

**FINANCIAL
STATEMENTS
AS AT 31
DECEMBER
2024**

Income statement (*) (**)

(EUROS)	NOTE	2024	2023
Revenue	5	869,223,983	792,261,247
Other income	6	25,100,326	22,794,238
Purchases	7	(33,231,687)	(29,671,176)
Personnel	8	(48,423,316)	(33,309,178)
Services and other costs	9	(786,432,221)	(732,056,100)
Amortization, depreciation and write-downs	10	(4,187,755)	(4,445,008)
Other operating (cost)/income	11	(28,872,484)	(6,482,920)
Operating income		(6,823,153)	9,091,102
Gain/(loss) on equity investments	12	25,758,250	140,546,955
Financial income/(expenses)	13	41,924,781	20,834,566
Income before taxes		60,859,877	170,472,623
Income taxes	14	(10,215,550)	(9,342,926)
Net income		50,644,327	161,129,698
<i>Net and diluted income per share</i>	15	1.35	4.32

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Income Statement are reported in the annexed Tables and further described in Note 35.

(**) 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 Company's financial and economic situation. The reasons for these revisions have been indicated in the respective notes.

Statement of comprehensive income

(EUROS)	NOTE	2024	2023
Profit of the period (A)		50,644,327	161,129,698
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) from employee benefit plans	28	240,699	(11,060)
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):		240,699	(11,060)
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedges	28	(1,301,055)	(848,990)
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):		(1,301,055)	(848,990)
Total other comprehensive income, net of tax (B) = (B1) + (B2):		(1.060.356)	(860.050)
Total comprehensive income (A)+(B)		48,583,971	160,269,648

Financial statements as at 31 December 2024

Statement of financial position ^(*)^(**)

(EUROS)	NOTE	31/12/2024	31/12/2023
Tangible assets	17	587,761	546,470
Goodwill	18	86,765	86,765
Intangible assets	19	5,102,557	5,565,338
RoU Assets	20	4,513,552	1,262,979
Equity investments	21	239,166,849	208,916,189
Other financial assets	22	514,537,724	464,115,480
Deferred tax assets	23	13,021,559	9,384,763
Non-current assets		777,016,767	689,877,984
Trade receivables	24	599,647,726	569,853,187
Other receivables and current assets	25	94,883,374	75,284,139
Income tax receivables	25	2,143	848,396
Financial assets	26	93,682,271	86,097,755
Cash and cash equivalents	27	328,234,302	233,202,949
Current assets		1,116,449,816	965,286,426
TOTAL ASSETS		1,893,466,584	1,655,164,409
Share Capital		4,863,486	4,863,486
Other reserves		688,087,811	565,296,705
Net income		50,644,327	161,129,698
NET EQUITY	28	743,595,624	731,289,889
Financial liabilities	29	47,217,651	48,174,351
IFRS 16 Financial liabilities	29	2,773,828	740,965
Employee benefits	30	11,741,984	771,789
Deferred tax liabilities	31	173,769	5,934,786
Provisions	34	36,188,584	7,316,101
Non-current liabilities		98,095,816	62,937,992
Financial liabilities	29	410,099,808	278,585,391
IFRS 16 Financial liabilities	29	1,777,002	523,515
Trade payables	32	496,563,931	476,954,890
Other current liabilities	33	65,394,717	57,830,728
Income tax payables	33	26,439,686	17,042,005
Provisions	34	51,500,000	30,000,000
Current liabilities		1,051,775,144	860,936,529
TOTAL LIABILITIES		1,149,870,960	923,874,521
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(*) 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 35.

(**) 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 Company's financial and economic situation. The reasons for these revisions have been indicated in the respective notes.

Statement of changes in equity (*)

(EUROS)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	EARNING RESERVES	CASH FLOW HEDGE RESERVE	RESERVE FOR ACTUARIAL GAINS/(LOSSES)	TOTAL
Balance at 1 January 2023	4,863,486	(17,122,489)	305,880,909	312,074,355	2,598,903	3,313	608,298,476
Dividends distributed	-	-	-	(37,278,236)	-	-	(37,278,236)
Change in own shares	-	-	-	-	-	-	-
Total income	-	-	-	161,129,698	(848,990)	(11,060)	160,269,648
Other changes	-	-	-	-	-	-	-
Balance at	-	-	-	161,129,698	(848,990)	(11,060)	160,269,648
31 December 2023	4,863,486	(17,122,489)	305,880,909	435,925,816	1,749,913	(7,747)	731,289,888

(EUROS)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	EARNING RESERVES	CASH FLOW HEDGE RESERVE	RESERVE FOR ACTUARIAL GAINS/(LOSSES)	TOTAL
Balance at 1 January 2024	4,863,486	(17,122,489)	305,880,909	435,925,816	1,749,913	(7,747)	731,289,888
Dividends distributed	-	-	-	(37,278,236)	-	-	(37,278,236)
Change in own shares	-	-	150,000,000	(150,000,000)	-	-	-
Increase for acquisition of treasury shares	-	-	-	-	-	-	-
Total income	-	-	-	50,644,327	(1,301,055)	240,699	49,583,971
Balance at	-	-	-	50,644,327	(1,301,055)	240,699	49,583,971
31 December 2024	4,863,486	(17,122,489)	455,880,909	299,291,908	448,858	232,952	743,595,623

(*) Refer to note 28 for more information.

Financial statements as at 31 December 2024

Statement of cash flows

EUROS	2024	2023
Result	50,644,327	161,129,698
Income taxes	19,613,363	12,077,006
Amortization and depreciation	4,187,755	4,445,008
Other non-monetary expenses/(income)	38,346,862	30,756,311
Change in trade receivables	(27,341,377)	(36,475,183)
Change in trade payables	(115,665,521)	33,141,560
Change in other assets and liabilities	131,333,228	(17,226,761)
Income tax paid	(12,077,006)	(5,699,194)
Interest paid	3,559,538	3,966,587
Interest cashed	(10,994,008)	(4,237,225)
Net cash flows from operating activities (A)	81,607,162	181,877,805
Payments for tangible and intangible assets	(5,022,595)	(1,836,226)
Payments for financial assets	(108,035,824)	(43,407,661)
Cash flows from financial assets	27,266,931	52,860,439
Payments for the acquisition of subsidiaries net of cash acquired	(20,000)	(726,090)
Net cash flows from investment activities (B)	(89,432,489)	6,890,462
Dividends paid	(37,278,236)	(37,278,236)
Financing granted	13,100,000	6,500,000
Payments of financial liabilities	(25,738,096)	(20,952,381)
Change in financial liabilities from ROU IFRS 16	1,148,438	(681,757)
Net cash flows financing activities (C)	(48,767,894)	(52,412,374)
Net cash flows (D) = (A)+(B)+(C)	(52,972,221)	136,355,894
Cash and cash equivalents at the beginning of the period	38,377,880	(97,978,014)
Cash and cash equivalents at period end	(14,594,342)	38,377,880
Total change in cash and cash equivalents (D)	(52,972,221)	136,355,894

DETAIL OF CASH AND CASH EQUIVALENTS

(EUROS)

Cash and cash equivalents at the beginning of the period:	38,377,880	(97,978,014)
Cash and cash equivalents	233,202,949	82,017,473
Transaction accounts - surplus	55,113,331	66,596,349
Transaction accounts - overdraft	(249,938,400)	(226,237,713)
Bank overdrafts	-	(20,354,123)
Cash and cash equivalents at period end:	(14,594,342)	38,377,880
Cash and cash equivalents	328,234,302	233,202,949
Transaction accounts - surplus	50,014,938	55,113,331
Transaction accounts - overdraft	(392,843,582)	(249,938,400)

Notes to the financial statements

General information	NOTE 1	General information
	NOTE 2	Accounting principles
	NOTE 3	Financial risk management
	NOTE 4	Other
Income statement	NOTE 5	Revenues
	NOTE 6	Other revenues
	NOTE 7	Purchases
	NOTE 8	Personnel
	NOTE 9	Services and other costs
	NOTE 10	Amortization, depreciation and write-downs
	NOTE 11	Other operating and non-recurring income/(expenses)
	NOTE 12	Gain/(loss) on equity investments
	NOTE 13	Financial income/(expenses)
	NOTE 14	Income taxes
Financial position- Assets	NOTE 15	Earnings per share
	NOTE 16	Contributions
	NOTE 17	Tangible assets
	NOTE 18	Goodwill
	NOTE 19	Other intangible assets
	NOTE 20	RoU Assets
	NOTE 21	Equity Investments
	NOTE 22	Non-current financial assets
	NOTE 23	Deferred tax assets
	NOTE 24	Trade receivables
	NOTE 25	Other receivables and current assets and income tax receivables
	NOTE 26	Current financial assets
	NOTE 27	Cash and cash equivalents
Financial position- Liabilities and shareholders' equity	NOTE 28	Shareholders' equity
	NOTE 29	Financial liabilities
	NOTE 30	Employee benefits
	NOTE 31	Deferred tax liabilities
	NOTE 32	Trade payables
	NOTE 33	Other current liabilities and income tax payables
	NOTE 34	Provisions
Other information	NOTE 35	Transactions with related parties
	NOTE 36	Additional disclosures to financial instruments and risk management policies
	NOTE 37	Significant non-recurring transactions
	NOTE 38	Transactions resulting from unusual and/or abnormal operations
	NOTE 39	Guarantees, commitments and contingent liabilities
	NOTE 40	Emoluments to Directors, Statutory Auditors and Directors with Key responsibilities
	NOTE 41	Events subsequent to 31 December 2024
	NOTE 42	Approval of the financial statements and authorization for publication
	NOTE 43	Climate change

Financial statements as at 31 December 2024

Note 1 – General information

Reply is specialized in the implementation of solutions based on new communication and digital media. Reply, consisting of a network of specialized companies, assists important European industries belonging to Telco & Media, Manufacturing & Retail, Bank & Insurances and Public Administration sectors, in defining and developing new business models utilizing Big Data, Cloud Computing, CRM, Mobile, Social Media and Internet of Things paradigms. Reply's services include: consulting, system integration, application management and Business Process Outsourcing.

The company mainly carries out the operational coordination and technical management of the group and also the administration, financial assistance and some purchase and marketing activities.

Reply also manages business relations for some of its main clients.

Note 2 - Accounting principles

Compliance with international accounting principles

The 2024 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and with the provisions implementing Article 9 of Legislative Decree No. 38/2005.

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").

In compliance with European Regulation No. 1606 of 19 July 2002, beginning in 2005, the Reply Group adopted the International Financial Reporting Standards ("IFRS") for the preparation of its Consolidated Financial Statements. On the basis of national legislation implementing the aforementioned Regulation, those accounting standards were also used to prepare the separate Financial Statements of the Parent Company, Reply S.p.A., for the first time from 1st January 2006.

It is hereby specified that the accounting standards applied conform to those adopted for the preparation of the initial Statement of Assets and Liabilities as at 1 January 2005 according to the IFRS, as well as for the 2005 Income Statement and the Statement of Assets and Liabilities as at 31 December 2005, as re-presented according to the IFRS and published in the special section of these Financial Statements.

General principles

The Financial Statements were prepared under the historical cost convention, modified as required for the measurement of certain financial instruments. The criterion of fair value was adopted as defined by IFRS 9.

The Financial Statements have been prepared on the going concern assumption. In this respect, despite operating in a difficult economic and financial environment, the Company's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist relative to its ability to continue as a going concern.

These Financial Statements are expressed in Euros and are compared to the Financial Statements of the previous year prepared in accordance with the same principles.

These Financial Statements have been drawn up under the general principles of continuity, accrual-based accounting, coherent presentation, relevancy and aggregation, prohibition of compensation and comparability of information.

The fiscal year consists of a twelve (12) month period and closes on the 31 December each year.

Financial Statements

The 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 company classifies costs according to their nature, which is deemed to properly represent the company'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.

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 is further noted that, to comply with the indications provided by Consob Resolution No. 15519 of 27 July 2006 "Provisions as to the format of Financial Statements", in addition to mandatory tables, specific supplementary Income Statement and Balance Sheet formats have been added that report significant amounts of positions or transactions with related parties indicated separately from their respective items of reference.

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 entity may be presented as 'non-recurring'.

Tangible assets

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

Goods made up of components, of significant value, that have different useful lives are considered separately when determining depreciation.

In compliance with IAS 36 – Impairment of assets, the carrying value is immediately remeasured to the recoverable value, if lower.

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:

Equipment	30%
Plant and machinery	20%
Hardware	40%
Furniture and fittings	12%

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 Company's interest at the time of acquisition of the fair value of the assets, liabilities and identifiable contingent liabilities attributable to the subsidiary.

Goodwill is not amortized, but is tested for impairment annually or more frequently if specific 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.

Goodwill deriving from acquisitions made prior to the transition date to IFRS are maintained at amounts recognized under Italian GAAP at the time of application of such standards and are subject to impairment tests at such date.

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 company'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%

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

Right of use 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'.

Leases that were previously accounted for under IAS 17 as financial leases, have not changed compared to the current accounting representation, in full continuity with the past.

Contracts that are within the scope of IFRS 16 relate mainly to long term car-rental.

With reference to the options and exemptions provided by IFRS 16, the Company 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.

Intangible assets with indefinite useful life

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, as provided by IAS 36, but 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 Company 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 Company 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 to 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. The assessment is carried out for the individual asset or for the smallest identifiable group of cash generating assets deriving from ongoing use, (the so-called Cash generating unit). With reference to goodwill, Management assesses return on investment with reference to the smallest cash generating unit including goodwill.

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. When the recognition 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.

Equity investments

Investments in subsidiaries and associated companies are valued using the cost method. As implementation of such method, they are subject to an impairment test if there is any objective evidence that these investments have been impaired, due to one or more events that occurred after the initial measurement if such events have had an impact on future cash flows, thus inhibiting the distribution of dividends. Such evidence exists when the subsidiary's and associate's operating margins are repetitively and significantly negative. If such is the case, impairment is recognized as the difference between the carrying value and the recoverable value, normally determined on the basis of fair value less disposal costs, normally determined through the application of the market multiples to prospective EBIT or to the value in use.

At each reporting period, the Company assesses whether there is objective evidence that a write-down due to impairment of an equity investment recognized in previous periods may be reduced or derecognized. Such evidence exists when the subsidiary's and associate's operating margins are repetitively and significantly positive. In this case, the recoverable value is re-measured and eventually the investment is restated at initial cost.

Equity investments in other companies, comprising non-current financial assets not held for trading, are measured at fair value, if it can be determined. Any subsequent gains and losses resulting from changes

in fair value are recognized directly in Shareholders' equity until the investment is sold or impaired; the total recognized in equity up to that date are recognized in the Income Statement for the period.

Minor investments in other companies for which fair value is not available are measured at cost, and adjusted for any impairment losses.

