand Euros on 31 December 2024 (6,684 thousand Euros at 31 December 2023).

The Allowance for doubtful accounts in 2024 developed as follows:

(THOUSAND EUROS)	31/12/2023	ACCRUALS	REVERSAL	UTILIZATION	31/12/2024
Allowance for doubtful accounts	6,684	5,368	(2,639)	(700)	8,713

It should also be noted that the item includes write-downs for losses on working capital amounts.

Over-due trade receivables and the corresponding allowance for doubtful accounts, compared to 2023, are summarized in the tables below:

Aging at 31/12/2024

(THOUSAND EUROS)	TRADE RECEIVABLES	CURRENT	0 - 90 DAYS	91 - 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	TOTAL OVERDUE
Trade receivables	766,271	655,272	80,124	15,180	10,419	5,276	110,999
Allowance for doubtful accounts	(8,713)	(1,707)	(330)	(713)	(1,526)	(4,438)	(7,007)
Total trade receivables	**757,558**	**653,566**	**79,794**	**14,467**	**8,893**	**838**	**103,992**

Aging at 31/12/2023

(THOUSAND EUROS)	TRADE RECEIVABLES	CURRENT	0 - 90 DAYS	91 - 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	TOTAL OVERDUE
Trade receivables	746,158	650,236	70,088	13,042	9,879	2,913	95,922
Allowance for doubtful accounts	(6,684)	(2,678)	(283)	(585)	(795)	(2,343)	(4,006)
Total trade receivables	**739,474**	**647,558**	**69,805**	**12,458**	**9,084**	**570**	**91,916**

The carrying amount of trade receivables, that at initial recognition is equal to its fair value adjusted for attributable transaction costs, is subsequently valued at the amortised cost appropriately adjusted to take into account any write-downs.
Trade receivables are all collectible within one year.

Note 26 - Other receivables and current assets and income tax receivables

Detail is as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Current income tax receivables	27,675	22,541	5,134
Tax receivables	52,308	46,818	5,490
Advances to employees	308	8	300
Accrued income and prepaid expenses	40,275	35,091	5,184
Other receivables	23,010	19,916	3,095
OTHER RECEIVABLES AND CURRENT ASSETS	**143,576**	**124,373**	**19,203**

Current income tax receivables are recorded net of the accrued tax liability.
The item Tax receivables mainly included:

- VAT receivables amounting to 31,706 thousand Euros (32,537 thousand Euros at 31 December 2023);
- receivables for withholding tax amounting to 5,524 thousand Euros (2,871 thousand Euros at 31 December 2023).

The item Other receivables mainly included contribution receivables in relation to research projects for 7,715 thousand Euros (6,114 thousand Euros at 31 December 2023) and receivables from foreign tax administrations for 5,018 thousand Euros (4,857 thousand Euros at 31 December 2023).

Note 27 - Cash and cash equivalents

The balance of 491,834 thousand Euros, with an increase of 108,091 thousand Euros compared with 31 December 2023, represents cash and cash equivalents as at the end of the year. Changes in cash and cash equivalents are fully detailed in the Consolidated statement of cash flow.
Cash and cash equivalents at 31 December 2024 are detailed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Cash at banks	490,231	382,433	107,798
Cash at hand	1,603	1,310	294
Total cash and cash equivalents	**491,834**	**383,742**	**108,091**

It should be noted that the cash and cash equivalents held but not freely available by the group amount to €7.9 million in relation to the preventive seizure described in Note 33.

Note 28 - Shareholders' equity

Share capital

On 31 December 2024 the share capital of Reply S.p.A, wholly undersigned and paid up, amounted to 4,863,486 Euros and is composed of n. 37,411,428 ordinary shares with nominal value of 0.13 Euros each.
The number of shares in circulation as at 31 December 2024 totalled 37,278,236, unchanged since 31 December 2023.

Treasury shares

The value of the Treasury shares, amounting to 17,122 thousand Euros, refers to the shares of Reply S.p.A. held by the parent company, that at 31 December 2024 were equal to n. 133,192, unchanged since 31 December 2023.

Capital reserves

On 31 December 2024 Capital reserves, amounting to 449,533 thousand Euros, were mainly comprised as follows:

- Treasury share reserve amounting to 17,122 thousand Euros, relating to the shares of Reply S.p.A held by the Parent Company;
- Reserve for the purchase of treasury shares amounting to 432,878 thousand Euros, formed via initial withdrawal from the share premium reserve. By means of a resolution of the Shareholders' Meeting of 23 April 2024 Reply S.p.A. re-authorized it, in accordance with and for the purposes of Article 2357 of the Italian Civil Code, the purchase of a maximum of 450 million Euros of ordinary shares, corresponding to 20% of the share capital, in a lump sum solution or in several solutions within 18 months of the resolution.

Earning reserves

Earnings reserves amounted to 885,861 thousand Euros and were comprised as follows:

- Reply S.p.A.'s Legal reserve amounted to 973 thousand Euros;
- Retained earnings amounted to 643,749 thousand Euros (retained earnings amounted to 644,701 thousand Euros as at 31 December 2023);
- Profits attributable to shareholders of the Parent Company amounted to 211,139 thousand Euros (186,700 thousand Euros as at 31 December 2023).

Other comprehensive income

Other comprehensive income can be analysed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023
Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax:		
Actuarial gains/(losses) from employee benefit plan	594	(1,150)
Total Other comprehensive income that will not be classified subsequently to profit or loss, net of tax (B1):	**594**	**(1,150)**
Other comprehensive income that may be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedges	(1,301)	(849)
Gains/(losses) from the translation of assets in foreign currencies	12,567	(1,146)
Total Other comprehensive income that may be classified subsequently to profit or loss, net of tax (B2):	**11,266**	**(1,995)**
Total other comprehensive income, net of tax (B) = (B1) + (B2):	**11,860**	**(3,146)**

Minority interests

Minority interests consist of the participation of non-controlling shareholders in the capital of the companies included in the consolidation area and at 31 December 2024 amounted to 2,773 thousand euros (1,883 thousand euros at 31 December 2023).

Note 29 - Due to minority shareholders and earn-out

Due to minority shareholders and Earn-out as at 31 December 2024 amounted to 109,600 thousand Euros (114,368 thousand Euros on 31 December 2023), of which 52,121 thousand Euros were current.
This item refers to the variable consideration defined in the business combination. The distinction between Due to Minority Shareholders and Earn-Out stems solely from whether or not there is any legal minority interest related to the initial transition.

Detail is as follows:

(THOUSAND EUROS)	31/12/2023	INCREASES	FAIR VALUE ADJUSTMENTS	PAYMENTS	INTEREST	EXCHANGE DIFFERENCES	31/12/2024
Payables to minority shareholders	10,092	-	673	(3,475)	-	192	7,482
Payables for earn-out	104,276	24,089	(5,148)	(28,253)	4,051	3,104	102,119
Total due to minority shareholders and Earn-out	**114,368**	**24,089**	**(4,475)**	**(31,729)**	**4,051**	**3,296**	**109,600**

The increase in the item amounting to 24,089 thousand Euros reflects the best estimate of future considerations for earn-outs in relation to the original contracts signed, in particular the acquisition by the subsidiary Reply Ltd of Solirius, a UK consulting company leader in digital transformation with a strong focus in artificial intelligence, agile delivery and data management.

The item Fair value adjustments in 2024 amounted to negative 4,475 thousand Euros with a balancing entry in Profit and loss, reflects the best estimate in relation to the deferred consideration originally recognised at the time of acquisition.

Total payments amounted to 31,729 thousand Euros and refer to the consideration paid in relation to the original contracts signed at the time of acquisition.

Due to minority shareholders and Earn-out are included in the invested capital for management purposes and in the net financial indebtedness for ESMA purposes.

Note 30 - Financial liabilities

Detail is as follows:

	31/12/2024			31/12/2023		
(THOUSAND EUROS)	**CURRENT**	**NON-CURRENT**	**TOTAL**	**CURRENT**	**NON-CURRENT**	**TOTAL**
Bank overdrafts	121	-	121	135	-	135
Bank loans	19,564	48,910	68,474	32,285	52,291	84,576
Total due to banks	**19,685**	**48,910**	**68,595**	**32,419**	**52,291**	**84,710**
Other financial borrowings	64	-	64	236	-	236
IFRS 16 financial liabilities	35,163	84,695	119,858	31,670	95,101	126,770
Total financial liabilities	**54,911**	**133,605**	**188,516**	**64,325**	**147,392**	**211,717**

The following illustrates the distribution of financial liabilities by due date:

	31/12/2024				31/12/2023			
(THOUSAND EUROS)	DUE IN 12 MONTHS	FROM 1 TO 5 YEARS	OVER 5 YEARS	TOTAL	DUE IN 12 MONTHS	FROM 1 TO 5 YEARS	OVER 5 YEARS	TOTAL
Bank overdrafts	121	-	-	121	135	-	-	135
M&A loans	17,010	9,941	-	26,951	25,295	26,366	-	51,661
Mortgage loans	256	27,766	10,171	38,193	3,614	10,981	11,750	26,345
Bank loans	2,043	1,033	-	3,077	3,375	3,194	-	6,570
Other financial borrowings	64	-	-	64	236	-	-	236
IFRS 16 financial liabilities	35,163	79,631	5,064	119,858	31,670	95,101	-	126,770
Derivative financial instruments	253	-	-	253	-	-	-	-
Total	**54,911**	**118,370**	**15,235**	**188,516**	**64,325**	**135,642**	**11,750**	**211,717**

M&A financing refers to credit lines to be used for acquisition operations carried directly by Reply S.p.A. or via companies controlled directly or indirectly by the same.

