

HALF- YEAR FINAN- CIAL REPORT 2023

**REPLY
HALF YEAR
FINANCIAL REPORT
AT 30 JUNE 2023**

CONTENTS

Board of Directors and Controlling Bodies	3
Financial highlights	5
Reply Living Network	7
Interim financial report 2023	24
Financial Review of the Group	25
Other information	32
Events subsequents to 30 June 2023	33
Outlook on operations	34
Half year condensed financial statements at 30 June 2023	35
Notes	41
Annexed tables	74
Attestation of the Half-year condensed financial statements pursuant to 154 bis of Legislative Decree No. 58/98	82
Independent auditors' report	83

Board of Directors and Controlling Bodies

Chairman and Chief Executive Officer

Mario Rizzante

Chief Executive Officer

Tatiana Rizzante

Executive Directors

Filippo Rizzante

Daniele Angelucci

Marco Cusinato

Elena Maria Previtera

Patrizia Polliotto (1) (2) (3)

Secondina Giulia Ravera (1) (2)

Francesco Umile Chiappetta (1) (2)

Board of Statutory Auditors

President

Ciro Di Carluccio

Statutory auditors

Piergiorgio Re

Ada Alessandra Garzino Demo

Independent Auditors

PwC S.p.A.

(1) Directors not invested with operational proxies.

(2) Independent Directors according to the Corporate Governance code drawn up by the Committee for Corporate Governance

(3) Lead independent director

This report has been translated into English from the original Italian version, in case of doubt the Italian version shall prevail.

Financial highlights

The Group's financial highlights

YE 2022	%	Economic figures (Euros/000)	1 ST half 2023	%	1 ST half 2022	%	1 ST half 2021	%
1,891,114	100.0	Revenue	1,038,908	100.0	889,722	100.0	712,833	100.0
340,312	18.0	Gross operating income	154,006	14.8	144,447	16.2	119,481	16.8
285,473	15.1	Operating income	123,677	11.9	122,874	13.8	95,967	13.5
268,695	14.2	Income before taxes	113,561	10.9	108,654	12.2	98,719	13.8
191,016	10.1	Group net income	78,451	7.6	75,598	8.5	71,391	10.0

YE 2022	Financial figures (Euro/000)	1 ST half 2023	1 ST half 2022	1 ST half 2021
970,291	Group equity	1,013,823	851,766	727,207
1,579	Non-controlling interest	1,730	1,470	1,848
2,228,150	Total assets	2,120,338	1,796,254	1,491,173
46,590	Net working capital	54,711	8,951	24,146
901,298	Net invested capital	913,984	687,495	563,667
184,573	Cashflow	108,148	79,568	74,688
70,572	Net financial position (*)	101,570	165,741	165,388

YE 2022	Data per single share (in Euros)	1 ST half 2023	1 ST half 2022	1 ST half 2021
37,411,428	Number of shares	37,411,428	37,411,428	37,411,428
7.63	Operating income per share	3.31	3.28	2.57
5.13	Net income per share	2.10	2.03	1.91
4.93	Cash flow per share	2.89	2.13	2.00
25.94	Shareholders' equity per share	27.10	22.77	19.44

YE 2022	Other information	1 ST half 2023	1 ST half 2022	1 ST half 2021
13,467	Number of employees	14,307	11,606	9,648

(*) for ESMA net financial indebtedness see Note 29

Reply Living Network

Reply living network

Reply is a group specialised in consulting, system integration and digital services, dedicated to creating innovative solutions based on new communication channels and digital media.

With its network of companies, Reply supports large industrial groups in defining business models enabled by new technological and digital communication paradigms, such as Artificial Intelligence, Cloud Computing and the Internet of Things (IoT). With distinguished technological and market skills, Reply is able to conceive, design and develop unique solutions to innovate its customers' processes, services and products.

Reply is characterised by:

- a **culture** oriented towards technological innovation;
- a flexible **structure**, capable of anticipating market evolutions and interpreting new technological drivers;
- a delivery **methodology** of proven success and scalability;
- a **network** of companies specialised in areas of expertise;
- a **team** composed of specialists from the best universities;
- highly experienced **management**;
- continuous **investment** in research and development;
- a network of long-term **relationships** with its customers.

The organisational model

Reply operates with a network structure made up of companies specialised in the field of processes, applications and technologies, constituting excellence in their respective fields of expertise.

Processes - For Reply, understanding and using technology means introducing a new enabling factor to processes, thanks to an in-depth knowledge of the market and specific industrial implementation contexts.

Applications - Reply designs and creates software solutions aimed at responding to the needs of the company's core business, in several industrial sectors.

Technologies - Reply optimises the use of innovative technologies, creating solutions capable of guaranteeing customers maximum efficiency and operational flexibility.

Reply's services

Strategy, creativity and consulting are three elements that feed each other and shape each other in each Reply project, providing concrete and effective solutions to the challenges of each sector.

Reply's services include:

Strategic consulting, communication, design, process, and technology consulting;

System Integration to make the most of the potential of technology, combining business consulting with innovative technological solutions with high-added value;

Digital Services based on new communication channels and digital trends.

Industry Focus

Thanks to its network model, Reply combines a deep knowledge of industrial sectors with the ability to support customers' technological evolution.

Automotive

Reply solidified its role as a partner of the main automotive groups in the evolution of production and logistics activities, as well as in the development of services onboard the vehicle through the design of advanced connectivity systems. In a highly competitive context due to the entry into the market of new players, the Group is supporting the main car manufacturers with integrated projects covering all phases of the supply chain

Reply's support ranges from the management of raw materials to the programming of production, from logistics to distribution and after-sales phases. Taking advantage of the proprietary platforms (Lea Reply for logistics and Brick Reply as a Manufacturing Execution System) and its strong skills in the cloud computing field, the Group is contributing to the transformation of the entire supply chain with a holistic vision and personalised solutions.

The pervasiveness of the ACES paradigm (Autonomous, Connected, Electric, Shared) is increasingly conditioning the automotive sector, pushing it towards greater sustainability of industrial activity and vehicles themselves. An important development area concerns the design of autonomous and semi-autonomous driving systems, where Reply sits alongside the manufacturers in designing architecture and application solutions.

Reply is also active in the development of V2i connectivity platforms (Vehicle to Infrastructure) that exploit innovative end-to-end architectures for the management of the next generation of integrated services with traffic and electric charging infrastructures. With its cross-industry skills, the Group supports the dialogue between car manufacturers, utilities and third-party players in the creation of advanced mobility ecosystems.

Integrating data-driven marketing solutions, augmented/virtual reality and 3D systems, Reply is supporting the sector in the digitisation of pre-sales and sales processes. Virtual showrooms, e-commerce, and open finance solutions guide the potential buyer in relation to the configuration of the model, the subscription of value-added services, and requesting instant credit.

Energy & Utilities

Reply has consolidated experience in the energy & utility sector, with its knowledge of the main market dynamics and the ability to design, implement and manage solutions for some of the main operators in the sector. This ranges from energy & demand management to the management of new mobility services and charging of electric vehicles, up to smart grid solutions, asset management, forecasting and generation from renewables.

The trend towards a global energy crisis that began to emerge during the pandemic, is accelerating the transition by energy producers and distributors towards a more sustainable and secure energy system, Driven by global carbon neutrality objectives, the main operators are investing in technological innovation projects, to become increasingly resilient.

Leveraging skills and solutions based on the cloud, IoT, big data, advanced analytics and artificial intelligence, Reply is supporting operators in developing new tools to evolve energy component forecasting and monitoring processes, optimise operations, and activate new services and interaction patterns with consumer and enterprise customers.

Financial Institutions

Reply supports the main European players in the banking and insurance sector, combining a distinctive specialisation in the most relevant technologies, with significant knowledge of the regulatory framework, market dynamics and the evolving needs of operating and business models. In 2022, its leadership has been consolidated in European markets, by expanding its presence in Germany and France.

In addition to regulatory developments, technology has been the main driver of change in recent years, obtaining benefits in terms of the income statement and the balance sheet. In fact, financial institutions are increasingly becoming "tech companies" and to be successful they must innovate the entire value chain they manage (sales/distribution, operations, procurement).

Artificial intelligence, digital assets, and re-platforming of legacy infrastructures are key themes in the investment plans of banks, insurance companies, asset managers and other financial operators. Cloud computing plays the role of supporting innovation projects. This ranges from payments to wealth management, from customer onboarding to process optimisation and efficiency.

Government & Healthcare

Reply's activity in the government context is strongly oriented towards the design and implementation of an interoperable public administration, with the integration of big data and open data, artificial intelligence and deep learning, cloud and new architectures. The technologies are applied to improve the relationship with users and govern internal business processes.

In the healthcare and pharmaceutical fields, Reply has developed a suite of services based on territory-based healthcare, combining traditional skills in healthcare services (cost optimisation, process digitisation, electronic health records, management of healthcare materials and logistics), with skills in life science innovation, and solutions based on artificial intelligence at the service of new areas of bioinformatics (genomics, radiomics, predictive and precision medicine, digital pathology). It has also strengthened its offering to hospitals and telemedicine services and products, implementing its vision on the patient journey and health population management, improving the efficiency of monitoring and treatment processes from a

connected care perspective and through promoting the "One-Health" model. The model aims to enhancing the possibilities of treatment and prevention deriving from the connection between data, technologies and applications of the health sector with those of the pharmaceutical, environmental, food and welfare industries.

Logistics

Reply develops solutions aimed at the logistics processes of various industries, including fashion, retail, automotive, healthcare and food & beverage. These solutions specialised in the management of flows of raw materials, finished products, fleets and automated warehouses. Reply's logistics expertise is recognised by several analysts, including Gartner, which included the LEA Reply platform in the "Magic Quadrant for Warehouse Management Systems 2022".

Reply is supporting customers in the design and rollout of new distribution methods for e-commerce and quick-commerce, thanks to the implementation of micro-fulfilment centres and "just in time" processes. This support also includes the adoption of electric vehicles, robots and drones in intra-logistics contexts, enabled by the Internet of Things.

Reply have further extended the areas of intervention to sustainability and de-carbonisation of the supply chain, omnichannel models, and the adoption of flexible working models in the logistics and transport fields. Thanks to partnerships with leading industrial and logistics companies, experiments in the field of computer vision, autonomous goods delivery and wearables have also been strengthened.

Manufacturing

The digitisation of industrial procurement, production and maintenance processes is increasingly transforming production plants into open and flexible ecosystems, capable of improving management communication flows and supply chains, obtaining benefits of cost reduction and maximising results.

Following this trend, Reply supports numerous European industrial groups in the process of adopting specific cloud-native Digital Manufacturing Platforms. Reply has supported customers in a number of other relevant areas in relation to this complex transformational process: Procurement; control and planning systems based on the new cloud-native generations of ERP, MOM and MES; production planning and control; and in the integration with supply logistics networks.

Reply's skills extend from planning and control to product lifecycle management, with significant experience in implementing solutions from partner vendors such as Microsoft, Oracle and SAP, and from its own portfolio of platforms and accelerators, such as Brick Reply (MES) and Axulus Reply (Industrial Internet of Things). Particular attention is dedicated to the development of Industrial IoT solutions, as well as underlying new generations of connected products and services.

Retail

Retailers are investing significantly in evolving business models, driven by pressure on margins due to rising costs (energy, transport and human resources). Customers have been price-sensitive but at the same time have shown a need for personalised experiences, high-quality services and fast delivery.

Reply is involved in several initiatives to address these challenges by creating consistent and personalised omnichannel experiences and supporting relevant brands in the implementation, launch and management of engagement and sales platforms.

Reply is also supporting operators in this sector to understand the potential of the new Web3 models. Leveraging its technical capabilities and industry knowledge, Reply has developed several accelerators, including a virtual point of sale solution in the metaverse connected as a new channel to customer

engagement platforms. This "showcase" in the metaverse is allowing retailers to gain a better understanding of the future dynamics in their industry.

Telco & Media

In recent years, as hyperscalers were progressively expanding their presence in the traditional telco space with business models based on innovative technological capabilities, players in the industry have made massive investments in conventional assets, without redefining the underlying technologies. To overcome this trend, Reply is now supporting telcos in their transformation to software-based operators, starting with the redefinition of their technological foundations and creating cloud platforms capable of managing the entire technological stack, from network access to front-end channels, and in the definition of new business models enabled by composable architectures.

The evolution of the Telco market requires not only the massive adoption of technologies such as Artificial Intelligence, Cloud and Edge Computing and the Internet of Things, but also the renewal of Business Support Systems (BSS), so that they can be integrated into a technological context oriented towards value-added services where Telco operators become increasingly Service Providers. Reply has significant specialist experience in these areas and has also built a strong positioning not only on BSSs but also in infrastructure areas, specializing in Network Engineering, Network Operations and Network Testing & Validation.

In the Media sector, publishers are reacting to the profound crisis of traditional channels, which is leading to a search for innovative digital solutions and new products that can satisfy customer preferences. Reply is supporting relevant European players in the process of converging offers, contributing to the design and implementation of new bundles made up of fixed/mobile broadband connectivity, value-added services and premium editorial or TV content.

Tech Pillars

Over the years, Reply consolidated its leadership in different markets by combining a constant vocation for innovation with an offer structured on the main pillars of digital evolution.

Artificial Intelligence & Automation

Artificial Intelligence is the technological area that saw the greatest acceleration in 2022. The market's attention on the results of generative AI systems, such as Dall-e and ChatGPT, and the search for efficiency has prompted companies to deepen their knowledge and adopt systems for the automatic creation of images, texts, and videos. Reply capitalised on the work done in the last two years on leading platforms such as GPT-3, offering customers the possibility of using artificial intelligence as an accelerator of both business processes and operations.

Reply has also consolidated its experience in the field of artificial intelligence applied to industrial contexts with specific projects related to quality control, predictiveness, cybersecurity, and automation of operational tasks. This is supporting the introduction of efficient and flexible business processes, in a concept of "hybrid work".

Projects combining machine learning and natural language processing have been developed in the field of financial services, e.g. in the field of fraud detection and for real-time credit score/rating calculation. In the healthcare sector Reply has developed specific applications based on AI models aimed at the analysis of radiological images, drug research, and personalised treatment plans.