Dividends are recognized as financial income from investments when the right to collect them is established, which generally coincides with the shareholders' resolution. If such dividends arise from the distribution of reserves prior to the acquisition, these dividends reduce the initial acquisition cost.

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 Company derecognizes financial assets from its Financial Statements when, and only when, the contractual rights to the cash flows deriving from the assets expire or the Company transfers the financial asset. In the case of transfer of the financial asset:

- ▶ If the entity substantially transfers all of the risks and benefits of ownership associated with the financial asset, the Company derecognizes the financial asset from the Financial Statements and recognizes separately as assets or liabilities any rights or obligations originated or maintained through the transfer;
- ▶ If the Company maintains substantially all of the risks and benefits of ownership associated with the financial assets, it continues to recognize it;
- ▶ If the Company does not transfer or maintain substantially all of the risks and benefits of ownership associated with the financial asset, it determines whether or not it has maintained control of the financial asset. In this case:
 - ▶ If the Company has not maintained control, it derecognizes the financial asset from its Financial Statements and recognizes separately as assets or liabilities any rights or obligations originated or maintained through the transfer;
 - ▶ If the Company has maintained control, it continues to recognize the financial asset to the extent of its residual involvement with such 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 asset is recognized in the income statement.

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. At initial recognition they are measured at fair value adjusted for transaction costs and subsequently measured at amortized cost determined using the effective interest rate, to account for foreign exchange differences and any impairment losses.

At each reporting date, all financial assets, with the exception of those measured at fair value through profit and loss, are analysed for any impairment indicators. Under IFRS 9,

an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. 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 for 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 in fact the same as the nominal value.

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

Cash and cash equivalents

The item cash and cash equivalents includes cash, banks and 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. All gains and losses from the sale of treasury shares are recorded in a special Shareholders' equity reserve.

Financial liabilities and equity investments

Financial liabilities and equity instruments issued by the Company 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 Company's assets after having deducted its liabilities.

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 Company 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

The Company's activities are primarily subject to financial risks associated with fluctuations in interest rates. Such interest rate risks arise from bank borrowings; In order to hedge such risks, the Company's policy consists of converting fluctuating rate liabilities in constant rate liabilities and treating them as cash flow hedges. The use of such instruments is disciplined by written procedures in line with the Company risk strategies that do not contemplate derivative financial instruments for trading purposes.

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 Company commitments and forecasted transactions are recognized directly in Shareholder's equity, while the ineffective portion is immediately recorded 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.

The hedge accounting method is abandoned when the hedging instrument matures, is sold, terminates, is exercised, or is no longer qualified as a hedging. At that time, the accumulated gains or losses of the hedging instrument recognised directly in equity are retained in equity until the anticipated transaction actually occurs. If the hedged transaction is not expected

to occur, the accumulated gains or losses recognised directly in equity are immediately transferred to the income statement.

Embedded derivatives included in other financial instruments or in other contractual obligations are treated as separate derivatives, when their risks and characteristics are not closely related to those of the financial instrument that houses them and the latter are not measured at fair value with recognition of the relative 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 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.

Employee termination indemnities ("TFR") are classified as a "post-employment benefit", falling under the category of a "defined benefit plan"; the amount already accrued must be projected in order to estimate the payable amount at the time of employee termination and subsequently be discounted through the "projected unit credit method", an actuarial method based on demographic and finance data that allows the reasonable estimate of the extent of benefits that each employee has matured in relation to the time worked. Through actuarial measurement, interest cost is recognized as financial gains or losses and represents the figurative expenditure that 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.

Share-based payment plans

The Company 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 and over the (vesting period). The fair value of the option, measured at the granting date, is assessed through actuarial calculations, taking into account the terms and conditions of the options granted.

The stock options resolved in the previous financial years have been exercised and therefore the Company does not have existing stock option plans.

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).

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 Company 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 Company'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 ordinary activities.

The process underlying the recognition of revenues follows the steps set out in IFRS 15:

- ▶ Identification of the contract: this occurs 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 it probable that the consideration will be received;
- ▶ identification of performance obligations: the main performance obligations identified, i.e. promises to transfer goods and services;
- ▶ determination of the transaction price: it is the total amount contracted with the counterparty, taking into account the entire duration of the contract;
- ▶ allocation of transaction price to performance obligations;
- ▶ recognition of revenues at the time of satisfaction of the performance obligation.

Therefore, the amount that the Company recognises as revenue must reflect the

consideration to which it is entitled in exchange for the goods transferred to the customer and/or the services rendered, to be recognised at the time when the underlying contractual obligations have been fulfilled, or when the Company has transferred control of the good or service to the customer, in the following ways: a) over time; b) at a certain point in time.

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.

Revenues from services include the activities undertaken directly by the Company towards certain primary customers in relation to the commercial activity carried out. These activities are also provided for services rendered by Group companies and the costs of such services are classified under Services and other costs.

Interest income is recognised on an accrual basis, on the basis of the amount financed and the applicable effective interest rate, which represents the rate that discounts the estimated future receipts over the expected life of the financial asset and is reflected in the carrying amount of the asset itself.

Dividends from investments in subsidiaries are recognised when the right of shareholders to receive payment is established.

Financial income and expenses

Financial income and expenses are recognized and measured 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 Company 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 Company 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 23 May 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 Company has adopted these amendments, providing the required information, starting from the 2023 financial year. For more details, please refer to Note 14.

Earnings per share

Basic earnings per share is calculated with reference to the profit for the period of the Company 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.

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:

Equity investments

At each balance sheet date, the company verifies whether there are indications that the investments may have suffered a reduction in value. For this purpose, both internal and external sources of information are considered. The identification of value reduction indicators, the estimation of future cash flows and the determination of the fair value of each investment requires Management to make significant estimates and assumptions about the determination of the discount rate to be applied, the useful life and the residual value of the assets. These estimates can have a significant impact on the value of assets and the amount of any write-downs.

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.

Leasing 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 Company, reflects the economic substance of the operations, is neutral, drafted on a prudential basis and comprehensive in all relevant aspects.

Estimations changes and reclassifications

It should be noted that at the balance sheet date there are no significant estimates related to uncertain future events and other causes of uncertainty that may cause significant adjustments to the values of assets and liabilities within the following year.

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.

Note 3 – Risk management

Reply S.p.A. 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.

To minimize risks Reply utilizes derivative financial instruments. At a central level it manages the hedging of principle operations. Reply S.p.A. does not detain derivate financial instruments for negotiating purposes.

Credit risk

For business purposes, specific policies are adopted in order to guarantee that clients honour payments.

With regards to financial counterparty risk, the company does not present significant risk in credit-worthiness or solvency. For newly acquired clients, the Company accurately verifies their capability in terms of facing financial commitments. Transactions of a financial nature are undersigned only with primary financial institutions.

The probability of default was considered at the initial recognition of an asset and whether there has been a significant increase in credit risk on a continuous basis for each reporting period. Forward-looking information, if available, was also taken into account. In particular, indicators such as credit ratings or significant negative changes could be considered.

Macroeconomic information (such as market interest rates or growth rates), in addition to information related to climate change, is considered for the purpose of the evaluation.

Liquidity risk

The Company 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 companies are monitored and managed on a centralized basis through the Group Treasury. The aim of this centralized system is to optimize the efficiency and effectiveness of the management of the Group’s current and future capital resources (maintaining an adequate level of cash and cash equivalents and the availability of reserves of liquidity that are readily convertible to cash and committed credit).

The difficulties both in the markets and in the financial markets require special attention to the management of liquidity risk, and in that sense particular emphasis is being placed on measures taken to generate financial resources through operations and on maintaining an adequate level of available liquidity. The Company 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.

Risks associated with fluctuations in currency and interest rates

As the company operates mainly in a “Euros area” the exposure to currency risks is limited. 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 Company’s net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

The interest rate risk to which the Company is exposed derives from bank loans; to mitigate such risks, Reply S.p.A., when useful, uses derivative financial instruments designated as “cash flow hedges”. The use of such instruments is disciplined by written procedures in line with the Company’s risk management strategies that do not contemplate derivative financial instruments for trading purposes.

Note 4 – Other information**Exception allowed under paragraph 4 of Article 2423 of the Italian Civil Code**

No exceptions allowed under Article 2423, paragraph 4, of the Italian Civil Code were used in drawing up the annexed Financial Statements.

Fiscal consolidation

The Company has decided to enter into the National Fiscal Consolidation pursuant to articles 117/129 of the TUIR.

Reply S.p.A., Parent Company, acts as the consolidating company and determines just one taxable income for the Group companies that adhere to the Fiscal Consolidation, and will benefit from the possibility of compensating taxable income having fiscal losses in just one tax return.

Each company adhering to the Fiscal Consolidation transfers to Reply S.p.A. its entire taxable income, recognizing a liability with respect to the Company corresponding to the payable IRES; The companies that transfer fiscal losses can register a receivable with Reply, corresponding to IRES on the part of the loss off-set at a Group level and remunerated according to the terms established in the consolidation agreement stipulated among the Group companies.

Branch Offices

The Company operates in Italy through 16 branch offices.

Disclosure pursuant to Article 2427, paragraph 1, no. 22, Civil Code

Reply S.p.A. is included in the largest consolidated financial statements prepared by Iceberg S.r.l., based in Turin, Italy. The consolidated financial statements of Iceberg are available at the company's registered office.

The smallest group of companies that includes Reply S.p.A. and for which a consolidated financial statement is prepared is represented by the Reply Group, which prepares its own consolidated financial statement. This document is available on the website www.reply.com.

Note 5 – Revenue

Revenues amounted to 869,223,983 Euros and are detailed as follows:

(EUROS)	2024	2023	CHANGE
Revenues from services	732,127,450	677,804,118	54,323,333
Royalties on "Reply" trademark	62,394,136	58,424,312	3,969,825
Intercompany services	42,146,336	38,789,200	3,357,136
Other intercompany revenues	32,556,061	17,243,618	15,312,443
Total	869,223,983	792,261,247	76,962,737

Reply manages business relationships on behalf of some of its major clients. Such activities were recorded in the item Revenues from services to third parties which increased by 54,323,333 Euros.

Revenues from Royalties on the "Reply" trademark refer to charges to subsidiaries, corresponding to 3% of the subsidiaries' turnover with respect to third parties.

Revenues from Intercompany services and Other intercompany revenues refer to activities that Reply S.p.A. carries out for the subsidiaries, and more specifically:

- ▶ operational, co-ordination, technical and quality management;
- ▶ administration, personnel and marketing activities;
- ▶ strategic management services.

Note 6 – Other income

Other revenues that as at 31 December 2024 amounted to 25,100,326 Euros (22,794,238 Euros at 31 December 2023) mainly refer to expenses incurred by Reply S.p.A. and recharged to the Group companies and include expenses for social events, telephone and training courses.

Note 7 – Purchases

Detail is as follows:

(EUROS)	2024	2023	CHANGE
Software licenses for resale	24,871,051	18,083,064	6,787,987
Hardware for resale	7,407,392	11,056,580	(3,649,189)
Other	953,245	531,532	421,713
Total	33,231,687	29,671,176	3,560,511

The items software and hardware licenses for resale refer to the costs incurred for software licenses for resale to third parties carried out for the Group companies.

The item Other mainly includes the purchase of fuel and recharge of electric vehicles (538,081 Euros) and purchase of e-commerce material, consumables, stationery, printed materials and advertising (361,631 Euros).

Note 8 – Personnel expenses

Personnel expenses amounted to 48,423,316 Euros, with an increase of 15,114,139 Euros and are detailed in the following table:

(EUROS)	2024	2023	CHANGE
Payroll employees	39,335,346	23,469,355	15,865,991
Directors	9,087,970	9,839,822	(751,852)
Total	48,423,316	33,309,178	15,114,139

Detail of personnel by category is provided below:

(HEADCOUNT)	2024	2023	CHANGE
Directors	247	91	156
Managers	4	4	-
Staff	13	13	-
Total	264	108	156

The average number of employees in 2024 was 231 (in 2023 110).

Note 9 – Services and other costs

Services and other costs comprised the following:

(EUROS)	2024	2023	CHANGE
Commercial and technical consulting	5,380,934	5,072,883	308,052
Travelling and training expenses	3,604,095	2,783,553	820,542
Professional services from group companies	708,945,698	659,609,483	49,336,215
Marketing expenses	8,126,422	7,344,414	782,008
Administrative and legal services	1,830,913	1,573,044	257,869
Statutory auditors and Independent auditors' fees	458,735	282,130	176,605
Leases and rentals	2,807,694	2,005,920	801,774
Office expenses	4,860,637	4,089,459	771,179
Other services from group companies	22,953,717	23,170,374	(216,657)
Expenses incurred on behalf of group companies	19,966,148	20,749,553	(783,404)
Others	7,497,227	5,375,287	2,121,940
Total	786,432,221	732,056,100	54,376,121

Professional Services from Group companies, which increased during the year by 49,336,215 Euros, are mainly related to revenues from services to third parties.

Reply S.p.A. carries out commercial fronting activities for some of its major clients, whereas delivery is carried out by the operational companies.

Office expenses include services rendered by related parties in connection with service contracts for the use of premises, legal domicile and secretarial services, as well as utility costs.

Note 10 – Amortization, depreciation and write-downs

Depreciation of tangible assets was calculated on the basis of technical-economic rates determined in relation to the residual useful lives of the assets, and which amounted in 2024 to an overall cost of 371,074 Euros. Details of depreciation are provided at the notes to tangible assets.

Amortization of intangible assets amounted in 2024 to an overall cost of 2,560,352 Euros. Details of depreciation are provided at the notes to intangible assets.

Amortization related to right of use assets arising from the application of IFRS 16 amounted to 1,256,329 Euros.

Note 11 – Other operating income/(expenses)

The item Other operating income/(expenses), amounting to 28,872,484 euros includes economic components that, although related to the ordinary business management, do not directly fall under the main categories of cost and revenue, such as provisions for risk and charges.

The breakdown by the nature of the risk is as follows:

- ▶ Professional liability for 24 million euros;
- ▶ Preventive seizure for 1.2 million euros;
- ▶ Other risks for 3.6 million euros.

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. We note that, 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 company's operations, these have been considered as recurring for the company in the present financial statement. In the previous year, these costs and revenues were classified as non-recurring, amounting to 6,482,920 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 – Gain/(Losses) on equity investments

Detail is as follows:

(EUROS)	2024	2023	CHANGE
Dividends	50,058,250	164,086,955	(114,028,705)
Loss on equity investments	(24,300,000)	(23,540,000)	(760,000)
Total	25,758,250	140,546,955	(114,788,705)

Dividends include proceeds received by Reply S.p.A. from subsidiary companies during the year.