Summarized below are the existing contracts entered into for such a purpose:

- On 8 May 2020 Reply S.p.A. entered into a line of credit with Unicredit S.p.A. for a total amount of 50,000 thousand Euros. As at 31 December 2024 this line had been used for 8,333 thousand Euros.
- On 8 November 2021 Reply S.p.A. entered into a line of credit with Intesa Sanpaolo S.p.A. for a total amount of 75,000 thousand Euros. The loan will be reimbursed on a half year basis and will expire on 30 September 2026. This line was used for a total of 30,000 thousand Euros. As at 31 December 2024 the outstanding amount was 17,143 thousand Euros.
- On 20 February 2023 Reply S.p.A. entered into a line of credit with Banco BPM S.p.A. for a total amount of 50,000 thousand Euros to be used by 1 April 2025. As at 31 December 2024 this line had been used for 500 thousand Euros.
- On 16 April 2024 Reply S.p.A. entered into a line of credit with Intesa Sanpaolo S.p.A. for a total amount of 75,000 thousand Euros to be used by 30 September 2025. The loan will be reimbursed in instalments to commence on 31 March 2026 and will expire on 30 March 2029.
- On 19 April 2024 Reply S.p.A. entered into a line of credit with Unicredit S.p.A. for a total amount of 50,000 thousand Euros to be used within 24 months. As at 31 December 2024 this line was used for 1,000 thousand Euros.

Interest rates are also applied according to certain predetermined ratios (Covenants) of economic and financial nature calculated on the consolidated financial statements as at 31 December of each year and/or the consolidated interim report.

As contractually defined, such ratios are as follows:

- Net financial indebtedness/Equity
- Net financial indebtedness/EBITDA

At 31 December 2024 the Covenants under the various contracts were satisfied.

The item Mortgages refers to a financing granted in 2018 to Tool Reply GmbH by Commerzbank for a total of 2,500 thousand Euros to be used by 30 June 2028. The loan is reimbursed on a quarter-year basis (at 0.99%). As at 31 December 2024 the outstanding amount is 922 thousand Euros.

It should also be noted that on 24 May 2018 Reply S.p.A. undersigned with Unicredit S.p.A. a mortgage loan secured by guarantee for the purchase and renovation of the property De Sonnaz for a total amount of 40,000 thousand Euros. On December 18, 2024 an amendment was signed with the same institution, agreeing to extend the period of use from 66 to 90 months (as with the amendment of November 15, 2021), with the possibility to obtain mortgage disbursements till November 30, 2025. The mortgage is disbursed in relation to the progress of the work. Such credit line was used for 37,300 thousand Euros at 31 December 2024.

The item IFRS 16 financial liabilities is related to the financial lease liabilities at 31 December 2024 related to the adoption of the Accounting Standard IFRS 16.

The item Derivative financial instruments refers to several loans established with Unicredit S.p.A. to hedge changes in floating interest rates on loans and/or mortgages; the total underlying value is 45,633 thousand Euros. The effective component of the instrument is stated in the Statement of changes in net equity.

The carrying amount of Financial liabilities is deemed to be in line with its fair value.

For further details related to the risk management policies please see Note 37.

NET FINANCIAL INDEBTEDNESS

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
A Cash	491,834	383,742	108,091
B Cash equivalents	-	-	-
C Current financial assets	45,767	32,872	12,894
D Cash (A+B+C)	**537,600**	**416,615**	**120,986**
E Current financial liabilities	35,601	32,040	3,561
F Short-term portion of long-term financial liability	19,311	32,285	(12,974)
G Financial liabilities short-term (E+F)	**54,911**	**64,325**	**(9,414)**
H Net financial debt short-term (G-D)	**(482,689)**	**(352,290)**	**(130,399)**
I Financial liabilities long-term	133,639	147,450	(13,811)
J Financial instruments	(34)	(59)	25
K Other liabilities long-term	109,600	114,368	(4,768)
L Financial debt long-term (I+J+K)	**243,205**	**261,760**	**(18,555)**
Total financial debt	**(239,484)**	**(90,530)**	**(148,954)**

Net financial indebtedness includes IFRS 16 financial liabilities amounting to 119,858 thousand Euros, of which 84,695 thousand Euros were non-current and 35,163 thousand Euros were current.
The item Commercial and other non-current liabilities is related to liabilities due to minority shareholders and Earn-out components assimilated to unpaid debts with a significant implicit financial component.
For further details with regards to the above table see Note 27 as well as Note 30.
Pursuant to the aforementioned recommendations long term financial assets are not included in the net financial indebtedness.
As previously mentioned in Note 29, Due to minority shareholders and Earn-out are included in the invested capital and are not included in the net financial managerial position.

Change in financial liabilities during 2024 is summarized below:

(THOUSAND EUROS)	
Total financial liabilities 2023	**211,717**
Bank overdrafts	(135)
Non-current financial liabilities 2023	**211,582**
IFRS 16 financial liabilities	(6,913)
Cash flows	(16,552)
Total non-current financial liabilities 2024	**188,118**
Bank overdrafts	121
IRS and other	278
Total financial liabilities 2024	**188,516**

Note 31 - Employee benefits

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Employee severance indemnities	42,664	39,017	3,647
Employee pension funds	7,325	6,970	355
Directors severance indemnities	1,508	1,741	(234)
Other	32,751	21,949	10,802
Total	**84,248**	**69,677**	**14,571**

Employee severance indemnities
Employee benefits under Italian law are included in the severance indemnity (TFR) which, for companies with more than 50 employees, reflects the residual obligation of the Group relating to the indemnity paid to employees until December 31, 2006. For companies with less than 50 employees, the allowance is paid during their working life. The total indemnity will be paid at the time of the employee's departure, in the presence of specific conditions or partially anticipated during the working life.

The procedure for the determination of the Company's obligation with respect to employees was carried out by an independent actuary according to the following stages:

- Projection of the Employee severance indemnity already accrued at the assessment date and of the portions that will be accrued until when the work relationship is terminated or when the accrued amounts are partially paid as an advance on the Employee severance indemnities;
- Discounting, at the valuation date, of the expected cash flows that the company will pay in the future to its own employees;
- Re-proportioning of the discounted performances based on the seniority accrued at the valuation date with respect to the expected seniority at the time the company must fulfil its obligations. In order to allow for the changes introduced by Law 296/06, the re-proportioning was only carried out for employees of companies with fewer than 50 employees that do not pay Employee severance indemnities into supplementary pension schemes.

Reassessment of Employee severance indemnities in accordance with IAS 19 was carried out "ad personam" and on the existing employees, that is analytical calculations were made on each employee in force in the company at the assessment date without considering future work force.
The actuarial valuation model is based on the so-called technical bases which represent the demographic, economic and financial assumptions underlying the parameters included in the calculation.

The assumptions adopted can be summarized as follows:

DEMOGRAPHIC ASSUMPTIONS	
Mortality	RG 48 survival tables of the Italian population
Inability	INPS tables divided by age and gender
Retirement age	Fulfilment of the minimum requisites provided by the General Mandatory Insurance
Advances on Employee severance indemnities	Annual frequency of advances and employee turnover were assumed from historical data of the company: frequency of advances in 2024: 2.50% frequency of turnover in 2024: 10%

ECONOMIC AND FINANCIAL ASSUMPTIONS	
Annual inflation rate	Average annual rate of 2.00%
Annual discount rate	Calculated with reference to the valuation date of primary shares on the stock market in which the company belongs and with reference to the market yield of Federal bonds. An annual constant rate equal to 3.38% was used for the year 2024.
Annual growth rate of the Employee severance indemnities	Annual increase in the growth rate of the Employee severance indemnities equal to 3.00%
Annual increase in salaries	The annual increase of salaries used was calculated in function of the employee qualifications and the Company's market segment, net of inflation, from 1.0% to 1.50%

From a sensitivity analysis concerning the hypotheses related to the parameters involved in the calculation a:

- change in turnover rate by 1%;
- change in the annual rate of inflation by 1.25%;
- change in the annual discount rate by 1.25%

would not have determined a significant effect on the calculation of the liability.