In the field of customer interaction, AI technologies have been used to analyse data or customer sentiment, but above all, to create the intelligence component linked to digital humans. The development of digital human beings guided by artificial intelligence enriched a catalogue of solutions aimed, in particular, at customer relationship management.

The development of edge AI solutions, which involve running artificial intelligence algorithms directly on edge devices instead of sending data to the cloud for processing, has also seen a significant increase. In

recent months, Reply has participated in the development of edge AI solutions for the manufacturing and energy/utilities sectors.

A particular field of artificial intelligence is the automation applied to business processes. The insurance sector has been among the most active in this regard, particularly in the automation of back offices and document management services. Thanks to a large ecosystem of partnerships with vendors and start-ups, the creation of accelerators allowed Reply to support customers in areas where automation makes it possible to deal with enormous amounts of data. This includes extracting key information and reacting quickly, even in an automated manner, such as in procurement, supply chain, and risk management.

The push towards hyperautomation has also seen the enhancement of AI-powered software engineering. Developers are benefiting from greater efficiency and reliability of the code, which is completed, evaluated, and made secure in near-real time by automatic systems. Therefore, artificial intelligence is increasingly intervening in the development, testing, and deployment phases of software solutions, improving the efficiency of teams.

Cloud computing

Cloud computing is the architectural reference in all the solutions developed by Reply for its customers. With significant experience in the design and deployment of complex multi-cloud and hybrid architectures, Reply supports companies operating in several industries like manufacturing, financial services, automotive, utilities, and retail in the migration from legacy systems to the cloud and launch of innovative cloud-native projects.

Global strategic partnerships with AWS, Microsoft, Google and Oracle support Reply's ability to maintain and evolve solutions and services in the Infrastructure-as-a-Service, Platform-as-a-Service and Function-as-a-Service models. Reply's proven ability to work with multi-platform architectures allows companies to easily integrate proprietary cloud-native platforms and Software-as-a-Service offered by global partners such as Adobe, Salesforce, and SAP.

As part of its commitment to sustainable technology, Reply is investing in GreenOps methodology and technologies like edge computing, which brings computation and data storage closer to the user, resulting

in reduced data transfer and lower energy consumption. This move towards edge computing has opened up new opportunities for the development of innovative applications and services, with faster response times and improved user experiences.

Reply has a strong expertise in fields like observability and site reliability engineering (SRE) and of the CAFFE (Cloud Adoption Framework for Enterprise) structured cloud adoption methodology. In addition, Reply strengthened its ability to design, implement and evolve cloud governance and FinOps solutions, helping optimise investments and recurring infrastructure costs for customers.

Cybersecurity

In the last two years, to deal with a continuous increase in cybercrime and geopolitical tensions, Reply has responded with a significant expansion in its ability to assist its customers in the protection, security, and compliance of applications, infrastructures, data, and IoT devices.

In the area of detection and response to cyber threats, Reply has developed significant experience in setting up systems such as Endpoint Detection and Response (EDR) and Extended Detection and Response (XDR), providing customers with high reaction speed and risk containment.

With the adoption of the DevSecOps paradigm, the joint Reply-customer development teams instil the culture of IT security in the application design and development cycle. Furthermore, the automation of test activities supported by artificial intelligence strengthens the reliability of the code.

In addition to the technical skills of information risk management, Reply has a strong knowledge of the legal and regulatory context. In the enterprise and consumer sectors, particular attention was paid to the world of data protection and privacy, as well as data from IoT devices.

Digital Experience & Customer Interaction

Through its global network of communications agencies and specialised technological companies, Reply offers a range of digital solutions that help organisations build exceptional digital experiences for all their stakeholders, including customers and employees. From defining brand strategies to creating omnichannel experiences and deploying underlying processes, Reply leverages its distinctive capacity to link technology, data, and creativity, with solid methodologies and relevant partnerships with major vendors.

By supporting the design of engaging "phygital" user experiences that are consistent with brands' values, Reply helps companies create flexible and modular digital experience platforms (DXP) and sales solutions that can manage content, communications, and the commerce of goods and services. Reply's technological capacity supports companies in adopting headless architectures, where the digital experience is combined with efficient order management and delivery processes, regardless of the goods delivery channel.

To ensure that both customers and operators have complete visibility into their operations, Reply integrates customer data platforms (CDP), ERP, and supply chain systems, creating a fluid, people-centric, and hyper-personalised brand experience. Partnerships with leading CRM solution providers allow companies to enhance customer interactions with advanced analytics solutions leveraging zero-party and first-party data while safeguarding customer privacy.

For Reply, one area of particular focus is the adoption of artificial intelligence and machine learning to drive greater personalisation in digital experiences, boosting engagement and driving sales. On top of this focus is the integration of social media and messaging systems into digital experience platforms. By enabling customers to interact with brands through multiple channels and touchpoints, Reply helps clients create a seamless and cohesive brand experience that deepens customer loyalty.

Reply supports clients in the entertainment, fashion, and gaming sectors with the launch of digital experiences based on Web3 pillars such as NFT, spatial computing, mixed reality, 3D, and blockchain. As the "Decentralised Web" continues to evolve, companies and consumers will increasingly experience immersive experiences in the metaverse. The development of more secure and flexible digital identities will be supported by the adoption of avatars and 3D photo-realistic digital humans interacting with natural voices.

Internet of Things

For Reply, IoT is one of the most mature technological domains, thanks to significant experience in both the industrial and consumer fields. The widespread diffusion of sensors is enabling new business models, especially in the enterprise environment. The market is seeing a growing diffusion of connected products and devices, supported by cloud-based services and increasingly sophisticated IT security systems, again with links to artificial intelligence.

The growth of edge computing has made possible a new era of connected products, primarily cars and industrial vehicles. Connected vehicles make it possible to improve safety, energy optimisation, comfort and onboard entertainment. They are also an important first step towards autonomous driving.

In manufacturing contexts, Industrial IoT systems are used to collect data on machinery, company fleets and connected products, to favour the predictability of maintenance, the improvement of production processes and the efficiency of logistics systems. They can also gather useful information for the design of new products and services.

In addition to developing numerous projects in the manufacturing, energy and insurance fields, Reply strengthened the laboratories dedicated to the safety and testing of connected products. Reply also continued the development of the Breed Reply incubator, operating globally in the selection of internationally promising start-ups and scale-ups in the Internet of Things and deep-tech space.

Looking Forward

Reply has activated different international working groups between IT professionals, user experience experts and industry specialists. Their research and development activity allows them to monitor innovations on the market and accelerate new solutions' time to market.

Metaverse & Digital Humans

The metaverse and digital human technologies are rapidly maturing, allowing companies to re-design their interaction with customers. To support customers from different sectors in exploiting these new virtual worlds, Reply leverages its significant expertise in real-time 3D, artificial intelligence and blockchain, as well as international experience with Reply Game Studios in games and augmented, virtual, and mixed reality applications.

Reply started various initiatives to help its customers adopt the different technologies and new operational and organisational methods needed to establish themselves on the main platforms of the metaverse. These areas include 3D modelling, 3D reconstruction of environments, custom world creation, branded experiences, avatar creation, NFTs, and other resources based on extended reality technologies.

Reply is also developing distinctive experiences in the AI-powered Digital Humans area, with customised virtual presence solutions based on real-time tracking and the use of advanced natural language interpretation and generation models. These solutions will support the next generation of brand ambassadors and digital assistants for their stakeholders, including customers and employees.

Web3 & Digital Assets

The technologies that lay the foundation for digital assets, such as blockchain, are growing in importance at an international level, offering new opportunities in various sectors and primarily within the financial industry, both at the banking and insurance level and in more specific areas of asset & wealth management.

Payment tokens, security tokens, utility tokens and NFTs are the main kinds of digital assets. Reply has developed a deep understanding of the specific properties of each asset, allowing its customers to navigate this new phenomenon and supporting them in building journeys and innovative elements in their industries. Reply's consolidated experience in the key elements of this technology (distributed ledger technology and blockchain) and in the underlying strategic and operational dynamics, enabled it to structure a continuous observatory on digital assets at an international level and to build accelerators that can support and accompany its customers in the definition and subsequent implementation of new services and business models.

Mobility evolution

Thanks to the global drive towards ever more sustainable vehicles, electric mobility is rapidly gaining momentum as a solution to everyday transportation needs. With advances in battery technology and a growing charging infrastructure, electric vehicles are becoming more accessible and affordable.

Carmakers are collaborating with major players in the energy & utilities sector to create connected ecosystems, in which cars and commercial vehicles can use the potential offered by "Vehicle to Infrastructure" connectivity, optimising their ecological footprint and at the same time increasing the reliability and durability of electric and hybrid mobility.

Reply founded international working groups focused on the development of solutions for charging networks, bi-directional charging, battery lifecycle management and e-mobility platforms. Together with major carmakers, it is advancing autonomous driving experimentations, leveraging its distinctive capabilities in AI, cloud, and edge computing.

Sustainable & Green Innovation

The production and use of computer devices and systems are energy intensive and have a significant impact on the environment. It is important to consider the sustainability of ICT throughout its life cycle, from production to disposal, and in terms of hardware and software. Measuring energy consumption and

applying recognised standards such as the GHG Protocol ICT Sector Guidance to assess the impact of ICT are crucial steps towards improving sustainability in the sector.

By focusing on energy-efficient programming and developing best practices in software engineering, cloud and web design, Reply is taking a proactive approach to mitigate the environmental impact of ICT. Matcha Reply, Reply's proprietary methodology for managing sustainability in projects, follows the principle of integrating sustainability issues into the planning, execution and monitoring of ICT projects, improving their environmental and social impacts and promoting long-term sustainability.

Reply also believes that addressing sustainability in ICT requires collaboration between companies, governments and other stakeholders and actively promotes knowledge sharing, development of new partnerships and co-creation of innovative solutions. With this spirit, Reply has launched the IT Sustainability User Group, in which relevant players from different sectors investigate and test methodologies.

Next-Generation Telco Networks

Historically, telecommunications companies have been heavily tied to their network equipment vendors. This condition has consolidated a model in which architectures are composed of vertical silos and characterised by significant vendor lock-in, with a huge impact on rigidity and costs.

Network softwarisation and Telco Cloud are some of the areas of innovation that are consolidating, now supported by the paradigm of network disaggregation and the availability of edge computing sites, distinctive assets of telcos. Network cloudification aims to implement the network as cloud-native software and leverage established cloud mechanisms to support performance, reliability, and security needs.

After standing out through support with the rollout of numerous network unbundling initiatives, Reply is collaborating with the main international organisations and the major European telcos in the design and standardisation of solutions based on open source and collaborative ecosystems. These solutions can increase the efficiency of broadband and mobile networks, while improving the sustainability of networks and enabling new business and service models.

Interim financial report 2023

Financial Review of the Group

INTRODUCTION

The Half-Year condensed report for the period ended June 30, 2023 has been prepared in accordance with the Legislative Decree. 58/1998, as amended, and the "Regolamento Emittenti" issued by Consob.

The Report also conforms with the requirements of the International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board ("IASB") adopted by the European Union and has been prepared in accordance with IAS 34 – Interim Financial Reporting.

TREND OF THE FIRST HALF

Since the start of the year, the Group has recorded a consolidated turnover of €1,038.9 million, which is an increase of 16.8% compared to the same period in 2022.

All indicators are positive for the period. In the first half of 2023, consolidated EBITDA of €154.0 million compared to the €144.4 million recorded in 2022 and corresponds to 14.8% of turnover.

EBIT, from January to June, was €123.6 million (€122.9 million in 2022), corresponding to 11.9% of turnover.

Pre-tax profit, from January to June 2023, was €113.5 million (€108.7 million in 2022), corresponding to 10.9% of turnover.

As regards the second quarter 2023, the Group's performance was also positive, with consolidated turnover for the period of €518.3 million, up by 15.5% compared to 2022.

EBITDA, from April to June 2023, amounted to €72.9 million, with EBIT of €58.0 million and pre-tax profit of €51.4 million.

As at 30 June 2023, the Group's net financial managerial position was positive for €101.6 million, whereas the financial position at 31 December 2022 was positive for €70.6 million.

In the first half of 2023 the Group has experienced a positive trend, both in terms of revenue and profitability. During these months, Reply has witnessed a continuous surge in companies' investments, with a strong focus on two primary directions of innovation: artificial intelligence and cloud computing.