Detail is as follows:

(EUROS)	2024
Blue Reply S.r.l.	10,000,000
Cluster Reply S.r.l.	10,000,000
Iriscube Reply S.r.l.	5,000,000
Nexi Digital S.r.l.	981,750
Ringmaster S.r.l.	576,500
Santer Reply S.p.A.	10,000,000
Technology Reply S.r.l.	10,000,000
Whitehall Reply S.r.l.	3,500,000
Total	50,058,250

Losses on equity investments refer to write-downs and the year-end losses of several subsidiary companies that were prudentially deemed as non-recoverable with respect to the value of the investment.

For further details, see Note 21 herein.

Note 13 – Financial income/(expenses)

Detail is as follows:

(EUROS)	2024	2023	CHANGE
Interest income from subsidiaries	16,463,909	22,362,048	(5,898,138)
Interest income on bank accounts	10,994,008	4,237,225	6,756,783
Interest expenses	(4,312,892)	(4,214,964)	(97,927)
Other	18,779,754	(1,549,742)	20,329,497
Total	41,924,781	20,834,566	21,090,214

Interest income from subsidiaries refers to the interest yielding cash pooling accounts of the Group companies included in the centralized pooling system.

Financial income include interest in bank accounts.

Interest expenses refer to the interest expenses on the use of credit facilities with Intesa Sanpaolo and Unicredit.

The item Other mainly includes:

- ▶ positive 16,493,976 Euros related to the loss on exchange rate differences arising from the translation of balance sheet items not recorded in Euros (negative 2,777,684 Euros at 31 December 2023);
- ▶ the financial gains related to the fair value adjustments of the investments held by Reply amounting to positive 768,061 Euros (positive 1,063,254 Euros at 31 December 2023);
- ▶ 1,038,331 Euros related to interest income in relation to financial investments (931,262 Euros at 31 December 2023).

Note 14 – Income taxes

The details are provided below:

(EUROS)	2024	2023	CHANGE
IRES	18,428,000	10,709,323	7,718,677
IRAP	1,381,000	1,021,000	360,000
Corporate tax - previous years	(195,637)	346,683	(542,320)
Current taxes	19,613,363	12,077,006	7,536,357
Deferred tax liabilities	(5,761,017)	(77,791)	(5,683,226)
Deferred tax assets	(3,636,796)	(2,656,289)	(980,507)
Deferred taxes	(9,397,813)	(2,734,080)	(6,663,733)
Total income taxes	10,215,550	9,342,925	872,625

Ires theoretical rate

The following table provides the reconciliation between the IRES theoretical rate and the fiscal theoretical rate:

(EUROS)	TAXABLE INCOME	TAX
Result before taxes	60,859,877	
Theoretical tax rate	24.0%	14,606,371
Temporary differences, net	15,901,850	
Taxable income	76,761,727	
Total IRES		18,428,000

Temporary differences, net refer to:

- ▶ deductible differences amounting to 70,117 thousand Euros arising mainly from the non-taxable share of the dividends received in the financial year (47,555 thousand Euros), reversal losses on valuation changes (18,341 thousand Euros), Directors' fees to be paid (3,800 thousand Euros).
- ▶ non-deductible differences amounting to 86,019 thousand Euros owing mainly to risks provision (29,273 thousand Euros), reversal earnings on commercial and financial valuation changes (22,144 thousand Euros), Directors' fees to be paid (7,400 thousand Euros), financial losses and write-downs of equity investments (24,348 thousand Euros).

Calculation of taxable irap

(EUROS)	TAXABLE INCOME	TAX
Difference between value and cost of production	(6,823,153)	
IRAP net	40,423,621	
Taxable IRAP	33,600,468	
Total IRAP		1,381,000

Temporary differences, net refer to:

- ▶ non-deductible differences amounting to 40,424 thousand Euros mainly due to risks provision (28,873 thousand Euros), emoluments to Directors (8,840 thousand Euros), losses on receivables (821 thousand Euros), provisions for future charges (400 thousand Euros) and to bank fees (394 thousand Euros);
- ▶ deductible differences amounting to 517 thousand Euros mainly due to proceeds from provisions.

Note 15 – Earnings per share

Basic earnings and diluted earnings per share as at 31 December 2024 is calculated with reference to the net profit which amounted to 50,644,327 Euros (161,129,698 Euros at 31 December 2023) divided by the weighted average number of shares outstanding as at 31 December 2024, net of treasury shares, which amounted to 37,380,368 (37,278,236 at 31 December 2023).

(EUROS)	2024	2023
Net profit of the year	50,644,327	161,129,698
Weighted number of shares	37,380,368	37,278,236
Basic earnings per share	1.35	4.32

Reply does not have any financial instruments potentially convertible in shares (stock options) therefore the basic earnings per share corresponds to the diluted earnings per share.

Note 16 – Contributions

Disclosure on the transparency of public disbursements required by Article 1, paragraph 125 of Law 124/2017

Pursuant to Article 1, paragraph 125 of Law 124/2017, the Company in 2024 has received the following contributions:

ENTITY (EUROS)	2024
AG. NAZ.LE PER L'AMM.NE E LA DEST.NE DEI BENI SEQ. E CONF. ALLA CRIM. ORG	703,525
AGENZIA DELLE ENTRATE-RISCOSSIONE	921,561
ARMA DEI CARABINIERI - 2 BRIGATA MOBILE - CC - SERV. AMM.VO	30,000
AUTORITÀ NAZIONALE ANTICORRUZIONE - ANAC	354,859
AZ. OSP. SS ANTONIO E BIAGIO E C. ARRIGO	170,317
AZIENDA SOCIO SANITARIA TERRITORIALE DELLA BRIANZA	111,368
AZIENDA SOCIO SANITARIA TERRITORIALE VALTELLINA E ALTO LARIO	351,114
COMANDO LEGIONE CARABINIERI LAZIO	78,846
CSI PIEMONTE	40,460
FINCANTIERI S.P.A.	43,860
ISTITUTO NAZIONALE PER LE MALATTIE INFETTIVE LAZZARO SPALLANZANI - IRCCS	77,297
LEONARDO SOCIETÀ PER AZIONI	1,876
SOGEI SPA	446,040
TOTAL	3,331,121

Note 17 - Tangible assets

Tangible assets as at 31 December 2024 amounted to 587,761 Euros are detailed as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Plant and machinery	293,543	123,331	170,212
Hardware	96,980	168,606	(71,626)
Other tangible assets	197,239	254,533	(57,295)
Total	587,761	546,470	41,292

The item Other mainly includes mobile phones and furniture and fittings.

Change in Tangible assets during 2024 is summarized below:

(EUROS)	PLANT AND MACHINERY	HARDWARE	OTHER	TOTAL
Historical cost	1,026,086	1,222,559	1,613,602	3,862,246
Accumulated depreciation	(902,755)	(1,053,953)	(1,359,069)	(3,315,776)
31/12/2023	123,331	168,606	254,533	546,470
Historical cost				
Increases	264,694	95,476	102,043	462,213
Disposals	-	(7,956)	(100,137)	(108,093)
Accumulated depreciation				
Depreciation	(94,482)	(165,113)	(111,480)	(371,074)
Disposals	-	5,967	52,279	58,246
Historical cost	1,290,779	1,310,079	1,615,508	4,216,366
Accumulated depreciation	(997,236)	(1,213,099)	(1,418,269)	(3,628,605)
31/12/2024	293,543	96,980	197,239	587,761

During the year under review the Company made investments amounting to 462.213 Euros, which mainly refer to hardware, mobile phones and general devices.

As at 31 December 2024, 86.1% of tangible assets were depreciated, compared to 85.9% at the end of 2023.

Note 18 - Goodwill

Goodwill as at 31 December 2024 amounted to 86,765 Euros and refers to the value of business branches (consulting activities related to Information Technology and management support) acquired in July 2000.

Goodwill recognized is deemed adequately supported in terms of expected financial results and related cash flows.

Note 19 - Other intangible assets

Intangible assets as at 31 December 2024 amounted to 5,102,557 Euros (5,565,338 Euros at 31 December 2023) and are detailed as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Software	4,566,493	5,029,274	(462,781)
Trademark	536,064	536,064	-
Total	5,102,557	5,565,338	(462,781)

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

(EUROS)	SOFTWARE	TRADEMARK	TOTAL
Historical cost	22,670,763	536,064	23,206,827
Accumulated amortization	(17,641,490)	-	(17,641,490)
31/12/2023	5,029,274	536,064	5,565,338
Historical cost			
Increases	2,097,571	-	2,097,571
Accumulated amortization			
Amortization	(2,560,352)	-	(2,560,352)
Historical cost	24,768,334	536,064	25,304,398
Accumulated amortization	(20,201,842)	-	(20,201,842)
31/12/2024	4,566,493	536,064	5,102,557

The item Software and increase in software is related mainly to software licenses purchased and used internally by the company.

The item Trademark expresses the value of the “Reply” trademark granted to the Parent Company Reply S.p.A. (before Reply Europe Sàrl) on 9 June, 2000, in connection to the Company’s share capital increase that was resolved and undersigned by the Parent Company Alister Holding SA, Such amount is not subject to systematic amortisation, and the expected future cash flows are deemed adequate.

As at 31 December 2024 intangible assets were depreciated by 79.8% of their value, compared to 76.0% 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 RoU Assets for the vehicles category:

(EUROS)	01/01/2024	NET CHANGES	AMORTIZATION	31/12/2024
Vehicles	1,262,979	4,506,902	(1,256,329)	4,513,552

The net change mainly refers to the signing of new lease agreements.

Note 21 - Equity investments

The item Equity investments at 31 December 2024 amounted to 239,166,849 Euros, with an increase of 30,250,660 Euros compared to 31 December 2023.

(EUROS)	BALANCE AT 31/12/2023	ACQUISITIONS AND SUBSCRIPTIONS	FINANCIAL REMISSION	WRITE DOWNS	OTHER	BALANCE AT 31/12/2024	INTEREST
Air Reply S.r.l.	1,223,530					1,223,530	100.00%
Aktive Reply S.r.l.	512,696					512,696	100.00%
Arlanis Reply S.r.l.	588,000					588,000	100.00%
Atlas Reply S.r.l.	12,575					12,575	100.00%
Avantage Reply S.r.l.	-	10,000				10,000	100.00%
Blue Reply S.r.l.	527,892					527,892	100.00%
Breed Reply Investment Ltd.	1,000					1,000	100.00%
Bridge Reply S.r.l.	1,206,000					1,206,000	100.00%
Business Reply S.r.l.	239,477					239,477	100.00%
Business Reply P.S. S.r.l.	219,125		183,000			402,125	100.00%
Cluster Reply S.r.l.	2,530,593					2,530,593	100.00%
Cluster Reply Roma S.r.l.	296,184					296,184	100.00%
Consorzio Reply Public Sector	39,500					39,500	22.64%
Core Reply S.r.l.	598,018					598,018	100.00%
Data Reply S.r.l.	317,662					317,662	100.00%
Discovery Reply S.r.l.	1,311,669					1,311,669	100.00%
e*finance Consulting Reply S.r.l.	3,076,385					3,076,385	100.00%
Eos Reply S.r.l.	495,369					495,369	100.00%
Forge Reply S.r.l.	1,000		2,065,000	(2,065,000)		1,000	100.00%
Go Reply S.r.l.	1,920,000					1,920,000	100.00%
Hermes Reply S.r.l.	199,500					199,500	100.00%
Hermes Reply Consulting (Nanjing) Co. Ltd.	1,000,000					1,000,000	100.00%
IrisCube Reply S.r.l.	6,724,952					6,724,952	100.00%
Like Reply S.r.l.	644,317					644,317	100.00%
Logistics Reply Roma S.r.l.	800,542					800,542	100.00%
Logistics Reply S.r.l.	1,033,625					1,033,625	100.00%
Nexi Digital S.r.l.	5,100					5,100	51.00%
Net Reply S.r.l.	1,635,633					1,635,633	100.00%
Next Reply S.r.l.	1,135,000				(1,135,0000)	-	0.00%
Open Reply S.r.l.	1,625,165					1,625,165	100.00%
Pay Reply S.r.l.	10,000					10,000	100.00%
Syskoplan CX Reply S.r.l.	106,000					106,000	100.00%
Power Reply S.r.l.	2,708,265					2,708,265	100.00%
Protocube Reply S.r.l.	4,060					4,060	100.00%

(EUROS)	BALANCE AT 31/12/2023	ACQUISITIONS AND SUBSCRIPTIONS	FINANCIAL REMISSION	WRITE DOWNS	OTHER	BALANCE AT 31/12/2024	INTEREST
Reply Consulting S.r.l.	3,518,434					3,518,434	100.00%
Reply France SAS	35,010,000					35,010,000	100.00%
Reply Deutschland SE	57,883,581					57,883,581	100.00%
Reply Digital Experience S.r.l.	4,673,019					4,673,019	100.00%
Reply Do Brasil Sistema De Informatica Ltda	206,816					206,816	100.00%
Reply Inc.	2,814,625		29,809,660			32,624,285	100.00%
Reply Ltd.	39,691,413					39,691,413	100.00%
Reply Polska Sp. z o.o.	10,217					10,217	100.00%
Reply Sarl	12,000					12,000	100.00%
Reply Services S.r.l.	1,000		850,000	(850,000)		1,000	100.00%
Retail Reply S.r.l.	100,000					100,000	100.00%
Ringmaster S.r.l.	5,000					5,000	50.00%
Santer Reply S.p.A.	11,386,966				1,135,000	12,521,966	100.00%
Sense Reply S.r.l.	1,015,700					1,015,700	100.00%
Sensor Reply S.r.l.	12,800		150,000	(150,000)		12,800	100.00%
Shield Reply S.r.l.	308,000		238,000			546,000	100.00%
Spark Reply S.r.l.	1,042,500					1,042,500	100.00%
Security Reply S.r.l.	392,866					392,866	100.00%
Sprint Reply S.r.l.	155,000					155,000	100.00%
Storm Reply Roma S.r.l.	148,040					148,040	100.00%
Storm Reply S.r.l.	847,960					847,960	100.00%
Syskoplan Reply S.r.l.	949,571					949,571	100.00%
Sytel Reply S.r.l.	3,887,598					3,887,598	100.00%
Sytel Reply Roma S.r.l.	894,931					894,931	100.00%
Tamtamy Reply S.r.l.	293,471					293,471	100.00%
Target Reply S.r.l.	600,338					600,338	100.00%
Technology Reply Roma S.r.l.	10,000					10,000	100.00%
Technology Reply S.r.l.	216,658					216,658	100.00%
Technology Reply S.r.l. (Romania)	9,919					9,919	100.00%
Tender Reply S.r.l.	10,000		135,000	(135,000)		10,000	100.00%
Whitehall Reply S.r.l.	160,212					160,212	100.00%
Whitehall AI Reply S.r.l.	-	10,000				10,000	100.00%
WM Reply S.r.l.	368,255					368,255	80.00%
Xenia Reply S.r.l.	380,000					380,000	100.00%
Xister Reply S.r.l.	9,150,465					9,150,465	100.00%
Total	208,916,189	20,000	33,430,660	(3,200,000)	-	239,166,849	

Financial statements as at 31 December 2024

Acquisitions and subscriptions

Whitehall AI Reply S.r.l.