In accordance with IAS 19, Employment severance indemnities at 31 December 2024 are summarized in the table below:

(THOUSAND EUROS)	
Balance at 31/12/2023	**39,017**
Change in consolidation	-
Cost relating to current (service cost) work	7,385
Actuarial gain/loss	(964)
Interest cost	1,306
Indemnities paid during the year	(4,079)
Balance at 31/12/2024	**42,664**

Employee pension funds

The Pension fund item mainly relates to liability as regards the defined benefit pensions of some German companies and is detailed as follows:

(THOUSAND EUROS)	
Present value at beginning of the year	**6,970**
Service cost	14
Interest cost	181
Actuarial gains/(losses)	537
Indemnities paid during the year	(377)
Present value at year end	**7,325**

The assumptions adopted were as follows:

Discount rate	3,1% - 3,7%
Rate of future compensation increases	2,0%
Rate of pension increases	1,0% - 2,6%

Directors severance indemnities

This amount is related to Directors severance indemnities paid during the year.
Change amounting to 234 thousand Euros refers to the resolution made by the Shareholders Meeting of several subsidiary companies to pay an additional indemnity to some Members of the Board in 2024 and to a partial payment of the indemnity.

Other

The item Other includes payables accrued in connection with long-term incentive plans based on specific objectives. For further detail refer to the Report on Remuneration.

Note 32 - Deferred tax liabilities

Deferred tax liabilities at 31 December 2024 amounted to 33,443 thousand Euros, of which 31,012 thousand Euros current, and are referred mainly to the fiscal effects arising from temporary differences deriving from statutory income and taxable income related to deferred deductibility.

(THOUSAND EUROS)	31/12/2024	31/12/2023
Deductible items off the books	1,424	7,225
Deferred tax on PPA	21,979	17,196
Other	23,746	17,184
Total	**47,149**	**41,605**
Netting with deferred tax assets (DTA)	(13,706)	-
Total	**33,443**	**41,605**

The item Other mainly includes the measurement of contract work in progress, employee benefits, capitalization of development costs and reversal of amortization of intangible assets.

Deferred tax liabilities have not been recognized on retained earnings of the subsidiary companies as the Group is able to control the timing of distribution of said earnings and in the near future does not seem likely.

Note 33 - Provisions

Provisions amounted to 48,852 thousand Euros (of which 47,497 thousand Euros were non-current).
Change in 2024 is summarized in the table below:

(THOUSAND EUROS)	BALANCE AT 31/12/2023	ACCRUALS	UTILIZATION	REVERSALS	OTHER CHANGES	BALANCE AT 31/12/2024
Fidelity fund	877	181	(145)	(6)	-	906
Provision for risks	20,306	30,416	-	(2,730)	(45)	47,946
Total	**21,183**	**30,596**	**(145)**	**(2,736)**	**(45)**	**48,852**

Employee fidelity provisions refer mainly to provisions made for the employees of some German companies in relation to anniversary bonuses. The liability is determined through actuarial calculations applying a 5.5% rate.
The item Provision for risks refers to the provisions that individual companies made mainly for contractual, commercial and litigations in Italy and abroad.
The nature of the risk covered by the provision is as follows:

- Professional liability for 24 million euros;
- Contractual liability for 11 million euros;
- Preventive seizure for 8 million euros;
- Other risks for 6 million euros.

Regarding the preventive seizure that affected the Parent Company Reply S.p.A. and required the allocation of a provision totalling 8 million euros, it is specified that, according to the decree, the offense alleged is that referred to in Article 640-ter, paragraphs 1 and 3 of the Italian Penal Code, for the period 2017-2019, and no responsibility under Legislative Decree 231/2001 is being contested. The criminal proceedings are still at the preliminary investigation stage.

Other changes mainly refer to translation differences.

Note 34 - Trade payables

Trade payables at 31 December 2024 amounted to 183,233 thousand Euros and are detailed as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Trade payables	186,475	193,660	(7,186)
Advances to suppliers	(3,242)	(2,659)	(583)
Total	**183,233**	**191,001**	**(7,768)**

Trade payables are initially recognised at fair value, adjusted for any transaction costs directly attributable to and are subsequently valued at amortised cost. The amortised cost of current trade payables corresponds to the nominal value.

Note 35 - Other current liabilities and income tax payables

Other current liabilities at 31 December 2024 amounted to 680,083 thousand Euros with an increase of 72,378 thousand Euros with respect to the previous financial year.

Detail is as follows:

(THOUSAND EUROS)	31/12/2024	31/12/2023	CHANGE
Income tax payable	39,155	32,982	6,173
VAT payable	20,291	23,804	(3,513)
Withholding tax and other	25,585	22,743	2,842
Total due to tax authorities	**85,031**	**79,529**	**5,502**
National social insurance payable	58,433	52,953	5,481
Other	6,118	5,106	1,012
Total due to social securities	**64,551**	**58,058**	**6,493**
Employee accruals	149,417	133,779	15,638
Other payables	304,622	265,663	38,959
Accrued expenses and deferred income	76,462	70,676	5,786
Total other payables	**530,501**	**470,118**	**60,383**
Other current liabilities	**680,083**	**607,705**	**72,378**

Due to tax authorities amounting to 85,031 thousand Euros, mainly refers to income tax payables, payables to tax authorities for withholding tax on employees and professionals' compensation.

Due to social security authorities amounting to 64,551 thousand Euros, is related to both Company and employee's contribution payables.

Other payables at 31 December 2024 amount to 530,501 thousand Euros and mainly include:
- amounts due to employees that at the balance sheet date had not yet been paid;
- remuneration of directors recognised as participation in the profits of the subsidiary companies;
- advances received from customers exceeding the value of the work in progress amounting to 222,510 thousand Euros (201,462 thousand Euros as at 31 December 2023).

Accrued Expenses and Deferred Income, that increase in 2024 by 5,786 thousand Euros, mainly relate to advance invoicing in relation to T&M consultancy activities to be delivered in the subsequent financial year.

Other current payables and liabilities are initially recognised at fair value, adjusted for any transaction costs directly attributable to and are subsequently valued at amortised cost. The amortised cost of these liabilities corresponds to the nominal value.

Note 36 - Segment reporting

Segment reporting has been prepared in accordance with IFRS 8, determined as the area in which the services are executed.
The segments subject to reporting are identified based on the factors used for the management and organization of the Group's activities. In particular, management has chosen to structure the Group according to the geographical areas of operation, which represent the main business segments. The identified sectors are: Region 1, Region 2, Region 3, and IoT Incubator, the latter dedicated to managing investments in start-ups made by the investment company Breed Reply Investments Ltd.

(THOUSAND EUROS)	REGION 1	%	REGION 2	%	REGION 3	%	IOT INCUBATOR	%	INTERSEGMENT	2024	%
Revenues	**1,478,399**	**100**	**469,702**	**100**	**416,875**	**100**	**-**	**100**	**(69,037)**	**2,295,938**	**100**
Operating costs	(1,183,648)	(80.1)	(399,333)	(85.0)	(370,814)	(89.0)	(568)	-	69,037	(1,885,327)	(82.1)
Gross operating income	**294,751**	**19.9**	**70,369**	**15.0**	**46,060**	**11.0**	**(568)**	**-**	**-**	**410,611**	**17.9**
Amortization, depreciation and write-downs	(39,729)	(2.7)	(24,999)	(5.3)	(20,205)	(4.8)	-	-	-	(84,933)	(3.7)
Other (costs)/income	320	-	94	-	4,329	1	-	-	-	4,743	-
Operating income	**255,341**	**17.3**	**45,463**	**9.7**	**30,185**	**7.2**	**(568)**	**-**	**-**	**330,421**	**14.4**
Gain/(loss) on investments	-	-	-	-	1	-	(20,001)	-	-	(20,000)	(0.9)
Financial income/(loss)	24,409	1.65	(10,313)	(2.2)	(8,860)	(2.1)	(2,424)	-	-	2,812	-
Income before taxes	**279,750**	**18.9**	**35,150**	**7.5**	**21,326**	**5.1**	**(22,994)**	**-**	**-**	**313,232**	**13.6**

(THOUSAND EUROS)	REGION 1	%	REGION 2	%	REGION 3	%	IOT INCUBATOR	%	INTERSEGMENT	2023	%
Revenues	**1,341,098**	**100**	**428,559**	**100**	**388,674**	**100**	**50**	**100**	**(40,398)**	**2,117,983**	**100**
Operating costs	(1,086,766)	(81.0)	(370,879)	(86.5)	(347,454)	(89.4)	(1,189)	(2,368.5)	40,398	(1,765,890)	(83.4)
Gross operating income	**254,332**	**19.0**	**57,680**	**13.5**	**41,219**	**10.6**	**(1,139)**	**(2,268.5)**	**-**	**352,093**	**16.6**
Amortization, depreciation and write-downs	(35,782)	(2.7)	(28,149)	(6.6)	(11,262)	(2.9)	(12)	(24.2)	-	(75,205)	(3.6)
Other (costs)/income	4,828	-	11,852	2.8	(823)	(0.2)	-	-	-	15,858	0.7
Operating income	**223,378**	**16.7**	**41,383**	**9.7**	**29,134**	**7.5**	**(1,151)**	**(2,292.71)**	**-**	**292,745**	**13.8**
Gain/(loss) on investments	-	-	-	-	-	-	(13,877)	(27,647.8)	-	(13,877)	(0.7)
Financial income/(loss)	14,034	1.0	(10,303)	(2.4)	(7,122)	(1.8)	(3,896)	(7,763.1)	-	(7,287)	(0.3)
Income before taxes	**237,412**	**17.7**	**31,081**	**7.3**	**22,012**	**5.7**	**(18,924)**	**(37,703.68)**	**-**	**271,581**	**12.8**