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

Reply's performance is shown below in the following reclassified consolidated income statement of the first half and is compared to the corresponding figures of the previous year:

(thousand Euros)	1ST half 2023	%	1ST half 2022 (*)	%
Revenues	1,038,908	100.0	889,722	100.0
Purchases	(15,139)	(1.5)	(17,027)	(1.9)
Personnel	(574,295)	(55.3)	(465,683)	(52.3)
Services and other costs	(297,974)	(28.7)	(276,566)	(31.1)
Other operating (costs)/income	2,506	0.2	14,000	1.6
Operating costs	(884,901)	(85.2)	(745,276)	(83.8)
Gross operating income (EBITDA)	154,006	14.8	144,447	16.2
Amortization, depreciation and write-downs	(31,421)	(3.0)	(24,681)	(2.8)
Other non-recurring (costs)/income	1,092	0.1	3,109	0.3
Operating income (EBIT)	123,677	11.9	122,874	13.8
(Loss)/gain on investments	(4,512)	(0.4)	(9,981)	(1.1)
Financial income/(expenses)	(5,603)	(0.5)	(4,240)	(0.5)
Income before taxes	113,561	10.9	108,654	12.2
Income taxes	(33,618)	(3.2)	(32,923)	(3.7)
Net income	79,944	7.7	75,731	8.5
Non-controlling interests	(1,493)	(0.1)	(133)	-
Net income of the Parent company	78,451	7.6	75,598	8.5

(*) For a better comprehension of the income statement, it should be noted that some reclassifications of the values shown in the comparative figures have been made, which have not in any case changed the results originally exposed

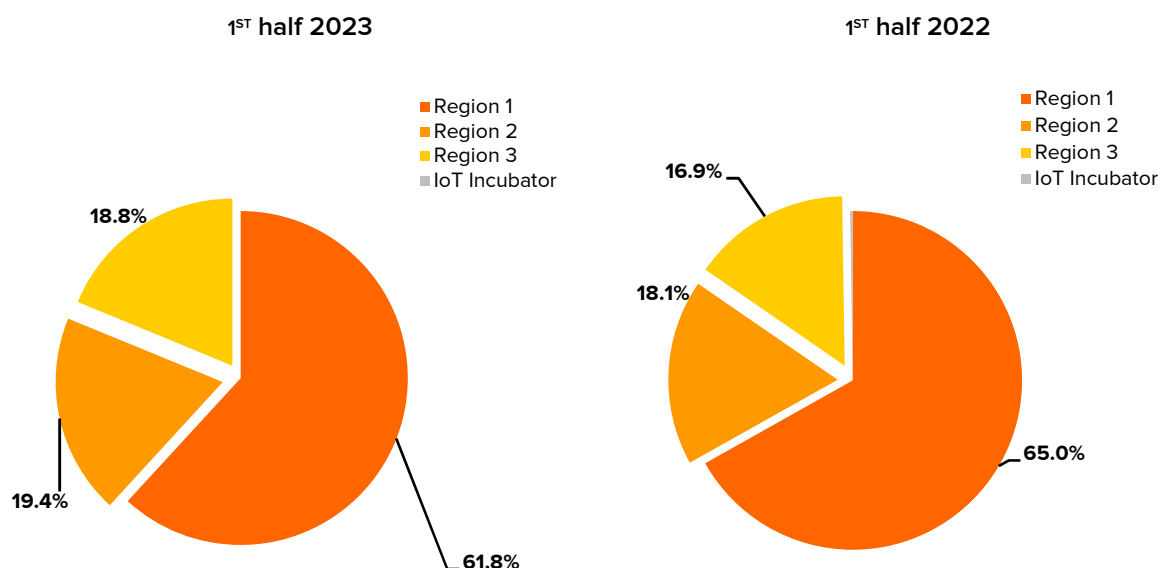
RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME OF THE SECOND QUARTER

Reply's second quarter performance is shown below in the following reclassified consolidated income statement and is compared to corresponding figures of the previous second quarter:

(thousand Euros)	Q2 2023	%	Q2 2022 (*)	%
Revenues	518,346	100.0	448,839	100.0
Purchases	(5,527)	(1.1)	(9,588)	(2.1)
Personnel	(291,802)	(56.3)	(236,369)	(52.7)
Services and other costs	(149,350)	(28.8)	(142,825)	(31.8)
Other operating (costs)/income	1,319	0.3	13,512	3.0
Operating costs	(445,360)	(85.9)	(375,270)	(83.6)
Gross operating income (EBITDA)	72,985	14.1	73,569	16.4
Amortization, depreciation and write-downs	(15,984)	(3.1)	(11,469)	(2.6)
Other non-recurring (costs)/income	1,092	0.2	3,109	0.7
Operating income (EBIT)	58,092	11.2	65,209	14.5
(Loss)/gain on investments	(4,425)	(0.9)	(11,066)	(2.5)
Financial income/(expenses)	(2,172)	(0.4)	(4,852)	(1.1)
Income before taxes	51,495	9.9	49,291	11.0

(*) For a better comprehension of the income statement, it should be noted that some reclassifications of the values shown in the comparative figures have been made, which have not in any case changed the results originally exposed

REVENUE BY REGION (*)



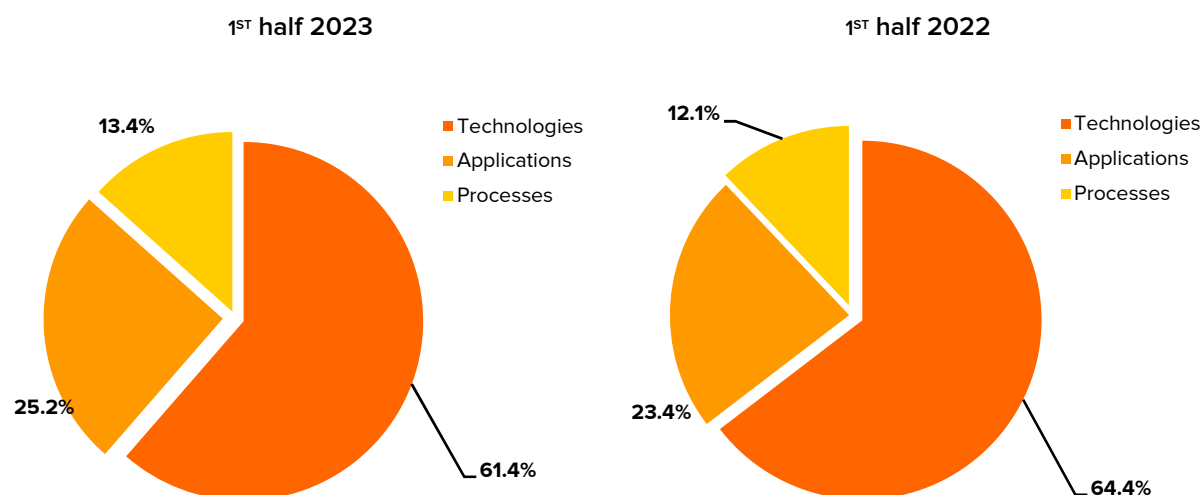
(*)

Region 1: ITA, USA, BRA, POL, ROU, CHN (Nanjing), NZL

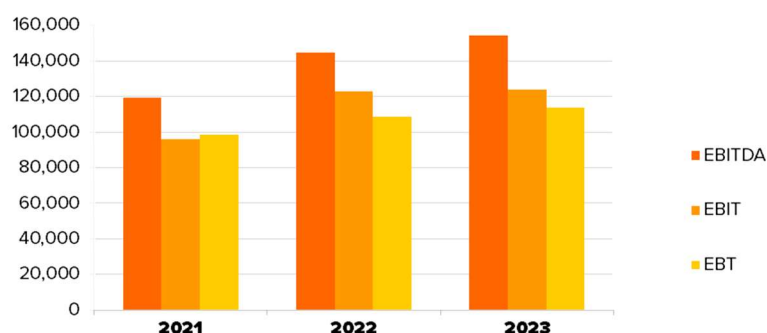
Region 2: DEU, CHE, CHN (Beijing), HRV

Region 3: GBR, LUX, BEL, NLD, FRA, BLR, SGP, HKG, MYS

REVENUE BY BUSINESS LINES



TREND IN KEY ECONOMIC INDICATORS



ANALYSIS OF THE FINANCIAL STRUCTURE

The table below illustrates the Group's financial structure as at June 30, 2023, compared to December 31, 2022:

(thousand Euros)	30/06/2023	%	31/12/2022	%	Change
Current assets	723,827		843,276		(119,449)
Current liabilities	(669,116)		(796,686)		127,569
Working capital, net (A)	54,711		46,590		8,121
Non current assets	1,069,634		1,070,572		(937)
Non current liabilities	(210,361)		(215,864)		5,503
Fixed capital (B)	859,273		854,708		4,566
Invested capital, net (A+B)	913,984	100.0	901,298	100.0	12,686
Shareholders' equity (C)	1,015,554	111.1	971,869	107.8	43,684
NET FINANCIAL MANAGERIAL POSITION (A+B-C)	(101,570)	(11.1)	(70,572)	(7.8)	(30,998)

Net invested capital at June 30, 2023, amounted to 913,984 thousand Euros and was funded by Shareholders' equity for 1,015,554 thousand Euros and by available overall funds of 101,570 thousand Euros.

It is to be noted that net invested capital includes Due to minority shareholders and Earn-out for a total of 131,336 thousand Euros (141,502 thousand Euros at 31 December 2022); this item is not included in the net financial managerial position. For the ESMA Net financial indebtedness, that includes Due to minority shareholders and Earn-out, see note 29.

The following table provides a breakdown of net working capital:

(thousand Euros)	30/06/2023	31/12/2022	Change
Work in progress	167,810	83,880	83,930
Trade receivables	419,797	657,568	(237,771)
Other assets	136,220	101,828	34,392
Current operating assets (A)	723,827	843,276	(119,449)
Trade payables	158,674	168,835	(10,161)
Other liabilities	510,442	627,850	(117,409)
Current operating liabilities (B)	669,116	796,686	(127,569)
Working capital, net (A-B)	54,711	46,590	8,121
% return on investments	2.7%	2.5%	

NET FINANCIAL MANAGERIAL POSITION AND CASH FLOWS STATEMENT

(thousand Euros)	30/06/2023	31/12/2022	Change
Cash and cash equivalents, net	284,744	263,252	21,492
Current financial assets	41,840	30,608	11,232
Due to banks	(32,239)	(22,643)	(9,596)
Due to other providers of finance	(470)	(660)	189
Financial liabilities IFRS 16	(30,080)	(27,829)	(2,251)
Short-term financial position	263,795	242,729	21,065
Due to banks	(66,018)	(74,533)	8,515
Financial liabilities IFRS 16	(96,207)	(97,624)	1,417
M/L term financial position	(162,225)	(172,157)	9,932
Total net financial managerial position	101,570	70,572	30,998

Change in the item cash and cash equivalents is summarized in the table below:

(thousand Euros)	1st half 2023
Cash flows from operating activities (A)	108,148
Cash flows from investment activities (B)	(28,682)
Cash flows from financial activities (C)	(57,974)
Change in cash and cash equivalents (D) = (A+B+C)	21,492
Cash and cash equivalents at beginning of period (*)	263,252
Cash and cash equivalents at year end (*)	284,744
Total change in cash and cash equivalents (D)	21,492

(*) Liquid assets and cash equivalents are net of current account overdrafts

The complete consolidated cash flow statement and the details of cash and other cash equivalents are set forth below in the financial statements.

OTHER INFORMATION

Research and development activities

Reply offers high technology services and solutions in a market where innovation is of primary importance.

Reply considers research and continuous innovation a fundamental asset in supporting clients with the adoption of new technology.

Reply dedicates resources to Research and Development activities in order to project and define highly innovative products and services as well as possible applications of evolving technologies. In this context, Reply has developed its own platforms.

Reply has important partnerships with major global vendors so as to offer the most suitable solutions to different company needs. Specifically, Reply boasts the highest level of certification amongst the technology leaders in the Enterprise sector.

Intergroup transactions and with related parties

During the period, there were no transactions with related parties, including intergroup transactions, which qualified as unusual or atypical. Any related party transactions formed part of the normal business activities of companies in the Group. Such transactions are concluded at standard market terms for the nature of goods and/or services offered, these transactions took place in accordance with the internal procedures containing the rules aimed at ensuring transparency and fairness, under Consob Regulation 17221/2010.

The company in the notes to the financial statements and consolidated financial statements provides the information required pursuant to Art. 154-ter of the TUF [Consolidated Financial Act] as indicated by Consob Reg. no. 17221 of 12 March 2010, indicating that there were no significant transactions concluded during the period as defined by Art. 4, paragraph 1, let a) of the aforementioned regulation that have significantly affected the Group's financial or economic position. The information pursuant to Consob communication of 28 July 2006 are presented in the annexed tables herein.

Human resources

At June 30, 2023 the number of employees of the Group was 14,307 with an increase of 840 compared to December 31, 2022 and an increase of 2,701 resources compared to June 30, 2022.

EVENTS SUBSEQUENT TO 30 JUNE 2023

No significant events have occurred subsequent to 30 June 2023

OUTLOOK ON OPERATIONS

In the first half of 2023 Reply has experienced a positive trend, both in terms of revenue and profitability. During these months, Reply has witnessed a continuous surge in companies' investments, with a strong focus on two primary directions of innovation: artificial intelligence and cloud computing.

In particular, the revolution triggered by the introduction of artificial intelligence, is just beginning its path of disruptive growth. In order to seize business opportunities related to AI, Reply has set up competence groups and dedicated companies that work on AI, vertically in specific areas and sectors.

Turin, August 1, 2023

/s/ Mario Rizzante

For the Board of Directors
The Chairman

Mario Rizzante

Half year condensed financial statements at 30 June 2023

CONSOLIDATED STATEMENT OF INCOME (*)

(thousand Euros)	Note	1 st half 2023	1 st half 2022 (**)	2022
Revenues	5	1,038,908	889,722	1,891,114
Other income	6	8,063	6,141	19,452
Purchases	7	(15,139)	(17,027)	(27,328)
Personnel	8	(574,295)	(465,683)	(986,744)
Services costs	9	(306,037)	(282,706)	(606,853)
Amortization, depreciation and write-downs	10	(31,421)	(24,681)	(58,612)
Other operating and non-recurring (cost)/income	11	3,598	17,109	54,445
Operating income		123,677	122,874	285,473
(Loss)/gain on investments	12	(4,512)	(9,981)	(12,102)
Financial income/(expenses)	13	(5,603)	(4,240)	(4,676)
Income before taxes		113,561	108,654	268,695
Income taxes	14	(33,618)	(32,923)	(76,511)
Net income		79,944	75,731	192,184
Non-controlling interest		(1,493)	(133)	(1,168)
Net result of the Parent company		78,451	75,598	191,016
<i>Basic and diluted earnings per share</i>	<i>15</i>	<i>2.10</i>	<i>2.03</i>	<i>5.13</i>

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Consolidated statement of income are reported in the section "Annexed tables" herein and fully described in Note 36.