In the month of March 2024 Whitehall AI Reply S.r.l. was constituted, a company in which Reply S.p.A. holds 100% of the share capital.

Avantage Reply S.r.l.

In the month of December 2024 Avantage Reply S.r.l. was constituted, a company in which Reply S.p.A. holds 100% of the share capital.

The other changes refer to the acquisition of additional shares in the share capital of investments already held in previous years.

Financial loan remission

The amounts are referred to the waiver of financial loan receivables from some subsidiaries in order to increase their equity position.

Write-downs

The amounts recorded reflect losses on some equity investments that are deemed not to be recoverable.

The list of equity investments in accordance with Consob communication no. 6064293 of 28 July 2006 is included in the attachments.

The negative differences arising between the carrying value of the investments and the corresponding portion of their shareholders' equity are not related to permanent impairment of value, as the carrying value is supported by positive economic and financial forecasts that guarantee the recoverable amount of the investment.

Note 22 – Non-current financial assets

Detail is as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Guarantee deposits	448,713	430,716	17,998
Loans to subsidiaries	513,611,011	463,286,764	50,324,247
Investments in other parties	478,000	398,000	80,000
Total	514,537,724	464,115,480	50,422,244

The item Guarantee deposits mainly includes deposits for lease contracts.

Financial receivables from subsidiaries are referred to loans, underwritten and granted to the following companies:

COMPANY	AMOUNT
Reply Services S.r.l.	58,437,521
Reply do Brasil Sistema De Informatica Ltda	2,181,740
Reply Inc.	122,179,538
Cluster Reply Informativa Ltda	1,215,000
Technology Reply S.r.l. (Romania)	200,000
Reply Deutschland SE	122,425,000
Reply Ltd	82,940,750
Reply Belgium SA	500,000
Reply France Sas	26,000,000
Breed Reply Investments Ltd	56,843,328
Reply Sarl	35,488,135
Wemanity Group	5,200,000
Total	513,611,011

Note 23 - Deferred tax assets

This item amounted to 13,021,559 Euros at 31 December 2024 (9,384,763 Euros at 31 December 2023), and included the fiscal charge corresponding to the temporary differences on statutory income and taxable income related to deferred deductible items.

TEMPORARY DEDUCTIBLE DIFFERENCES	TAXABLE AMOUNT	TAX
Total deferred tax assets at 31/12/2023	37,411,897	9,384,763
Accrued	33,245,999	8,963,790
Utilization	(22,195,724)	(5,326,993)
Total deferred tax assets at 31/12/2024	48,462,173	13,021,560
Of which:		
- directors fees and employee bonuses accrued but not yet paid	44,865,585	12,044,498
- taxable amounts greater than book value	3,596,588	977,062
Total	48,462,173	13,021,560

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.

There are no deferred tax assets on losses carried forward.

Note 24 - Trade receivables

Trade receivables at 31 December 2024 amounted to 599,647,726 Euros and are all collectible within 12 months.

Detail is as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Third party trade receivables	312,112,132	306,971,530	5,140,602
Credit notes to be issued	(9,158,348)	(10,711,100)	1,552,751
Allowance for doubtful accounts	(356,315)	(823,549)	467,234
Third party trade receivables	302,597,469	295,436,882	7,160,588
Receivables from subsidiaries	297,038,502	274,416,306	22,622,197
Receivables from Parent Company	11,755	-	11,755
Trade receivables from subsidiaries and Parent Company	297,050,257	274,416,306	22,633,952
Total trade receivables	599,647,726	569,853,187	29,794,539

Reply manages business relationships on behalf of some of its major clients. This activity is reflected in the item Third party trade receivables which increased by 7,160,588 Euros.

Receivables from subsidiaries are related to services that the Parent Company Reply S.p.A. carries out in favour of the subsidiary companies at normal market conditions.

Trade receivables are all due within 12 months and do not include significant overdue balances.

In 2024, following a specific risk analysis of all the trade receivables, the provision for doubtful accounts was of 356,315 Euros and calculated by using the expected credit loss approach pursuant to IFRS 9; detail is as follows:

AMOUNT AT 31/12/2023	823,549
Provision	356,315
Utilization	(823,549)
Amount at 31/12/2024	356,315

The utilization of 823,549 is related to the extraordinary administration procedure for a client for which the original provision was made.

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.

Note 25 - Other receivables and current assets and income tax receivables

Detail is as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Current income tax receivables	2,143	848,396	(846,253)
Tax receivables	6,402,861	3,058,321	3,344,540
Other receivables from subsidiaries	44,866,011	40,822,578	4,043,433
Other receivables	296,700	139,303	157,397
Accrued income and prepaid expenses	43,317,802	31,263,937	12,053,865
Total	94,885,517	76,132,534	18,752,983

The item Tax receivables mainly includes IRES receivables and advances for withholding taxes suffered amounting to 2,677,788 (1,871,710 Euros at 31 December 2023) and VAT receivables net amounting to 2,528,139 Euros (741,291 Euros at 31 December 2023). Other receivables from subsidiary companies mainly refer to IRES receivables which are calculated on taxable income, and transferred by the Italian subsidiaries under national fiscal consolidation.

Accrued income and prepaid expenses refer to prepaid expenses arising from the execution of services, lease contracts, insurance contracts and other utility expenses, which are accounted for on an accrual basis.

The carrying amount of other 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.

Note 26 - Current financial assets

This item amounted to 93,682,271 Euros (86,097,755 Euros at 31 December 2023) and mainly refers to:

- ▶ interest yielding cash pooling accounts of subsidiaries included in the centralized pooling system of the Parent Company Reply S.p.A. for 50,014,938 Euros (55,113,331 at 31 December 2023); the interest yield on these accounts is in line with current market conditions.
- ▶ the investments held by Reply for 42,268,424 Euros. The valuation of short-term investments, based on market valuations at 31 December 2024, showed a positive difference of 768,061 Euros compared to the purchase cost of the same.
- ▶ the fair value of the IRS contracts signed with Unicredit in order to hedge fluctuations in the floating interest rate on loans and/or mortgages for 935,388 Euros.

Note 27 - Cash and cash equivalents

This item amounted to 328,234,302 Euros, with a decrease of 95,031,353 Euros compared to 31 December 2023 and is referred to cash at banks and on hand at year-end.

It is to be noted that the cash and cash equivalents held but not freely available by the Company amount to 7.9 million euros, related to the preventive seizure referred to in Note 34.

Note 28 – Shareholders' equity

Share capital

As at 31 December 2024 the fully subscribed paid-in share capital of Reply S.p.A., amounted to 4,863,486 Euros and is made up of no. 37,411,428 ordinary shares having a nominal value of euro 0.13 each.

The number of shares in circulation as at 31 December 2024 totalled 37,278,236, unchanged compared to 31 December 2023.

Treasury shares

The value of the Treasury shares, amounting to 17,122,489 Euros, refers to the shares of Reply S.p.A. that at 31 December 2024 were equal to no. 133,192, unchanged compared to 31 December 2023.

Capital reserves

At 31 December 2024 amounted to 455,880,909 Euros, and included the following:

- ▶ Treasury share reserve amounting to 17,122,489 Euros, relating to the shares of Reply

S.p.A. which at 31 December 2024 were equal to no. 133,192.

- ▶ Reserve for the purchase of treasury shares amounting to 432,877,511 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.
- ▶ Reserves arising from the merger operation of Reply Deutschland AG. in Reply S.p.A. and include:
 - ▶ Share swap surplus reserve amounting to 3,445,485 Euros;
 - ▶ Surplus annulment reserve amounting to 2,902,479 Euros.

Earnings Reserve

Earning reserves amounted to 299,291,908 Euros and were comprised as follows:

- ▶ The Legal reserve amounting to 972,697 Euros (972,697 Euros at 31 December 2023);
- ▶ Extraordinary reserve amounting to 244,852,182 Euros (271,000,721 Euros at 31 December 2023);
- ▶ Retained earnings amounting to 2,822,701 Euros (2,822,701 Euros at 31 December 2023);
- ▶ Net result totalling 50,644,327 Euros (161,129,698 Euros at 31 December 2023).

Other comprehensive income

Other comprehensive income can be analysed as follows:

(EUROS)	31/12/2024	31/12/2023
Other comprehensive income that will not be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) from employee benefit plans	240,699	(11,060)
Tax effect relating to other overall gains/(losses) which will not be subsequently reclassified to income statement:		
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	240,699	(11,060)
Other comprehensive income that may be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedges	(1,301,055)	(848,990)
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):	(1,301,055)	(848,990)
Total Other comprehensive income, net of tax (B) = (B1) + (B2):	(1,060,356)	(860,050)

Note 29 – Financial liabilities

Detail is as follows:

(EUROS)	31/12/2024			31/12/2023		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
Bank loans	17,002,815	47,217,651	64,220,466	28,646,991	48,174,351	76,821,343
Transaction accounts	392,843,582	-	392,843,582	249,938,400	-	249,938,400
Derivative financial instruments	253,411	-	253,411	-	-	-
IFRS 16 financial liabilities	1,777,002	2,773,828	4,550,830	523,515	740,965	1,264,480
Total financial liabilities	411,876,810	49,991,479	461,868,289	279,108,906	48,915,316	328,024,222

The future out payments of the financial liabilities are detailed as follows:

(EUROS)	31/12/2024				31/12/2023			
	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 loans	17,002,814	9,940,531	-	26,943,345	25,295,498	26,365,509	-	51,661,007
Mortgage loans	-	27,106,571	10,170,549	37,277,120	3,351,493	10,058,902	11,749,940	25,160,335
Transaction accounts	392,843,582	-	-	392,843,582	249,938,400	-	-	249,938,400
Derivative financial instruments	253,411	-	-	253,411	-	-	-	-
IFRS 16 financial liabilities	1,777,002	2,773,828	-	4,550,830	523,515	740,965	-	1,264,480
Total	411,876,810	39,820,930	10,170,549	461,868,289	279,108,906	37,165,376	11,749,940	328,024,222

M&A loans 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 to be used by 27 May 2022. 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 is 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 7 half year 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 by 24 months. As at 31 December 2024 this line had been 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 the balance sheet date, Reply fulfilled the Covenants under the various contracts.

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 IFRS 16.

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

The carrying amount of the Financial Liabilities estimates the value determined through the application of the amortised cost method.

Net financial indebtedness

The net financial indebtedness reported below was prepared according to CONSOB communication no. DEM / 6064293 of July 28, 2006, updated with the provisions of ESMA guideline 32-382-1138 of March 4, 2021 as implemented by the CONSOB warning no. 5/21 of 29 April 2021:

(EUROS)	31/12/2024	31/12/2023	CHANGE
A Cash	328,234,302	233,202,949	95,031,353
B Cash equivalents	-	-	-
C Current financial assets	93,682,271	86,097,755	7,584,516
D Cash (A+B+C)	421,916,573	319,300,704	102,615,869
E Current financial liabilities	394,873,995	250,461,915	144,412,081
F Short-term portion of long-term financial liability	17,002,815	28,646,992	(11,644,177)
G Financial liabilities short-term (E+F)	411,876,810	279,108,906	132,767,904
H Net financial debt short-term (G-D)	(10,039,763)	(40,191,798)	30,152,035
I Financial liabilities long-term	50,025,801	48,973,822	1,051,978
J Financial instruments	(34,321)	(58,506)	24,184
K Other liabilities long-term	-	-	-
L Financial debt long-term (I+J+K)	49,991,479	48,915,317	1,076,163
Total financial debt	39,951,716	8,723,518	31,228,198

Net financial debt includes IFRS 16 financial liabilities amounting to 4,550,830 Euros, of which 2,773,828 Euros were non-current and 1,777,002 Euros were current.

Pursuant to the aforementioned recommendations long term financial assets are not included in the net financial position.

For further details with regards to the above table see Notes 26 and 27 as well as Note 29.

Change in Financial liabilities during 2024 is summarized below:

(EUROS)	
Total financial liabilities 2023	328,024,222
Bank overdrafts	(249,938,400)
IFRS 16 financial liabilities	(1,264,480)
Non-current financial liabilities 2023	76,821,343
<i>Cash flows</i>	(12,638,096)
Non-current financial liabilities 2024	64,183,247
Bank overdrafts	392,843,582
IRS and other	290,631
IFRS 16 financial liabilities	4,550,830
Total financial liabilities 2024	461,868,290

Note 30 – Employee benefits

The Employee severance indemnity represents the obligation to employees under Italian law (amended by Law no. 296/06) accrued by employees up to 31 December 2006 which will be paid when the employee leaves the company. In certain circumstances, a portion of the accrued liability may be given to an employee during his working life as an advance. This is an unfunded defined benefit plan, under which the benefits are almost fully accrued, with the sole exception of future revaluations.

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.

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	Constant average annual rate equal to 2.0%
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. The annual discount used for 2024 was 3.38%
Annual growth rate of the Employee severance indemnities	Annual increase in salaries equal to 3.0%
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%

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

31/12/2023	771,789
Actuarial gains/(losses)	(240,699)
Interest cost	78,884
Indemnities paid	2,993,402
31/12/2024	3,603,376

The item also includes debts accrued in relation to long-term incentive plans based on specific objectives for 8,138,608 euros. For further details, please refer to the Remuneration Report.

Note 31 – Deferred tax liabilities

Deferred tax liabilities at 31 December 2024 amounted to 173,769 Euros and are referred mainly to the fiscal effects arising from temporary differences between the statutory income and taxable income.

TEMPORARY TAXABLE DIFFERENCES	TAXABLE	TAX
Balance at 31/12/2023	24,627,064	5,934,786
Utilization	(24,004,236)	(5,761,017)
Balance at 31/12/2024	622,828	173,769
- different goodwill/trademark measurements	622,828	173,769
Total at 31/12/2024	622,828	173,769

Note 32 – Trade payables

Trade payables at 31 December 2024 amounted to 496,563,931 Euros with an increase of 19,609,041 Euros.

Detail is as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Due to suppliers	9,450,897	13,765,692	(4,314,794)
Due to subsidiaries	328,551,022	312,734,811	15,816,212
Due to Parent Company	29,280	-	29,280
Advance payments from customers – asset	158,532,732	150,454,388	8,078,344
Total	496,563,931	476,954,890	19,609,041

Due to suppliers mainly refers to services from domestic suppliers.

Due to subsidiaries recorded a change of 15,816,212 Euros, and refers to professional services in connection to third party agreements with Reply S.p.A..

Reply S.p.A. carries out commercial fronting activities for some of its major clients, whereas delivery is carried out by the operational companies.