Breakdown of revenues by type is as follows:

	REGION 1		REGION 2		REGION 3		IOT INCUBATOR	
REVENUE TYPE	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
T&M	17.9%	18.9%	54.6%	57.0%	64.0%	56.4%	-	-
FIXED PRICE PROJECTS	82.1%	81.1%	45.4%	43.0%	36.0%	43.6%	-	-
OTHER BUSINESS	-	-	-	-	-	-	100.0%	100.0%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

The following table provides a breakdown of net invested capital by Region:

(THOUSAND EUROS)	REGION 1	REGION 2	REGION 3	IOT INCUBATOR	INTERSEG.	31/12/2024
Current operating assets	749,128	185,641	141,901	3,870	(111,037)	969,502
Current operating liabilities	(715,185)	(134,410)	(156,851)	(21,383)	111,037	(916,792)
Net working capital (A)	**33,942**	**51,232**	**(14,950)**	**(17,514)**	**-**	**52,711**
Non-current assets	445,099	316,460	339,268	23,005	-	1,123,832
Non-financial liabilities long term	(118,869)	(33,654)	(70,386)	243	-	(222,666)
Fixed capital (B)	**326,229**	**282,805**	**268,883**	**23,248**	**-**	**901,165**
Net invested capital (A+B)	**360,172**	**334,037**	**253,933**	**5,734**	**-**	**953,876**

(THOUSAND EUROS)	REGION 1	REGION 2	REGION 3	IOT INCUBATOR	INTERSEG.	31/12/2023
Current operating assets	693,934	170,928	131,032	954	(85,311)	910,908
Current operating liabilities	(631,765)	(113,376)	(148,559)	(18,700)	85,311	(827,090)
Net working capital (A)	**62,169**	**56,922**	**(17,527)**	**(17,746)**	**-**	**83,818**
Non-current assets	421,959	329,691	252,345	42,463	-	1,046,457
Non-financial liabilities long term	(124,062)	(53,445)	(41,175)	232	-	(218,450)
Fixed capital (B)	**297,897**	**276,246**	**211,170**	**42,695**	**-**	**828,007**
Net invested capital (A+B)	**360,066**	**333,168**	**193,643**	**24,949**	**-**	**911,826**

Breakdown of headcount by Region is as follows:

REGION	31/12/2024	31/12/2023	CHANGE
Region 1	10,549	9,755	794
Region 2	3,032	3,049	(17)
Region 3	2,085	1,994	91
IoT Incubator	1	-	1
Total	**15,667**	**14,798**	**869**

Note 37 - Additional disclosures to financial instruments and risk management policies

Types of financial risks and corresponding hedging activities

Reply S.p.A. has determined the guide lines in managing financial risks. In order to maximize costs and the resources Reply S.p.A. has centralized all of the groups risk management. Reply S.p.A. has the task of gathering all information concerning possible risk situations and define the corresponding hedge.

As described in the section "Risk management", Reply S.p.A. constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance and take the necessary action to mitigate them.
The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the company.
The quantitative data reported in the following do not have any value of a prospective nature, in particular the sensitivity analysis on market risks, is unable to reflect the complexity of the market and its related reaction which may result from every change which may occur.

Credit risk
The maximum credit risk to which the company is theoretically exposed at 31 December 2024 is represented by the carrying amounts stated for financial assets in the balance sheet.

Balances which are objectively uncollectible either in part or for the whole amount are written down on a specific basis if they are individually significant. The amount of the write-down takes into account an estimate of the recoverable cash flows and the date of receipt, the costs of recovery and the fair value of any guarantees received. General provisions are made for receivables which are not written down on a specific basis, determined on the basis of historical experience.

Refer to the note on trade receivables for a quantitate analysis.

Liquidity risk
Reply S.p.A. is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.

The two main factors that determine the company's liquidity situation are on one side the funds generated by or used in operating and investing activities and on the other the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

As described in the Risk management section, Reply S.p.A has adopted a series of policies and procedures whose purpose is to optimize the management of funds and to reduce the liquidity risk, as follows:
- centralizing the management of receipts and payments, where it may be economical in the context of the local civil, currency and fiscal regulations of the countries in which the company is present;
- maintaining an adequate level of available liquidity;
- monitoring future liquidity on the basis of business planning.

Management believes that the funds and credit lines currently available, in addition to those funds that will be generated from operating and funding activities, will enable the Group to satisfy its requirements resulting from its investing activities and its working capital needs and to fulfil its obligations to repay its debts at their natural due date.

Currency risk
Reply S.p.A. has a limited exposure to exchange rate risk, therefore the company does not deem necessary hedging exchange rates.

Interest rate risk
Reply S.p.A. makes use of external funds obtained in the form of financing and invest in monetary and financial market instruments. Changes in market interest rates can affect the cost of the various forms of financing, including the sale of receivables, or the return on investments, and the employment of funds, causing an impact on the level of net financial expenses incurred by the company. To mitigate such risks, the Group, when necessary, has used derivative financial instruments designated as “cash flow hedges”.

Sensitivity analysis
In assessing the potential impact of changes in interest rates, the company separates fixed rate financial instruments (for which the impact is assessed in terms of fair value)) from floating rate financial instruments (for which the impact is assessed in terms of cash flows). Floating rate financial instruments include principally cash and cash equivalents and part of debt.

A hypothetical, unfavourable and instantaneous change of 50 basis points in short-term interest rates at 31 December 2024 applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivatives financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately 380 thousand Euros.

This analysis is based on the assumption that there is a general and instantaneous change of 50 basis points in interest rates across homogeneous categories. A homogeneous category is defined on the basis of the currency in which the financial assets and liabilities are denominated.

Fair value assessment hierarchy levels
The IFRS 13 establishes a fair value hierarchy which classifies the input of evaluation techniques on three levels adopted for the measurement of fair value. Fair value hierarchy attributes maximum priority to prices quoted (not rectified) in active markets for identical assets and liabilities (Level 1 data) and the non-observable minimum input priority (Level 3 data). In some cases, the data used to assess the fair value of assets or liabilities could be classified on three different levels of the fair value hierarchy. In such cases, the evaluation of fair value is wholly classified on the same level of the hierarchy in which input on the lowest level is classified, taking account its importance for the assessment.

The levels used in the hierarchy are:
- Level 1 inputs are prices quoted (not rectified) in markets active for identical assets and liabilities which the entity can access on the date of assessment;
- Level 2 inputs are variable and different from the prices quoted included in Level 1 observable directly or indirectly for assets or liabilities;
- Level 3 inputs are variable and not observable for assets or liabilities.

The following table presents the assets and liabilities which were assessed at fair value on 31 December 2024, according to the fair value hierarchical assessment level.

(THOUSAND EUROS)	NOTE	LEVEL 1	LEVEL 2	LEVEL 3
Investments	21	-	-	19,809
Convertible loans	22	-	-	988
Financial securities	22	44,698	-	-
Derivative financial assets (IRS)	22	-	935	-
Total financial assets		**44,698**	**935**	**20,797**
Liabilities to minority shareholders and earn out	29	-	-	109,600
Derivative financial assets (IRS)	30	-	253	-
Total financial liabilities		**-**	**253**	**109,600**

The valuation of investments in start-up within the Internet of Things (IoT) business, through the acquisition of equity investments and through the issuance of convertible loans, is based on data not directly observable on active stock markets, and therefore falls under the fair value hierarchical Level 3.

The item Financial securities is related to securities listed on the active stock markets and therefore falls under the fair value hierarchical level 1.
To determine the effect of interest rate derivate financial instruments Reply refers to evaluation deriving from third parties (banks and financial institutes). The latter, in the calculation of their estimates made use of data observed on the market directly (interest rates) or indirectly (interest rate interpolation curves observed directly): consequently, for the purposes of IFRS 7 the fair value used by the Group for the exploitation of hedging derivatives contracts in existence as at 31 December 2024 re-enters under the hierarchy profile in level 2.

The fair value of Liabilities to minority shareholders and earn out was determined by Group management on the basis of the sales purchase agreements for the acquisition of the company's shares and on economic parameters based on budgets and plans of the purchased company. As the parameters are not observable on stock markets (directly or indirectly) these liabilities fall under the hierarchy profile in level 3.
Considering the uncertainty related to the evolution of these variables, simulations were conducted to generate a range of possible scenarios. Based on these analyses, the expected value of the financial liability was determined, reflecting the different possible outcomes of the scenario under consideration.