(**) For a better comprehension of the income statement, it should be noted that some reclassifications of the values shown in the comparative figures have been made, which have not in any case changed the results originally exposed

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

thousand Euros)	Note	1 st half 2023	1 st half 2022
Profit of the period (A)		79,944	75,731
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) from employee benefit plans		(836)	3,680
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	27	(836)	3,680
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedges		323	1,561
Gains/(losses) on exchange differences on translating foreign operations		2,639	11,213
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2)		2,962	12,774
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B) = (B1) +(B2)	27	2,126	16,454
Total comprehensive income (A)+(B)		82,070	92,185
Total comprehensive income attributable to:			
Owners of the parent		80,577	92,052
Non-controlling interest		1,493	133

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

(thousand Euros)	Note	30/06/2023	31/12/2022	30/06/2022
Tangible assets	16	103,156	98,068	87,768
Goodwill	17	630,084	630,255	488,428
Intangible assets	18	99,107	105,173	41,632
RoU Assets	19	112,438	112,341	114,750
Equity investments	20	49,189	51,049	55,590
Other financial assets	21	8,915	11,706	6,428
Deferred tax assets	22	66,745	61,979	68,439
Non-current assets		1,069,634	1,070,572	863,035
Inventories	23	167,810	83,880	155,554
Trade receivables	24	419,797	657,568	320,682
Other receivables and current assets	25	136,220	101,828	73,658
Financial assets	21	41,840	30,608	28,366
Cash and cash equivalents	21, 26	285,037	283,695	354,960
Current assets		1,050,704	1,157,578	933,219
TOTAL ASSETS		2,120,338	2,228,150	1,796,254
Share Capital		4,863	4,863	4,863
Other reserves		930,509	774,411	771,305
Net result of the period		78,451	191,016	75,598
Equity of the Parent company	27	1,013,823	970,291	851,766
Non-controlling interest		1,730	1,579	1,470
NET EQUITY	27	1,015,554	971,869	853,236
Due to minority shareholders and Earn-out	28	105,996	112,827	97,365
Financial liabilities	29	66,018	74,533	63,428
Financial liabilities from RoU	29	96,207	97,624	96,671
Employee benefits	30	45,162	42,831	45,812
Deferred tax liabilities	31	44,278	44,964	25,876
Provisions	32	14,925	15,242	15,436
Non-current liabilities		372,586	388,021	344,590
Due to minority shareholders and Earn-out	28	25,340	28,675	3,384
Financial liabilities	29	33,003	43,745	29,652
Financial liabilities from RoU	29	30,080	27,829	27,833
Trade payables	33	158,674	168,835	151,924
Other current liabilities	34	484,543	598,557	384,567
Provisions	32	559	619	1,067
Current liabilities		732,198	868,260	598,428
TOTAL LIABILITIES		1,104,785	1,256,281	943,018
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,120,338	2,228,150	1,796,254

(*) Pursuant to Consob Regulation No. 15519 of 27 July 2006, the effects of related-party transactions on the Consolidated statement of financial position are reported in the section "Annexed tables" herein and fully described in Note 36.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(thousand Euros)	Share capital	Treasury shares	Capital reserve	Earning reserve	Cash flow hedge reserve	Translation reserve	Reserve for actuarial gains/(losses)	Non-controlling interests	Total
At January 1st, 2022	4,863	(7,220)	299,533	527,724	(1,033)	(3,032)	(7,566)	2,625	815,895
Dividends distributed	-	-	-	(29,760)	-	-	-	(875)	(30,635)
Change in treasury shares	-	(19,986)	-	-	-	-	-	-	(19,986)
Total comprehensive income/(loss)	-	-	-	75,598	1,561	11,213	3,680	133	92,185
Other changes	-	-	-	(3,810)	-	-	-	(413)	(4,223)
At June 30, 2022	4,863	(27,206)	299,533	569,752	528	8,181	(3,886)	1,470	853,236

(thousand Euros)	Share capital	Treasury shares	Capital reserve	Earning reserve	Cash flow hedge reserve	Translation reserve	Reserve for actuarial gains/(losses)	Non-controlling interests	Total
At January 1st, 2023	4,863	(17,122)	299,533	684,679	2,599	(3,659)	(603)	1,579	971,869
Dividends distributed	-	-	-	(37,278)	-	-	-	(1,120)	(38,398)
Total comprehensive income/(loss)	-	-	-	78,451	323	2,639	(836)	1,493	82,070
Other changes	-	-	-	235	-	-	-	(221)	14
At June 30, 2023	4,863	(17,122)	299,533	726,087	2,922	(1,020)	(1,439)	1,730	1,015,554

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousand Euros)	1 st half 2023	1 st half 2022 (*)
Net result of the period	79,944	75,731
Income taxes	37,426	30,708
Depreciation and amortization	31,421	24,681
Other non-monetary expenses/(income)	11,172	14,103
Change in work in progress	(90,096)	(131,572)
Change in trade receivables	132,658	129,570
Change in trade payables	(10,161)	12,003
Change in other assets and liabilities	(42,851)	(38,335)
Change in deferred tax liabilities	(5,451)	2,213
Change in employee benefits and provisions	1,955	(2,789)
Income tax paid	(36,843)	(36,153)
Interest paid	(2,495)	(602)
Interest collected	1,469	11
Net cash flows from operating activities (A)	108,148	79,568
Payments for tangible and intangible assets	(13,779)	(14,722)
Payments for financial assets	(5,370)	(275)
Payments for the acquisition of subsidiaries	(9,532)	(30,310)
Net cash flows from investment activities (B)	(28,682)	(45,307)
Dividends paid	(38,398)	(30,635)
Payments for treasury shares	-	(19,986)
Financing granted	6,500	60,000
Reimbursement of lease liabilities	(16,899)	(15,007)
Repayment of loans	(9,177)	-
Net cash flows from financing activities (C)	(57,974)	(5,627)
Net cash flows (D) = (A+B+C)	21,492	28,634
Cash and cash equivalents at beginning of period	263,252	314,680
Cash and cash equivalents at period end	284,744	343,315
Total change in cash and cash equivalents (D)	21,492	28,634

Detail of cash and cash equivalents	1 st half 2023	1 st half 2022
(thousand Euros)		
Cash and cash equivalents at beginning of period	263,252	314,680
Cash and cash equivalents	283,695	329,051
Bank overdrafts	(20,443)	(14,371)
Cash and cash equivalents at period end	284,744	343,315
Cash and cash equivalents	285,037	354,960
Bank overdrafts	(293)	(11,645)

(*) For a better comprehension of the cash flow statement, it should be noted that some reclassifications of the values shown in comparative figures have been made, which have not in any case changed the cash flows originally exposed.

Notes

General information	Note 1	- General information
	Note 2	- Accounting principles and basis of consolidation
	Note 3	- Risk management
	Note 4	- Consolidation
Income statement	Note 5	- Revenue
	Note 6	- Other revenues
	Note 7	- Purchases
	Note 8	- Personnel
	Note 9	- Service costs
	Note 10	- Amortization, depreciation and write-downs
	Note 11	- Other operating and non-recurring (cost)/income
	Note 12	- (Loss)/gain on investments
	Note 13	- Financial income/(expenses)
	Note 14	- Income taxes
Statement of financial position - Assets	Note 15	- Earnings per share
	Note 16	- Tangible assets
	Note 17	- Goodwill
	Note 18	- Other intangible assets
	Note 19	- RoU Assets
	Note 20	- Equity Investments
	Note 21	- Financial assets
	Note 22	- Deferred tax assets
	Note 23	- Work-in-progress
	Note 24	- Trade receivables
Statement of financial position - Liabilities and equity	Note 25	- Other receivables and current assets
	Note 26	- Cash and cash equivalents
	Note 27	- Shareholders' equity
	Note 28	- Due to minority shareholders and Earn-out
	Note 29	- Financial liabilities
	Note 30	- Employee benefits
	Note 31	- Deferred tax liabilities
	Note 32	- Provisions
	Note 33	- Trade payables
	Note 34	- Other current liabilities
Other information	Note 35	- Segment Reporting
	Note 36	- Transactions with related parties
	Note 37	- Guarantees, commitments and contingent liabilities
	Note 38	- Events subsequent to 30 June 2023
	Note 39	- Approval of the Half year condensed Consolidated financial statements and authorization to publish

NOTE 1 – GENERAL INFORMATION

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

NOTE 2 - ACCOUNTING PRINCIPLES AND BASIS OF CONSOLIDATION

Compliance with International accounting principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union. The designation “IFRS” also includes all valid International Accounting Standards (“IAS”), as well as all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), formerly the Standing Interpretations Committee (“SIC”). Following the coming into force of European Regulation No. 1606 of July 2002, starting from 1 January, 2005, the Reply Group adopted International Financial Reporting Standards (IFRS). The accounting principles applied are consistent with those used for preparation of the Consolidated Financial Statements at December 31, 2022.

More specifically the half year condensed consolidated financial statements at June 30, 2023 have been prepared in accordance to IAS 34 “Interim financial reporting”.

The Half-Year financial report has been prepared in accordance with Consob regulations regarding the format of financial statements, in application of art. 9 of Legislative Decree 38/2005 and other Consob regulations and instructions concerning financial statements.

General principles

The consolidated financial statements are prepared on the basis of the historic cost principle, modified as requested for the appraisal of some financial instruments for which the fair value criterion is adopted in accordance with IFRS 9.

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

These consolidated financial statements are expressed in thousands of Euros and are compared to the consolidated financial statements of the previous year prepared in accordance with the same principles.

Further indication related to the format of the financial statements respect to IAS 1 is disclosed here within as well as information related to significant accounting principles and evaluation criteria used in the preparation of the following consolidated report.

Financial statements

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

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

The Statement of financial position is prepared according to the distinction between current and non-current assets and liabilities. The statement of cash flows is presented using the indirect method. The most significant items are disclosed in a specific note in which details related to the composition and changes compared to the previous year are provided.

It should be noted that in order to comply with the indications contained in Consob Resolution no. 15519 of 27 July 2006 "as to the format of the financial statements", additional statements: income statement and statement of financial position have been disclosed showing the amounts of related party transactions.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED SINCE JANUARY 1ST, 2023

With regard to the accounting standards approved but not yet applicable or not yet approved by the European Union, please refer to the Annual Report as at 31 December 2022.

With regard to the standards issued by the IASB but not yet effective or not yet approved by the European Union, please refer to the Annual Report as at 31 December 2022.

NOTE 3 - RISK MANAGEMENT

Credit risk

For business purposes, specific policies are adopted to assure its clients' solvency.

With regards to financial counterparty risk, the Group does not present significant risk in credit-worthiness or solvency.

Liquidity risk

The group is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.

The cash flows, funding requirements and liquidity of the Group companies are monitored and centrally managed under the control of the Group Treasury. The aim is to guarantee the efficiency and effectiveness of the management of current and perspective capital resources (maintaining an adequate level of reserves of liquidity and availability of funds via a suitable amount of committed credit lines).

The difficult economic situation of the markets and of financial markets necessitates special attention being given to the management of the liquidity risk, and in that sense particular emphasis is being placed on measures taken to generate financial resources through operations and maintaining an adequate level of liquid assets. The Group therefore plans to meet its requirements to settle financial liabilities as they fall due and to cover expected capital expenditures by using cash flows from operations and available liquidity, renewing or refinancing bank loans.

Exchange rate and interest rate risk

The Group entered into most of its financial instruments in Euros, which is its functional and presentation currency. Although it operates in an international environment, it has a limited exposure to fluctuations in the exchange rates.

The exposure to interest rate risk arises from the need to fund operating activities and M&A and investments, as well as the necessity to deploy available liquidity. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

The interest rate risk to which the Group is exposed derives from bank loans; to mitigate such risks, the Group, when necessary, has used derivative financial instruments designated as "cash flow hedges".

The use of such instruments is disciplined by written procedures in line with the Group's risk management strategies that do not contemplate derivative financial instruments for trading purposes.

Fair value assessment hierarchy levels

The IFRS 13 establishes a fair value hierarchy which classifies the input of evaluation techniques on three levels adopted for the measurement of fair value. Fair value hierarchy attributes maximum priority to prices quoted (not rectified) in active markets for identical assets and liabilities (Level 1 data) and the non-observable

minimum input priority (Level 3 data). In some cases, the data used to assess the fair value of assets or liabilities could be classified on three different levels of the fair value hierarchy. In such cases, the evaluation of fair value is wholly classified on the same level of the hierarchy in which input on the lowest level is classified, taking account its importance for the assessment.

The levels used in the hierarchy are:

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

The following table presents the assets and liabilities which were assessed at fair value on 30 June 2023, according to the fair value hierarchical assessment level.

(thousand Euros)	Note	Level 1	Level 2	Level 3
Investments	20	-	-	49,189
Convertible loans	21	-	-	3,200
Financial securities	21	36,343	-	-
Derivative financial instruments	21	-	3,582	-
Total financial assets		36,343	3,582	52,389
Liabilities to minority shareholders and earn out	28	-	-	131,336
Total financial liabilities		-	-	131,336

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

The item Financial securities is related to securities listed on the active stock markets and therefore falls under the fair value hierarchical Level 1.

To determine the effect of interest rate derivate financial instruments Reply refers to evaluation deriving from third parties (banks and financial institutes). The latter, in the calculation of their estimates made use of data observed on the market directly (interest rates) or indirectly (interest rate interpolation curves observed directly): consequently, for the purposes of IFRS 7 the fair value used by the Group for the exploitation of hedging derivatives contracts in existence as at 30 June fall under the hierarchy profile in level 2.

The fair value of Liabilities to minority shareholders and earn out was determined by Group management on the basis of the sales purchase agreements for the acquisition of the company's shares and on economic parameters based on budgets and plans of the purchased company. As the parameters are not observable on stock markets (directly or indirectly) these liabilities fall under the hierarchy profile in Level 3.

As at 30 June 2023, there have not been any transfers within the hierarchy levels.

NOTE 4 – CONSOLIDATION

Companies included in the consolidation are included on a line-by-line basis.

Changes in consolidation compared to 30 June 2022 are related to:

- Fincon Reply GmbH, a company established under German law, acquired in the month of July 2022, specializing in core processes and systems in the financial services sector, such as mobile banking, payments, banking CRM, internal control and compliance system, BIPRO and insurance systems, of which Reply Deutschland SE holds 100% of the share capital;
- Wemanity Group, a company established under French law, acquired in the month of October 2022, digital transformation leader in France and Benelux, of which Reply France Sas, subsidiary of Reply S.p.A., holds 100% of the share capital.

Change in the consolidation as at June 30, 2023 affected Group's revenues by approximately 7% and profits before tax by 0.1%.

Furthermore, the list of the Reply Group companies, presented as an annex herein include the start-up companies, compared to 30 June 2022, Atomic Reply Ltd, Business Reply Public Sector S.r.l., Everlo Reply GmbH, Logistics Reply Roma S.r.l., Neo Reply GmbH, Ki Reply GmbH, Shield Reply S.r.l., Spike Digital Reply GmbH, Spike Reply Ltd, Storm Reply Inc, Storm Reply Roma S.r.l., Tender Reply S.r.l., WM Reply S.r.l. and WM Reply GmbH.