Advance payments from customers include amounts invoiced to customers for contracts subcontracted to subsidiary companies, which at the balance sheet date were not yet completed.

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 33 – Other current liabilities and income tax payables

Detail is as follows:

(EUROS)	31/12/2024	31/12/2023	CHANGE
Current income tax payable	26,439,686	17,042,005	9,397,681
Withholding tax and other	2,140,774	3,809,339	(1,668,564)
Total payable to tax authorities	28,580,461	20,851,344	7,729,117
INPS (National Italian insurance payable)	4,316,925	1,790,189	2,526,736
Other	1,129,196	448,689	680,507
Total social security payable	5,446,120	2,238,877	3,207,243
Employee accruals	11,124,158	5,223,904	5,900,254
Payable to subsidiary companies	2,069,622	2,947,657	(878,035)
Miscellaneous payables	9,645,455	14,627,783	(4,982,328)
Accrued expenses and deferred income	34,968,588	28,983,169	5,985,419
Total other payables	57,807,822	51,782,512	6,025,310
Total other current liabilities	91,834,403	74,872,733	16,961,670

Due to tax authorities mainly refers to payables due for withholding tax on employees and free lancers' compensation.

Due to social security authorities is related to both Company and employee's contribution payables.

Employee accruals mainly include payables to employees for remunerations due but not yet paid at year-end.

Due to subsidiary companies represents the liability on tax losses recorded by subsidiaries under national tax consolidation for 2024 and for the tax credits that subsidiaries transferred to Reply S.p.A. as part of the tax consolidation.

Miscellaneous payables mainly refer to remuneration and bonus of directors recognized as participation in the profits of the company.

Accrued expenses and deferred income are mainly related to advance invoicing in relation to fronting activities carried out for subsidiaries.

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 34 – Provisions

The item Provisions amounting to 87,688,583 Euros is summarized as follows:

(EUROS)	BALANCE AT 31/12/2023	ACCRUED	REVERSAL	UTILIZED	BALANCE AT 31/12/2024
Provision for risks	7,316,100	29,272,483	-	-	36,588,583
Provision for losses on equity investments	30,000,000	21,100,000	-	-	51,100,000
Total	37,316,100	50,372,483	-	-	87,688,583

The item Provision for risks reflects the best estimate of contingent liabilities deriving from ongoing legal litigations.

The nature of the risk covered by the provision is as follows:

- ▶ Professional liability of 24 million euros;
- ▶ Preventive seizure for 8 million euros;
- ▶ Other risks of 4 million euros.

Regarding the preventive seizure that affected 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.

In 2024 the Company accrued an additional 21,100,000 Euros as a provision for losses on equity investments.

Note 35 - Transactions with related parties

With reference to CONSOB communications no. DAC/RM 97001574 of 20 February 1997 and no. DAC/RM 98015375 of 27 February 1998 concerning relations with related parties, the economic and financial effects on Reply S.p.A.'s year ended 2024 Financial Statements related to such transactions are summarised below.

Transactions carried out by Reply S.p.A. with related parties are considered ordinary business and are carried out at normal market conditions.

Financial and business transactions among the Parent Company Reply S.p.A. and its subsidiaries and associate companies are carried out at normal market conditions.

Reply S.p.A. main economic and financial transactions

(THOUSAND EUROS)

Financial transactions	31/12/2024			31/12/2023			Nature of transaction
	Subsidiaries	Key Management with strategic responsibilities	Others	Subsidiaries	Key Management with strategic responsibilities	Others	
Financial receivables	513,611	-	-	463,287	-	-	Financial loans
Guarantee deposits	-	-	80	-	-	80	Guarantee deposits
Transaction accounts, net	(342,829)	-	-	(194,825)	-	-	Transaction accounts held by the Parent company
Trade receivables and other	341,905	-	12	315,239	-	3	Royalties, administration services, marketing, quality management services and office rental
Trade payables and other	330,621	-	29	315,682	-	143	Services carried out in relation to contracts signed by the Parent company and subsequently committed to subsidiary companies
Other payables	-	11,900	160	-	8,300	148	Compensation paid to Directors, Key Management and Statutory Auditors

(THOUSAND EUROS)

Economic transactions	2024			2023			Nature of transaction
	Subsidiaries	Key Management with strategic responsibilities	Others	Subsidiaries	Key Management with strategic responsibilities	Others	
Revenues from Royalties	62,394	-	-	58,424	-	-	Licensing of the "Reply" trademark consisting in a 3% fee on third party revenues
Revenues from services	65,538	-	18	67,294	-	18	Administrations services, marketing, quality management and office rental
Revenues from management services	32,017	-	-	14,225	-	-	Strategic management services
Costs for professional services	765,078	-	96	712,287	-	-	Services carried out in relation to contracts signed by the Parent company and subsequently committed to subsidiary companies
Other services	2,454	-	724	2,322	-	479	Services related to office rental and office of the secretary
Personnel	-	10,770	-	-	11,475	-	Emoluments to Directors and Key Management
Other services and costs	-	-	148	-	-	148	Compensation paid to Statutory Auditors
Interest income, net	16,464	-	-	22,362	-	-	Interest on financial loans: 3 months Euribor + spread of 3 percentage points

With reference to the Cash flows statement, the above mentioned transactions impact the change in working capital by 15,642 thousand Euros.

In accordance with Consob Resolution no. 15519 of 27 July 2006 and Consob communication no. DEM/6064293 of 28 July 2006, in the annexed tables herein, the Statement of income and the Statement of financial position reporting transactions with related parties separately, together with the percentage incidence with respect to each account caption has been provided.

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.

NOTA 36 – Additional disclosure 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.

In order to manage these risks, the Reply S.p.A uses interest rate derivative financial instruments, mainly interest rate swaps, with the object of mitigating, under economically acceptable conditions, the potential variability of interest rates on the net result.

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 351 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 hierarchy levels

IFRS 13 establishes a fair value hierarchy that classifies the inputs of the measurement techniques used to measure fair value into three levels. 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
Financial securities	26	42,268	-	-
Derivative financial assets (IRS)	26	-	935	-
Total assets		42,268	935	-
Derivative financial liabilities (IRS)	29	-	253	-
Total liabilities		-	253	-

The item Financial securities is related to securities listed on the active stock market 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 IFRS7 the fair value used by Reply for the exploitation of hedging derivatives

contracts in existence as at 31 December 2024 re-enters under the hierarchy profile in level 2.

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

Note 37 - Significant non-recurring transactions

Pursuant to Consob communication no. 6064293 of 28 July 2006, there were no significant non-recurring transaction during 2024.

Note 38 - Transactions resulting from unusual and/or abnormal operations

Pursuant to Consob communication no. 6064293 of 28 July 2006, in 2024 Reply S.p.A. has not taken part in any unusual and/or abnormal operations as defined in that Communication, under which unusual and abnormal transactions are those which because of their significance or importance, the nature of the parties involved, the object of the transaction, the means of determining the transfer price or of the timing of the event (close of the year end) may give rise to doubts regarding the accuracy/completeness of the information in the Financial Statements, conflicts of interest, the safeguarding of the entity's assets or the protection of minority interests.

Note 39 - Guarantees, commitments and contingent liabilities

Guarantees

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

Commitments

Note that:

- ▶ the Domination Agreement contract undersigned in 2010 between Reply Deutschland SE, 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 34). 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, Reply 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 Company 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 Company recognises specific provision for this purpose.

Note 40 - 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 functions, including those in other consolidated companies, are fully explained in the Annual Report on Remuneration annexed herein in the related table.

Note 41 - Events subsequent to 31 december 2024

No significant events were reported after 31 December 2024.

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

The financial statements for the year-ended 31 December 2024 were approved by the Board of Directors on March 13, 2025 which approved their publication.

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, Reply 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, Reply also assessed the potential effects of climate change on the main accounting estimates, in line with the recommendations of ESMA. Following this analysis, Reply has determined the following:

- ▶ Valuation of tangible assets: The company 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;
- ▶ 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 company 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, Reply will continue to monitor regulatory developments and market conditions to promptly adjust its assessments.

Annexed Tables

Reply S.p.A.

**Statement of income pursuant to Consob resolution
no. 15519 of 27 July 2006**

(EUROS)	2024	OF WHICH RELATED PARTIES	%	2023	OF WHICH RELATED PARTIES	%
Revenues	869,223,983	138,280,189	15.9%	792,261,247	118,326,732	14.9%
Other income	25,100,326	21,686,387	86.4%	22,794,238	21,635,227	94.9%
Purchases	(33,231,687)	(32,255,152)	97.1%	(29,671,176)	(29,137,494)	98.2%
Personnel	(48,423,316)	(10,769,600)	22.2%	(33,309,178)	(11,475,106)	34.5%
Services and other costs	(786,432,221)	(736,244,744)	93.6%	(732,056,100)	(686,097,859)	93.7%
Amortization and depreciation	(4,187,755)	-	0.0%	(4,445,008)	-	0.0%
Other operating income/(expenses)	(28,872,484)	-	0.0%	(6,482,920)	-	0.0%
Operating income (EBIT)	(6,823,153)			9,091,102		
Gain/(loss) on equity investments	25,758,250	-	0.0%	140,546,955	-	0.0%
Financial income/(loss)	41,924,780	16,463,909	39.3%	20,834,566	22,362,048	107.3%
Income before taxes	60,859,877			170,472,623		
Income taxes	(10,215,550)	-	0.0%	(9,342,926)	-	0.0%
Net income	50,644,327			161,129,698		
<i>Net and diluted income per share</i>	<i>1.35</i>			<i>4.32</i>		

Financial statements as at 31 December 2024

Reply S.p.A.

Statement of financial position pursuant to Consob resolution no. 15519 of 27 july 2006

(EUROS)	31/12/2024	OF WHICH RELATED PARTIES	%	31/12/2023	OF WHICH RELATED PARTIES	%
Tangible assets	587,761	-	0.0%	546,470	-	0.0%
Goodwill	86,765	-	0.0%	86,765	-	0.0%
Intangible assets	5,102,557	-	0.0%	5,565,338	-	0.0%
RoU Assets	4,513,552	-	0.0%	1,262,979	-	0.0%
Equity investments	239,166,849	-	0.0%	208,916,189	-	0.0%
Other financial assets	514,537,724	513,611,011	99.8%	464,115,480	463,286,764	99.8%
Deferred tax assets	13,021,559	-	0.0%	9,384,763	-	0.0%
Non-current assets	777,016,767			689,877,984		
Trade receivables	599,647,726	297,050,257	49.5%	569,853,187	274,416,306	48.2%
Other receivables and current assets	94,883,374	44,866,011	47.3%	75,284,139	40,822,578	54.2%
Income tax receivables	2,143	-	0.0%	848,396	-	0.0%
Financial assets	93,682,271	50,014,938	53.4%	86,097,755	55,113,331	64.0%
Cash and cash equivalents	328,234,302	-	0.0%	233,202,949	-	0.0%
Current assets	1,116,449,816			965,286,426		
TOTAL ASSETS	1,893,466,584			1,655,164,409		
Share Capital	4,863,486	-	0.0%	4,863,486	-	0.0%
Other reserves	688,087,811	-	0.0%	565,296,705	-	0.0%
Net income	50,644,327	-	0.0%	161,129,698	-	0.0%
NET EQUITY	743,595,624			731,289,889		
Financial liabilities	47,217,651	-	0.0%	48,174,351	-	0.0%
IFRS 16 Financial liabilities	2,773,828	-	0.0%	740,965	-	0.0%
Employee benefits	11,741,984	-	0.0%	771,789	-	0.0%
Deferred tax liabilities	173,769	-	0.0%	5,934,786	-	0.0%
Provisions	36,188,584	-	0.0%	7,316,101	-	0.0%
Non-current liabilities	98,095,816			62,937,992		
Financial liabilities	410,099,808	392,843,582	95.8%	278,585,391	249,938,400	89.7%
IFRS 16 Financial liabilities	1,777,002	-	0.0%	523,515	-	0.0%
Trade payables	496,563,931	328,727,982	66.2%	476,954,890	313,025,322	65.6%
Other current liabilities	65,394,717	13,982,161	21.4%	57,830,728	11,247,657	19.4%
Income tax payables	26,439,686	-	0.0%	17,042,005	-	0.0%
Provisions	51,500,000	-	0.0%	30,000,000	-	0.0%
Current liabilities	1,051,775,144			860,936,529		
TOTAL LIABILITIES	1,149,870,960			923,874,521		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,893,466,584			1,655,164,409		

Reply S.p.A.

Equity investments in subsidiaries with additional information required by Consob (communication no. 6064293 of 28 July 2006)

COMPANY	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	TOTAL SHAREHOLDERS' EQUITY	NET RESULT	INTEREST	CARRYING VALUE AT 31/12/2024
Air Reply S.r.l.	Turin	€	10,000	3,460,629	1,227,646	100.00%	1,223,530
Arlanis Reply S.r.l.	Turin	€	10,000	4,152,782	2,102,871	100.00%	588,000
Aktive Reply S.r.l.	Turin	€	10,000	4,281,931	2,198,683	100.00%	512,696
Atlas Reply S.r.l.	Turin	€	10,000	1,843,939	1,309,771	100.00%	12,575
Blue Reply S.r.l.	Turin	€	10,000	30,959,075	24,566,537	100.00%	527,892
Breed Reply Investment Ltd.	London	GBP	100	(42,365,867)	(16,484,582)	100.00%	1,000
Bridge Reply S.r.l.	Turin	€	10,000	1,615,049	850,301	100.00%	1,206,000
Business Reply P.S. S.r.l.	Turin	€	10,000	28,907	(181,499)	100.00%	402,125
Business Reply S.r.l.	Turin	€	78,000	10,091,084	5,799,753	100.00%	239,477
Cluster Reply S.r.l.	Turin	€	139,116	26,951,808	21,107,697	100.00%	2,530,593
Cluster Reply Roma S.r.l.	Turin	€	10,000	2,381,369	999,706	100.00%	296,184
Consorzio Reply Public Sector	Turin	€	174,500	112,320	-	22.64%	39,500
Core Reply S.r.l.	Turin	€	10,000	2,875,971	1,618,408	100.00%	598,018
Data Reply S.r.l.	Turin	€	10,000	10,682,602	6,258,307	100.00%	317,662
Discovery Reply S.r.l.	Turin	€	10,000	6,573,688	2,471,956	100.00%	1,311,669
e*finance Consulting Reply S.r.l.	Turin	€	34,000	7,232,437	4,060,960	100.00%	3,076,385
Eos Reply S.r.l.	Turin	€	200,000	2,552,729	1,411,836	100.00%	495,369
Forge Reply S.r.l.	Turin	€	10,000	32,488	(2,062,275)	100.00%	1,000
Go Reply S.r.l.	Turin	€	50,000	5,578,453	4,048,770	100.00%	1,920,000
Hermes Reply S.r.l.	Turin	€	10,000	3,792,416	2,273,283	100.00%	199,500
Hermes Reply Consulting (Nanjing) Co. Ltd.	China	CNY	7,641,350	20,348,890	4,737,598	100.00%	1,000,000
IrisCube Reply S.r.l.	Turin	€	651,735	19,112,975	13,889,344	100.00%	6,724,952
Like Reply S.r.l.	Turin	€	10,000	1,042,424	630,934	100.00%	644,317
Logistics Reply Roma S.r.l.	Turin	€	10,000	585,291	414,793	100.00%	800,542
Logistics Reply S.r.l.	Turin	€	78,000	18,483,672	4,632,702	100.00%	1,033,625
Open Reply S.r.l.	Turin	€	10,000	12,500,323	7,030,257	100.00%	1,625,165
Net Reply S.r.l.	Turin	€	10,000	7,598,645	2,554,630	100.00%	1,635,633
Nexi Digital S.r.l.	Turin	€	10,000	2,725,166	2,707,529	51.00%	5,100
Pay Reply S.r.l.	Turin	€	10,000	1,906,549	902,094	100.00%	10,000
Syskoplan CX Reply S.r.l.	Turin	€	10,000	2,055,624	812,134	100.00%	106,000
Power Reply S.r.l.	Turin	€	10,000	12,433,139	6,922,118	100.00%	2,708,265
Protocube Reply S.r.l.	Turin	€	10,200	527,472	63,067	100.00%	4,060