As at 31 December 2024, there have not been any transfers within the hierarchy levels.

Note 38 - Transactions with related parties

In accordance with IAS 24 Related parties are Group companies and persons that are able to exercise control, joint control or have significant influence on the Group and on its subsidiaries.
Transactions carried out by the group companies with related parties that as of the reporting date are considered ordinary business and are carried out at normal market conditions.
The main economic and financial transactions with related parties is summarized below.

(THOUSAND EUROS)							
Financial transactions	**31/12/2024**			**31/12/2023**			**Nature of transaction**
	Parent companies	**Key Management with strategic responsibilities**	**Other**	**Parent companies**	**Key Management with strategic responsibilities**	**Other**	
Trade receivables	41	-	29	3		-	Receivables from professional services
Trade payables and other	-	-	1,205	143	-	367	Payables for professional services and official rentals offices
Other payables and employee benefit	-	20,100	148	-	13,500	148	Payables for emoluments to Directors and Managers with strategic responsibilities and Board of Statutory Auditors
Economic transactions	**2024**			**2023**			**Nature of transaction**
	Parent companies	**Key Management with strategic responsibilities**	**Other**	**Parent companies**	**Key Management with strategic responsibilities**	**Other**	
Revenues from professional services	43	-	27	19	-	-	Receivables from professional services
Services from Parent company and related parties	979	-	1,763	848	-	639	Service contracts relating to office rental, and office administration
Personnel	-	17,703	-	-	18,178	-	Emoluments to Directors and Key Management with strategic responsibilities
Services and other costs	-	-	148	-	-	148	Emoluments to Statutory Auditors

With reference to the Cash flows statement, the above-mentioned transactions impact the change in working capital by 7,228 thousand Euros.

Reply group main economic and financial transactions
In accordance with IAS 24, emoluments to Directors, Statutory Auditors and Key Management are also included in transactions with related parties (please see the Annual Report on remuneration).

In accordance with Consob Resolution no. 15519 of 27 July 2006 and Consob communication no. DEM/6064293 of 28 July 2006 the financial statements present the Consolidated Income statement and Balance Sheet showing transactions with related parties separately, together with the percentage incidence with respect to each account caption.
Pursuant to Art. 150, paragraph 1 of the Italian Legislative Decree n. 58 of 24 February 1998, no transactions have been carried out by the members of the Board of Directors that might be in potential conflict of interests with the Company.

Note 39 - Emoluments to directors, statutory auditors and key management

The fees of the Directors and statutory Auditors of Reply S.p.A. for carrying out their respective function, including those in other subsidiary companies, are as follows:

(THOUSAND EUROS)	2024	2023
Executive Directors	10,770	11,475
Statutory auditors	148	148
Total	**10,918**	**11,623**

Emoluments to Key management amounted to approximately 6,933 thousand Euros (6,753 thousand Euros at 31 December 2023).

Note 40 - Guarantees, commitments and contingent liabilities

Guarantees
Guarantees and commitments where existing, have been disclosed at the item to which they refer.

Note that:
- the Domination Agreement contract undersigned in 2010 between Reply Deutschland AG, dominated company, and Reply S.p.A, dominating company, ceased to exist from the

date of legal efficacy of the merger for incorporation of Reply Deutschland SE in Reply S.p.A and with this, the obligations taken on by Reply. It is reported that the judgment of the qualified German Court is still pending for deciding on the suitability of the strike value of the acquisition option of shares on request of the minority shareholders of Reply Deutschland AG at a pre-determined price (8.19 euros). On June 2018, the German court took note of the agreement reached between the parties also affected by the agreement related to the merger of the following point. With regard to shareholders who did not join the settlement agreement, in February 2019, the German Court issued a judgment that provides for an increase of 1.81 euros in the price paid per share and an increase of 0.07 euros gross of the dividends paid in 2010-2013. The financial effects on the Group are covered by specific provisions.

- with regards the merger operation for the incorporation of Reply Deutschland SE in Reply S.p.A. the assessment procedures foreseen in the measures of Article 122j of Umwandlungsgesetz find application – German law on extraordinary operations – with reference to the exchange ratio and the corresponding amount in cash. Within three months from the registration of the merger in the Turin Companies Register, each minority shareholder was able to present a petition for the purpose of commencing, in compliance with German law, before a Judge qualified in Germany – who shall have exclusive jurisdiction – the assessment inherent in the Share Swap ratio and the corresponding amount in cash. Some minority shareholders have commenced the aforementioned procedures and, following exchanges with the minority shareholders and their appointed representative, the Company has reached a settlement agreement where the payment of an additional amount. The expenses arising from this agreement amounting to approximately 5 million Euros is covered by specific provisions (please see Note 33). In relation to the above accruals, as a result of the utilizations, the provision for risks has a residual amount of 87 thousand Euros at 31 December 2024.

Contingent liabilities

As an international company, the Group is exposed to numerous legal risks, particularly in the area of product liability, environmental risks and tax matters. The outcome of any current or future proceedings cannot be predicted with certainty. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Group financial position and results.

Instead, when it is probable that an overflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, the Group recognises specific provision for this purpose.

Note 41 - Events subsequent to 31 December 2024

No significant events were reported after 31 December 2024.

Note 42 - Approval of the consolidated financial statements and authorization to publish

The Consolidated financial statements at 31 December 2024 were approved by the Board of Directors on March 13, 2025 which authorized the publication within the terms of law.

Note 43 – Climate change

Climate change represents a global challenge that also affects business activities, influencing employee well-being, the management of operational sites, and energy efficiency. Reply is aware of the importance of adopting measures to reduce its environmental footprint and ensure operational continuity in a context of increasing attention to sustainability. Throughout the year, the Group has implemented initiatives aimed at optimizing energy consumption at its locations, promoting the adoption of renewable energy sources and energy efficiency systems. Additionally, it has promoted sustainable mobility policies for employees, offering remote working options and encouraging the use of low environmental impact vehicles.

To date, the analysis conducted has not highlighted any significant impacts of climate change on the 2024 financial statements, either in terms of operating costs or revenues. In preparing the financial statements, the Group also assessed the potential effects of climate change on the main accounting estimates, in line with ESMA recommendations. Following this analysis, the Group has determined the following:

- Valuation of tangible assets: The Group does not hold assets that are subject to significant risks of obsolescence or impairment due to climate factors. Therefore, no significant impacts have been identified on the recoverable value of assets or on the determination of their useful life;
- Impairment losses (IAS 36): No impairment indicators related to climate factors have emerged that would require impairments on business assets. It is specified that, as previously described in note 18, any environmental impacts have been considered in the preparation of the budget;
- Provisions for risks and charges (IAS 37): No current obligations or potential liabilities have been identified arising from environmental regulations or other factors related to the ecological transition;

- Going concern assessment: The Group has considered climate risks in its going concern analysis and has not identified any factors that could impair its ability to operate in the foreseeable future.

Despite the absence of significant impacts on current accounting estimates, the Group will continue to monitor regulatory developments and market conditions to promptly adjust its assessments.

Annexed tables

Consolidated income statement prepared pursuant to Consob resolution no. 15519 of 27 july 2006

(THOUSAND EUROS)	2024	OF WHICH WITH RELATED PARTIES	%	2023	OF WHICH WITH RELATED PARTIES	%
Revenues	**2,295,938**	**70**	**0.0%**	**2,117,983**	**19**	**0.0%**
Other income	33,456	-	0.0%	23,947	-	0.0%
Purchases	(46,350)	-	0.0%	(29,364)	-	0.0%
Personnel	(1,237,370)	(17,703)	1.4%	(1,139,331)	(18,178)	2.1%
Services costs	(603,917)	(2,890)	0.5%	(619,657)	(1,636)	0.3%
Amortization, depreciation and write-downs	(84,933)	-	0.0%	(75,205)	-	0.0%
Other operating (cost)/income	(26,403)	-	0.0%	14,372	-	0.0%
Operating income	**330,421**			**292,745**		
(Loss)/gain on investments	(20,000)	-	0.0%	(13,877)	-	0.0%
Financial income/(expenses)	2,812	-	0.0%	(7,287)	-	0.0%
Income before taxes	**313,232**			**271,581**		
Income taxes	(99,464)	-	0.0%	(83,122)	-	0.0%
Net income	**213,768**			**188,459**		
Non-controlling interest	(2,630)	-	0.0%	(1,760)	-	0.0%
Net result of the Parent company	**211,139**			**186,699**		

Consolidated statement of financial position prepared pursuant to Consob resolution no. 15519 of 27 july 2006