NOTE 5 - REVENUE

Revenues from sales and services, including change in work in progress, amounted to 1,038,908 thousand Euros (889,722 thousand Euros at 30 June 2022).

This item includes consulting services, fixed price projects, assistance and maintenance services and other minor revenues.

The following table shows the percentage breakdown of revenues by Region. Moreover, the breakdown reflects the business management of the Group by Management and the allocation approximates the localization of the services provided:

Region (*)	1 st half 2023	1 st half 2022
Region 1	61.8%	65.0%
Region 2	19.4%	18.1%
Region 3	18.8%	16.9%
IoT Incubator	0.0%	0.0%
Total	100.0%	100.0%

(*)

Region 1: ITA, USA, BRA, POL, ROU, CHN (Nanjing), NZL

Region 2: DEU, CHE, CHN (Beijing), HRV

Region 3: GBR, LUX, BEL, NLD, FRA, BLR, SGP, HKG, MYS

Disclosure required by IFRS 8 ("Operating segment") is provided in Note 35 herein.

The following table shows the breakdown of revenues by Business Line:

Business line	1 st half 2023	1 st half 2022
Technologies	61.4%	64.4%
Applications	25.2%	23.4%
Processes	13.4%	12.1%
Total	100.0%	100.0%

NOTE 6 – OTHER REVENUES

Other revenues amounted to 8,063 thousand Euros (6,141 thousand Euros at 30 June 2022) and mainly refer to miscellaneous income, non-recurring income and R&D contributions.

NOTE 7 - PURCHASES

Detail is as follows:

(thousand Euros)	1 st half 2023	1 st half 2022	Change
Software licenses for resale	11,011	12,425	(1,414)
Hardware for resale	1,049	1,732	(683)
Other	3,080	2,870	209
Total	15,139	17,027	(1,888)

Purchases of Software licenses and Hardware licenses for resale are recognized net of any change in inventory.

The item Other includes the purchase of fuel for 2,137 thousand Euros, the purchase of tangible assets for 501 thousand Euros and the purchase of office stationery for 296 thousand Euros.

NOTE 8 - PERSONNEL

Detail is as follows:

(thousand Euros)	1 st half 2023	1 st half 2022	Change
Payroll employees	533,332	430,000	103,332
Executive Directors	40,963	35,683	5,280
Total	574,295	465,683	108,612

Personnel includes payroll employees and executive directors amounting to 574,295 thousand Euros compared to 465,683 thousand Euros of the first half 2022.

The increase in the cost of employees, amounting to 108,612 thousand Euros, is attributable to the total increase in the Group's business and in the increase of the number of employees.

Detail of personnel by category is provided below:

(thousand Euros)	1 st half 2023	1 st half 2022	Change
Directors	451	411	40
Managers	1,744	1,405	339
Staff	12,112	9,790	2,322
Total	14,307	11,606	2,701

On 30 June 2023 the Group had 14,307 employees compared with 11,606 of the first half 2022.

Change in consolidation brought an increase to the workforce equal to 952 employees.

Employees are mainly electronic engineers and economic, computer science, and business graduates from the best Universities.

NOTE 9 – SERVICE COSTS

Services and other costs comprised the following:

(thousand Euros)	1st half 2023	1st half 2022	Change
Commercial and technical consulting	210.616	202.542	8.075
Travelling and professional training expenses	21.089	13.258	7.830
Other service costs	47.956	44.542	3.415
Office expenses	10.499	9.184	1.315
Lease and rentals	4.027	2.969	1.058
Other	11.850	10.211	1.639
Total	306.037	282.706	23.331

Change in Commercial and technical consulting, amounting to 23,331 thousand Euros, is attributable to an overall increase in the Group's business.

The item Other service costs mainly includes marketing services, administrative and legal services, telephone and canteen; the increase is linked to the return to pre-pandemic levels.

Office expenses include services rendered by related parties referred to service contracts for the use of premises, domiciliation and provision of secretarial services for 644 thousand Euros and rent charged by third parties for 2,881 thousand Euros, utility costs for 4,681 thousand Euros, cleaning expenses for 1,101 thousand Euros and maintenance expenses for 776 thousand Euros.

NOTE 10 – AMORTIZATION, DEPRECIATION AND WRITE-DOWNS

Depreciation of tangible assets, calculated on the basis of economic-technical rates determined in relation to the residual useful lives of the assets, resulted in an overall charge as at 30 June 2023 of 7,574 thousand Euros. Details of depreciation are provided in the notes to tangible assets.

Amortization of intangible assets for the first half 2023 amounted to 8,120 thousand Euros. Details of depreciation are provided in the notes to intangible assets.

Amortization related to RoU assets arising from the adoption of IFRS 16 amounted to 15,713 thousand Euros.

NOTE 11 – OTHER OPERATING AND NON-RECURRING INCOME/(EXPENSES)

Other operating and non-recurring net income are related to events and operations that because of their nature do not occur continuously in normal operations, at 30 June 2023 they amounted to 3,598 thousand Euros (17,109 thousand Euros at 30 June 2022) and referred to:

- Other operating non-recurring income/(expenses): 2,506 thousand Euros related to net positive changes in the provision for risks and charges for contractual, commercial and litigation risks and to provisions allocated to adjust assets.
- Other non-operating and non-recurring income/(expenses): 1,092 thousand Euros related to the fair value adjustment of the liability for deferred consideration in relation to the purchase of investments in subsidiaries (Business combinations) which, for their nature, did not impact EBITDA.

NOTE 12 – (LOSS)/GAIN ON INVESTMENTS

The item amounting to negative 4,512 thousand Euros and is related to the fair value adjustments to equity investments in start-up companies made by the Investment company Breed Investments Ltd..

NOTE 13 – FINANCIAL INCOME/(EXPENSES)

Detail is as follows:

(thousand Euros)	1st half 2023	1st half 2023	Change
Financial income	2,200	960	1,240
Interest expenses	(2,787)	(1,023)	(1,764)
Other	(5,016)	(4,176)	(840)
Total	(5,603)	(4,240)	(1,364)

Financial gains mainly include interest on bank accounts amounting to 1,469 thousand Euros and interest on financial investments amounting to 551 thousand Euros.

Interest expenses mainly include expenses related to loans for M&A operations.

The item Other mainly includes:

- the interest expenses arising from the adoption of the International Accounting Standard IFRS 16 for 1,477 thousand Euros (1,520 at 30 June 2022);
- the exchange rate differences from the translation of balance sheet items not stated in Euros resulting in a net loss of 2,871 thousand Euros (positive 1,817 thousand Euros at 30 June 2022);

- the changes in fair value of financial liabilities pursuant to IFRS 9 resulting in a net loss of 870 thousand Euros (positive 1,112 thousand Euros at 30 June 2022);
- the net changes in fair value of Convertible Loans including capitalized interest amounting to negative 70 thousand Euros (negative 1,824 thousand Euros at 30 June 2022);
- the financial gain related to the fair value adjustments of the investments mainly held by Reply S.p.A. amounting to 287 thousand Euros (negative 3,676 thousand Euros at 30 June 2022).

NOTE 14 – INCOME TAXES

At June 30, 2023 income taxes amounted to 33,618 thousand Euros and were recognized in accordance to the expected annual average income tax rates.

NOTE 15 – EARNINGS PER SHARE

The basic earnings per share as at 30 June 2023 was calculated on the basis of the Group's net result amounting to 78,451 thousand Euros (75,598 thousand Euros as at 30 June 2022) divided by the weighted average number of shares at 30 June 2023, net of treasury shares, which amounted to 37,278,236 (37,253,888 at 30 June 2022).

(Euros)	1st half 2023	1st half 2023
Group net result	78,451,000	75,598,000
No. of shares	37,278,236	37,253,888
Basic earnings per share	2.10	2.03

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

NOTE 16 - TANGIBLE ASSETS

Tangible assets as at 30 June 2023 amounted to 103,156 thousand Euros and were detailed as follows:

(thousand Euros)	30/06/2023	31/12/2022	Change
Buildings	64,814	58,592	6,222
Plant and machinery	6,298	6,665	(367)
Hardware	12,257	12,102	155
Other	19,787	20,710	(923)
Total	103,156	98,068	5,087

Change in tangible assets in the first half of 2023 is summarized in the table below:

(thousand Euros)	Buildings	Plant and machinery	Hardware	Other	Total
Historical cost	63,130	19,856	54,598	54,562	192,147
Accumulated depreciation	(4,538)	(13,191)	(42,496)	(33,852)	(94,078)
31/12/2022	58,592	6,665	12,102	20,710	98,068
Historical cost					
Increases	6,800	567	3,771	1,603	12,741
Disposals	-	(186)	(12,754)	(755)	(13,695)
Other changes	1	33	356	258	648
Accumulated depreciation					
Depreciations	(566)	(997)	(3,558)	(2,454)	(7,574)
Utilized	-	186	12,607	696	13,488
Other changes	(13)	32	(267)	(272)	(520)
Historical cost	69,931	20,270	45,972	55,669	191,841
Accumulated depreciation	(5,117)	(13,971)	(33,714)	(35,882)	(88,685)
30/06/2023	64,814	6,298	12,257	19,787	103,156

The item Buildings mainly includes:

- the net value of a building owned by the group amounting to 4,428 thousand Euros located in Guetersloh, Germany.
- the real estate complex located in Turin and called “ex Caserma De Sonnaz” for 34,236 thousand Euros, that after proper renovation will be used to host the offices of the Group.
- the real estate complex located in Turin – Via Nizza 250 – in the net amount of 25,807 thousand Euros that hosts the offices of the Group.

Increase in the item Buildings mainly refers to the restructuring of the real estate complex located in Turin and called “ex Caserma De Sonnaz”.

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

Change in the item Hardware is related to investments made by the companies included in Region 1 for 1,770 thousand Euros, 1,590 thousand Euros for investments made by the companies included in Region 2 and 411 thousand Euros for investments made by the companies included in Region 3.

The item Other as at 30 June 2023 mainly includes improvements to third party assets and office furniture. The increase of 1,630 Euros mainly refers to the purchases of furniture and fittings for 609 thousand Euros, to improvements made to the offices where the Group's companies operate for 376 thousand Euros and the purchase of other assets for 645 thousand Euros.

Other changes mainly refer to exchange differences.

As at 30 June 2023 tangible assets were depreciated by 46.2% of their value, compared to 49.0% at the end of 2022.

NOTE 17 - GOODWILL

This item includes goodwill arising from consolidation of subsidiaries purchased against payment made by some Group companies.

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

	Value at			Value at
(thousand Euros)	31/21/2022	Increases	Exchange difference	30/06/2023
Region 1	205,427	-	(2,738)	202,689
Region 2	233,053	-	-	233,053
Region 3	191,774	-	2,567	194,342
Total	630,255	-	(171)	630,084

As at 30 June 2023 the Group did not detect any impairment indicator that required interim impairment testing.

NOTE 18 - OTHER INTANGIBLE ASSETS

Net intangible assets as at 30 June 2023 amounted to 99,107 thousand Euros (105,173 thousand Euros at 31 December 2022) and are detailed as follows:

(thousand Euros)	30/06/2023	31/12/2022	Change
Development costs	3,035	2,422	614
Software	4,088	4,892	(805)
Trademark	537	537	-
Customer lists (PPA)	91,448	97,323	(5,875)
Total	99,107	105,173	(6,066)

Change in intangible assets in the first half of 2023 is summarized in the table below:

(thousand Euros)	Development costs	Software	Trademark	Other intangible assets	Total
Historical cost	33,580	27,238	537	120,151	181,506
Accumulated depreciation	(31,158)	(22,346)	-	(22,829)	(76,333)
31/12/2022	2,422	4,892	537	97,323	105,173
Historical cost					
Increases	1,408	1,038	-	-	2,446
Disposals	-	(2,602)	-	-	(2,602)
Other changes	-	(4)	-	310	306
Accumulated depreciation					
Depreciations	(798)	(1,396)	-	(5,927)	(8,120)
Utilized	-	2,125	-	-	2,125
Other changes	3	34	-	(258)	(221)
Historical cost	34,988	25,670	537	120,461	181,656
Accumulated depreciation	(31,953)	(21,582)	-	(29,014)	(82,549)
30/06/2023	3,035	4,088	537	91,448	99,107

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

The item Software mainly refers to software licenses purchased and used internally by the Group companies. This item includes 424 thousand Euros related to software development for internal use.

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

The item Customer lists mainly refers to the Purchase Price Allocation following several Business combinations carried out in previous years.

NOTE 19 – ROU 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 divided by category:

(thousand Euros)	31/12/2022	Net changes	Amortization	Exchange differences	30/06/2023
Buildings	96,670	8,247	(11,252)	1,786	95,452
Vehicles	14,660	5,617	(4,276)	186	16,187
Office equipment	1,010	(26)	(185)	-	800
Total	112,341	13,838	(15,713)	1,972	112,438

The net changes mainly refer to the signing of new financial leasing agreements, resulting in an increase in the value of the right of use, the redetermination of certain liabilities, increases in rents and the renegotiation of existing contracts.

NOTE 20 - EQUITY INVESTMENTS

The item Equity investments amounts to 49,189 thousand Euros and includes investments in start-up companies principally in the IoT field made by the Investment company Breed Investments Ltd for 48,932 thousand Euros.

Note that the companies, mainly held through an Investment Entity, are designated at fair value and accounted for in accordance with IFRS 9 “Financial Instruments: Recognition and Measurements”. The fair value is determined using the International Private Equity and Venture Capital valuation guideline (IPEV) and, as per industry practice, any change therein is recognized in profit /(loss) in the period in which they occurred.

Detail of investments in start-up companies is as follows:

(thousand Euros)	Value at 31/12/2022	Net increases/disposals	Equity conversion of the convertible loans	Net fair value adjustments	Exchange differences	Value at 30/06/2023
Investments	50,823	2	2,913	(4,512)	(294)	48,932

Net fair value adjustments

The net fair value evaluation amounting to 4,512 thousand Euros reflects the market value adjustments of the last rounds that took place in the first half 2023 on investments already in portfolio.

All fair value assessments shall be part of the hierarchy level 3.

NOTE 21 - FINANCIAL ASSETS

Current and non-current financial assets amounted to a total of 50,754 thousand Euros compared to 42,314 thousand Euros at 31 December 2022.