Financial statements as at 31 December 2024

COMPANY	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	TOTAL SHAREHOLDERS' EQUITY	NET RESULT	INTEREST	CARRYING VALUE AT 31/12/2024
Reply Consulting S.r.l.	Turin	€	10,000	4,488,962	2,608,994	100.00%	3,518,434
Reply Deutschland SE	Guetersloh	€	120,000	128,893,107	(12,120,683)	100.00%	57,883,581
Reply Digital Experience S.r.l.	Turin	€	29,407	2,739,887	1,973,600	100.00%	4,673,019
Reply Do Brasil Sistema De Informatica Ltda	Belo Horizonte - Brasil	R\$	650,000	5,002,814	(1,146,198)	100.00%	206,816
Reply France Sas	France	€	5,310,000	26,696,833	(3,280,812)	100.00%	35,010,000
Reply Inc.	Michigan - USA	\$	35,582,982	(9,833,239)	(18,487,822)	100.00%	32,624,285
Reply Ltd.	London	GBP	24,215,720	41,051,445	(1,420,281)	100.00%	39,691,413
Reply Polska Sp. z o.o.	Katowice - Poland	ZLT	8,546	4,363,432	1,514,989	100.00%	10,217
Reply Sarl	Luxemburg	€	-	(6,789,753)	(14,161,717)	100.00%	12,000
Reply Services S.r.l.	Turin	€	10,000	79,819	(847,549)	100.00%	1,000
Retail Reply S.r.l.	Turin	€	10,000	5,703,518	3,146,044	100.00%	100,000
Ringmaster S.r.l.	Turin	€	10,000	1,636,283	1,541,571	50.00%	5,000
Santer Reply S.p.A.	Milan	€	2,209,500	32,935,111	21,221,965	100.00%	12,521,966
Security Reply S.r.l.	Turin	€	50,000	28,649,704	16,759,207	100.00%	392,866
Sense Reply S.r.l.	Turin	€	10,000	6,033,168	2,001,242	100.00%	1,015,700
Sensor Reply S.r.l.	Turin	€	10,000	36,091	(148,504)	100.00%	12,800
Shield Reply S.r.l.	Turin	€	10,000	15,979	(235,539)	100.00%	546,000
Spark Reply S.r.l.	Turin	€	10,000	448,868	428,895	100.00%	1,042,500
Sprint Reply S.r.l.	Turin	€	10,000	3,641,363	2,220,470	100.00%	155,000
Storm Reply Roma S.r.l.	Turin	€	10,000	1,105,807	1,068,721	100.00%	148,040
Storm Reply S.r.l.	Turin	€	10,000	13,016,366	6,362,750	100.00%	847,960
Syskoplan Reply S.r.l.	Turin	€	32,942	3,671,090	2,424,806	100.00%	949,571
Sytel Reply S.r.l.	Turin	€	115,046	18,417,082	7,296,965	100.00%	3,887,598
Sytel Reply Roma S.r.l.	Turin	€	10,000	15,226,677	10,104,919	100.00%	894,931
TamTamy Reply S.r.l.	Turin	€	10,000	4,867,123	2,307,181	100.00%	293,471
Target Reply S.r.l.	Turin	€	10,000	8,427,746	4,980,381	100.00%	600,338
Technology Reply Roma S.r.l.	Turin	€	10,000	3,573,699	1,303,191	100.00%	10,000
Technology Reply S.r.l.	Turin	€	79,743	16,397,792	13,946,808	100.00%	216,658
Technology Reply S.r.l. (Romania)	Romania	RON	44,000	1,822,080	(2,549,808)	100.00%	9,919
Tender Reply S.r.l.	Turin	€	10,000	54,857	(137,416)	100.00%	10,000
Whitehall Reply S.r.l.	Turin	€	21,224	2,982,618	2,825,493	100.00%	160,212
Whitehall AI Reply S.r.l.	Turin	€	10,000	1,175,019	1,165,019	100.00%	10,000
WM Reply S.r.l.	Turin	€	10,000	685,469	671,712	80.00%	368,255
Xenia Reply S.r.l.	Turin	€	10,000	560,425	303,978	100.00%	380,000
Xister Reply S.r.l.	Rome	€	10,000	5,370,742	1,010,752	100.00%	9,150,465

Details of shareholders' equity stated according to origin, possibility of utilization, possibility of distribution, availability and the utilization in the previous three fiscal years

NATURE/DESCRIPTION	AMOUNT	POSSIBILITY OF UTILIZATION	SUMMARY OF THE AMOUNT USED IN THE PRIOR THREE FISCAL YEARS		
			AVAILABLE	FOR COVERAGE OF LOSSES	OTHER
Capital	4,863,486				
Capital reserves					
Reserve for treasury share	17,122,489				
Reserve for purchase of treasury shares	43,391,072	A,B,C	43,391,072		
Income reserves					
Legal reserve	972,697	B			
Extraordinary reserve	244,852,182	A,B,C	244,852,182		
Surplus merger reserve	6,347,964	A,B,C	6,347,964		
Retained earnings	674,740	A,B,C	674,740		
Reserve for purchase of treasury shares	389,486,439	A,B,C	389,486,439		
Total			684,752,398		
Not available amount				-	
Residual available amount			684,752,398		
Reserves from transition to IAS/IFRS					
FTA reserve	303,393				
Retained earnings	2,147,961				
Reserve for cash flow hedge	448,858				
Reserve for treasury share	(17,122,489)				
IAS reserve	232,952				
Accounting expenses according to IAS 32	(770,448)				
	(14,759,773)				

Legend

A: for share capital increase
B: for coverage of losses
C: distribution to shareholders

Disclosures pursuant to article 149-duodecies by consob

The following table, prepared in accordance with Art. 149-duodecies of the Regolamento Emittenti issued by Consob, reports the amount of fees charged in 2024 for the audit and audit related services provided by the Audit Firm and by entities that are part of the Audit Firm network. There were no services provided by entities belonging to its network.

(EUROS)	SERVICE PROVIDER	2024 FEES
Audit	PwC S.p.A.	103,676
Audit related services	PwC S.p.A. ⁽¹⁾	20,624
	PwC S.p.A. ⁽²⁾	120,000
Total		244,300

(1) Attestation of tax forms (tax return, IRAP and Form 770)

(2) Sustainability Report Attestation

Attestation of the 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 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 Financial Statements

- ▶ 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.

2 the Report on operations includes a reliable operating and financial review of the Company, as well as the situation of the issuer and a description of the main risks and uncertainties to which they are exposed.

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

Turin, 13 March 2025
/s/ Giuseppe Veneziano
Director in charge of signing
the financial statements
Giuseppe Veneziano

Statutory Auditors' Report to the Shareholders

meeting pursuant to art. 153 of legislative decree 58/1998 and art. 2429, co.2 of the civil code regarding the financial statements and consolidated financial statements as of december 31, 2024

Dear Shareholders,

Pursuant to Article 153 of Legislative Decree 58/1998, and in compliance with the applicable regulations, the Board of Statutory Auditors is required to report to the Shareholders' Meeting on the supervisory activities carried out during the year, on any omissions and censurable facts identified, and may make observations and proposals regarding the financial statements, their approval, and matters within its competence.

During the year, the Board of Statutory Auditors carried out its supervisory duties in compliance with the Civil Code, Legislative Decree 58/1998 (TUF), Legislative Decree 39/2010, the statutory provisions, and regulations issued by the Authorities exercising supervisory and control activities, also considering the recommended conduct standards issued by the National Council of Chartered Accountants and Accounting Experts.

In particular, the Board of Statutory Auditors has supervised: (i) compliance with the law and the articles of association, (ii) adherence to the principles of correct administration, (iii) the adequacy of the Company's organizational structure, internal control system, risk management system, and accounting system, and the reliability of the latter in representing management facts accurately, (iv) the effective implementation of the corporate governance rules adopted by the Company in accordance with the Corporate Governance Code for Listed Companies, (v) the adequacy of the provisions given to subsidiaries pursuant to Article 114, paragraph 2, TUF, and (vi) the obligations related to sustainability reporting under Legislative Decree 125/2024.

In carrying out its supervisory duties, the Board referred to the "Conduct Standards for the Board of Statutory Auditors of Listed Companies," particularly adopting a risk-based approach that allowed it to focus its activities on the most significant aspects of the Company's management.

Supervisory activities under Legislative Decree 39/2010 implementing Directive 2006/43/EC on the legal audits of annual accounts and consolidated accounts

The Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, has performed the functions provided for in Article 19 of Legislative Decree 39/2010, overseeing the following aspects:

- ▶ The financial reporting process;
- ▶ The effectiveness of internal control systems, internal audit, and risk management systems;
- ▶ The legal audit of the annual accounts and consolidated accounts;
- ▶ The independence of the legal auditor, particularly regarding the provision of services other than auditing.

The legal auditor, periodically met in compliance with Article 150, paragraph 3, of the TUF to exchange mutual information, did not highlight any actions or facts considered censurable nor irregularities that required the formulation of specific reports pursuant to Article 155, paragraph 2, of the TUF.

During the meetings, particular attention was given to the application of the impairment test to investments and goodwill from corporate acquisitions. The Board notes that the impairment procedure remained unchanged from the previous year.

The Control and Risk Committee examined the results of the impairment test as of December 31, 2024, prepared in accordance with the aforementioned procedure. The Board of Directors pre-approved the economic and financial projections for 2025-2027 specifically prepared for the test, and in the subsequent meeting, it approved the results of the application of the impairment procedure.

The Board of Statutory Auditors also held a meeting with the Quality Review Partner from PricewaterhouseCoopers S.p.A., responsible for the auditing activities for the Reply Group. During the meeting, the Auditors were informed about all activities related to the quality control of the audit process for the Reply Group.

The Board of Statutory Auditors also took note of the 2024 Transparency Report prepared by the auditing firm and published on its website pursuant to Article 13 of EU Regulation No. 537/2014.

The Board of Statutory Auditors acknowledges the activities related to the assignment of non-audit services to the auditing firm, which were authorized by the Board after a careful prior analysis.

Supervisory activities on the sustainability reporting process

The Board of Statutory Auditors monitored compliance with the provisions of Legislative Decree No. 125 of September 6, 2024, particularly regarding both the preparation process for sustainability reporting and the limited assurance activities performed by PricewaterhouseCoopers S.p.A. The activity was carried out through meetings with the relevant company structure and discussions with the external auditor in charge of the legal audit.

The Declaration was subject to limited assurance by PricewaterhouseCoopers S.p.A., which issued an attestation on the conformity of the provided information with the requirements of Legislative Decree 125/2024 and with the principles, methodologies, and procedures set by the adopted reporting standard.

The Board, having reviewed the report from the auditing firm pursuant to Article 14-bis of Legislative Decree 125/2024 and the declaration issued by the Company pursuant to Article 154-bis, paragraph 5-ter, of Legislative Decree No. 58/1998, did not identify any non-compliance or violations of the relevant regulations.

Self-assessment of the Board of Statutory Auditors

During the first months of 2025, the Board of Statutory Auditors conducted its annual self-assessment process, the results of which will be forwarded to the Board of Directors so that the conclusions can be included in the Corporate Governance and Ownership Structure Report.

For this purpose, the Board requested and obtained information from individual members, collected individual statements, and prepared a questionnaire based on the document "Self-assessment of the Board of Statutory Auditors – Conduct Standards of the Board of Statutory Auditors of listed companies – Rule Q.1.1," from the National Council of Chartered Accountants and Accounting Experts, referenced by Rule Q.1.7 of the new Conduct Standards for the Board of Statutory Auditors of listed companies from December 2024.

During the self-assessment activities, the Board of Statutory Auditors verified and confirmed that all its members continue to meet:

- ▶ The independence requirements established by law (Article 148, paragraph 3, TUF) and the Corporate Governance Code (Article 2, Recommendation No. 7). The Board of Statutory Auditors has established its own Conduct Protocol to identify corrective measures to be adopted to adequately address any circumstances that may compromise the independence of its members. During the year, no circumstances arose that required the activation of the measures provided for by the Conduct Protocol;
- ▶ The professional, ethical, competence, and experience requirements as set forth by Articles 1 and 2 of the Ministry of Justice Decree No. 162 of March 30, 2000;
- ▶ The requirements set by the articles of association.

It was also verified that each Board member continues to comply with the applicable regulations on the limits to the accumulation of offices.

Based on the information at hand, the Board of Statutory Auditors has assessed the current composition of the Board as adequate, in reference to the professional, diversity, competence, ethical, and independence requirements established by the regulations. Having established the above, the following information is provided in accordance with the provisions contained in Consob Communication No. DEM 1025564 of April 6, 2001, as subsequently amended.

1. Major Economic, Financial, and Asset-Related Transactions

We have received timely and adequate information from the Executive Directors regarding major economic, financial, and asset-related transactions carried out by the Company and/or its subsidiaries during the 2024 fiscal year or after its closure.

These transactions, to which the Board of Auditors has no observations, are appropriately indicated in the documents related to the financial statements submitted for your approval.

2. Possible Existence of Atypical and/or Unusual Transactions, Including Intra-group and Related Party Transactions

The documents submitted for your approval, the information received during meetings of the Board of Directors, and those received from the Chairman, the CEO, the management, and the Board of Auditors (where present) of the companies directly controlled by Reply S.p.A., as well as the statutory auditor, have not highlighted the existence of atypical and/or unusual transactions, including intra-group or related party transactions, carried out during the 2024 fiscal year, nor any after the closure of the year.

Regarding intra-group transactions, it is reported that during the 2024 fiscal year, Reply S.p.A.:

- ▶ Purchased professional services from group companies related to revenues from contracts signed with third-party clients;
- ▶ Granted guarantees in favour of controlled companies;
- ▶ Provided financing to subsidiaries without a specific purpose, aimed at supporting their activities;
- ▶ Provided strategic management, administrative, marketing, quality management, and management services to subsidiaries;
- ▶ Managed the group's treasury for Italian subsidiaries through bank accounts held by the individual controlled companies;
- ▶ Granted the use of the "REPLY" trademark to group companies;
- ▶ Acquired "office services" (providing equipped spaces and secretarial services) from controlled companies.

The transactions with other related parties during 2024 were related to compensation for directors, auditors, and executives with strategic responsibilities, as well as "office services" for

the use of the property at the Torino headquarters (Corso Francia 110), provided by Alike S.r.l.

For these transactions, the Procedure for Transactions with Related Parties was not applied as they are exempt transactions as defined in Articles 4.1 and 4.4 of the Procedure.

3. Information in the Management Report on Atypical and/or Unusual Transactions, Including Intra-group and Related Party Transactions

The information provided by the Directors in the Management Report for the financial statements as of December 31, 2024, in the comment notes and in the annexed statements to the consolidated financial statements of the Reply Group and the financial statements of Reply S.p.A. as of December 31, 2024, regarding major economic, financial, and asset-related transactions, as well as active and passive relationships with controlled, affiliated companies, and related parties, is adequate.

The Report on Operations, the information received during the meetings of the Board of Directors, and those received from the Chairman, the CEOs, the management, the controlling bodies (where present) of the controlled companies, and the statutory auditor did not highlight the existence of atypical and/or unusual transactions, including intra-group or related party transactions, conducted during the fiscal year or after its closure.

4. Observations and Proposals Regarding the Audit Observations and Disclosures in the Auditor's Report

The Board of Auditors has reviewed the following reports prepared by the statutory auditor, PricewaterhouseCoopers S.p.A.:

- ▶ The audit reports on the financial statements and the consolidated financial statements issued on March 31, 2025, pursuant to Article 14 of Legislative Decree 39/2010 and Article 10 of Regulation (EU) No. 537/2014;
- ▶ The report on the compliance of the consolidated sustainability reporting issued on March 31, 2025, pursuant to Article 14-bis of Legislative Decree 39/2010;
- ▶ The supplementary report issued on March 31, 2025, pursuant to Article 11 of the aforementioned Regulation, to the Board of Auditors in its capacity as the internal control and audit committee.

The aforementioned reports highlight that:

- ▶ The separate and consolidated financial statements of the Reply Group have been prepared in accordance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board and adopted by the European Union, in force as of December 31, 2024, and in compliance with the provisions of Article 9 of Legislative Decree 38/2005, as amended;
- ▶ The separate and consolidated financial statements of the Reply Group provide a true and fair view of the company's financial position, performance, and cash flows for the year ended December 31, 2024;

- ▶ The separate and consolidated financial statements were prepared in XHTML format in accordance with the provisions of Delegated Regulation (EU) 2019/815 of the European Commission regarding the technical regulatory standards for the specification of the European Single Electronic Format (ESEF);
- ▶ The statutory auditor has not received any elements suggesting that:
 - ▶ The consolidated sustainability reporting of Reply Group for the fiscal year ended December 31, 2024, was not prepared, in all significant aspects, in accordance with the reporting principles adopted by the European Commission under Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also “ESRS”);
 - ▶ The information contained in the section “Disclosure under Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)” of the consolidated sustainability reporting was not prepared, in all significant aspects, in accordance with Article 8 of Regulation (EU) No. 852 of June 18, 2020 (also known as the “Taxonomy Regulation”).

Moreover, in the statutory auditor’s opinion, the Report on Operations and the information under paragraph 4 of Article 123-bis of the Consolidated Finance Act contained in the Report on Corporate Governance and Ownership Structures are consistent with the financial documents.

Regarding the identification of material errors in the Report on Operations (Article 14, paragraph 2, letter e) of Legislative Decree 39/2010), the auditor declared that there were no issues to report.

Concerning the supplementary report issued under Article 19 of Legislative Decree 39/2010, the Board of Auditors verified that it includes:

- ▶ The main aspects of the audit;
- ▶ The significance levels for the consolidated and separate financial statements;
- ▶ The audit plan;
- ▶ The consolidation scope and method;
- ▶ The audit methodology and valuation methods applied in the consolidated and separate financial statements;
- ▶ The areas of focus for the consolidated and separate financial statements;
- ▶ The activities carried out by the audit team.

In this document, the statutory auditor also confirmed that no significant audit differences were found in the consolidated and separate financial statements, nor were there significant deficiencies identified in the internal control system regarding the financial reporting process. The auditor also listed the mandatory communications made to the corporate bodies and confirmed that, based on the checks on the regular maintenance of the company’s accounting records and the correct recognition of transactions in the financial records, no significant issues were found to report.

The Board of Auditors has reviewed the declaration on the independence of the statutory auditor, issued under Article 17 of Legislative Decree 39/2010, on March 31, 2025. The declaration does not indicate any situations that would compromise the auditor's independence or causes of incompatibility under Articles 10 and 17 of the same decree and the related implementing provisions.

5. Reports under Article 2408 of the Civil Code

The Board of Auditors has not received any communications and/or complaints, even those qualified as such under Article 2408 of the Civil Code, during the fiscal year or after its closure.

6. Submission of Complaints

The Company's directors have not reported any complaints directed to them during the fiscal year, nor after its closure.

7. Possible Granting of Additional Engagements to the Statutory Auditor and Related Costs

During 2024, in addition to the engagement for the statutory audit of the financial statements for the year ended December 31, 2024, PricewaterhouseCoopers S.p.A. was granted the following assignments for attestation services:

INCARICHI	CORRISPETTIVO €/000
Subscription of Unico, IRAP, 770 models for Reply S.p.A.	3.6
Agreed-upon procedures aimed at verifying the document "GHG Inventory – Statement on 2023 GHG Emission" of the Reply Group ("GHG Statement") drafted by Reply S.p.A.	17.0
Limited review of Sustainability Reporting pursuant to Legislative Decree 125/2024 of the Reply Group	120.0
Subscription of Unico, IRAP, 770 models for Reply S.p.A.'s subsidiaries	40.5
Agreed-upon procedures aimed at verifying the competencies declared in 2022 by the Reply Public Sector Consortium for "Information & Communication Technology" services for the update of its IT services supplier qualification for the client Poste Italiane.	29.5
Agreed-upon procedures aimed at verifying the competencies declared by the Reply Public Sector Consortium during its registration in the Poste Italiane suppliers' register, for the Category "Information Technology Services," Subcategory "Application Development and Maintenance," Class "Applications Supporting Business Processes" in the telematic tender, with a call from the Register, pursuant to Article 134 of Legislative Decree no. 50/2016, for the establishment of a Framework Agreement for "Specialist Support Services for the Evolution of Poste Italiane's Post Office Systems"	33.0
Agreed-upon procedures aimed at verifying the competencies declared by the Reply Public Sector Consortium during its registration in the Poste Italiane suppliers' register, for the Category "Information Technology Services," Subcategory "Application Development and Maintenance," Class "Financial and Payment Applications" in the competitive comparison for excluded tenders, with a call from the Register, for the establishment of a Framework Agreement for the "Provision of Services Related to the Evolution of Financial Services Systems in the areas of Financing, Securities, and Funds, Finance Risk Management, and Digital Application Solution and Banking Systems of Poste Italiane," Lot 2 - Wealth Systems, Investment Products, Finance & Risk, Financing	30.0
Agreed-upon procedures aimed at verifying the competencies declared by the Reply Public Sector Consortium during its registration in the Poste Italiane suppliers' register, for the Category "Information Technology Services," Subcategory "Management and Operation Services," Class "Application Operation" in the "Competitive Comparison for the Establishment of a Framework Agreement for Specialist Support Services for the Production Transition, Operational Management of Infrastructures, Platforms, and Applications in Service, Used in Digital and Postal Services, and the Certification of Applications and Digital Services and Platforms – Three Lots (Tender Code 17973)" - Lot 2.	18.0
Agreed-upon procedures aimed at verifying the competencies declared by Santer Reply during the telematic open procedure tender for the conclusion of a framework agreement, pursuant to Article 59, paragraph 4, letter c) of Legislative Decree 36/2023, regarding the awarding of application services, system management, and ICT support services, announced by Innovapuglia S.p.A. – Aggregator Entity of the Region of Puglia	3.5
Certification of Research and Development Tax Credit for Logistics Reply and Santer Reply	12.5

8. Possible appointment of assignments to individuals linked to the auditing company, from ongoing relationships and related costs.

During the year, no assignments were given to individuals linked to PricewaterhouseCoopers S.p.A. through ongoing relationships and/or to individuals belonging to its network.

9. Indication of the existence of opinions issued according to the law during the year.

During the year, the opinions requested from the Board of Statutory Auditors, as required by law, were issued.

10. Indication of the frequency and number of meetings of the Board of Directors and the Board of Statutory Auditors.

During the year, the Board of Directors held 8 meetings, and the Board of Statutory Auditors held 15 meetings. The Control and Risk Committee met 4 times, the Remuneration Committee met 2 times, the Sustainability Committee met 3 times, and the Ethical AI Committee met 1 time. The Board of Statutory Auditors participated in the meetings of the Board of Directors and, through its Chairman, attended the meetings of the Control and Risk Committee and the Remuneration Committee.

11. Observations on compliance with the principles of correct administration.

The Board of Statutory Auditors, having participated in the meetings of the Board of Directors and based on the information obtained in these meetings, confirms having verified, excluding the merit control over the appropriateness and convenience of the decisions made by the Board, that the operations carried out and to be carried out by the Company, as approved by the Board of Directors, were in line with the principles of correct administration, compliant with the law and the corporate bylaws, not in conflict with the resolutions of the shareholders' meeting, and were adequately supported by information, analysis, and verification processes.

12. Observations on the adequacy of the organizational structure and setup.

The Board has assessed the timeliness and completeness of the organizational structure and its alignment with business and governance needs, in terms of professionalism and ability to achieve strategic and operational goals, considering the adequacy of the delegation system and the principles of adequate "separation of duties." In this regard, the Board has overseen the adequacy of the composition, size, and functioning of the Board of Directors and the internal committees, participating in meetings and reviewing the documentation produced by these bodies in the performance of their duties, and in its collegiality, believes there are no further observations to make on this matter. Management, following requests from the Board for more information on management activities, after internal assessment, decided to provide this information when deemed necessary regarding specific events or contingencies or upon specific request from Board members. Periodic reporting continued to focus on, in addition to the economic results approved quarterly by the Board of Directors, mainly on the most significant economic, financial, and asset-related transactions conducted by the Company or its subsidiaries, particularly on extraordinary and internal reorganization aspects. The Board of Statutory Auditors also highlights that:

- ▶ The Chairman of the Company holds executive delegations substantially similar to those of the Chief Executive Officer;
- ▶ The breadth of these delegations allows their holders substantial independent management executive capacity for all transactions not deemed "price-sensitive" under the law by management;
- ▶ This management executive capacity, in the absence of a strategic industrial plan approved by the Board of Directors, means that the strategic direction is effectively dictated by management.

The Chairman of the Board of Statutory Auditors believes that this situation limits, overall, the Board of Directors' ability to exercise its guiding role, particularly regarding the definition of the Company's and Group's strategies and monitoring their implementation, as recommended by the Corporate Governance Code. In this context, while acknowledging the crucial role of CEOs and Executive Directors in driving the success of the Company and Group, the Chairman hopes that, through the future sharing and approval of an industrial

plan resulting from Board discussion and contribution, the Board of Directors can exercise its strategic leadership role and guide the Group, as the Corporate Governance Code recommends. This will also allow the Board to have a necessary reference point for evaluating the returns of the extensive delegations given to the Chairman and CEO of the Company.

In this regard, the Board of Statutory Auditors positively assesses that the Company's Enterprise Risk Management (ERM) model has, starting from the 2024 financial year, included the determination of the Risk Appetite Framework (RAF) by the Board of Directors, as discussed in paragraph 13. This initiative marks a significant first step toward greater involvement of the Board in the strategic process, enabling it to not only more effectively monitor management decisions but also assume a more active role in defining corporate directions.

The Board hopes this evolutionary process will lead to a progressive integration between management and the guiding role of the Board of Directors, strengthening its contribution to determining medium- to long-term orientations and evaluating the effectiveness of adopted strategies. The Board of Statutory Auditors acknowledges that the executive directors report promptly on the most significant economic, financial, and asset-related operations, as required by Article 150 of the TUF. In accordance with Recommendation No. 13 of the Corporate Governance Code, the Board of Directors appointed a Lead Independent Director in 2021.

The Board of Statutory Auditors has also considered the documentation related to other components of the overall organizational structure of Reply S.p.A. and has noted:

- ▶ The existence of an organizational chart and related company documentation outlining the organizational structures;
- ▶ A system of delegations exercised in line with the roles and powers assigned to each function/committee involved;
- ▶ Consolidated company practices for governance by Reply S.p.A. in its functions of direction, coordination, and control of subsidiaries, mainly exercised through: (i) centralized functions governing the Group's main activities deemed sensitive (Personnel, Communications, Management Control, Innovation), (ii) constant monitoring of business by top management, and (iii) the presence of top management on the Boards of Directors of subsidiaries;
- ▶ Company regulations for the activities of each managerial function, primarily based on the ISO 9000 procedural model.

Overall, based on the above analysis, these additional components of the organizational structure are mainly based on structured and effective management practices.

13. Observations on the adequacy of the internal control system.

The Board of Statutory Auditors, having reviewed the decisions made by the Board of Directors and reported in the Corporate Governance and Ownership Structure Report regarding the adequacy and actual functioning of the internal control system, examined the 2024 reports of the Internal Audit function. In particular, the Board of Statutory Auditors points out:

- ▶ Throughout the year, the necessary functional and informational link was maintained between the Head of the Internal Audit function, the Control and Risk Committee, and the Supervisory Body regarding the execution of evaluation, monitoring, and control tasks concerning, within their respective competence, the adequacy, operation, and actual functioning of the internal control system and risk management, as well as the outcomes of the verification activities carried out by the Internal Audit function, in accordance with the audit plan approved by the Board of Directors and the risk assessment performed by the Company with the support of a Reply Group company specializing in this field;
- ▶ The Company has described in the Corporate Governance and Ownership Structure Report the main features of the internal control system and risk management, as well as the coordination mechanisms among the entities involved, specifying the national and international models and best practices used as reference;
- ▶ In this regard, the Board of Statutory Auditors positively evaluates the progressive refinement of the Company's Enterprise Risk Management (ERM) model. In this update, the annual risk assessment was conducted, involving the relevant company functions and leading to the identification of the main business risks. A relevant step, introduced in 2023, was the definition of Risk Appetite (RA), i.e., the level of risk the Company is willing to assume, differentiated according to various risk types. In 2024, the model underwent another important evolution, involving the determination of the RAF by the Board of Directors. This step represents a significant evolution, marking a first step toward the integration of risk management and decision-making processes, offering a structured criterion for evaluating the adequacy of risk assumption in light of the Board of Directors' greater awareness of business objectives;
- ▶ The Head of the Internal Audit function has periodically updated the Board of Statutory Auditors on the activities performed and the main findings of the audits conducted, with no corrective actions highlighted. T

The documents presented during the periodic information exchange with the Board of Statutory Auditors summarized the outcomes of the audits, which, for all completed audits, did not show any observations, suggestions, or recommendations.

The Board of Statutory Auditors has acknowledged that the Internal Audit's analysis of the overall Internal Control and Risk Management System, for the purposes of assessing its suitability, has been completed and revealed no issues to report.

As part of its oversight activities, the Board of Statutory Auditors has also assessed the current effectiveness of the quality, environmental, safety, and energy management system in place at the Reply Group.

During these checks, no specific issues were identified, and the integrated quality, environmental, and safety management system is considered effective in its practical operation and adequate. The Board also found that the Company complies with the measures set by the Personal Data Protection Authority and acts in substantial compliance with the provisions of EU Regulation No. 679/2016 (GDPR), Legislative Decree No. 196/2003, as amended by Legislative Decree No. 101/2018, and other applicable data protection regulations.

The Board of Statutory Auditors has noted that the Data Protection Officer, during periodic meetings, has not highlighted any critical elements to report in this report.

The Board has not received any information regarding violations of the Organization and Management Model pursuant to Legislative Decree 231/01 from the Supervisory Body. Overall, while agreeing with and appreciating the initiatives undertaken by management in the areas of Risk Management and the Internal Control System, the Board recommends the timely completion of its implementation in the evolutionary perspective of progressively advancing its maturity level. In this regard, the Board notes that the external evaluation of adherence to International Standards for the professional practice of Internal Auditing (EQR), conducted in 2021, highlighted the need to expand the function's activities in the areas of "operations" and anti-fraud, as provided by international standards.

The Board acknowledges that the Company has initiated a multi-year implementation process to fully comply with international standards and improve its alignment with the specific recommendation of the Corporate Governance Code to which the Company adheres. As part of this process, the Internal Audit function has gradually strengthened its operations, promising to reassess over time the adequacy of the resources assigned to the function in relation to the scope of activities required.

During the year, however, the Internal Audit activity primarily focused, even with full resource utilization, on traditional and compliance audit areas, without including specific operational audit interventions. Additionally, the audit plan is not currently integrated with the Enterprise Risk Management (ERM) process, maintaining an independent approach in selecting areas of intervention. The Board emphasizes the importance of continuing this path in an integrated manner with the risk management process and, more generally, continuing the path started in previous years with a view to continuous improvement.

The Board, in its collegiality, believes there are no further elements to bring to the attention of the Shareholders' Meeting.

14. Observations on the administrative accounting system.

The Board of Statutory Auditors has reviewed the internal regulations related to the internal control system for financial reporting, which includes the activities for identifying risks/controls and procedures to ensure, with reasonable certainty, the achievement of objectives for reliability, accuracy, timeliness, and credibility of financial information. This system enables the officer responsible for preparing financial and corporate documents, together with the delegated administrative bodies, to issue the attestations required by Article 154-bis of the TUF.

The Board of Statutory Auditors has met periodically with the responsible officer and the external auditor for an information exchange, which also covered the management and control model of the Reply Group under Law 262/2005.

During these meetings, no significant deficiencies were reported in the operational and control processes that could affect the adequacy and effective application of the administrative-accounting procedures, ensuring the correct representation of economic, financial, and asset-related events in compliance with international accounting principles. Similarly, during periodic information exchange meetings, as well as in the additional report prepared under Article 19 of Legislative Decree 39/2010, the external auditor has not reported any significant issues in the internal control system regarding the financial reporting process.

The Chairman and the responsible officer for preparing the corporate financial documents have issued, pursuant to Article 81-ter of Consob Regulation No. 11971/1999 and its subsequent amendments, the certification required by Article 154-bis, paragraph 5 of Legislative Decree No. 58/1998, which has been reviewed by the Board as evidence of the effectiveness of the administrative-accounting processes.

15. Provisions given by the company to subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree No. 58/1998.

The provisions issued by Reply S.p.A. to its subsidiaries, pursuant to Article 114, paragraph 2 of Legislative Decree No. 58/1998, appear adequate; likewise, the subsidiaries have provided the parent company with the necessary information for timely knowledge of business events. In this regard, we inform you that, in order to ensure the timeliness of the requested communications, the Finance and Control Director of Reply S.p.A. holds the position of Chairman and/or CEO of all Italian subsidiaries, except for Ringmaster S.r.l., and is a Director of Nexi Digital S.r.l., a Director in several foreign subsidiaries, as well as a Director in some U.S. companies and a member of the Supervisory Board of Reply Deutschland SE.

We also inform you that:

- The Chairman of the Board of Directors of Reply S.p.A., Mr. Mario Rizzante, is a member of the Supervisory Board of Reply Deutschland SE;

- ▶ The CEO, Engineer Tatiana Rizzante, holds, among other positions, the role of Director of the UK subsidiaries Reply Ltd, Airwalk Holdings Reply Limited, Airwalk Consulting Reply Limited, AWC Partners Reply Ltd, Graymatter Reply Ltd, Arlanis Reply Ltd, Mansion House Reply Limited, and Managing Director of the German subsidiary Reply Deutschland SE;
- ▶ Director Mr. Filippo Rizzante holds, among other positions, the role of Director in several UK subsidiaries, as well as the position of Vice President of Ringmaster S.r.l.;
- ▶ The dissemination of information to the subsidiaries is carried out through processes established and operational within Reply's Finance department according to the functioning of the so-called Service Hubs, i.e., centralized operational centres that provide financial, administrative, and support services to one or more entities within a specific country.

16. Relevant Aspects Emerging from Meetings Held with the Legal Auditors Pursuant to Article 150, Paragraph 3, of Legislative Decree No. 58/1998.

During the meetings and discussions held with representatives of the legal auditing firm, no actions or facts were identified that could be considered censurable or significant enough to warrant mention and/or specific reports in accordance with Article 155, Paragraph 2, of Legislative Decree No. 58/1998.

17. Company's Adherence to the Self-Discipline Code of the Corporate Governance Committee for Listed Companies.

The Company has adhered to the Corporate Governance Code (formerly the Self-Discipline Code) since the 2000 financial year, which was last reviewed in January 2020 and came into effect from the 2021 financial year.

On March 13, 2025, the Board of Directors approved the annual report on Corporate Governance and Ownership Structure as per Article 123-bis of Legislative Decree No. 58/1998.

The Board has acknowledged the Remuneration Policy Report and the compensation paid (Remuneration Report), prepared in accordance with Article 123-ter of Legislative Decree No. 58/98, Article 84-quater of the Issuers' Regulation, and its annex 3A, schedules no. 7-bis and 7-ter. This report was approved by the Board of Directors on the recommendation of the Remuneration Committee.

As recommended by the Corporate Governance Code, when determining the remuneration of executive directors, the Board of Directors took into account remuneration practices prevalent in the relevant sector and for companies of similar size.

Regarding the supervision of the implementation of the Corporate Governance Code, the Board has no further observations to report beyond what has already been mentioned.

18. Proposals to Be Presented to the Shareholders' Meeting Pursuant to Article 153 of

Legislative Decree No. 58/1998. In relation to the provisions of the second paragraph of Article 153 of Legislative Decree No. 58/1998, the general supervisory duty under Article 149 letter a) of the same decree, and the agenda item regarding the discussion of the financial statements, the Board of Statutory Auditors acknowledges that it has supervised compliance with the procedural and legal rules governing the preparation of these documents.

The following declarations were made by the Directors:

- ▶ The financial statements as of December 31, 2024, were prepared in accordance with European Regulation No. 1606/2002 of July 19, 2002, and in compliance with international accounting principles (IFRS);
- ▶ The consolidated annual financial report as of December 31, 2024, was prepared in electronic format, in accordance with European Regulation 815/2018 (the "ESEF" format);
- ▶ The sustainability reporting as of December 31, 2024, was prepared in accordance with the reporting standards applied under Directive 2013/34/EU of the European Parliament and Council of June 26, 2013, and Legislative Decree No. 125 of September 6, 2024, as well as the specifications under Article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and Council, dated June 18, 2020.

Based on the checks performed and the information exchanged with the legal auditing firm, and after reviewing the report issued under Article 14 of Legislative Decree No. 39/2010, which expresses an unqualified opinion, the Board of Statutory Auditors believes it has no observations or proposals regarding the financial statements, the Management Report, or the proposals contained therein, which it considers, as far as within its competence, suitable for your approval.

Similarly, with specific reference to the provisions of the second paragraph of Article 153 of Legislative Decree No. 58/1998, the Board believes it has no proposals to make regarding other matters within its competence.

Regarding the agenda item related to the resolution on the purchase and sale of own shares, in light of the presentation made by the Directors, the Board notes that the proposed resolution complies with the provisions of Articles 2357 and 2357-ter of the Civil Code, Article 132 of Legislative Decree No. 58/1998, and Article 144-bis of the Consob Regulation adopted with Resolution No. 11971 of May 14, 1999.

19. Final Assessments Regarding the Supervisory Activity Performed, as well as any Omissions, Censurable Facts, or Irregularities Identified During the Same.

The supervisory activity carried out by the Board, in addition to what has already been outlined, was conducted through:

- ▶ The acquisition of information during meetings with representatives of the Board of Statutory Auditors of the subsidiaries and parent companies, where applicable, to exchange information about the Group's activities and to coordinate the supervisory and control activities;
- ▶ The collection of additional information in meetings with the Designated Director according to the Procedure for Transactions with Related Parties and the Person Responsible for Implementing the Code of Conduct regarding Internal Dealing;
- ▶ The analysis of any new legislative provisions or Consob communications of interest to the Company.

The Board has verified the existence of organizational measures to ensure compliance with statutory, legal, and regulatory requirements in this area, with a continuous commitment to improvement.

In particular, the Board informs the Shareholders that:

- ▶ It has supervised the compliance with the law of the Procedure for Transactions with Related Parties, initially approved by the Board of Directors of Reply S.p.A. on November 11, 2010, and later amended on May 14, 2015, August 2, 2018, and June 21, 2021, and has monitored its implementation;
- ▶ It has verified the correct application of the criteria adopted by the Board of Directors in assessing the independence conditions of the "independent directors";
- ▶ It has monitored, where required, the compliance with legal limits regarding non-audit services provided by the auditing firm to Reply S.p.A. and its subsidiaries;
- ▶ It has supervised compliance with the provisions of Article 17, Paragraph 4, of Legislative Decree No. 39/2010 and informs that the key responsible for the audit of Reply S.p.A.'s financial statements is Mrs. Monica Maggio;
- ▶ It has verified and monitored the independence of the legal auditing firm PricewaterhouseCoopers S.p.A. in accordance with Articles 10, 10-bis, 10-ter, 10-quater, and 17 of Legislative Decree No. 39/2010 and Article 6 of Regulation (EU) 537/2014;
- ▶ It has monitored the fulfilment of obligations related to the "Market Abuse" and "Investor Protection" regulations in corporate reporting and Internal Dealing based on communications received from the Company.

Regarding the supervision of any censurable facts or irregularities, the Board finds it important to point out that the evaluation of whether an event or circumstance constitutes an irregularity or censurable fact may depend on aspects subject to multiple interpretations, sometimes only determined after fact-finding procedures that may last several years.

Based on the supervisory activity performed during the financial year, the Board:

- a) finds no reasons to oppose the approval of the financial statements as of December 31, 2024, and the resolutions proposed by the Board of Directors;
- b) has not identified any irregularities or censurable facts during its work.

Rome-Turin, March 31, 2025

THE STATUTORY AUDITORS

Chairman (Ciro Di Carluccio)

Board member (Donatella Busso)

Board member (Piergiorgio Re)

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 Financial Statements

Opinion

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company 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 Financial Statements* section of this report. We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Evaluation of the recoverability of equity investments in subsidiaries

Note 2 “Accounting principles” and Note 21 “Equity investments” to the financial statements

The value of equity investments in subsidiaries as of 31 December 2024 amounted to Euro 239 million, equal to approximately 13 percent of total assets. These investments are carried at cost adjusted for impairment losses.

Company’s management tests the equity investments for potential impairment by comparing the carrying amount with the recoverable amount in accordance with IAS 36 (*impairment test*), when indicators of potential impairment exist.

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.

The assessment required Company’s management to perform with the support of external experts, complex estimations which are mainly based on assumptions affected by economic and market conditions which are hard to foresee and quantify. These complex estimates are especially referred to the determination of market multiples used for the *fair value* calculation, the definition of expected cash flows, the discount and growth rates used for estimating the terminal value in determining the value in use calculation.

Following the test carried out, the recoverable value of all the investments was higher than the related book value.

We gained an understanding and assessed the procedures adopted by management in order to verify the compliance with the requirements of IAS 36.

We analysed the management’s expert report with a focus on market multiples. We also verified the reasonability of Company’s management assumptions used to estimate the expected cash flows, also verifying the mathematical accuracy of the calculations performed to determine the equity investments fair value and value in use.

Additionally, we verified, also with the support of the experts of the PwC network, i) the determination of the multiples, ii) the consistency of the projected cash flows used for the *impairment test* with the economic and financial projections approved by the Board of Directors on 25 February 2025, iii) the mathematical accuracy of the calculation models and iv) the relevant assumptions, particularly regarding future cash flows and their discount and growth 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.

Key Audit Matters

Auditing procedures performed in response to key audit matters

We considered the assessment of the recoverability of the value of equity investments in subsidiaries a key audit matter, given the significance of this item as well as the complexity of the valuation process, based on complex assumptions that required us to pay particular attention to the *impairment* test performed by the Company.

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

The directors are responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company 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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- We identified and assessed the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 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 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 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 financial statements with the provisions of the Commission Delegated Regulation

In our opinion, the financial statements as of 31 December 2024 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

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 SpA as of 31 December 2024, including their consistency with the relevant 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 financial statements;
- express an opinion on the compliance with the law 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;
- 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 financial statements of Reply SpA as of 31 December 2024.

Moreover, 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 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.

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.

CORPORATE INFORMATION

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