(THOUSAND EUROS)	31/12/2024	OF WHICH WITH RELATED PARTIES	%	31/12/2023	OF WHICH WITH RELATED PARTIES	%
Tangible assets	132,343	-	0.0%	108,197	-	0.0%
Goodwill	693,210	-	0.0%	626,481	-	0.0%
Intangible assets	95,802	-	0.0%	81,509	-	0.0%
RoU Assets	107,055		0.0%	114,758		0.0%
Equity investments	19,809	-	0.0%	41,373	-	0.0%
Other financial assets	9,055	-	0.0%	7,448	-	0.0%
Deferred tax assets	66,557	-	0.0%	66,693	-	0.0%
Non-current assets	**1,123,832**			**1,046,457**		
Work in progress	68,369	-	0.0%	47,061	-	0.0%
Trade receivables	757,558	70	0.0%	739,474	3	0.0%
Other receivables and current assets	115,901	-	0.0%	101,832	-	0.0%
Current income tax receivables	27,675			22,541		
Financial assets	45,767	-	0.0%	32,872	-	0.0%
Cash and cash equivalents	491,834	-	0.0%	383,742	-	0.0%
Current assets	**1,507,103**			**1,327,523**		
TOTAL ASSETS	**2,630,935**			**2,373,980**		
Share Capital	4,863	-	0.0%	4,863	-	0.0%
Other reserves	1,084,186	-	0.0%	923,277	-	0.0%
Net result of the period	211,139	-	0.0%	186,699	-	0.0%
Equity of the Parent company	**1,300,188**			**1,114,840**		
Non-controlling interest	2,773	-	0.0%	1,883	-	0.0%
NET EQUITY	**1,302,960**			**1,116,723**		
Due to minority shareholders and Earn-out	57,478	-	0.0%	86,523	-	0.0%
Financial liabilities	48,910	-	0.0%	52,291	-	0.0%
Financial liabilities from RoU	84,695		0.0%	95,101		0.0%
Employee benefits	84,248	-	0.0%	69,677	-	0.0%
Deferred tax liabilities	33,443	-	0.0%	41,605	-	0.0%
Provisions	47,497	-	0.0%	20,644	-	0.0%
Non-current liabilities	**356,271**			**365,841**		
Due to minority shareholders and Earn-out	52,121	-	0.0%	27,845	-	0.0%
Financial liabilities	19,748		0.0%	32,655		0.0%
Financial liabilities from RoU	35,163		0.0%	31,670		0.0%
Trade payables	183,233	2,554	1.4%	191,001	510	0.3%
Other current liabilities	640,928	20,248	3.2%	574,723	13,648	2.4%
Income tax payables	39,155			32,982		
Provisions	1,355	-	0.0%	539	-	0.0%
Current liabilities	**971,703**			**891,415**		
TOTAL LIABILITIES	**1,327,974**			**1,257,256**		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,630,935**			**2,373,980**		

List of companies at 31 December 2024

COMPANY NAME	HEADQUARTERS	GROUP INTEREST
Parent company		
Reply S.p.A.	Turin – Corso Francia, 110 - Italy	
COMPANIES CONSOLIDATED ON LINE BY LINE BASIS:		
4brands Reply GmbH & CO. KG. (**)	Minden, Germany	51.00%
Air Reply S.r.l.	Turin, Italy	100.00%
Airwalk Holding Ltd	Kent, United Kingdom	100.00%
Airwalk Consulting Ltd.	Edinburgh, Scotland	100.00%
Airwalk Consulting Ltd. (Hong Kong)	Shueng Wan, Hong Kong	100.00%
AWC Partners Ltd.	London, United Kingdom	100.00%
Alpha Reply GmbH	Guetersloh, Germany	100.00%
Aim Reply Ltd	London, United Kingdom	100.00%
Arlanis Reply S.r.l.	Turin, Italy	100.00%
Arlanis Reply AG	Potsdam, Germany	100.00%
Arlanis Reply Ltd	London, United Kingdom	100.00%
Aktive Reply S.r.l.	Turin, Italy	100.00%
Atlas Reply S.r.l.	Turin, Italy	100.00%
Autonomous Reply GmbH	Guetersloh, Germany	100.00%
Auxulus Reply GmbH	Munich, Germany	100.00%
Cortex (formerly Atomic) Reply Ltd	London, United Kingdom	100.00%
Avantage Reply Ltd.	London, United Kingdom	100.00%
Avantage Reply (Belgium) Sprl	Brussels, Belgium	100.00%
Avantage Reply (Luxembourg) Sarl	Itzig, Luxembourg	100.00%
Avantage Reply (Netherlands) BV	Amsterdam, Netherlands	100.00%
Avvio Reply Ltd.	London, United Kingdom	100.00%
Blue Reply S.r.l.	Turin, Italy	100.00%
Blue Reply GmbH	Guetersloh, Germany	100.00%
Bridge Reply S.r.l.	Turin, Italy	100.00%
Business Elements Sa	Luxembourg	100.00%
Business Elements Reply Sa	Belgium	100.00%
Business Reply S.r.l.	Turin, Italy	100.00%
Business Reply Public Sector S.r.l.	Turin, Italy	100.00%
Breed Reply Ltd in liquidation	London, United Kingdom	100.00%
Breed Reply Investment Ltd	London, United Kingdom	100.00%
Canvas Reply GmbH	Hamburg, Germany	100.00%
Cluster Reply S.r.l.	Turin, Italy	100.00%
Cluster Reply GmbH	Munich, Germany	100.00%
Cluster Reply Dynamics GmbH	Guetersloh, Germany	100.00%
Cluster Reply Informatica LTDA.	San Paolo, Brasil	100.00%
Cluster Reply Roma S.r.l.	Turin, Italy	100.00%
Comwrap Reply GmbH	Frankfurt, Germany	100.00%
ComSysto D.O.O.	Zagreb, Croatia	100.00%
ComSysto Reply GmbH	Munich, Germany	100.00%
Concept Reply GmbH	Munich, Germany	100.00%

Concept Reply LLC	Michigan, USA	100.00%
Consorzio Reply Public Sector	Turin, Italy	100.00%
Core Reply S.r.l.	Turin, Italy	100.00%
Data Reply S.r.l.	Turin, Italy	100.00%
Data Reply GmbH	Munich, Germany	100.00%
Discovery Reply S.r.l.	Turin, Italy	100.00%
e*finance consulting Reply S.r.l.	Turin, Italy	100.00%
efinance consulting Reply GmbH	Guetersloh, Germany	100.00%
Elbkind Reply GmbH	Hamburg, Germany	100.00%
EOS Reply S.r.l.	Turin, Italy	100.00%
Everlo Reply GmbH	Guetersloh, Germany	100.00%
Fincon Reply GmbH	Hamburg, Germany	100.00%
Forge Reply S.r.l.	Turin, Italy	100.00%
Frank Reply GmbH	Guetersloh, Germany	100.00%
Go Reply S.r.l.	Turin, Italy	100.00%
Go Reply GmbH	Guetersloh, Germany	100.00%
Gray Matter Ltd	London, United Kingdom	100.00%
Hermes Reply S.r.l.	Turin, Italy	100.00%
Hermes Reply Consulting (Nanjing) Co. Ltd.	China	100.00%
Industrie Reply LLC	Michigan, USA	100.00%
Infinity Reply GmbH	Düsseldorf, Germany	100.00%
IrisCube Reply S.r.l.	Turin, Italy	100.00%
Ki Reply GmbH	Guetersloh, Germany	100.00%
Laife Reply GmbH	Munich, Germany	100.00%
Leadvise Reply GmbH	Darmstadt, Germany	100.00%
Like Reply S.r.l.	Turin, Italy	100.00%
Like Reply GmbH	Guetersloh, Germany	100.00%
Liquid Reply GmbH	Guetersloh, Germany	100.00%
Live Reply GmbH	Düsseldorf, Germany	100.00%
Logistics Reply S.r.l.	Turin, Italy	100.00%
Logistics Reply GmbH	Munich, Germany	100.00%
Logistics Reply Roma S.r.l.	Turin, Italy	100.00%
Lynx Recruiting Ltd	London, United Kingdom	100.00%
Machine Learning GmbH	Guetersloh, Germany	100.00%
Macros Reply GmbH	Munich, Germany	100.00%
Mansion House Reply Ltd	London, United Kingdom	100.00%
MHC Holding Us Ltd	London, United Kingdom	100.00%
Mansion House Consulting Inc.	Wilmington, USA	100.00%
Neo Reply GmbH	Guetersloh, Germany	100.00%
Net Reply LLC	Michigan, USA	100.00%
Net Reply S.r.l.	Turin, Italy	100.00%
Nexi Digital S.r.l.	Turin, Italy	51.00%
Nexi Digital Polska Sp. z o.o.	Warsaw, Poland	51.00%
Next Reply GmbH	Guetersloh, Germany	100.00%
Open Reply GmbH	Guetersloh, Germany	100.00%
Open Reply S.r.l.	Turin, Italy	100.00%
Pay Reply S.r.l	Turin, Italy	100.00%