Detail is as follows:

(thousand Euros)	30/06/2023	31/12/2022	Change
Short term securities	8,111	1,451	6,660
Financial investments	28,232	27,201	1,031
Derivative financial instruments	3,582	-	3,582
Loans to third parties	133	156	(23)
Receivables from factor	1,781	1,800	(19)
Current financial assets	41,840	30,608	11,231
Receivables from insurance companies	3,262	3,250	11
Guarantee deposits	2,065	1,808	257
Other financial assets	388	358	30
Convertible loans	3,200	6,289	(3,089)
Non-current financial assets	8,915	11,706	(2,791)
Total	50,754	42,314	8,440

Short-term securities mainly refer to Time Deposit investments.

The item Financial investments refers to bonds held by the parent company Reply S.p.A..

The valuation of these short-term investments, based on their fair value at 30 June 2023, showed a positive difference amounting to 286 thousand Euros compared to the purchase cost of the same.

Receivables from factor refer to the receivable related to the sale of non-recourse invoices net of advances received amounting to 1.781 thousand Euros.

The item Derivative financial instruments refers to several loans established with Unicredit S.p.A. to hedge changes in floating interest rates on mortgages; the total underlying notional amounts to 65,333 thousand Euros. The effective component of the instruments is stated in the Statement of changes in net equity whereas the ineffective portion of the Derivative instruments is recorded at the income statement.

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

Convertible loans relate to the option to convert into shares of the following start-up company in the field of IoT, detail is as follows:

(thousand Euros)	Value at 31/12/2022	Increases/ disposals	Equity conversion	Capitalized interests	Net fair value adjustment s	Exchange differences	Value at 30/06/2023
Convertible loans	6,289	(257)	(2,913)	133	(70)	18	3,200

Net fair value adjustments

The net fair value adjustments reflects the market value of the assets converted in the first half of 2023 into equity at the time of conversion.

Cash and cash equivalents are detailed as follows:

(thousand Euros)	30/06/2023	31/12/2022	Change
Bank accounts	284,988	283,653	1,335
Cash	49	42	7
Total	285,037	283,695	1,343

For further details please see note 26.

NOTE 22 - DEFERRED TAX ASSETS

Deferred tax assets, amounting to 66,745 thousand Euros as at 30 June 2023 (61,979 thousand Euros as at 31 December 2022), include the fiscal charge corresponding to the temporary differences deriving from income before taxes and taxable income in relation to deferred deductibility items.

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.

NOTE 23 – WORK IN PROGRESS

Contract work in progress, amounting to 167,810 thousand Euros, is recognized net of a provision amounting to 60,892 thousand Euros (54,726 thousand Euros at 31 December 2022) and is detailed as follows:

(thousand Euros)	30/06/2023	31/12/2022	Change
Contract work in progress	316,728	161,262	155,467
Advance payments from customers	(148,918)	(77,382)	(71,537)
Total	167,810	83,880	83,930

Any advance payments from customers are deducted from the value of the inventories, within the limits of the accrued consideration, representing the assets deriving from the contracts; the exceeding amounts, as well as the advance payments related to work in progress not yet started, are accounted as liabilities.

Change in the provision is mainly due to the accrual made during the fiscal year amounting to 14,196 thousand euros.

NOTE 24 - TRADE RECEIVABLES

Trade receivables as at 30 June 2023 amounted to 419,797 thousand Euros with a net decrease of 237,771 thousand Euros.

(thousand Euros)	30/06/2023	31/12/2022	Change
Domestic clients	334,670	528,069	(193,399)
Foreign trade receivables	101,154	143,329	(42,175)
Credit notes to be issued	(10,558)	(8,225)	(2,333)
Total	425,265	663,173	(237,908)
Allowance for doubtful accounts	(5,468)	(5,605)	137
Total trade receivables	419,797	657,568	(237,771)

Trade receivables are shown net of allowances for doubtful accounts, calculated by using the expected credit loss approach pursuant to IFRS 9, amounting to 5,468 thousand Euros at 30 June 2023 (5,605 thousand Euros at 31 December 2022).

The Allowance for doubtful accounts developed in the first half of 2023 as follows:

(thousand Euros)	31/12/2022	Provision	Reversal	Utilization	Other changes	30/06/2023
Allowance for doubtful accounts	5,605	1,269	(1,316)	(114)	25	5,468

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

Trade receivables are all collectible within one year.

NOTE 25 - OTHER RECEIVABLES AND CURRENT ASSETS

Detail is as follows:

(thousand Euros)	30/06/2023	31/12/2022	Change
Tax receivables	72,844	54,255	18,590
Accrued income and prepaid expenses	42,909	30,780	12,129
Other receivables	20,466	16,793	3,673
Other receivables and current assets	136,220	101,828	34,392

The item Tax receivables mainly includes:

- credit to the Treasury for VAT amounting to 40,432 thousand Euros (35,034 thousand Euros at 31 December 2022).
- income tax prepayments net of allocated liability amounting to 21,455 thousand Euros (9,792 at 31 December 2022);
- receivables for withholding tax amounting to 1,968 thousand Euros (1,535 thousand Euros at 31 December 2022).

The item Other receivables includes the contributions receivable in relation to research projects for 6,483 thousand Euros (7,142 thousand Euros at 31 December 2022) and receivables from foreign tax administrations for 6,586 thousand Euros (5,455 thousand Euros at 31 December 2022).

NOTE 26 - CASH AND CASH EQUIVALENTS

The balance of 285,037 thousand Euros, with an increase of 1,343 thousand Euros compared to 31 December 2022, represents cash and cash equivalents at the end of reporting period.

Changes in cash and cash equivalents are fully detailed in the Consolidated statement of cash flows.

NOTE 27 - SHAREHOLDERS' EQUITY

Share capital

As at 30 June 2023 the share capital of Reply S.p.A., fully subscribed and paid, amounted to 4,863,486 Euros and comprises 37,411,428 ordinary shares of a nominal value of 0.13 Euros each.

The number of shares in circulation as at 30 June 2023 total 37,278,236 (the same as at 31 December 2022).

Treasury shares

The value of the Treasury shares, amounting to 17,123 thousand Euros, refers to the shares of Reply S.p.A. held by the parent company, that at 30 June 2023 are equal to n. 133,192 (the same as at 31 December 2022).

Capital reserves

As at 30 June 2023 Capital reserves, amounting to 299,533 thousand Euros, were mainly comprised as follows:

- Treasury share reserve amounting to 17,123 thousand Euros, relating to the shares of Reply S.p.A. held by the Parent Company;
- Reserve for the purchase of treasury shares amounting to 282,878 thousand Euros, formed via initial withdrawal from the share premium reserve. By means of a resolution of the Shareholders' Meeting of 20 April 2023 Reply S.p.A. re-authorized, in accordance with and for the purposes of Article 2357 of the Italian Civil Code, the purchase of a maximum of 300 million Euros of ordinary shares, corresponding to 20% of the share capital, in a lump sum solution or in several solutions within 18 months of the resolution.

Earning reserves

Earnings reserves amounted to 726,086 thousand Euros and were comprised as follows:

- Reply S.p.A.'s Legal reserve amounted to 973 thousand Euros;
- Retained earnings amounted to 646,663 thousand Euros (retained earnings amounted to 492,690 thousand Euros at 31 December 2022);
- Profits attributable to shareholders of the Parent Company amounted to 78,451 thousand Euros (191,016 thousand Euros at 31 December 2022).

Other comprehensive income

Other comprehensive income can be analysed as follows:

(thousand Euros)	1 st half 2023	1 st half 2022
Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax:		
Actuarial gains/(losses) from employee benefit plans	(836)	3,680
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	(836)	3,680
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax:		
Gains/(losses) on cash flow hedges	323	1,561
Gains/(losses) on exchange differences on translating foreign operations	2,639	11,213
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):	2,962	12,774
Total other comprehensive income, net of tax (B) = (B1) +(B2)	2,126	16,454

Non-controlling interest

Non-controlling interest refer to the participation of non-controlling shareholders in the capital of companies included in consolidation and as at 30 June 2023 amounted to 1,730 thousand Euros (1,579 thousand Euros at 31 December 2022).

NOTE 28 - DUE TO MINORITY SHAREHOLDERS AND EARN-OUT

Due to minority shareholders and Earn-out at 30 June 2023 amounted to 131,336 thousand Euros (141,502 thousand Euros at 31 December 2022), of which 25,340 thousand Euros current.

The item refers to deferred consideration defined in the business combinations. The distinction between Due to Minority Shareholders and Earn-out stems solely from whether or not there is any legal minority interest related to the initial transition.

Detail is as follows:

(thousand Euros)	31/12/2022	Increases	Fair value adjustments	Payments	Exchange differences	30/06/2023
Payables to minority shareholders	9,539	-	-	-	-	9,539
Payables for Earn out	131,963	-	(1,092)	(9,321)	246	121,798
Total due to minority shareholders and Earn-out	141,502	-	(1,092)	(9,321)	246	131,336

The item Fair value adjustments in the first half of 2023 amounted to 1,092 thousand Euros with a balancing entry in Profit and loss, reflects the best estimate in relation to the deferred consideration originally posted at the time of acquisition.

Total payments made amounted to 9,321 thousand Euros and refer to the consideration paid in relation to the initial contracts signed at the time of acquisition.

NOTE 29 - FINANCIAL LIABILITIES

Detail is as follows:

	30/06/2023			31/12/2022		
(thousand Euros)	Current	Non-current	Total	Current	Non-current	Total
Bank overdrafts	293	-	293	20,443	-	20,443
Bank loans	32,239	66,018	98,257	22,643	74,533	97,175
Total due to banks	32,532	66,018	98,550	43,086	74,533	117,618
Other financial borrowings	470	-	470	660	-	660
IFRS 16 financial liabilities	30,080	96,207	126,287	27,829	97,624	125,453
Total financial liabilities	63,082	162,225	225,308	71,574	172,157	243,731

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

	30/06/2023				31/12/2022			
(thousand Euros)	Due in 12 months	From 1 to 5 years	Over 5 years	Total	Due in 12 months	From 1 to 5 years	Over 5 years	Total
Bank overdrafts	293	-	-	293	20,443	-	-	20,443
M&A loans	25,236	39,094	-	64,330	20,952	51,214	-	72,167
Mortgage loans	1,990	14,307	10,220	26,517	325	11,459	8,960	20,744
Bank loans	5,013	2,397	-	7,411	2,150	5,991	-	8,141
Other financial borrowings	470	-	-	470	660	-	-	660
IFRS 16 financial liabilities	30,080	79,672	16,535	126,287	27,829	79,053	18,571	125,453
Derivative financial instruments	-	-	-	-	(785)	(2,076)	(1,016)	(3,876)
Total	63,082	135,470	26,755	225,308	71,574	145,642	26,515	243,731

M&A loans refer to credit lines to be used for acquisition operations carried out 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 30 June 2023 this line had been used for 33,333 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 to be used by 31 May 2023. The loan will be reimbursed on a half year basis deferred to commence on 29 September 2023 and will expire on 30 September 2026. As at 30 June 2023 this line had been used for 30,000 thousand Euros.
- On 19 May 2022 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 29 May 2024. As at 30 June 2023 this line had been used for 500 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 30 June 2023 this line had been used for 500 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 30 June 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 30 June 2023, Reply fulfilled the Covenants under the various contracts.

The item Mortgages refers to financing granted to Tool Reply GmbH by Commerzbank for a total amount amounting to 2,500 thousand Euros to be used by 30 June 2028. The loan is reimbursed on a quarter-year basis (at 0.99%). As at 30 June 2023 this line had been used for 1,317 thousand Euros.

It should also be noted that on 24 May 2018 Reply S.p.A. undersigned with Unicredit S.p.A. a mortgage loan secured by guarantee for the purchase and renovation of the property De Sonnaz for a total amount of 40,000 thousand Euros. On November 15, 2021, an amendment was signed with the same institution, agreeing to extend the period of use from 36 to 66 months, without prejudice to the maximum total duration of 156 months (13 years). The mortgage is disbursed in relation to the progress of the work. Such credit line was used for 25,200 thousand Euros at 30 June 2023.

The item IFRS 16 financial liabilities is related to the financial lease liabilities at 30 June 2023 following the adoption of the Accounting Standard IFRS 16.

The carrying amount of the Financial Liabilities approximates 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:

(thousand Euros)	30/06/2023	31/12/2022	Change
A Cash	285,037	283,695	1,343
B Cash equivalents	-	-	-
C Current financial assets	38,258	30,608	7,649
D Cash (A+B+C)	323,295	314,303	8,992
E Current financial liabilities	30,841	48,147	(17,305)
F Short-term portion of long financial liability	32,241	23,428	8,813
G Financial liabilities short-term (E+F)	63,082	71,574	(8,492)
H Net financial debt short-term (G-D)	(260,212)	(242,729)	(17,484)
I Financial liabilities long-term	162,225	175,251	(13,026)
J Financial instruments	(3,582)	(3,095)	(487)
K Other liabilities long-term	131,336	141,502	(10,166)
L Financial debt long-term (I+J+K)	289,979	313,659	(23,679)
Total financial debt	29,767	70,930	(41,163)

Net financial indebtedness includes IFRS 16 financial liabilities amounting to 126,287 thousand Euros, of which 96,207 thousand Euros were non-current and 30,080 were current.

The item Commercial and other non-current liabilities is related to liabilities to minority shareholders and Earn-out assimilated to unpaid debts with a significant implicit financial component.

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

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

As previously mentioned in Note 28, Due to minority shareholders and Earn-out are included in the invested capital and are not included in the net financial managerial position.

Change in financial liabilities during the first half of 2023 is summarized below:

(thousand Euros)	
Total financial liabilities 2022	243,731
Bank overdrafts	(20,433)
IRS	3,876
Non-current financial liabilities 2022	227,164
IFRS 16 financial liabilities	834
Cash flows	(2,983)
Total non-current financial liabilities as at 30 June 2023	225,015
Bank overdrafts	293
IRS	-
Total financial liabilities as at 30 June 2023	225,308

NOTE 30 - EMPLOYEE BENEFITS

Employee benefits are detailed as follows:

(thousand Euros)	30/06/2023	31/12/2022	Change
Employee severance indemnities	36,210	33,830	2,381
Employee pension funds	7,231	7,316	(85)
Directors severance indemnities	1,706	1,670	36
Other	16	16	-
Total	45,162	42,831	2,331

Employee severance indemnities

The Employee severance indemnity represents the obligation to employees under Italian law (amended by Law 296/06) that has accrued up to 31 December 2006 and that will be settled 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. In order to allow for the changes introduced by Law 296/06, the re-proportioning was only carried out for employees of companies with fewer than 50 employees that do not pay Employee severance indemnities into supplementary pension schemes.
- Reassessment of Employee severance indemnities in accordance with IAS 19 was carried out “ad personam” and on the existing employees, that is analytical calculations were made on each employee in force in the company at the assessment date without considering future work force.

The actuarial valuation model is based on the so-called technical bases which represent the demographic, economic and financial assumptions underlying the parameters included in the calculation.

In accordance with IAS 19, Employment severance indemnities at 30 June 2023 are summarized in the table below:

(thousand Euros)	
Balance as at 31/12/2022	33,830
Cost relating to current work (<i>service cost</i>)	3,120
Actuarial (gain)/loss	847
Interest cost	617
Indemnities paid during the year	(2,183)
Change in consolidation	(21)
Balance as at 30/06/2023	36,210

Employee pension funds

The Pension fund item relates to liability as regards the defined benefit pensions of some German companies.

Director's severance indemnities

This amount is related to Directors severance indemnities paid during the year.

NOTE 31 - DEFERRED TAX LIABILITIES

Deferred tax liabilities at 30 June 2023 amounted to 44,278 thousand Euros and are referred mainly to the fiscal effects arising from temporary differences of statutory income versus taxable income.

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

NOTE 32 - PROVISIONS

Provisions amounted to 15,484 thousand Euros (of which 14,925 thousand Euros non-current). Change in the first half of 2023 is summarized in the table below:

(thousand Euros)	Balance at 31/12/2022	Accruals	Utilization	Reversals	Other changes	Balance at 30/06/2023
Fidelity fund	814	52	(42)	-	-	823
Provision for risks	15,046	-	(14)	(396)	24	14,661
Total	15,860	52	(57)	(396)	24	15,484

Employee fidelity provisions refer mainly to provisions made for the employees of some German companies in relation to anniversary bonuses. The liability is determined through actuarial calculations applying a 5.5% rate.

The Provision for risks is related to the accrual referred to the update of this estimate and to new legal ongoing controversies, lawsuits with former employees and other liabilities in Italy and abroad.

Other changes mainly refer to translation differences.

NOTA 33 – TRADE PAYABLES

Trade payables at 30 June 2023 amount to 158,674 thousand Euros and are detailed as follows:

(thousand Euros)	30/06/2023	31/12/2022	Change
Domestic suppliers	141,992	147,271	(5,279)
Foreign suppliers	17,685	22,436	(4,750)
Advances to suppliers	(1,003)	(871)	(131)
Total	158,674	168,835	(10,161)

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 34 - OTHER CURRENT LIABILITIES

Other current liabilities at 30 June 2023 amounted to 484,543 thousand Euros with a decrease of 114,014 thousand Euros with respect to the previous financial year.

Detail is as follows:

(thousand Euros)	30/06/2023	31/12/2022	Change
Income tax payable	26,561	17,514	9,046
VAT payable	34,424	31,870	2,554
Withholding tax and other	5,092	6,961	(1,869)
Total due to tax authorities	66,077	56,346	9,730
National social insurance payable	58,519	69,306	(10,787)
Other	6,276	7,276	(1,000)
Total due to social securities	64,795	76,582	(11,787)
Employee accruals	118,049	115,484	2,565
Other payables	190,376	290,622	(100,247)
Accrued expenses and deferred income	45,247	59,523	(14,276)
Total other payables	353,672	465,629	(111,958)
Other current liabilities	484,543	598,557	(114,014)

Due to tax authorities amounting to 66,077 thousand Euros, mainly refers to payables due to tax authorities for withholding tax on employees and professionals' compensation.

Due to social security authorities amounting to 64,795 thousand Euros, is related to both Company and employee's contribution payables.

Other payables at 30 June 2023 amount to 353,672 thousand Euros and mainly include:

- amounts due to employees that at the balance sheet date had not yet been paid;
- remuneration of directors recognised as participation in the profits of the subsidiary companies;
- amounts invoiced to customers exceeding the value of the work in progress amounting to 113,263 thousand Euros (203,857 thousand Euros at 31 December 2022).

Accrued Expenses and Deferred Income, that decrease in the first half of 2023 by 14,276 thousand Euros, mainly relate to advance invoicing in relation to T&M consultancy activities to be delivered in the subsequent financial period.

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 35 – SEGMENT REPORTING

Segment reporting has been prepared in accordance with IFRS 8, as a breakdown of revenues by geographic area, determined as the area in which the services are executed.

(thousand Euros)	Region 1	%	Region 2	%	Region 3	%	IoT Incubator	%	Intersegment	H1 23	%
Revenues	656,093	100	206,265	100	199,039	100	51	100	(22,540)	1,038,908	100
Operating costs	(544,609)	(83.0)	(183,431)	(88.9)	(178,525)	(89.7)	(876)	(1,733.5)	22,540	(884,901)	(85.2)
Gross operating income	111,484	17.0	22,833	11.1	20,514	10.3	(825)	(1,633.5)		154,006	14.8
Amortization, depreciation and write-downs	(16,847)	(2.6)	(9,194)	(4.5)	(5,375)	(2.7)	(4)	(7.5)		(31,421)	(3.0)
Other non-recurring operating (costs)/income	-	-	64	-	1,028	1	-	-		1,092	-
Operating income	94,637	14.4	13,703	6.6	16,166	8.1	(829)	(1,641.0)		123,677	11.9
Gain/(loss) on investments	-	-	-	-	-	-	(4,512)	(8,932.0)		(4,512)	(0.4)
Financial income/(loss)	6,869	1	(4,558)	(2.2)	(5,573)	(2.8)	(2,341)	(4,634.7)		(5,603)	(0.5)
Income before taxes	101,506	15.5	9,145	4.4	10,593	5.3	(7,683)	(15,207.7)		113,561	10.9

(thousand Euros)	Region 1	%	Region 2	%	Region 3	%	IoT Incubator	%	Intersegment	H1 22	%
Revenues	590,010	100	164,151	100	153,140	100	29	100	(17,608)	889,722	100
Operating costs	(486,599)	(82.5)	(139,901)	(85.2)	(135,090)	(88.2)	(1,293)	(4,465.4)	17,608	(745,276)	(83.8)
Gross operating income	103,411	17.5	24,250	14.8	18,049	11.8	(1,264)	(4,365.4)		144,447	16.2
Amortization, depreciation and write-downs	(13,714)	(2.3)	(6,173)	(3.8)	(4,789)	(3.1)	(5)	(18.2)		(24,681)	(2.8)
Other non-recurring operating (costs)/income	2,229	-	880	1	-	-	-	-		3,109	-
Operating income	91,926	15.6	18,958	11.5	13,260	8.7	(1,270)	(4,383.6)		122,874	13.8
Gain/(loss) on investments	-	-	-	-	-	-	(9,981)	(34,458.3)		(9,981)	(1.1)
Financial income/(loss)	(14)	(0.0)	(1,335)	(0.8)	(801)	(0.5)	(2,089)	(7,213.1)		(4,240)	(0.5)
Income before taxes	91,912	15.6	17,623	10.7	12,459	8.1	(13,340)	(46,055.0)		108,654	12.2

Breakdown of revenues by type is as follows:

	REGION 1		REGION 2		REGION 3		IoT INCUBATOR	
BUSINESS LINE	1st half 23	1st half 22	1st half 23	1st half 22	1st half 23	1st half 22	1st half 23	1st half 22
T&M	19.3%	18.1%	59.8%	54.2%	63.7%	54.6%	-	-
FIXED PRICE PROJECTS	80.7%	81.9%	40.2%	45.8%	36.3%	45.4%	-	-
OTHER BUSINESS	-	-	-	-	-	-	100.0%	100.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

(thousand Euros)	Region 1	Region 2	Region 3	IoT Incubator	Intersegment	30/06/2023
Current operating assets	533,206	121,000	149,725	1,103	(81,208)	723,827
Current operating liabilities	(498,328)	(70,752)	(162,005)	(19,239)	81,208	(669,116)
Net working capital (A)	34,879	50,248	(12,280)	(18,136)	-	54,711
Non current assets	423,479	339,122	254,676	52,358		1,069,634
Non financial liabilities long term	(112,241)	(58,699)	(39,655)	235		(210,361)
Fixed capital (B)	311,238	280,423	215,021	52,592	-	859,273
Net invested capital (A+B)	346,117	330,670	202,741	34,456	-	913,984

(thousand Euros)	Region 1	Region 2	Region 3	IoT Incubator	Intersegment	31/12/2022
Current operating assets	657,942	135,430	115,496	942	(66,534)	843,276
Current operating liabilities	(591,634)	(116,629)	(136,529)	(18,426)	66,534	(796,686)
Net working capital (A)	66,307	18,801	(21,033)	(17,485)	-	46,590
Non current assets	420,089	340,389	250,562	59,531		1,070,572
Non financial liabilities long term	(109,781)	(59,850)	(46,460)	227		(215,864)
Fixed capital (B)	310,308	280,539	204,102	59,758	-	854,708
Net invested capital (A+B)	376,615	299,340	183,069	42,274	-	901,298

Breakdown of employees by operating segment is as follows:

Region	1 st half 2023	1 st half 2022	Change
Region 1	9,223	8,030	1,193
Region 2	3,003	2,167	836
Region 3	2,079	1,404	675
IoT Incubator	2	5	(3)
Total	14,037	11,606	2,701

NOTE 36 – TRANSACTIONS WITH RELATED PARTIES

In accordance with IAS 24 Related parties are Group companies and persons that are able to exercise control, joint control or have significant influence on the Group and on its subsidiaries and key management with strategic responsibilities and related families.

Transactions carried out by the group companies with related parties that as of the reporting date are considered ordinary business and are carried out at normal market conditions.

The main economic and financial transactions with related parties are summarized below.

(thousand Euros)			
Financial transactions	30/06/2023	31/12/2022	Nature of transactions
Trade receivables	4	-	Receivables from professional services
Trade payables	519	326	Payables for professional services and office rentals offices
Other payables	14,853	13,626	Payables for emoluments s to Directors and Managers with strategic responsibilities and Board of Statutory Auditors
Economic transactions	1st half 2023	1st half 2022	
Revenues from professional services	10	9	Professional services executed
Services from Parent company and related parties	644	653	Service contracts relating to office rental and administration office
Personnel	9,145	6,278	Emoluments to Directors and Key Management with strategic responsibilities
Services and other costs	74	74	Emoluments to Statutory Auditors

With reference the Cash flow statement, the above mentioned transactions impact the change in working capital by 1,417 thousand Euros.

Reply Group Main economic and financial transactions

In accordance with IAS 24, emoluments to Directors, Statutory Auditors and Key Management are also included in transactions with related parties.

In accordance with Consob Resolution no, 15519 of 27 July 2006 and Consob communication no, DEM/6064293 of 28 July 2006 the financial statements annexed herein present the Consolidated Income statement and Consolidated Statement of Financial position showing transactions with related parties separately, together with the percentage incidence with respect to each account caption.

Pursuant to Art, 150, paragraph 1 of the Italian Legislative Decree n, 58 of 24 February 1998, no transactions have been carried out by the members of the Board of Directors that might be in potential conflict of interests with the Company.

NOTE 37 - GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees

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

Note that:

- the Domination Agreement contract undersigned in 2010 between Reply Deutschland 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 SE at a pre-determined price (8.19 euros). On June 2018, the German court took note of the agreement reached between the parties also affected by the agreement related to the merger of the following point. With regard to shareholders who did not join the settlement agreement, in February 2019, the German Court issued a judgment that provides for an increase of 1.81 euros in the price paid per share and an increase of 0.07 euros gross of the dividends paid in 2010-2013. The financial effects on the Group are covered by specific provisions.
- with regards the merger operation for the incorporation of Reply Deutschland SE in Reply S.p.A. the assessment procedures foreseen in the measures of Article 122j of Umwandlungsgesetz find application – German law on extraordinary operations – with reference to the exchange ratio and the corresponding amount in cash. Within three months from the registration of the merger in the Turin Companies Register, each minority shareholder was able to present a petition for the purpose of commencing, in compliance with German law, before a Judge qualified in Germany – who shall have exclusive jurisdiction – the assessment inherent in the Share Swap ratio and the corresponding amount in cash. Some minority shareholders have commenced the aforementioned procedures and, following exchanges with the minority shareholders and their appointed representative, the Company has reached a settlement agreement where the payment of an additional amount. The expenses arising from this agreement amounting to approximately 5 million Euros is covered by specific provisions (please see Note 33). In relation to the above accruals, as a result of the utilizations, the provision for risks has a residual amount of 87 thousand Euros at 30 June 2023.

Contingent liabilities

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

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

NOTA 38 – EVENTS SUBSEQUENT TO 30 JUNE 2023

No significant events have occurred subsequent to 30 June 2023.

NOTA 39 – APPROVAL OF THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND AUTHORIZATION TO PUBLISH

The Half year condensed consolidated financial statements at 30 June 2023 were approved by the Board of Directors on August 1, 2023 which authorized the publication within the terms of law.

Annexed tables

Consolidated Statement of income prepared pursuant to Consob Resolution No. 15519 of 27 July 2006

(thousand Euros)	1 st half 2023	of which with related parties	%	1 st half 2022 (*)	of which with related parties	%
Revenues	1,038,908	10	-	889,722	9	-
Other income	8,063			6,141		
Purchases	(15,139)			(17,027)		
Personnel	(574,295)	(9,145)	1.6%	(465,683)	(6,278)	1.3%
Services costs	(306,037)	(718)	0.3%	(282,706)	(727)	0.3%
Amortization, depreciation and write-downs	(31,421)			(24,681)		
Other operating and non-recurring (cost)/income	3,598			17,109		
Operating income	123,677			122,874		
(Loss)/gain on investments	(4,512)			(9,981)		
Financial income/(expenses)	(5,603)			(4,240)		
Income before taxes	113,561			108,654		
Income taxes	(33,618)			(32,923)		
Net income	79,944			75,731		
Non-controlling interest	(1,493)			(133)		
Net result of the Parent company	78,451			75,598		

(*) For a better comprehension of the income statement, it should be noted that some reclassifications of the values shown in the comparative figures have been made, which have not in any case changed the results originally exposed

Consolidated Statement of financial position prepared pursuant to Consob Resolution No. 15519 of 27 July 2006

(thousand Euros)	30/06/2023	of which with related parties	%	31/12/2022	of which with related parties	%
Tangible assets	103,156			98,068		
Goodwill	630,084			630,255		
Intangible assets	99,107			105,173		
RoU Assets	112,438			112,341		
Equity investments	49,189			51,049		
Other financial assets	8,915			11,706		
Deferred tax assets	66,745			61,979		
Non-current assets	1,069,634			1,070,572		
Inventories	167,810			83,880		
Trade receivables	419,797	4	-	657,568		
Other receivables and current assets	136,220			101,828		
Financial assets	41,840			30,608		
Cash and cash equivalents	285,037			283,695		
Current assets	1,050,704			1,157,578		
TOTAL ASSETS	2,120,338			2,228,150		
Share Capital	4,863			4,863		
Other reserves	930,509			774,411		
Net result of the period	78,451			191,016		
Equity of the Parent company	1,013,823			970,291		
Non-controlling interest	1,730			1,579		
NET EQUITY	1,015,554			971,869		
Due to minority shareholders and Earn-out	112,178			112,827		
Financial liabilities	66,018			74,533		
Financial liabilities from RoU	96,207			97,624		
Employee benefits	45,162			42,831		
Deferred tax liabilities	44,278			44,964		
Provisions	14,546			15,242		
Non-current liabilities	378,390			388,021		
Due to minority shareholders and Earn-out	19,158			28,675		
Financial liabilities	33,003			43,745		
Financial liabilities from RoU	30,080			27,829		
Trade payables	158,674	519	0.03%	168,835	326	0.2%
Other current liabilities	484,921	14,853	3.1%	598,557	13,626	2.3%
Provisions	559			619		
Current liabilities	726,395			868,260		
TOTAL LIABILITIES	1,104,785			1,256,281		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,120,338			2,228,150		

LIST OF COMPANIES AT 30 JUNE 2023

Company name	Headquarters	Group interest
Parent company		
Reply S.p.A.	Turin – Corso Francia, 110 - Italy	
Companies consolidated on a line-by-line basis		
4brands Reply GmbH & CO. KG.	Minden, Germany	51.00%
Air Reply S.r.l.	Turin, Italy	100.00%
Airwalk Holding Ltd.	Kent, United Kingdom	100.00%
Airwalk Consulting Ltd.	Edinburgh, Scotland	100.00%
Airwalk Consulting Ltd. (Hong Kong)	Shueng Wan, Hong Kong	100.00%
AWC Partners Ltd.	London, United Kingdom	100.00%
Alpha Reply GmbH	Guetersloh, Germany	100.00%
Aim Reply Ltd	London, United Kingdom	100.00%
Arlanis Reply S.r.l.	Turin, Italy	100.00%
Arlanis Reply AG	Potsdam, Germany	100.00%
Arlanis Reply Ltd	London, United Kingdom	100.00%
Aktive Reply S.r.l.	Turin, Italy	100.00%
Atlas Reply S.r.l.	Turin, Italy	100.00%
Autonomous Reply GmbH	Guetersloh, Germany	100.00%
Auxulus Reply GmbH	Munich, Germany	100.00%
Atomic Reply Ltd.	London, United Kingdom	100.00%
Avantage Reply Ltd.	London, United Kingdom	100.00%
Avantage Reply (Belgium) Sprl	Brussels, Belgium	100.00%
Avantage Reply (Luxembourg) Sarl	Itzig, Luxembourg	100.00%
Avantage Reply (Netherlands) BV	Amsterdam, Netherland	100.00%
Avvio Reply Ltd.	London, United Kingdom	100.00%
Avvio Reply S.r.l.	Turin, Italy	100.00%
Blowfish Digital Holdings Ltd.	London, United Kingdom	100.00%
Blue Reply S.r.l.	Turin, Italy	100.00%
Blue Reply GmbH	Guetersloh, Germany	100.00%
Bridge Reply S.r.l.	Turin, Italy	100.00%
Business Elements Group BV	Belgium	100.00%
Business Reply S.r.l.	Turin, Italy	100.00%
Business Reply Public Sector S.r.l.	Turin, Italy	100.00%
Breed Reply Ltd.	London, United Kingdom	100.00%
Breed Reply Investment Ltd.	London, United Kingdom	100.00%
Bside S.r.l.	Rome, Italy	100.00%
Canvas Reply GmbH (formerly Neveling.net GmbH)	Hamburg, Germany	100.00%
Cluster Reply S.r.l.	Turin, Italy	100.00%
Cluster Reply Dynamics GmbH	Guetersloh, Germany	100.00%
Cluster Reply Informatica LTDA.	San Paolo, Brazil	100.00%
Cluster Reply Roma S.r.l.	Turin, Italy	100.00%
Comwrap Reply GmbH	Frankfurt, Germany	100.00%
Comsysto D.O.O.	Zagreb, Croatia	100.00%

ComSysto Reply GmbH	Munich, Germany	100.00%
Concept Reply GmbH	Munich, Germany	100.00%
Concept Reply LLC	Michigan, USA	100.00%
Consorzio Reply Public Sector	Turin, Italy	100.00%
Core Reply S.r.l.	Turin, Italy	100.00%
Data Reply S.r.l.	Turin, Italy	100.00%
Data Reply GmbH	Munich, Germany	100.00%
Discovery Reply S.r.l.	Turin, Italy	100.00%
e*finance consulting Reply S.r.l.	Turin, Italy	100.00%
Ekip Reply S.r.l.	Turin, Italy	100.00%
Elbkind Reply GmbH	Hamburg, Germany	100.00%
Enowa LLC	Philadelphia, USA	100.00%
Eos Reply S.r.l.	Turin, Italy	100.00%
Everlo Reply GmbH	Guetersloh, Germany	100.00%
Fincon Reply GmbH	Hamburg, Germany	100.00%
Forge Reply S.r.l.	Turin, Italy	100.00%
Frank Reply GmbH (formerly Vivametric Reply GmbH)	Guetersloh, Germany	100.00%
France Reply Ltd.	London, United Kingdom	100.00%
G-Force Demco Ltd.	London, United Kingdom	100.00%
Go Reply S.r.l.	Turin, Italy	100.00%
Go Reply GmbH	Guetersloh, Germany	100.00%
Gray Matter Ltd	London, United Kingdom	100.00%
Hermes Reply S.r.l.	Turin, Italy	100.00%
Hermes Reply Consulting (Nanjing) Co. Ltd.	China	100.00%
Industrie Reply LLC	Michigan, USA	100.00%
Infinity Reply GmbH	Düsseldorf, Germany	100.00%
IrisCube Reply S.r.l.	Turin, Italy	100.00%
Ki Reply GmbH	Guetersloh, Germany	100.00%
Laife Reply GmbH	Munich, Germany	100.00%
Leadwise Reply GmbH	Darmstadt, Germany	100.00%
Like Reply GmbH	Guetersloh, Germany	100.00%
Like Reply S.r.l.	Turin, Italy	100.00%
Liquid Reply GmbH	Guetersloh, Germany	100.00%
Live Reply GmbH	Düsseldorf, Germany	100.00%
Logistics Reply S.r.l.	Turin, Italy	100.00%
Logistics Reply GmbH	Munich, Germany	100.00%
Logistics Reply Roma S.r.l.	Turin, Italy	100.00%
Lynx Recruiting Ltd.	London, United Kingdom	100.00%
Machine Learning GmbH	Guetersloh, Germany	100.00%
Macros Reply GmbH	Munich, Germany	100.00%
Mansion House Consulting Ltd	London, United Kingdom	100.00%
Mansion House Consulting PTE Limited	Singapore	100.00%
MHC Holding Us Ltd.	London, United Kingdom	100.00%
Mansion House Consulting Inc.	Wilmington, USA	100.00%
MCG Systems AG	Colony, Germany	100.00%
Modcomp GmbH	Colony, Germany	100.00%
Neo Reply GmbH	Guetersloh, Germany	100.00%

Net Reply LLC	Michigan, USA	100.00%
Net Reply S.r.l.	Turin, Italy	100.00%
Nexi Digital S.r.l.	Turin, Italy	51.00%
Nexi Digital Polska Sp. z o.o.	Warsaw, Poland	51.00%
Next Reply S.r.l.	Turin, Italy	100.00%
Next Reply GmbH	Guetersloh, Germany	100.00%
Open Reply GmbH	Guetersloh, Germany	100.00%
Open Reply S.r.l.	Turin, Italy	100.00%
Pay Reply S.r.l.	Turin, Italy	100.00%
Portaltech Reply Ltd.	London, United Kingdom	100.00%
Portaltech Reply S.r.l.	Turin, Italy	100.00%
Power Reply S.r.l.	Turin, Italy	100.00%
Power Reply GmbH & CO. KG.	Munich, Germany	100.00%
Protocube Reply S.r.l.	Turin, Italy	70.00%
Red Reply GmbH	Frankfurt, Germany	100.00%
Reply Consulting S.r.l.	Turin, Italy	100.00%
Reply Deutschland SE	Guetersloh, Germany	100.00%
Reply GmbH	Zurich, Switzerland	100.00%
Reply do Brasil Sistemas de Informatica Ltda	Belo Horizonte, Brazil	100.00%
Reply Inc.	Michigan, USA	100.00%
Reply Ltd.	London, United Kingdom	100.00%
Reply Belgium Sprl	Mont Saint Guibert, Netherland	99.00%
Reply Digital Experience S.r.l.	Turin, Italy	100.00%
Reply France SAS	Paris, France	100.00%
Reply Sarl	Luxembourg	100.00%
Reply Services S.r.l.	Turin, Italy	100.00%
Reply Polska Sp. z o.o.	Katowice, Poland	100.00%
Retail Reply S.r.l.	Turin, Italy	100.00%
Ringmaster S.r.l.	Turin, Italy	50.00%
Riverland Reply GmbH	Munich, Germany	100.00%
Roboverse Reply GmbH	Guetersloh, Germany	100.00%
Sagepath LLC	Atlanta, USA	70.00%
Santer Reply S.p.A.	Milan, Italy	100.00%
Security Reply S.r.l.	Turin, Italy	100.00%
Sense Reply S.r.l.	Turin, Italy	100.00%
Sensor Reply S.r.l.	Turin, Italy	100.00%
Shield Reply S.r.l.	Turin, Italy	100.00%
Solidsoft Reply Ltd.	London, United Kingdom	100.00%
Spark Reply S.r.l.	Turin, Italy	100.00%
Spark Reply GmbH	Germany	100.00%
Spike Reply GmbH	Colony, Germany	100.00%
Spike Digital Reply GmbH	Guetersloh, Germany	100.00%
Sprint Reply SA	Belgium	100.00%
Sprint Reply S.r.l.	Turin, Italy	100.00%
Sprint Reply GmbH	Munich, Germany	100.00%
Spot Digital Ltd.	London, United Kingdom	100.00%
Storm Reply S.r.l.	Turin, Italy	100.00%

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

Companies carried at fair value

BlueGrove AS (già CageEye AS)	Norway	11.60%
Callsign Inc	United Kingdom	3.61%
Canard Drones Ltd	Spain	35.41%
Connecterra BV	Belgium	16.00%
Connecterra Group Ltd	United Kingdom	26.14%
Dcbrain SAS	France	8.46%
FoodMarble Digestive Health Ltd	United Kingdom	18.50%
Gymcraft Ltd.	United Kingdom	0.02%
iNova Design Ltd	United Kingdom	27.25%
Iotic Labs Ltd	United Kingdom	16.28%
Kokoon Technology Ltd	United Kingdom	26.22%
Metron Sas	France	8.32%
RazorSecure Ltd	United Kingdom	30.73%
Sensoria Inc.	USA	24.00%
TAG Sensors AS	Norway	19.67%
Ubirch GmbH	Germany	18.51%
We Predict Ltd	United Kingdom	16.64%
Zeetta Networks Ltd	United Kingdom	24.00%
Yellow Line Parking Ltd	United Kingdom	8.94%

Attestation of the Half-year condensed financial statements pursuant to 154 bis of Legislative Decree No. 58/98

The undersigned, Mario Rizzante, in his capacity as Chief Executive Officer and Giuseppe Veneziano, director responsible of drawing up the Company's financial statements pursuant to the provisions of article 154-bis, paragraph 3 and 4 of legislative decree no. 58 of February 24, 1998, hereby attest:

- the adequacy with respect to the Company's structure and
- the effective application of the administrative and accounting procedures applied in the preparation of the Company's Half-year condensed financial statements at June 30 2023,

The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the condensed financial statements as of and for the period ended June 30, 2023 as based on a process defined by Reply in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

The undersigned moreover attest that:

1. the Half-year condensed financial statements at June 30, 2023:
 - have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002, as well as the measures issued to implement article 9 of Legislative Decree no.38/2005;
 - correspond to the amounts shown in the Company's accounts, books and records; and
 - provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries;
2. the related interim management report includes a reliable analysis of the significant events affecting the Company in the first six months of the current fiscal year and the impact of such events on the Company's condensed financial statements as well as a description of the main risks and uncertainties.

Turin, August 1, 2023

/s/ Mario Rizzante

Chairman and Chief Executive Officer

Mario Rizzante

/s/ Giuseppe Veneziano

Director responsible of drawing up the accounting documents

Giuseppe Veneziano

Independent auditors' report



REPLY SPA

**REVIEW REPORT ON CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS**



REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Reply SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Reply SpA and its subsidiaries (the “Reply Group”) as of 30 June 2023, comprising the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, statement of changes in consolidated equity, consolidated statement of cashflows and related notes. The directors of Reply SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

PricewaterhouseCoopers SpA

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of the Reply Group as of 30 June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, 3 August 2023

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

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

CORPORATE INFORMATION

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REA of Turin 938289

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