Portaltech Reply Ltd.	London, United Kingdom	100.00%
Power Reply S.r.l.	Turin, Italy	100.00%
Power Reply GmbH	Munich, Germany	100.00%
Protocube Reply S.r.l.	Turin, Italy	100.00%
Red Reply GmbH	Frankfurt, Germany	100.00%
Reply Consulting S.r.l.	Turin, Italy	100.00%
Reply Deutschland SE	Guetersloh, Germany	100.00%
Reply GmbH	Zurich, Swiss	100.00%
Reply do Brasil Sistemas de Informatica Ltda	Belo Horizonte, Brazil	100.00%
Reply Inc.	Michigan, USA	100.00%
Reply Ltd.	London, United Kingdom	100.00%
Reply Belgium SA	Mont Saint Guibert, Belgium	100.00%
Reply Croatia d.o.o.	Croatia	100.00%
Reply Digital Experience S.r.l.	Turin, Italy	100.00%
Reply France SAS	Paris, France	100.00%
Reply Sarl	Luxembourg	100.00%
Reply Services S.r.l.	Turin, Italy	100.00%
Reply Polska Sp. z o.o.	Katowice, Poland	100.00%
Retail Reply S.r.l.	Turin, Italy	100.00%
Ringmaster S.r.l.	Turin, Italy	50.00%
Riverland Reply GmbH	Munich, Germany	100.00%
Roboverse Reply GmbH	Guetersloh, Germany	100.00%
Sagepath Reply LLC	Atlanta, USA	100.00%
Santer Reply S.p.A.	Milan, Italy	100.00%
Security Reply S.r.l.	Turin, Italy	100.00%
Sense Reply S.r.l.	Turin, Italy	100.00%
Sensor Reply S.r.l.	Turin, Italy	100.00%
Shield Reply S.r.l.	Turin, Italy	100.00%
Shield Reply Ltd	London, United Kingdom	100.00%
Solidsoft Reply Ltd.	London, United Kingdom	100.00%
Solirius Ltd	London, United Kingdom	100.00%
Spark Reply S.r.l.	Turin, Italy	100.00%
Spark Reply GmbH	Germany	100.00%
Spike Reply Ltd	London, United Kingdom	100.00%
Spike Reply Gmbh (formerly Modcomp GmbH)	Cologne, Germany	100.00%
Spike Digital Reply GmbH	Guetersloh, Germany	100.00%
Sprint Reply SA	Belgium	100.00%
Sprint Reply S.r.l.	Turin, Italy	100.00%
Sprint Reply Ltd	London, United Kingdom	100.00%
Sprint Reply GmbH	Munich, Germany	100.00%
Storm Reply S.r.l.	Turin, Italy	100.00%
Storm Reply Roma S.r.l.	Turin, Italy	100.00%
Storm Reply GmbH	Guetersloh, Germany	100.00%
Storm Reply Inc(*)	USA	97.00%
Syskoplan Reply S.r.l.	Turin, Italy	100.00%
Syskoplan Reply GmbH	Guetersloh, Germany	100.00%
Syskoplan Cx Reply S.r.l	Turin, Italy	100.00%

Syskoplan Reply LLC	Philadelphia, USA	100.00%
Syskoplan IE Reply GmbH	Guetersloh, Germany	100.00%
Sytel Reply Roma S.r.l.	Turin, Italy	100.00%
Sytel Reply S.r.l.	Turin, Italy	100.00%
Target Reply S.r.l.	Turin, Italy	100.00%
Target Reply GmbH	Guetersloh, Germany	100.00%
TamTamy Reply S.r.l.	Turin, Italy	100.00%
Technology Reply S.r.l.	Turin, Italy	100.00%
Technology Reply Roma S.r.l.	Turin, Italy	100.00%
Technology Reply S.r.l.	Bucharest, Romania	100.00%
Tender Reply S.r.l.	Turin, Italy	100.00%
TD Reply GmbH	Berlin, Germany	100.00%
TD Marketing Consultants, Beijing Co. Ltd	China	100.00%
Threepipe Reply Ltd.	London, United Kingdom	100.00%
The Spur Group LLC	Seattle, USA	100.00%
Tool Reply GmbH	Guetersloh, Germany	100.00%
Triplesense Reply GmbH	Frankfurt, Germany	100.00%
Up Reply GmbH	Munich, Germany	100.00%
Valorem LLC	Kansas City, USA	100.00%
Valorem Private Ltd	India	99.99%
Valorem GmbH	Zurich, Swiss	100.00%
Vanilla Reply GmbH	Guetersloh, Germany	100.00%
Wemanity Group SAS	Paris, France	100.00%
WM Reply S.r.l. (*)	Turin, Italy	80.00%
WM Reply Inc	Illinois, USA	100.00%
WM Reply Ltd	London, United Kingdom	100.00%
WM Reply GmbH	Guetersloh, Germany	100.00%
Whitehall Reply S.r.l.	Turin, Italy	100.00%
Whitehall AI Reply S.r.l.	Turin, Italy	100.00%
Xenia Reply S.r.l.	Turin, Italy	100.00%
Xister Reply S.r.l.	Turin, Italy	100.00%

(*) For these companies an option exists for the acquisition of their minority shares; the exercise of such option in future reporting periods is subject to the achievement of profitability parameters. The accounting reflects Management's best estimate as at the closing date of the 2024 Annual Financial Report.

(**) These companies are exempt from filing statutory financial statements in Germany under the German law § 264b HGB.

COMPANIES CARRIED AT COST		
Avantage Reply S.r.l.	Turin, Italy	100.00%

COMPANIES CARRIED AT FAIR VALUE		
CageEye AS	Norway	1.26%
Connecterra Group Ltd	United Kingdom	27.40%
Dcbrain SAS	France	5.80%
FoodMarble Digestive Health Ltd	United Kingdom	17.47%
iNova Design Ltd	United Kingdom	27.25%
Iotic Labs Ltd	United Kingdom	11.80%
Kokoon Technology Ltd	United Kingdom	25.70%
Metron Sas	France	7.50%
RazorSecure Ltd	United Kingdom	30.70%
Sensoria Inc.	United States	25.97%
TAG Sensors AS	Norway	27.40%
Ubirch GmbH	Germany	18.50%
Zeetta Networks Ltd	United Kingdom	24.00%
Yellow Line Parking Ltd	United Kingdom	9.77%

Information in accordance with article 149-Duodecies issued by Consob

The following table, prepared in accordance with Art. 149-duodeciesof Consob's Regulations for Issuers reports the amount of fees charged in 2024 for the audit and audit related services provided by the Independent Auditors and by entities that are part of the Independent Auditors' network.

(THOUSAND EUROS)	SERVICE PROVIDER	GROUP ENTITY	FEE 2024
Audit	PwC S.p.A.	Parent company - Reply S.p.A.	104
	PwC S.p.A.	Subsidiaries	611
	PwC GmbH	Subsidiaries	437
	Total		**1,152**
Audit related services	PwC S.p.A.	Parent company - Reply S.p.A. (1)	21
	PwC S.p.A.	Parent company - Reply S.p.A. (2)	120
	PwC S.p.A.	Subsidiaries (1)	167
	Total		**308**
Total			**1,459**

(1) Signed tax forms (Modello Unico, IRAP and Form 770)
(2) Sustainability Report Attestation

Attestation of the consolidated financial statements in accordance with article 81-ter of Consob regulation no. 11971 of 14 may 1999 and subsequent amendments and additions

The undersigned, Mario Rizzante, in his capacity as Chairman and Chief Executive Officer, and Giuseppe Veneziano, Director responsible for drawing up Reply S.p.A.'s financial statements, hereby attest, pursuant to the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- suitability with respect to the Company's structure and
- the effective application of the administration and accounting procedures applied in the preparation of the Consolidated financial statements for the year ended 2024.

The assessment of the adequacy of administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2024 was carried out on the basis of regulations and methodologies defined by Reply prevalently coherent with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, an internationally-accepted reference framework.
The undersigned also certify that:

1. the Consolidated Financial Statement

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council, dated 19 July 2002;
- correspond to the amounts shown in the Company's accounts, books and records;
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

2. The Report on Operations includes a reliable analysis of the performance and results of the management, as well as the situation of the issuer and the group of companies included in the consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Turin, 13 March 2025

/s/ Mario Rizzante
Chairman and Chief Executive Officer
Mario Rizzante

/s/ Giuseppe Veneziano
Director responsible of drawing up the accounting documents
Giuseppe Veneziano

Attestation of the consolidated Sustainability Report in accordance with article 81-ter, paragraph 1, of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned, Mario Rizzante, in his capacity as Chairman and Chief Executive Officer, and Giuseppe Veneziano, Director responsible for drawing up Reply S.p.A.'s financial statements, hereby attest, pursuant to the provisions of Article 154-bis, paragraph 5-ter, of Legislative Decree no. 58 of 24 February 1998, that the Sustainability Report included in the Report on operations was prepared:

a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024;

b) with the specifications adopted pursuant to Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Turin, 13 March 2025

/s/ Mario Rizzante
Chairman and Chief Executive Officer
Mario Rizzante

/s/ Giuseppe Veneziano
Director responsible of drawing up the accounting documents
Giuseppe Veneziano

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of Reply SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Reply Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2024, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Reply SpA pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Evaluation of the recoverability of goodwill	
Note 2 "Accounting principles and basis of consolidation" paragraph "Impairment" and Note 18 "Goodwill" to the consolidated financial statements The goodwill recorded in the consolidated statement of financial position as of 31 December 2024 amounts to Euro 693 million, equal to approximately 26 percent of total assets. Group's management carries out test of recoverability of goodwill allocated to cash generating units/groups of cash generating units ("Cash Generating Unit" o "CGU") identified, by comparing the carrying amount with the recoverable amount in accordance with IAS 36 (impairment test). The recoverable amount of an asset is the higher of its fair value, less costs of disposal, and its value in use, determined by discounting the estimated future cash flows for that asset. When determining the value in use, the expected future cash flows are discounted using a discount rate that reflects current market assessments of the time value of money, related to the investment period and the specific risks of the asset. Group management, with the support of external experts, performed the annual impairment test as at 31 December 2024 for all the CGU identified. Based on the impairment test performed as at 31 December 2024, the recoverable amount of the Goodwill, determined according to the configuration of the value in use, resulted higher than the carrying amounts for all the CGU identified.	The audit procedures performed included the analysis of the consistency between the impairment test procedures approved by the Board of Directors, the requirements of the International Accounting Standard 36 and the impairment test procedure effectively in place. We analysed the key assumptions utilized to determine the net present value of the prospective cash flows. These activities have been performed through discussion held with Group's management, comparing discount rates and growth rates with market benchmark, with indications provided by management's external experts and with corresponding assumptions and parameters used in the context of impairment test performed for the previous annual financial report. Additionally, with the support of PwC experts, we evaluated i) the consistency between the expected cash flows used for the impairment test and the economic and financial projections approved by the Board of Directors on 25 February 2025, ii) the mathematical accuracy of underlying calculations, and iii) Group's management sensitivity analyses on the relevant assumptions, with particular reference to future cash flows and their discount rates. Lastly, we verified the adequacy of the financial disclosure based on international financial reporting standards requirements, also considering information and data obtained during our audit, with a particular focus on the description of the impairment

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
The impairment test involved the usage of complex estimates, for instance, those related to future cash flows and related normalization, discount rates and growth rates used to estimate the terminal value beyond the projections of the explicit cash flows. We considered the assessment of the recoverability of the carrying amount of goodwill a key audit matter, considering the significance of this item, as well as the methods of determining the value in use based on complex assumptions which required us to pay particular attention to the impairment test performed by the Company.	test process, disclosure of main assumptions, quantitative results of the impairment test and sensitivity analysis.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate Reply SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 19 April 2019, the shareholders of Reply SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Reply SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2024 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Reply SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Reply group as of 31 December 2024, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section on the consolidated sustainability reporting, and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are consistent with the consolidated financial statements of Reply group as of 31 December 2024.

Moreover, in our opinion, the report on operations, excluding the section on the consolidated sustainability reporting, and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Our opinion on compliance with the law does not extend to the section of the report on operations relating to the consolidated sustainability reporting. The conclusions on the compliance of that section with the rules governing its preparation and on compliance with the disclosure requirements established by article 8 of Regulation (EU) 2020/852 are expressed by ourselves in the report prepared in accordance with article 14-bis of Legislative Decree No. 39/10.

Turin, 31 March 2025

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

pwc

Independent auditor's limited assurance report on the consolidated sustainability statement

in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

To the shareholders of Reply SpA

Conclusion

In accordance with articles 8 and 18, paragraph 1, of Legislative Decree No. 125 of 6 September 2024 (hereinafter also the "Decree"), we have undertaken a limited assurance engagement on the consolidated sustainability statement of the Reply Group (hereinafter also the "Group") for the year ended 31 December 2024 prepared in accordance with article 4 of the Decree, presented in the specific section of the consolidated statement on operations.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the Reply Group for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the reporting criteria adopted by the European Commission pursuant to Directive (EU) 2013/34/UE (*European Sustainability Reporting Standards*, hereinafter also the "ESRS");
- the information set out in paragraph "*Disclosures pursuant to article 8 of regulation (EU) 2020/852 (taxonomy regulation)*" of the consolidated sustainability statement is not prepared, in all material respects, in accordance with article 8 of Regulation (UE) No. 852 of 18 June 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under this Standard are further described in the "*Auditor's Responsibilities for the Limited Assurance Conclusion on the Consolidated Sustainability Statement*" section of this report.

PricewaterhouseCoopers SpA

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We are independent in accordance with the principles of ethics and independence applicable to assurance engagements on consolidated sustainability reporting under Italian law.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters - Comparative information

The consolidated sustainability statement for the year ended 31 December 2024 contains, in the specific section "*Disclosures pursuant to article 8 of regulation (EU) 2020/852 (taxonomy regulation)*", the comparative information referred to in article 8 of the Taxonomy Regulation in relation to the year ended 31 December 2023, which was not subjected to any assurance procedures

Responsibilities of the directors and the board of statutory auditors of Reply SpA for the consolidated sustainability statement

The directors Reply SpA are responsible for developing and implementing the procedures adopted to identify the information included in the consolidated sustainability statement in accordance with the provisions of the ESRS (hereinafter the "materiality assessment process") and for describing those procedures in the *"[IRO-1] Description of the process to identify and assess material impacts, risks and opportunities"* of the consolidated sustainability statement.

The directors are also responsible for preparing the consolidated sustainability statement, which contains the information identified through the materiality assessment process, in accordance with the provisions of article 4 of the Decree, including:

- its compliance with the ESRS;
- its compliance with article 8 of the Taxonomy Regulation of the information set out in paragraph *"Disclosures pursuant to article 8 of regulation (EU) 2020/852 (taxonomy regulation)"*.

That responsibility involves designing, implementing and maintaining, in the terms prescribed by law, such internal control as they determine is necessary to enable the preparation of a consolidated sustainability statement in accordance with article 4 of the Decree that is free from material misstatement, whether due to fraud or error. That responsibility also involves selecting and applying appropriate methods for processing the information, as well as developing hypotheses and estimates about specific items of sustainability information that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Inherent limitations in the preparation of the consolidated sustainability statement

As reported in section *"ESRS 2 General disclosures"*, for the purpose of reporting forward-looking information in accordance with ESRS, the directors are required to prepare such information on the basis of assumptions, described in the consolidated sustainability statement, about future events and possible future actions by the Group. Because of the uncertainty connected with any future event, in terms both of occurrence and of the extent and timing of occurrence, variances between actual results and forward-looking information may be significant.

As reported in section *"ESRS E1 Climate change"*, the disclosure about Scope 3 emissions is subject to greater inherent limitations compared with Scope 1 and 2 emissions, because of the poor availability and relative accuracy of the information used to define both qualitative and quantitative information on Scope 3 emissions related to the value chain.

Auditor's responsibilities for the limited assurance conclusion on the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that contains our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated sustainability statement.

As part of our engagement designed to achieve limited assurance in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- Performing risk assessment procedures to identify the disclosures where a material misstatement, whether due to fraud or error, is likely to arise;
- Designing and performing procedures to verify the disclosures where a material misstatement is likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Directing, supervising and performing a limited assurance engagement on the consolidated sustainability statement and assuming full responsibility for the conclusion on the consolidated sustainability statement.

Summary of the work performed

An engagement designed to obtain limited assurance involves performing procedures to obtain evidence as a basis for our conclusion.
The procedures performed were based on our professional judgement and included inquiries, primarily of personnel of Reply SpA responsible for the preparation of the information presented in the consolidated sustainability statement, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

We performed the following main procedures:

- We understood the Group's business model and strategies, and the environment in which it operates with reference to sustainability issues;
- We understood the processes underlying the generation, collection and management of the qualitative and quantitative information included in the consolidated sustainability statement;
- We understood the process implemented by the Group to identify and assess the material impacts, risks and opportunities, in accordance with the double materiality principle, related to sustainability issues and, based on the information thus obtained, we considered whether any contradictory items emerged that could point to the existence of sustainability issues not considered by the Company in the materiality assessment process;
- We identified the disclosures where a material misstatement is likely to arise;
- We defined and performed procedures, based on our professional judgement, to address the risks of material misstatement identified;
- We understood the process implemented by the Group to identify the eligible economic activities and to determine whether they are aligned in accordance with the provisions of the Taxonomy Regulation, and we verified the related disclosures in the consolidated sustainability statement;
- We reconciled the information reported in the consolidated sustainability statement with the information reported in the consolidated financial statements in accordance with the applicable financial reporting framework, or with the accounting information used for the preparation of the consolidated financial statements, or with management accounting information;
- We verified the structure and presentation of disclosures included in the consolidated sustainability statement in accordance with the ESRS;

- We obtained management's representation letter.

Turin, 31 March 2025

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers.