FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

Income Statement (*)

(EUROS)	NOTE	2023	2022
Revenue	5	792,261,247	709,328,790
Other income	6	22,794,238	25,668,033
Purchases	7	(29,671,176)	(37,856,490)
Personnel	8	(33,309,178)	(26,535,763)
Services and other costs	9	(732,056,100)	(654,350,573)
Amortization, depreciation and write-downs	10	(4,445,008)	(3,880,483)
Other unusual operating income/(expenses)	11	(6,482,920)	2,855,100
Operating income		**9,091,102**	**15,228,615**
Gain/(loss) on equity investments	12	140,546,955	73,413,842
Financial income/(expenses)	13	20,834,566	12,648,115
Income before taxes		**170,472,623**	**101,290,573**
Income taxes	14	(9,342,926)	(7,148,880)
Net income		**161,129,698**	**94,141,693**
Diluted net income per share	15	4.32	2.53

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

Statement of Comprehensive Income

(EUROS)	NOTE	2023	2022
Profit of the period (A)		**161,129,698**	**94,141,693**
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) from employee benefit plans	28	(11,060)	73,785
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):		**(11,060)**	**73,785**
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Gains/(losses) on cash flow hedges	28	(848,990)	3,632,208
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):		**(848,990)**	**3,632,208**
Total other comprehensive income, net of tax (B) = (B1) + (B2):		**(860,050)**	**3,705.993**
Total comprehensive income (A)+(B)		**160,269,648**	**97,847,686**

Statement of Financial Position (*)

(EUROS)	NOTE	31/12/2023	31/12/2022
Tangible assets	17	546,470	534,336
Goodwill	18	86,765	86,765
Intangible assets	19	5,565,338	7,535,237
RoU Assets	20	1,262,979	937,764
Equity investments	21	208,916,189	177,988,453
Other financial assets	22	464,115,480	508,760,401
Deferred tax assets	23	9,384,763	6,728,474
Non current assets		**689,877,984**	**702,571,430**
Trade receivables	24	569,853,187	532,386,689
Other receivables and current assets	25	76,132,534	61,379,942
Financial assets	26	86,097,755	93,913,784
Cash and cash equivalents	27	233,202,949	82,017,473
Current assets		**965,286,426**	**769,697,889**
TOTAL ASSETS		**1,655,164,409**	**1,472,269,318**
Share Capital		4,863,486	4,863,486
Other reserves		565,296,705	509,293,298
Net income		161,129,698	94,141,693
NET EQUITY	**28**	**731,289,889**	**608,298,477**
Finacial liabilities	29	48,174,351	67,319,609
IFRS 16 Financial liabilities	29	740,965	432,456
Employee benefits	30	771,789	889,438
Deferred tax liabilities	31	5,934,786	6,012,577
Provisions	34	7,316,101	833,180
Non current liabilities		**62,937,992**	**75,487,260**
Finacial liabilities	29	278,585,391	266,759,565
IFRS 16 Financial liabilities	29	523,515	514,766
Trade payables	32	476,954,890	443,813,330
Other current liabilities	33	74,872,733	68,170,921
Provisions	34	30,000,000	9,225,000
Current liabilities		**860,936,529**	**788,483,582**
TOTAL LIABILITIES		**923,874,521**	**863,970,842**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,655,164,409**	**1,472,269,318**

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

Statement of Changes in Equity

(EUROS)	SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	EARNING RESERVES	CASH FLOW HEDGE RESERVE	RESERVE FOR ACTUARIAL GAINS/(LOSSES)	TOTAL
Balance at 1 January 2022	**4,863,486**	**(7,219,996)**	**305,880,909**	**248,622,250**	**(1,033,305)**	**(70,472)**	**551,042,871**
Dividends distributed	-	-	-	(29,759,840)	-	-	(29,759,840)
Change in own shares	-	(9,902,493)	-	-	-	-	(9,902,493)
Increase for acquisition of treasury shares	-	-	-	94,141,693	3,632,208	73,785	97,847,686
Total income	-	-	-	(929,747)	-	-	(929,747)
Balance at 31 December 2022	**4,863,486**	**(17,122,489)**	**305,880,909**	**312,074,355**	**2,598,903**	**3,313**	**608,298,476**

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

Statement of Cash Flows

(EUROS)	2023	2022
Result	161,129,698	94,141,693
Income taxes	12,077,006	7,148,880
Amortization and depreciation	4,445,008	3,880,483
Other non-monetary expenses/(income)	30,756,311	(1,604,018)
Change in trade receivables	(36,475,183)	(131,492,135)
Change in trade payables	33,141,560	85,315,622
Change in other assets and liabilities	(17,226,761)	4,036,383
Income tax paid	(5,699,194)	(8,888,365)
Interest paid	3,966,587	(1,788,177)
Interest cashed	(4,237,225)	50,821
Net cash flows from operating activities (A)	**181,877,805**	**50,801,186**
Payments for tangible and intagible assets	(1,836,226)	(3,452,728)
Payments for financial assets	9,452,778	(170,344,295)
Payments for the acquisition of subsidiaries net of cash acquired	(726,090)	(38,862,833)
Net cash flows from investment activities (B)	**6,890,462**	**(212,659,855)**
Dividends paid	(37,278,236)	(29,759,840)
In payments for treasury shares	-	(9,902,493)
Financing granted	6,500,000	80,000,000
Payments of financial liabilities	(20,952,381)	(8,333,333)
Change in financial liabilities from ROU IFRS 16	(681,757)	(594,817)
Net cash flows financing activities (C)	**(52,412,374)**	**31,409,516**
Net cash flows (D) = (A)+(B)+(C)	**136,355,894**	**(130,449,154)**
Cash and cash equivalents at the beginning of the period	(97,978,014)	32,471,139
Cash and cash equivalents at period end	38,377,880	(97,978,014)
Total change in cash and cash equivalents (D)	**136,355,894**	**(130,449,153)**

DETAIL OF CASH AND CASH EQUIVALENTS

(THOUSAND EUROS)		
Cash and cash equivalents at the beginning of the period:	**(97,978,014)**	**32,471,139**
Cash and cash equivalents	82,017,473	182,545,754
Transaction accounts - surplus	66,596,349	52,797,469
Transaction accounts - overdraft	(226,237,713)	(192,867,526)
Bank overdrafs	(20,354,123)	(10,004,558)
Cash and cash equivalents at period end:	**38,377,880**	**(97,978,014)**
Cash and cash equivalents	233,202,949	82,017,473
Transaction accounts - surplus	55.113.331	66.596.349
Transaction accounts - overdraft	(249.938.400)	(226.237.713)
Bank overdrafts	-	(20.354.123)

Notes to the financial Statements

Note 1 - General information

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

The company mainly carries out the operational coordination and technical management of the group and also the administration, financial assistance and some purchase and marketing activities.
Reply also manages business relations for some of its main clients.

Note 2 - Accounting principles

Compliance with international accounting principles
The 2022 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and with the provisions implementing Article 9 of Legislative Decree No. 38/2005.
The designation "IFRS" also includes all valid International Accounting Standards ("IAS"), as well as all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC").

In compliance with European Regulation No. 1606 of 19 July 2002, beginning in 2005, the Reply Group adopted the International Financial Reporting Standards ("IFRS") for the preparation of its Consolidated Financial Statements. On the basis of national legislation implementing the aforementioned Regulation, those accounting standards were also used to prepare the separate Financial Statements of the Parent Company, Reply S.p.A., for the first time for the year ended 31 December 2006.
It is hereby specified that the accounting standards applied conform to those adopted for the preparation of the initial Statement of Assets and Liabilities as at 1 January 2005 according to the IFRS, as well as for the 2005 Income Statement and the Statement of Assets and Liabilities as at 31 December 2005, as re-presented according to the IFRS and published in the special section of these Financial Statements.

General principles

The Financial Statements were prepared under the historical cost convention, modified as required for the measurement of certain financial instruments. The criterion of fair value was adopted as defined by IFRS 9.
The Financial Statements have been prepared on the going concern assumption. In this respect, despite operating in a difficult economic and financial environment, the Company's assessment is that no material uncertainties (as defined in paragraph 25 of IAS 1) exist relative to its ability to continue as a going concern.
These Financial Statements are expressed in Euros and are compared to the Financial Statements of the previous year prepared in accordance with the same principles.
These Financial Statements have been drawn up under the general principles of continuity, accrual based accounting, coherent presentation, relevancy and aggregation, prohibition of compensation and comparability of information.
The fiscal year consists of a twelve (12) month period and closes on the 31 December each year.

Financial statements

The Financial Statements include statement of income, statement of comprehensive income, statement of financial position, statement of changes in shareholders' equity, statement of cash flows and the explanatory notes.
The income statement format adopted by the company classifies costs according to their nature, which is deemed to properly represent the company's business.
The Statement of financial position is prepared according to the distinction between current and non-current assets and liabilities. The statement of cash flows is presented using the indirect method.
The most significant items are disclosed in a specific note in which details related to the composition and changes compared to the previous year are provided.

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

Tangible assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses.
Goods made up of components, of significant value, that have different useful lives are considered separately when determining depreciation.
In compliance with IAS 36 – Impairment of assets, the carrying value is immediately remeasured to the recoverable value, if lower.
Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

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

Ordinary maintenance costs are fully expensed as incurred. Incremental maintenance costs are allocated to the asset to which they refer and depreciated over their residual useful lives.
Improvement expenditures on rented property are allocated to the related assets and depreciated over the shorter between the duration of the rent contract or the residual useful lives of the relevant assets.
The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Goodwill

Goodwill is an intangible asset with an indefinite life, deriving from business combinations recognized using the purchase method, and is recorded to reflect the positive difference between purchase cost and the Company's interest at the time of acquisition of the fair value of the assets, liabilities and identifiable contingent liabilities attributable to the subsidiary.
Goodwill is not amortized, but is tested for impairment annually or more frequently if specific events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.
Impairment losses are recognized immediately as expenses that cannot be recovered in the future.
Goodwill deriving from acquisitions made prior to the transition date to IFRS are maintained at amounts recognized under Italian GAAP at the time of application of such standards and are subject to impairment tests at such date.

Other intangible assets

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

An internally-generated intangible asset arising from the company's e-business development (such as informatics solutions) is recognized only if all of the following conditions are met:

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

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

Development costs	33%
Software	33%

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

Right of use Assets

According to IFRS 16, the accounting representation of leases (which do not establish the provision of services) takes place through the inclusion in the financial position of a financial liability, represented by the present value of future rents, against the inclusion in the assets of the 'right of use of the leased asset'.
Leases that were previously accounted for under IAS 17 as financial leases, have not changed compared to the current accounting representation, in full continuity with the past.

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

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

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

Intangible assets with indefinite useful life

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

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually or more frequently, whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset is the higher of fair value less disposal costs and its value in use. In assessing its value in use, the pre-tax estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market

assessments of the time value of money and the risks specific to the asset. Its value in use is determined net of tax in that this method produces values largely equivalent to those obtained by discounting cash flows net of tax at a pre-tax discount rate derived, through an iteration, from the result of the post-tax assessment. The assessment is carried out for the individual asset or for the smallest identifiable group of cash generating assets deriving from ongoing use, (the so-called *Cash generating unit*). With reference to goodwill, Management assesses return on investment with reference to the smallest cash generating unit including goodwill.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately. When the recognition value of the *Cash generating unit*, inclusive of goodwill, is higher than the recoverable value, the difference is subject to impairment and attributable firstly to goodwill; any exceeding difference is attributed on a pro-quota basis to the assets of the *Cash generating unit*.

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

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

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

Equity investments in other companies, comprising non current financial assets not held for trading, are measured at fair value, if it can be determined. Any subsequent gains and losses resulting from changes
in fair value are recognized directly in Shareholders' equity until the investment is sold or impaired; the total recognized in equity up to that date are recognized in the Income Statement for the period.
Minor investments in other companies for which fair value is not available are measured at cost, and adjusted for any impairment losses.

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

Current and non current financial assets
Financial assets are classified, on the basis of both contractual cash flow characteristics and the entity's business model for managing them, in the following categories:

(i) financial assets measured at amortized cost;
(ii) financial assets measured at fair value through other comprehensive income (hereinafter also OCI);
(iii) financial assets measured at fair value through profit or loss.

At initial recognition, a financial asset is measured at its fair value; at initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price. After initial recognition, financial assets whose contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the so-called hold to collect business model). For financial assets measured at amortized cost, interest income determined using the effective interest rate, foreign exchange differences and any impairment losses (see the accounting policy for "Impairment of financial assets") are recognized in the profit and loss account.
Conversely, financial assets that are debt instruments are measured at fair value through OCI (hereinafter also FVTOCI) if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the so-called hold to collect and sell business model).

In these cases:

(i) interest income determined using the effective interest rate, foreign exchange differences and any impairment losses (see the accounting policy for "Impairment of financial assets") are recognized in the profit and loss account;

(ii) changes in fair value of the instruments are recognized in equity, within other comprehensive income.

The accumulated changes in fair value, recognized in the equity reserve related to other comprehensive income, is reclassified to the profit and loss account when the financial asset is derecognized. A financial asset represented by a debt instrument that is neither measured at amortized cost nor at FVTOCI, is measured at fair value through profit or loss (hereinafter FVTPL); financial assets held for trading fall into this category. Interest income on assets held for trading contributes to the fair value measurement of the instrument and is recognized in "Finance income (expense)", within "Net finance income (expense) from financial assets held for trading".

When the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, the transaction is accounted for on the settlement date.

Transfer of financial assets

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

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

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

Trade payables and receivables and other current assets and liabilities
Trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
At initial recognition they are measured at fair value adjusted for transaction costs and subsequently measured at amortized cost determined using the effective interest rate, to account for foreign exchange differences and any impairment losses.
At each reporting date, all financial assets, with the exception of those measured at fair value through profit and loss, are analyzed for any impairment indicators.
Under IFRS 9, an entity calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. Because every loan and receivable carries with it some risk of default, every such asset has an expected loss attached to it from the moment of its origination or acquisition.

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

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

Treasury shares
Treasury shares are presented as a deduction from equity. All gains and losses from the sale of treasury shares are recorded in a special Shareholders' equity reserve.

Financial liabilities and equity investments

Financial liabilities and equity instruments issued by the Company are presented according to their substance arising from their contractual obligations and in accordance with the definitions of financial liabilities and equity instruments. The latter are defined as those contractual obligations that give the right to benefit in the residual interests of the Company's assets after having deducted its liabilities.

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

- Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs and subsequently stated at its amortized cost, using the prevailing market interest rate method.

- Equity instruments

Equity instruments issued by the Company are stated at the proceeds received, net of direct issuance costs.

- Non current financial liabilities

Liabilities are stated according to the amortization cost.

Derivative financial instruments and other hedging transactions

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

In accordance with IFRS 9, derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and sufficient documentation that the hedge is highly effective and that its effectiveness can be reliably measured. The hedge must be highly effective throughout the different financial reporting periods for which it was designated.

All derivative financial instruments are measured in accordance with IFRS 9 at fair value. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows relating to Company commitments and forecasted transactions are recognized directly in Shareholder's equity, while the ineffective portion is immediately recorded in the Income Statement. If the hedged company commitment or forecasted transaction results in the recognition of an asset or liability, then, at the time the asset or liability is recognized, associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability.

For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in the income statement in the same period in which the hedge commitment or forecasted transaction affects net profit or loss, for example, when the future sale actually occurs.
For effective hedging against a change in fair value, the hedged item is adjusted by the changes in fair value attributable to the risk hedged with a balancing entry in the Income Statement. Gains and losses arising from the measurement of the derivative are also recognized at the income statement.
Changes in the fair value of derivative financial instruments that no longer qualify as hedge accounting are recognized in the Income Statement of the period in which they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction is no longer expected to occur; the net cumulative gain or loss recognized in equity is transferred to the net profit or loss for the period.
Embedded derivatives included in other financial instruments or in other contractual obligations are treated as separate derivatives, when their risks and characteristics are not closely related to those of the financial instrument that houses them and the latter are not measured at fair value with recognition of the relative gains and losses in the Income Statement.

Employee benefits
The scheme underlying the employee severance indemnity of the Italian Group companies (the TFR) was classified as a defined benefit plan up until 31 December 2006. The legislation regarding this scheme was amended by Law No. 296 of 27 December 2006 (the "2007 Finance Law") and subsequent decrees and regulations issued in the first part of 2007. In view of these changes, and with specific reference to those regarding companies with at least 50 employees, this scheme only continues to be classified as a defined benefit plan in the Financial Statements for those benefits accruing up to 31 December 2006 (and not yet settled by the balance sheet date), while after that date the scheme is classified as a defined contribution plan.
Employee termination indemnities ("TFR") are classified as a "post-employment benefit", falling under the category of a "defined benefit plan"; the amount already accrued must be projected in order to
estimate the payable amount at the time of employee termination and subsequently be discounted through the "projected unit credit method", an actuarial method based on demographic and finance data that allows the reasonable estimate of the extent of benefits that each employee has matured in relation to the time worked. Through actuarial measurement, interest cost is recognized as financial gains or losses and represents the figurative expenditure that the Company would bear by securing a market loan for an

amount corresponding to the Employee Termination Indemnities ("TFR").
Actuarial income and losses that reflect the effects resulting from changes in the actuarial assumptions used are directly recognized in Shareholders' equity.

Share-based payment plans

The Company has applied the standard set out by IFRS 2 "Share-based payment".
Share-based payments are measured at fair value at granting date. Such amount is recognized in the Income Statement, with a balancing entry in Shareholders' equity, on a straight-line basis and over the (vesting period). The fair value of the option, measured at the granting date, is assessed through actuarial calculations, taking into account the terms and conditions of the options granted.
The stock options resolved in the previous financial years have been exercised and therefore the Company does not have existing stock option plans.
Bonuses settled through the recognition of shares in the company (equity settlement) are recorded at their initial fair value and measured on a straight-line basis over the vesting period.

Incentive Plans (LTI)

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

Provisions and reserves for risks

Provisions for risks and liabilities are costs and liabilities having an established nature and the existence of which is certain or probable that at the reporting date the amount cannot be determined or the occurrence of which is uncertain. Such provisions are recognized when a commitment actually exists arising from past events of legal or contractual nature or arising from statements or company conduct that determine valid expectations from the persons involved (implicit obligations).
Provisions are recognized when the Company has a present commitment arising from a past event and it is probable that it will be required to fulfil the commitment. Provisions are accrued at the best estimate of the expenditure required to settle the liability at the balance sheet date, and are discounted when the effect is significant.

Revenue recognition

Revenue from contracts with customers is recognized on the basis of the following five steps:

(i) identifying the contract with the customer;
(ii) identifying the performance obligations, that are promises in a contract to transfer goods and/or services to a customer;

(iii) determining the transaction price;
(iv) allocating the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each good or service; and
(v) recognizing revenue when (or as) a performance obligation is satisfied, that is when a promised good or service is transferred to a customer.

A promised good or service is transferred when (or as) the customer obtains control of it. Control can be transferred over time or at a point in time.
Revenue is measured at the fair value of the consideration to which the Company expects to be entitled in exchange for transferring promised goods and/or services to a customer, excluding amounts collected on behalf of third parties. Therefore, revenue is recognized when control over the goods or services is transferred to the customer either "over time" or "at a point in time".
Revenues from services include the activities the Company carries out directly with respect to some of its major clients in relation to their businesses. These activities are also carried out in exchange for services provided by other Group companies, and the costs for such services are recognized as Services and other costs.

Financial income and expenses
Financial income and expenses are recognized and measured in the income statement on an accrual basis.

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

Taxation
Income tax represents the sum of the tax currently payable and deferred tax.
The tax currently payable is based on taxable profit for the year. Taxable profit defers from the profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current income tax is entered for each individual company based on an estimate of taxable income in compliance with existing legislation and tax rates or as substantially approved at the period closing date in each country, considering applicable exemptions and tax credit.

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

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

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

Use of estimations

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

The estimates are mainly referred to:

Equity investments

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

Trade receivables and work in progress

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

Leasing liabilities and right of use assets

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

Provisions, contingent liabilities and employee provisions

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

Derivative instruments and equity instruments

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

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

Estimations changes and reclassifications

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

Recently issued accounting standards

The following are the amendments to the international accounting standards endorsed by the European Commission, which were already included in the 2022 Annual Report, which are effective from January 1, 2023, in addition to the amendments not yet endorsed by the European Commission, some of which issued in the first half of the current year.

Accounting Standards and Interpretations issued by the IASB/IFRIC and endorsed by the European Commission

With Regulation No. 2021/2036, issued by the European Commission on November 19, 2021, the amendments to IFRS 17 "Insurance Contracts" were endorsed which define the accounting treatment of insurance contracts issued and reinsurance contracts held. The provisions of IFRS 17, which supersede those currently provided for in IFRS 4 "Insurance Contracts", aim to help companies to implement the standard and to: (i) reduce costs by simplifying the requirements of the standard; (ii) make disclosures easier to report in the financial statements; (iii) facilitate the transition to the new standard, deferring its entry into force. The amendments are effective from January 1, 2023.

With Regulation No. 2022/357, issued by the European Commission on March 2, 2022, the amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" were endorsed, requiring individual entities to supply more information about their accounting policies. The amendments clarify that information on accounting policies is relevant when, considered together with other information provided in the financial statements, it is reasonably possible to assume that they affect the decisions of the financial statement users. The description provided in relation to accounting policies must be "entity specific", highlighting the specific accounting methods adopted by the company and providing more useful information than a standardised description or one that merely replicates the IFRS provisions. The changes to the Practice Statement provide guidance on how to apply the concept of materiality to financial reporting. The amendments are effective from January 1, 2023.

With Regulation No. 2022/357, issued by the European Commission on March 2, 2022, the amendments to IAS 8 "Definition of Accounting Estimates" were endorsed which defines the notion of accounting estimates, removing the definition of amendment in accounting estimates. In the new understanding, accounting estimates are defined as monetary amounts subject to measurement uncertainty and that, therefore, they must be estimated using judgements, assumptions, valuation techniques and inputs. Changes in accounting estimates are applied prospectively only to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively. The amendments are effective from January 1, 2023.

With Regulation No. 2022/1392, issued by the European Commission on August 11, 2022, the amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" were endorsed, which clarifies the methods of accounting for deferred tax related to assets and liabilities for some transactions, including lease transactions and decommissioning requirements, which during initial recognition produce temporary taxable and deductible differences of an equal amount, as well as to IFRS 1 "First-time Adoption of International Financial Reporting Standards", introducing a specific paragraph on the date of application of these amendments, and some paragraphs concerning Appendix B of IFRS 1. The amendments are effective from January 1, 2023.

With Regulation No. 2022/1491, issued by the European Commission on September 8, 2022, the amendments to IFRS 17 "Insurance Contracts": Initial Application of IFRS 17 and IFRS 9 - Comparative Information" where endorsed, which requires that if an entity applies IFRS 17 following the application of IFRS 9 (classification overlap), the entity must provide qualitative information that allows users of the financial statements to understand: (i) the extent to which the classification overlap was applied (for example, whether it was applied to all financial assets derecognised in the comparative period); and (ii) whether and to what extent the impairment provisions of IFRS 9 were applied. The IASB has consequently added a text block element to the IFRS taxonomy to reflect this new disclosure requirement. The amendments are effective from January 1, 2023.

At present Reply believes that the amendments described above will have no significant impact on the Group.

Accounting standards not yet approved by the European Union

On January 23, 2020, the IASB issued the Amendment to IAS 1 "Classification of Liabilities as Current or Non current" and on October 31, 2022, published the Amendment to IAS 1 "Non-Current Liabilities with Covenants". These amendments provide clarifications on the classification of liabilities as current or non current. The amendments will be effective on or after January 1, 2024.

On September 22, 2022, the IASB issued the Amendment to IFRS 16 "Lease Liability in a Sale and Leaseback", which requires the seller-lessee to value the Right-of-Use asset arising from a sale and leaseback transaction on the basis of the percentage of the previous carrying amount of the asset held by the seller-lessee. Consequently, in a sale and leaseback transaction, the seller-lessee will only recognise the amount of any gains or losses relating to the rights transferred to the buyer-lessor. Therefore, the initial value of the lease liabilities arising from a sale and leaseback transaction is a consequence of the way in which the seller-lessee measures the Right-of-use asset and the gains or losses recorded on the date of the transaction. The amendments will be effective on or after January 1, 2024.

On May 23, 2023, the IASB issued the Amendment to IAS 12 "International Tax Reform - Pillar Two Model Rules", which introduces a mandatory temporary exception to the requirements of IAS 12 for the recognition and specific disclosure of deferred tax assets and liabilities arising from the OECD "Pillar Two Model Rules". By introducing common rules, Pillar Two aims to ensure that in every jurisdiction, large multinationals with consolidated turnover of at least €750 million are subject to a minimum 15% tax rate. The temporary exception will take effect immediately after the publication of the Amendment and will be applied retrospectively in compliance with IAS 8, while the specific disclosure requirements will take effect starting from the annual statements starting on or after January 1, 2023.

On May 25, 2023, the IASB issued the Amendment to IAS 7 and IFRS 7 "Supplier Finance Arrangements", which requires entities to provide additional information on supplier finance contracts allowing the users of the financial statements to assess how these supplier contracts affect liabilities and cash flows and to understand the effect on the exposure to liquidity risks. The amendments will be effective on or after January 1, 2024.

On August 15, 2023, the IASB published an amendment called "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a methodology to be applied in a consistent manner in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be provided in the notes to the financial statements. The change will apply from 1 January 2025, but an early application is allowed.
Reply is currently assessing the possible impacts of the above-mentioned amendments.

Note 3 - Risk management

Reply S.p.A. operates at a worldwide level and for this reason its activities are exposed to various types of financial risks: market risk (broken down in exchange risk, interest rate risk on financial flows and on "fair value", price risk), credit risk and liquidity risk.
To minimize risks Reply utilizes derivative financial instruments. At a central level it manages the hedging of principle operations. Reply S.p.A. does not detain derivate financial instruments for negotiating purposes.

Credit risk
For business purposes, specific policies are adopted in order to guarantee that clients honor payments.
With regards to financial counterparty risk, the company does not present significant risk in creditworthiness or solvency. For newly acquired clients, the Company accurately verifies their capability in terms of facing financial commitments. Transactions of a financial nature are undersigned only with primary financial institutions.

Liquidity risk
The Company is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.
The cash flows, funding requirements and liquidity of companies are monitored and managed on a centralized basis through the Group Treasury. The aim of this centralized system is to optimize the efficiency and effectiveness of the management of the Group's current and future capital resources (maintaining an adequate level of cash and cash equivalents and the availability of reserves of liquidity that are readily convertible to cash and committed credit).
The difficulties both in the markets and in the financial markets require special attention to the management of liquidity risk, and in that sense particular emphasis is being placed on measures taken to generate financial resources through operations and on maintaining an adequate level of available liquidity. The Company therefore plans to meet its requirements to settle financial liabilities as they fall due and to cover expected capital expenditures by using cash flows from operations and available liquidity, renewing or refinancing bank loans.

Risks associated with fluctuations in currency and interest rates
As the company operates mainly in a "Euros area" the exposure to currency risks is limited.
The exposure to interest rate risk arises from the need to fund operating activities and M&A investments, as well as the necessity to deploy available liquidity. Changes in market interest rates may have the effect of either increasing or decreasing the Company's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.
The interest rate risk to which the Company is exposed derives from bank loans; to mitigate such risks, Reply S.p.A., when useful, uses derivative financial instruments designated as

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

Note 4 - Other information

Exception allowed under paragraph 4 of Article 2423 of the italian Civil Code

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

Fiscal consolidation

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

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

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

Note 5 - Revenue

Revenues amounted to 792,261,247 Euros and are detailed as follows:

(EUROS)	2023	2022	CHANGE
Revenues from services	677,804,118	599,230,362	78,573,756
Royalties on "Reply" trademark	58,424,312	53,610,718	4,813,594
Intercompany services	38,789,200	32,879,154	5,910,046
Other intercompany revenues	17,243,618	23,608,557	(6,364,939)
Total	**792,261,247**	**709,328,790**	**82,932,456**

Reply manages business relationships on behalf of some of its major clients. Such activities were recorded in the item Revenues from services to third parties which increased by 78,573,756 Euros.

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

Revenues from Intercompany services and Other intercompany revenues refer to activities that Reply S.p.A. carries out for the subsidiaries, and more specifically:
- operational, co-ordination, technical and quality management;
- administration, personnel and marketing activities;
- strategic management services.

Note 6 - Other income

Other revenues that as at 31 December 2023 amounted to 22,794,238 Euros (25,668,033 Euros at 31 December 2022) mainly refer to expenses incurred by Reply S.p.A. and recharged to the Group companies and include expenses for social events, telephone and training courses.

Note 7 - Purchases

Detail is as follows:

(EUROS)	2023	2022	CHANGE
Software licenses for resale	18,083,064	15,850,165	2,232,899
Hardware for resale	11,056,581	21,454,671	(10,398,091)
Other	531,532	551,654	(20,121)
Total	**29,671,176**	**37,856,490**	**(8,185,313)**

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

The item Other mainly includes the purchase of supplies, e-commerce material, stationary and printed materials (168,464 Euros) and fuel (330,560 Euros).

Note 8 - Personnel expenses

Personnel expenses amounted to 33,309,178 Euros, with an increase of 6,773,415 Euros and are detailed in the following table:

(EUROS)	2023	2022	CHANGE
Payroll employees	23,469,355	21,447,886	2,021,470
Directors	9,839,822	5,087,877	4,751,945
Total	**33,309,178**	**26,535,763**	**6,773,415**

Detail of personnel by category is provided below:

(NUMBER)	31/12/2023	31/12/2022	CHANGE
Directors	91	90	1
Managers	4	6	(2)
Staff	13	13	-
Total	**108**	**109**	**(1)**

The average number of employees in 2023 was 110 (in 2022 106).

Note 9 - Services and other costs

Services and other costs comprised the following:

(EUROS)	2023	2022	CHANGE
Commercial and technical consulting	5,072,883	6,227,758	(1,154,876)
Travelling and training expenses	2,783,553	2,478,381	305,172
Professional services from group companies	659,609,483	580,430,560	79,178,923
Marketing expenses	7,344,414	7,239,857	104,557
Administrative and legal services	1,573,044	2,822,525	(1,249,481)
Statutory auditors and Independent auditors fees	282,130	296,159	(14,029)
Leases and rentals	2,005,920	1,351,499	654,421
Office expenses	4,089,459	4,386,564	(297,105)
Other services from group companies	23,170,374	19,302,832	3,867,542
Expenses incurred on behalf of group companies	20,749,553	23,341,928	(2,592,376)
Others	5,375,287	6,472,510	(1,097,223)
Total	**732,056,100**	**654,350,573**	**77,705,527**

Professional Services from Group companies, which increased during the year by 79,178,923 Euros, are mainly related to revenues from services to third parties.
Reply S.p.A. carries out commercial fronting activities for some of its major clients, whereas delivery is carried out by the operational companies.
Office expenses include services rendered by related parties in connection with service contracts for the use of premises, legal domicile and secretarial services, as well as utility costs.

Note 10 - Amortization, depreciation and write-downs

Depreciation of tangible assets was calculated on the basis of technical-economic rates determined in relation to the residual useful lives of the assets, and which amounted in 2023 to an overall cost of 326,878 Euros. Details of depreciation are provided at the notes to tangible assets.

Amortization of intangible assets amounted in 2023 to an overall cost of 3,467,113 Euros. Details of depreciation are provided at the notes to intangible assets.

Amortization related to right of use assets arising from the application of IFRS 16 amounted to 651,017 Euros.

Note 11 - Other operating and non-recurring income/(expenses)

Other operating and non-recurring income, related to events and transactions that do not occur in the regular course of business, amounted to 6,482,920 and mainly refer to provisions for risks and reversal in relation to contractual, commercial and legal disputes. In particular, this item includes the provision of 6,700 thousand euros, relating to the liability disclosed in the paragraph "Significant events occurring after the end of the financial year" to which reference is made; in relation to such event there is a possible liability, currently unquantifiable linked to any civil actions..

Note 12 - Gain/(losses) on equity investments

Detail is as follows:

(EUROS)	2023	2022	CHANGE
Dividends	164,086,955	92,266,000	71,820,955
Loss on equity investments	(23,540,000)	(18,852,158)	(4,687,842)
Total	**140,546,955**	**73,413,842**	**67,133,113**

Dividends include proceeds received by Reply S.p.A. from subsidiary companies during the year. Detail is as follows:

(EUROS)	2023
Aktive Reply S.r.l.	2,455,000
Arlanis Reply S.r.l.	1,710,000
Atlas Reply S.r.l.	1,175,000
Blue Reply S.r.l.	16,520,000
Bridge Reply S.r.l.	600,000
Business Reply S.r.l.	4,230,000
Cluster Reply Roma S.r.l.	1,540,000
Cluster Reply S.r.l.	16,400,000
Core Reply S.r.l	1,945,000
Data Reply S.r.l.	4,630,000
Discovery Reply S.r.l.	1,405,000
E*finance Consulting S.r.l.	2,930,000
Ekip Reply S.r.l.	220,000
Eos Reply S.r.l.	505,000
Go Reply S.r.l.	1,960,000
Hermes Reply S.r.l.	1,500,000
Iriscube Reply S.r.l.	9,565,000
Like Reply S.r.l.	1,000,000
Logistics Reply S.r.l.	1,490,000
Nexi Digital S.r.l.	642,600
Open Reply S.r.l.	5,945,000
Pay Reply S.r.l.	830,000
Power Reply S.r.l.	4,670,000
Reply Consulting S.r.l.	1,275,000
Reply Digital Experience S.r.l.	1,785,000
Reply Polska Sp.z.o.o.	1,141,355
Retail Reply S.r.l.	2,665,000
Ringmaster S.r.l.	503,000
Santer Reply S.p.a.	11,260,000
Security Reply S.r.l.	12,745,000
Sense Reply S.r.l.	2,325,000
Spark Reply S.r.l.	190,000
Sprint Reply S.r.l.	1,715,000
Storm Reply S.r.l.	5,825,000
Syskoplan Reply S.r.l.	2,835,000
Sytel Reply Roma S.r.l.	3,380,000
Sytel Reply S.r.l.	8,720,000
Tamtamy Reply S.r.l.	1,105,000
Target Reply S.r.l.	3,360,000
Technology Reply Roma S.r.l.	1,905,000
Technology Reply S.r.l.	13,545,000
Whitehall Reply S.r.l.	2,625,000
Xister Reply S.r.l.	1,315,000
Total	**164,086,955**

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

For further details, see Note 21 herein.

Note 13 - Financial income/(expenses)

Detail is as follows:

(EUROS)	2023	2022	CHANGE
Interest income from subsidiaries	22,362,048	13,924,364	8,437,683
Interest income on bank accounts	4,237,225	86,825	4,150,401
Interest expenses	(4,214,964)	(1,956,188)	(2,258,776)
Other	(1,549,742)	593,115	(2,142,857)
Total	**20,834,566**	**12,648,115**	**8,186,451**

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

Financial income include interest in bank accounts amounting to 4,237,225 Euros and interest income on tax refunds amounting to 29,151 Euros.

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

The item Other mainly includes:

- negative 2,777,684 Euros related to the gain on exchange rate differences arising from the translation of balance sheet items not recorded in Euros (positive 1,282,493 Euros at 31 December 2022);
- negative 1,043,804 Euros related to the non-effective portion of the IRS (positive 2,396,336 Euros at 31 December 2022);
- the financial losses related to the fair value adjustments of the investments held by Reply amounting to positive 1,063,254 Euros (negative 3,910,940 Euros at 31 December 2022);
- 931,262 Euros related to positive interests in relation to financial investments (844,042 Euros at 31 December 2022).

Note 14 - Income taxes

The details are provided below:

(EUROS)	2023	2022	CHANGE
IRES	10,709,323	5,626,643	5,082,681
IRAP	1,021,000	688,000	333,000
Corporate tax - previous years	346,683	(615,448)	962,131
Current taxes	**12,077,006**	**5,699,195**	**6,377,811**
Deferred tax liabilities	(77,791)	2,009,104	(2,086,895)
Deferred tax assets	(2,656,289)	(559,418)	(2,096,871)
Deferred taxes	**(2,734,080)**	**1,449,686**	**(4,183,766)**
Total income taxes	**9,342,925**	**7,148,880**	**2,194,045**

IRES theoretical rate

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

(EUROS)	TAXABLE INCOME	TAX
Result before taxes	**170,472,623**	
Theoretical tax rate	**24.0%**	**40,913,430**
Temporary differences, net	(126,829,787)	
Taxable income	**43,642,836**	
Total IRES		**10,479,000**
Start-up replacement tax fee – controlling stake	230,323	
Total current IRES		**10,709,323**

Temporary differences, net refer to:

- deductible differences amounting to 173,697 thousand Euros arising mainly from the non-taxable share of the dividends received in the financial year (155,939 thousand Euros), earnings on valuation changes (3,276 thousand Euros), Directors' fees to be paid (8,205 thousand Euros) and the deduction of the implicit goodwill of the investment in Xister (1,442 thousand Euros);
- non-deductible differences amounting to 46,878 thousand Euros owing mainly to write-down/losses of equity investments (23,540 thousand Euros), risks provision (6,700 thousand Euros), loss on loans valuation changes (7,195 thousand Euros) and Directors' fees to be paid (8,300 thousand Euros).

Calculation of taxable IRAP

(EUROS)	TAXABLE INCOME	TAX
Difference between value and cost of production	**9,091,102**	**-**
IRAP net	15,923,557	-
Taxable IRAP	**25,014,658**	**-**
Total IRAP	**-**	**1,021,000**

Temporary differences, net refer to:

- non-deductible differences amounting to 17,582 thousand Euros mainly due to emoluments to Directors (9,654 thousand Euros) risks provision (6,700 thousand Euros) and to bank fees (410 thousand Euros);
- deductible differences amounting to 1,659 thousand Euros mainly due to the implicit goodwill of the investment in Xister (1,442 thousand Euros) and proceeds from provisions (217 thousand Euros).

Note 15 - Earnings per share

Basic earnings and diluted earnings per share as at 31 December 2023 is calculated with reference to the net profit which amounted to 161,129,698 Euros (94,141,693 Euros at 31 December 2022) divided by the weighted average number of shares outstanding as at 31 December 2023, net of treasury shares, which amounted to 37,278,236 (37,252,650 at 31 December 2022).

(EUROS)	2023	2022
Net profit of the year	161,129,698	94,141,693
Weighted number of shares	37,278,236	37,252,650
Basic earning per share	4.32	2.53

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

Note 16 - Contributions

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

Pursuant to Article 1, paragraph 125 of Law 124/2017, the Company in 2023 has received the following public contributions:

ENTITY (EUROS)	2023
AG. NAZ.LE PER L'AMM.NE E LA DEST.NE DEI BENI SEQ. E CONF. ALLA CRIM. ORG	43,513
AGENZIA DELLE ENTRATE-RISCOSSIONE	3,209,534
ARMA DEI CARABINIERI - 2 BRIGATA MOBILE - CC - SERV. AMM.VO	3,500
AUTORITA' NAZIONALE ANTICORRUZIONE - ANAC	436,510
AZ. OSP. SS ANTONIO E BIAGIO E C. ARRIGO	149,937
AZIENDA SOCIO SANITARIA TERRITORIALE DELLA BRIANZA	184,701
CSI PIEMONTE	50,163
ENI SPA	294,939
FINCANTIERI S.P.A.	12,900
IST. ZOOPROFILATTICO SPERIMENT. LOMBARDIA ED EMILIA ROMAGNA	37,000
MINISTERO DELL'INTERNO - PREFETTURA - UTG DI ROMA	20,100
TOTAL	**4,442,797**

Note 17 - Tangible assets

Tangible assets as at 31 December 2023 amounted to 546,470 Euros are detailed as follows:

(EUROS)	31/12/2023	31/12/2022	CHANGE
Plant and machinery	123,331	99,866	23,465
Hardware	168,606	277,070	(108,464)
Other tangible assets	254,533	157,400	97,133
Total	**546,470**	**534,336**	**12,134**

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

Change in Tangible assets during 2023 is summarized below:

(EUROS)	PLANT AND MACHINERY	HARDWARE	OTHER	TOTAL
Historical cost	963,476	2,116,903	1,490,165	4,570,544
Accumulated depreciation	(863,610)	(1,839,833)	(1,332,765)	(4,036,208)
31/12/2022	**99,866**	**277,070**	**157,400**	**534,336**
Historical cost				
Increases	92,051	55,861	194,426	342,338
Disposals	(29,442)	(950,206)	(70,989)	(1,050,636)
Accumulated depreciation				
Depreciation	(68,586)	(164,325)	(93,967)	(326,878)
Utilized	29,442	950,206	67,663	1,047,310
Historical cost	1,026,086	1,222,559	1,613,602	3,862,246
Accumulated depreciation	(902,755)	(1,053,953)	(1,359,069)	(3,315,776)
31/12/2023	**123,331**	**168,606**	**254,533**	**546,470**

During the year under review the Company made investments amounting to 342,338 Euros, which mainly refer to hardware, mobile phones and general devices.

Note 18 - Goodwill

Goodwill as at 31 December 2023 amounted to 86,765 Euros and refers to the value of business branches (consulting activities related to Information Technology and management support) acquired in July 2000.

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

Note 19 - Other intangible assets

Intangible assets as at 31 December 2023 amounted to 5,565,338 Euros (7,535,237 Euros at 31 December 2022) and are detailed as follows:

(EUROS)	31/12/2023	31/12/2022	CHANGE
Software	5,029,274	6,999,173	(1,969,899)
Trademark	536,064	536,064	-
Total	**5,565,338**	**7,535,237**	**(1,969,899)**

Change in intangible assets in 2023 is summarized in the table below:

(EUROS)	SOFTWARE	TRADEMARK	TOTAL
Historical cost	21,173,549	536,064	21,709,613
Accumulated amortization	(14,174,377)	-	(14,174,377)
31/12/2022	**6,999,173**	**536,064**	**7,535,237**
Historical cost			
Increases	1,497,214	-	1,497,214
Accumulated amortization			
Ammortization	(3,467,113)	-	(3,467,113)
Historical cost	22,670,763	536,064	23,206,827
Accumulated amortization	(17,641,490)	-	(17,641,490)
31/12/2023	**5,029,274**	**536,064**	**5,565,338**

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

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

Note 20 - Right of use assets

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

(EUROS)	31/12/2022	NET CHANGES	AMORTIZATION	31/12/2023
Vehicles	937,764	976,232	(651,017)	1,262,979

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

Note 21 - Equity investments

The item Equity investments at 31 December 2023 amounted to 208,916,189 Euros, with an increase of 30,927,736 Euros compared to 31 December 2022.

(EUROS)	BALANCE AT 31/12/2022	ACQUISITIONS AND SUBSCRIPTIONS	FINANCIAL REMISSION	WRITE DOWNS	OTHER	BALANCE AT 31/12/2023	INTEREST
Air Reply S.r.l.	558,500	665,030				1,223,530	100.00%
Aktive Reply S.r.l.	512,696					512,696	100.00%
Arlanis Reply S.r.l.	588,000					588,000	100.00%
Atlas Reply S.r.l.	12,575					12,575	100.00%
Avvio Reply S.r.l.	446,000				(446,000)	-	-
Blue Reply S.r.l.	527,892					527,892	100.00%
Breed Reply Investment Ltd.	1,000					1,000	100.00%
Bridge Reply S.r.l.	1,206,000					1,206,000	100.00%
Bside S.r.l.	557,000				(557,000)	-	-
Business Reply S.r.l.	268,602				(29,125)	239,477	100.00%
Business Reply P.S. S.r.l.	-	10,000	180,000		29,125	219,125	100.00%
Cluster Reply S.r.l.	2,540,848				(10,255)	2,530,593	100.00%
Cluster Reply Roma S.r.l.	296,184					296,184	100.00%
Consorzio Reply Public Sector	39,500					39,500	22.90%
Core Reply S.r.l.	598,018					598,018	100.00%
Data Reply S.r.l.	317,662					317,662	100.00%
Discovery Reply S.r.l.	1,311,669					1,311,669	100.00%
e*finance Consulting Reply S.r.l.	3,076,385					3,076,385	100.00%
Ekip Reply S.r.l.	30,000				(30,000)	-	-
Eos Reply S.r.l.	495,369					495,369	100.00%
Forge Reply S.r.l.	1,000		2,300,000	(2,300,000)		1,000	100.00%
Go Reply S.r.l.	1,920,000					1,920,000	100.00%
Hermes Reply S.r.l.	199,500					199,500	100.00%
Hermes Reply Consulting Nanjing Co.	1,000,000					1,000,000	100.00%
IrisCube Reply S.r.l.	6,724,952					6,724,952	100.00%
Lid Reply GmbH	28,000				(28,000)	-	100.00%
Like Reply S.r.l.	87,317				557,000	644,317	100.00%
Logistics Reply Roma S.r.l.	-	10,000	775,000		15,542	800,542	100.00%
Logistics Reply S.r.l.	1,049,167				(15,542)	1,033,625	100.00%
Nexi Digital S.r.l.	5,100					5,100	51.00%
Net Reply S.r.l.	1,635,633					1,635,633	100.00%
Next Reply S.r.l.	570,000		565,000			1,135,000	100.00%
Open Reply S.r.l.	1,625,165					1,625,165	100.00%
Pay Reply S.r.l.	10,000					10,000	100.00%

(EUROS)	BALANCE AT 31/12/2022	ACQUISITIONS AND SUBSCRIPTIONS	FINANCIAL REMISSION	WRITE DOWNS	OTHER	BALANCE AT 31/12/2023	INTEREST
Portaltech Reply S.r.l.	106,000					106,000	100.00%
Power Reply S.r.l.	2,708,265					2,708,265	100.00%
Protocube Reply S.r.l.	1,000	3,060				4,060	100.00%
Reply Consulting S.r.l.	3,518,434					3,518,434	100.00%
Reply France SAS	35,010,000					35,010,000	100.00%
Reply Deutschland SE	57,855,581				28,000	57,883,581	100.00%
Reply Digital Experience S.r.l.	4,227,019				446,000	4,673,019	100.00%
Reply do Brasil Sistemas de Informatica Ltda	206,816					206,816	100.00%
Reply Inc.	2,814,625					2,814,625	100.00%
Reply Ltd.	11,657,767		28,033,646			39,691,413	100.00%
Reply Polska Sp. Z.o.o.	10,217					10,217	100.00%
Reply Sarl	12,000					12,000	100.00%
Reply Services S.r.l.	1,000		280,000	(280,000)		1,000	100.00%
Retail Reply S.r.l.	100,000					100,000	100.00%
Ringmaster s.r.l.	5,000					5,000	50.00%
Santer Reply S.p.A.	11,386,966					11,386,966	100.00%
Sense Reply S.r.l.	1,015,700					1,015,700	100.00%
Sensor Reply S.r.l.	12,800					12,800	100.00%
Shield Reply S.r.l.	-	10,000	298,000			308,000	100.00%
Spark Reply S.r.l.	1,042,500		185,000	(185,000)		1,042,500	100.00%
Security Reply S.r.l.	392,866					392,866	100.00%
Sprint Reply S.r.l.	155,000					155,000	100.00%
Storm Reply Roma S.r.l.	-	10,000			138,040	148,040	100.00%
Storm Reply S.r.l.	986,000				(138,040)	847,960	100.00%
Syskoplan Reply S.r.l.	949,571					949,571	100.00%
Sytel Reply S.r.l.	3,887,598					3,887,598	100.00%
Sytel Reply Roma S.r.l.	894,931					894,931	100.00%
Tamtamy Reply S.r.l.	263,471				30,000	293,471	100.00%
Target Reply S.r.l.	600,338					600,338	100.00%
Technology Reply Roma S.r.l.	10,000					10,000	100.00%
Technology Reply S.r.l.	216,658					216,658	100.00%
Technology Reply S.r.l. (Romania)	9,919					9,919	100.00%
Tender Reply S.r.l.	-	10,000				10,000	100.00%
Whitehall Reply S.r.l.	160,212					160,212	100.00%
WM Reply S.r.l.	-	8,000	350,000		10,255	368,255	80.00%
Xenia Reply S.r.l.	380,000					380,000	100.00%
Xister Reply S.r.l.	9,150,465					9,150,465	100.00%
Total	**177,988,453**	**726,090**	**32,966,646**	**(2,765,000)**	**-**	**208,916,189**	

Acquisitions and subscriptions

WM Reply S.r.l.
In the month of January 2023 WM Reply S.r.l. was constituted, a company in which Reply S.p.A. holds 80% of the share capital.

Logistics Reply Roma S.r.l.
In the month of January 2023 Logistics Reply Roma S.r.l. was constituted, a company in which Reply S.p.A. holds 100% of the share capital.

Tender Reply S.r.l.
In the month of February 2023 Tender Reply S.r.l. was constituted, a company in which Reply S.p.A. holds 100% of the share capital.

Shield Reply S.r.l.
In the month of April 2023 Shield Reply S.r.l. was constituted, a company in which Reply S.p.A. holds 100% of the share capital.

Business Reply P.S. S.r.l.
In the month of May 2023 Business Reply P.S. S.r.l. was constituted, a company in which Reply S.p.A. holds 100% of the share capital.

Storm Reply Roma S.r.l.
In the month of May 2023 Storm Reply Roma S.r.l. was constituted, a company in which Reply S.p.A. holds 100% of the share capital.

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

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

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

The list of equity investments in accordance with Consob communication no, 6064293 of 28 July 2006 is included in the attachments.
The negative differences arising between the carrying value of the investments and

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

Note 22 - Non-current financial assets

Detail is as follows:

(EUROS)	2023	2022	CHANGE
Guarantee deposits	430,716	244,048	186,668
Loans to subsidiaries	463,286,764	508,173,353	(44,886,589)
Investments in other parties	398,000	343,000	55,000
Total	**464,115,480**	**508,760,401**	**(44,644,921)**

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

COMPANY	AMOUNT
Breed Reply Investments Ltd	54,712,381
Cluster Reply Informativa Ltda	1,215,000
Lid Reply GmbH	7,425,000
Reply Deutschland SE	130,000,000
Reply do Brasil Sistema De Informatica Ltda	2,181,740
Reply France Sas	26,000,000
Reply Inc.	143,985,886
Reply Ltd	27,023,337
Reply Polska Sp. z o.o.	319,500
Reply Sarl	25,208,135
Reply Services S.r.l.	39,815,786
Technology Reply S.r.l. (Romania)	200,000
Wemanity Group	5,200,000
Total	**463,286,764**

Note 23 - Deferred tax assets

This item amounted to 9,384,763 Euros at 31 December 2023 (6,728,474 Euros at 31 December 2022), and included the fiscal charge corresponding to the temporary differences on statutory income and taxable income related to deferred deductible items.

TEMPORARY DEDUCTIBLE DIFFERENCES	TAXABLE AMOUNT	TAX
Total deferred tax assets at 31/12/2022	**27,458,729**	**6,728,474**
Accrued	20,309,825	5,142,358
Utilization	(10,356,656)	(2,486,069)
Total deferred tax assets at 31/12/2023	**37,411,897**	**9,384,763**
Of which:		
- directors fees and employee bonuses accrued but not yet paid	15,616,101	4,039,892
- unrealized foreign exchange losses	18,341,181	4,401,883
- taxable amounts greater than book value	3,454,615	942,988
Total	**37,411,897**	**9,384,763**

The decision to recognize deferred tax assets is taken by assessing critically whether the conditions exist for the future recoverability of such assets on the basis of expected future results.
There are no deferred tax assets on losses carried forward.

Note 24 - Trade receivables

Trade receivables at 31 December 2023 amounted to 569,853,187 Euros and are all collectible within 12 months.

Detail is as follows:

(EUROS)	31/12/2023	31/12/2022	CHANGE
Third party trade receivables	306,971,530	293,943,304	13,028,226
Credit notes to be issued	(10,711,100)	(8,223,845)	(2,487,255)
Allowance for doubtful accounts	(823,549)	(550,560)	(272,990)
Third party trade receivables	**295,436,882**	**285,168,899**	**10,267,982**
Receivables fro subsidiaries	274,416,306	247,217,790	27,198,516
Trade receivables from subsidiaries and Parent Company	**274,416,306**	**247,217,790**	**27,198,516**
Total trade receivables	**569,853,187**	**532,386,689**	**37,466,498**

Reply manages business relationships on behalf of some of its major clients. This activity is reflected in the item Third party trade receivables which increased by 10,267,982 Euros.

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

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

In 2023, following a specific risk analysis of all the trade receivables, the provision for doubtful accounts was of 272,989 Euros and calculated by using the expected credit loss approach pursuant to IFRS 9; detail is as follows:

AMOUNT AT 31/12/2022	**550,560**
Provision	272,989
AMOUNT AT 31/12/2023	**823,549**

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

Note 25 - Other receivables and current assets

Detail is as follows:

(EUROS)	31/12/2023	31/12/2022	CHANGE
Tax receivables	3,906,717	1,643,601	2,263,116
Other receivables from subsidiaries	40,822,578	31,921,953	8,900,625
Other receivables	139,303	131,641	7,662
Accrued income and prepaid expenses	31,263,937	27,682,748	3,581,189
Total	**76,132,534**	**61,379,942**	**14,752,592**

The item Tax receivables mainly includes IRES receivables and advances for withholding taxes suffered amounting to 1,871,710 (1,438,599 Euros at 31 December 2022), IRAP receivables and advances amounting to 846,253 Euros (amounting zero at 31 December 2022) and VAT receivables net amounting to 741,291 Euros (2,216 Euros at 31 December 2022).

Other receivables from subsidiary companies mainly refer to IRES receivables which are calculated on taxable income, and transferred by the Italian subsidiaries under national fiscal consolidation. Accrued income and prepaid expenses refer to prepaid expenses arising from the execution of services, lease contracts, insurance contracts and other utility expenses, which are accounted for on an accrual basis.

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

Note 26 - Current financial assets

This item amounted to 86,097,755 Euros (93,913,784 Euros at 31 December 2022) and mainly refers to:

- the total of interest yielding cash pooling accounts of subsidiaries included in the centralized pooling system of the Parent Company Reply S.p.A. for 55,113,331 Euros (66,596,349 at 31 December 2022); the interest yield on these accounts is in line with current market conditions.
- the investments held by Reply for 28,578,737 Euros. The valuation of short-term investments, based on market valuations at 31 December 2023, showed a positive difference of 1,063,254 Euros compared to the purchase cost of the same.
- the amount of 1,983,032 Euros at the fair value of the IRS contracts signed with Unicredit in order to hedge fluctuations in the variable interest rate on loans and/or mortgages.

Note 27 - Cash and cash equivalents

This item amounted to 233,202,949 Euros, with a decrease of 151,185,476 Euros compared to 31 December 2022 and is referred to cash at banks and on hand at year-end.

Note 28 - Shareholders' equity

Share capital

As at 31 December 2023 the fully subscribed paid-in share capital of Reply S.p.A., amounted to 4,863,486 Euros and is made up of no. 37,411,428 ordinary shares having a nominal value of euro 0.13 each.
The number of shares in circulation as at 31 December 2023 totaled 37,278,236, unchanged compared to 31 December 2022).

Treasury shares

The value of the Treasury shares, amounting to 17,122,489 Euros, refers to the shares of Reply S.p.A. that at 31 December 2023 were equal to no. 133,192 (unchanged compared to 31 December 2022).

Capital reserves

At 31 December 2023 amounted to 305,880,909 Euros, and included the following:

- Treasury share reserve amounting to 17,122,489 Euros, relating to the shares of Reply S.p.A. which at 31 December 2023 were equal to no. 133,192.
- Reserve for the purchase of treasury shares amounting to 282,877,511 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 it, 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.
- Reserves arising from the merger operation of Reply Deutschland AG. in Reply S.p.A, and include:
  - Share swap surplus reserve amounting to 3,445,485 Euros;
  - Surplus annulment reserve amounting to 2,902,479 Euros.

Earnings Reserve

Earning reserves amounted to 435,925,817 Euros and were comprised as follows:

- The Legal reserve amounting to 972,697 Euros (972,697 Euros at 31 December 2022);
- Extraordinary reserve amounting to 271,000,721 Euros (214,137,264 Euros at 31 December 2022);
- Retained earnings amounting to 2,822,701 Euros (2,822,701 Euros at 31 December 2022);
- Net result totaling 161,129,698 Euros (94,141,693 Euros at 31 December 2022).

Other comprehensive income

Other comprehensive income can be analyzed as follows:

(EUROS)	31/12/2023	31/12/2022
Other comprehensive income that will not be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) from employee benefit plans	(11,060)	73,785
Tax effect relating to other overall gains/(losses) which will not be subsequently reclassified to income statement:		
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	**(11,060)**	**73,785**
Other comprehensive income that may be reclassified subsequently to profit or loss:		
Gains/(losses) on cash flow hedges	(848,990)	3,632,208
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):	**(848,990)**	**3,632,208**
Total Other comprehensive income, net of tax (B) = (B1) + (B2):	**(860,050)**	**3,705,993**

Note 29 - Financial liabilities

Detail is as follows:

(EUROS)	31/12/2023			31/12/2022		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Bank overdrafts	-	-	-	20,354,123	-	20,354,123
Bank loans	28,646,991	48,174,351	76,821,343	20,952,381	70,410,783	91,363,164
Transaction accounts	249,938,400	-	249,938,400	226,237,713	-	226,237,713
Derivative financial instruments	-	-	-	(784,652)	(3,091,173)	(3,875,825)
IFRS 16 financial liabilities	523,515	740,965	1,264,480	514,765	432,456	947,221
Total financial liabilities	**279,108,906**	**48,915,316**	**328,024,222**	**267,274,331**	**67,752,065**	**335,026,396**

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

	31/12/2023				31/12/2022			
(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	-	-	-		20,354,123	-	-	20,354,123
Bank loans	25,295,498	26,365,509	-	51,661,007	20,952,381	51,210,783	-	72,163,164
Mortgage loans	3,351,493	10,058,902	11,749,940	25,160,335	-	10,240,000	8,960,000	19,200,000
Transaction accounts	249,938,400			249,938,400	226,237,713	-	-	226,237,713
Derivative financial instruments	523,515	740,965	-	1,264,480	514,765	432,456	-	947,221
IFRS 16 financial liabilities	-	-	-		(784,652)	(2,075,477)	(1,015,697)	(3,875,826)
Total	**279,108,906**	**37,165,376**	**11,749,940**	**328,024,222**	**267,274,331**	**59,807,762**	**7,944,303**	**335,026,395**

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

Following and summarized by main features the ongoing contracts entered into for such a purpose:

- On 8 May 2020 Reply S.p.A. entered into a line of credit with Unicredit S.p.A. for a total amount of 50,000 thousand Euros to be used by 27 May 2022. As at 31 December 2023 this line had been used for 25,000 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 March 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 31 December 2023 this line had been used for 25,714 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 31 December 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 31 December 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 31 December of each year and/or the consolidated interim report.

As contractually defined, such ratios are as follows:

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

At the balance sheet date, Reply fulfilled the Covenants under the various contracts.

It should also be noted that on 24 May 2018 Reply S.p.A. undersigned with Unicredit S.p.A. a mortgage loan secured by guarantee for the purchase and renovation of the property De Sonnaz for a total amount of 40,000,000 Euros.

On October 23, 2023, an amendment was signed with the same institution, agreeing to extend the period of use to 78 months, compare to the 66 months of amendment of November 15, 2021, with the possibility to obtain grants till November 30, 2024. The mortgage is disbursed in relation to the progress of the work. Such credit line was used for 25,200 thousand Euros at 31 December 2023.

The item IFRS 16 financial liabilities is related to the financial lease liabilities at 31 December 2023 related to the adoption of IFRS 16 starting from 1st January 2019.

The item Derivative financial instruments refer to several loans established with Unicredit S.p.A. to hedge changes in floating interest rates on loans and/or mortgages; the total underlying notional amounts to 55,000,000 Euros. The effective component of the instrument is stated in the Statement of changes in net equity whereas the ineffective portion of the Derivative instrument is recorded at the income statement.

The carrying amount of Financial liabilities is deemed to be in line with its fair value.
The carrying amount of the Financial Liabilities estimates the value determined through the application of the amortised cost method.

Net financial indebtedness

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

(EUROS)	31/12/2023	31/12/2022	CHANGE
A Cash	233,202,949	82,017,473	151,185,476
B Cash equivalents	-	-	-
C Current financial assets	86,097,755	93,913,784	(7,816,029)
D Cash (A+B+C)	**319,300,704**	**175,931,257**	**143,369,447**
E Current financial liabilities	250,461,915	246,321,950	4,139,965
F Short-term portion of long term financial liability	28,646,992	20,952,381	7,694,611
G Financial liabilities short-term (E+F)	**279,108,906**	**267,274,331**	**11,834,575**
H Net financial debt short-term (G-D)	**(40,191,798)**	**91,343,073**	**(131,534,871)**
I Financial liabilities long-term	48,973,822	70,846,741	(21,872,919)
J Financial instruments	(58,506)	(3,094,676)	3,036,171
K Other liabilities long-term	-	-	-
L Financial debt long-term (I+J+K)	**48,915,317**	**67,752,065**	**(18,836,749)**
Total financial debt	**8,723,518**	**159,095,138**	**(150,371,620)**

Net financial debt includes IFRS 16 financial liabilities amounting to 1,264,480 thousand Euros, of which 740,965 Euros were non-current and 523,515 were current.

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

For further details with regards to the above table see Notes 26 and 27 as well as Note 29.
Change in Financial liabilities during 2023 is summarized below:

(EUROS)	
Total financial liabilities 2022	**335,026,395**
Bank overdrafts	(20,354,123)
Transaction accounts, liability	(226,237,713)
Fair value IRS	3,786,386
IFRS 16 financial liabilities	(947,221)
Non current financial liabilities 2022	**91,273,724**
Cash flows	(14,452,381)
Non current financial liabilities 2023	**76,821,343**
Bank overdrafts	-
Transaction accounts, liability	249,938,400
Fair value IRS	-
IFRS 16 financial liabilities	1,264,480
Total financial liabilities 2023	**328,024,222**

Note 30 - Employee benefits

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

- Projection of the Employee severance indemnity already accrued at the assessment date and of the portions that will be accrued until when the work relationship is terminated or when the accrued amounts are partially paid as an advance on the Employee severance indemnities;
- Discounting, at the valuation date, of the expected cash flows that the company will pay in the future to its own employees;
- Re-proportioning of the discounted performances based on the seniority accrued at the valuation date with respect to the expected seniority at the time the company must fulfil its obligations.

Reassessment of Employee severance indemnities in accordance with IAS 19 was carried out "ad personam" and on the existing employees, that is analytical calculations were made on each employee in force in the company at the assessment date without considering future work force.

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

The assumptions adopted can be summarized as follows:

DEMOGRAPHIC ASSUMPTIONS	
Mortality	RG 48 survival tables of the Italian population
Inability	INPS tables divided by age and gender
Retirement age	Fulfilment of the minimum requisites provided by the General Mandatory Insurance
Advances on Employee severance indemnities	Annual frequency of advances and employee turnover were assumed from historical data of the company: frequency of advances in 2023: 2.50% frequency of turnover in 2023: 10%

ECONOMIC AND FINANCIAL ASSUMPTIONS	
Annual inflation rate	Constant average annual rate equal to 2.0%
Annual discount rate	Calculated with reference to the valuation date of primary shares on the stock market in which the company belongs and with reference to the market yield of Federal bonds. The annual discount used for 2023 was 3.17%
Annual growth rate of the Employee severance indemnities	Annual increase in salaries equal to 3.0%
Annual increase in salaries	The annual increase of salaries used was calculated in function of the employee qualifications and the Company's market segment, net of inflation, from 1.0% to 1.50%

In accordance with IAS 19, Employment severance indemnities at 31 December 2023 is summarized in the table below:

31/12/2022	**889,438**
Acturial gains/(losses)	(11,060)
Interest cost	29,036
Indemnities paid	(157,745)
31/12/2023	**771,789**

Note 31 - Deferred tax liabilities

Deferred tax liabilities at 31 December 2023 amounted to 5,934,786 Euros and are referred mainly to the fiscal effects arising from temporary differences between the statutory income and taxable income.

TEMPORARY TAXABLE DIFFERENCES	TAXABLE	TAX
Balance at 31/12/2022	**24,951,194**	**6,012,577**
Accrued	2,541,779	610,028
Utilization	**(2,865,909)**	**(687,818)**
Balance at 31/12/2023	24,627,064	5,934,786
- deduction allowance for doubtful accounts	718,806	172,513
- different goodwill/trademark measurements	622,828	173,769
- gains on unrecognized differences and other minor differences	**23,285,431**	**5,588,504**
Total al 31/12/2023	**24,627,064**	**5,934,786**

Note 32 - Trade payables

Trade payables at 31 December 2023 amounted to 476,954,890 Euros with an increase of 33,141,560 Euros.

Detail is as follows:

(EUROS)	31/12/2023	31/12/2022	CHANGE
Due to suppliers	13,765,692	12,629,440	1,136,251
Due to subsidiaries	312,734,811	296,035,430	16,699,381
Due to Parent Company	-	128,100	(128,100)
Advance payments from customers – asset	150,454,388	135,020,361	15,434,027
Total	**476,954,890**	**443,813,330**	**33,141,560**

Due to suppliers mainly refers to services from domestic suppliers.

Due to subsidiaries recorded a change of 16,699,381 Euros, and refers to professional services in connection to third party agreements with Reply S.p.A.
Reply S.p.A. carries out commercial fronting activities for some of its major clients, whereas delivery is carried out by the operational companies.

Advance payments from customers include amounts invoiced to customers for contracts subcontracted to subsidiary companies, which at the balance sheet date were not yet completed. Trade payables are initially recognised at fair value, adjusted for any transaction costs directly attributable to and are subsequently valued at amortised cost. The amortised cost of current trade payables corresponds to the nominal value.

Note 33 - Other current liabilities

Detail is as follows:

(EUROS)	31/12/2023	31/12/2022	CHANGE
Income tax payable	17,042,005	428,244	16,613,761
Withholding tax and other	3,809,339	9,489,133	(5,679,794)
Total payable to tax authorities	**20,851,344**	**9,917,377**	**10,933,967**
INPS (National Italian insurance payable)	1,790,189	1,535,619	254,570
Other	448,689	422,978	25,711
Total social security payable	**2,238,877**	**1,958,597**	**280,281**
Emloyee accruals	5,223,904	5,645,549	(421,646)
Payable to subsidiary companies	2,947,657	5,681,305	(2,733,648)
Miscellaneous payables	14,627,783	18,548,880	(3,921,097)
Accrued expenses and deferred income	28,983,169	26,419,214	2,563,955
Total other payables	**51,782,512**	**56,294,947**	**(4,512,435)**
Total other current liabilities	**74,872,733**	**68,170,921**	**6,701,813**

Due to tax authorities mainly refers to payables due for withholding tax on employees and free lancers' compensation. Due to social security authorities is related to both Company and employees contribution payables. Employee accruals mainly include payables to employees for remunerations due but not yet paid at year-end.
Due to subsidiary companies represents the liability on tax losses recorded by subsidiaries under national tax consolidation for 2023 and for the tax credits that subsidiaries transferred to Reply S.p.A. as part of the tax consolidation.
Miscellaneous payables mainly refer to remuneration and bonus of directors recognized as participation in the profits of the company.
Accrued expenses and deferred income are mainly related to advance invoicing in relation to fronting activities carried out for subsidiaries.

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

Note 34 - Provisions

The item Provisions amounting to 37,316,101 Euros is summarized as follows:

(EUROS)	BALANCE AT 31/12/2022	ACCRUED	REVERSAL	UTILIZED	BALANCE AT 31/12/2023
Provision for risks	833,180	6,700,000	(217,080)	-	7,316,101
Provision for losses on equity investments	9,225,000	20,775,000	-	-	30,000,000
Total	**10,058,180**	**27,475,000**	**(217,080)**	**-**	**37,316,101**

The item Provision for risks reflects the best estimate of contingent liabilities deriving from ongoing legal litigations. This item at 31 December 2023 includes an accrual of 6,700 thousand Euros relating to the liability disclosed in paragraph "Significant events subsequent to December, 31 2023" to which reference is made; in relation to such event there is a possible liability, currently unquantifiable linked to any civil actions..

In 2023 the Company accrued an additional 20,775,000 Euros as a provision for losses on equity investments.

Note 35 - Transactions with related parties

With reference to CONSOB communications no. DAC/RM 97001574 of 20 February 1997 and no. DAC/RM 98015375 of 27 February 1998 concerning relations with related parties, the economic and financial effects on Reply S.p.A.'s year ended 2022 Financial Statements related to such transactions are summarised below.
Transactions carried out by Reply S.p.A. with related parties are considered ordinary business and are carried out at normal market conditions.
Financial and business transactions among the Parent Company Reply S.p.A. and its subsidiaries and associate companies are carried out at normal market conditions.

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

(THOUSAND EUROS)	WITH SUBSIDIARY AND ASSOCIATE COMPANIES	WITH RELATED PARTIES	WITH SUBSIDIARY AND ASSOCIATE COMPANIES	WITH RELATED PARTIES	NATURE OF TRANSACTION
Financial transactions	**31/12/2023**		**31/12/2022**		
Financial receivables	463,287		508,173		Financial loans
Guarantee deposits		80		80	Guarantee deposits
Transaction accounts, net	(194,825)		(159,641)		Transaction accounts held by the Parent company
Trade receivables and other	315,239	3	279,140		Royalties, administration services, marketing, quality management services and office rental
Trade payables and other	315,682	143	301,717	128	Services carried out in relation to contracts signed by the Parent company and subsequently committed to subsidiary companies
Other payables		8,448		7,638	Compensation paid to Directors, Key Management and Statutory Auditors
Economic transactions	**2023**		**2022**		
Revenues from Royalties	58,424		53,611		Licensing of the "Reply" trademark consisting in a 3% fee on third party revenues
Revenues from services	67,294	18	74,665	18	Administrations services, marketing, quality management and office rental
Revenues from management services	14,225		9,372		Strategic management services
Costs for professional services	712,287		637,044		Services carried out in relation to contracts signed by the Parent c ompany and subsequently committed to subsidiary companies
Other services	2,322	479	1,971	420	Services related to office rental and office of the secretary
Personnel		11,475		7,677	Emoluments to Directors and Key Management
Other services and costs		148		148	Compensation paid to Statutory Auditors
Interest income, net	29,579		13,924		Interest on financial loans: 3 months Euribor + spread of 3 percentage points

With reference to the Cash flows statement, the above mentioned transactions impact the change in working capital by 22,932 thousand Euros.
In accordance with Consob Resolution no. 15519 of 27 July 2006 and Consob communication no. DEM/6064293 of 28 July 2006, in the annexed tables herein, the Statement of income and the Statement of financial position reporting transactions with related parties separately, together with the percentage incidence with respect to each account caption has been provided.

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

Nota 36 - Additional disclosure to financial instruments and risk management policies

Types of financial risks and corresponding hedging activities

Reply S.p.A. has determined the guide lines in managing financial risks. In order to maximize costs and the resources Reply S.p.A. has centralized all of the groups risk management.
Reply S.p.A. has the task of gathering all information concerning possible risk situations and define the corresponding hedge.
As described in the section "Risk management", Reply S.p.A. constantly monitors the financial risks to which it is exposed, in order to detect those risks in advance and take the necessary action to mitigate them.
The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the company.
The quantitative data reported in the following do not have any value of a prospective nature, in particular the *sensitivity analysis* on market risks, is unable to reflect the complexity of the market and its related reaction which may result from every change which may occur.

Credit risk

The maximum credit risk to which the company is theoretically exposed at 31 December 2023 is represented by the carrying amounts stated for financial assets in the balance sheet.

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

Liquidity risk

Reply S.p.A. is exposed to funding risk if there is difficulty in obtaining finance for operations at any given point in time.
The two main factors that determine the company's liquidity situation are on one side the funds generated by or used in operating and investing activities and on the other the debt lending period and its renewal features or the liquidity of the funds employed and market terms and conditions.

As described in the Risk management section, Reply S.p.A has adopted a series of policies and procedures whose purpose is to optimize the management of funds and to reduce the liquidity risk, as follows:

- Centralizing the management of receipts and payments, where it may be economical in the context of the local civil, currency and fiscal regulations of the countries in which the company is present;
- Maintaining an adequate level of available liquidity;
- Monitoring future liquidity on the basis of business planning.

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

Currency risk

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

Interest rate risk

Reply S.p.A. makes use of external funds obtained in the form of financing and invest in monetary and financial market instruments. Changes in market interest rates can affect the cost of the various forms of financing, including the sale of receivables, or the return on investments, and the employment of funds, causing an impact on the level of net financial expenses incurred by the company.
In order to manage these risks, the Reply S.p.A uses interest rate derivative financial instruments, mainly interest rate swaps, with the object of mitigating, under economically acceptable conditions, the potential variability of interest rates on the net result.

Sensitivity analysis

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

A hypothetical, unfavourable and instantaneous change of 50 *basis points* in short-term interest rates at 31 December 2023 applied to floating rate financial assets and liabilities, operations for the sale of receivables and derivatives financial instruments, would have caused increased net expenses before taxes, on an annual basis, of approximately 438 thousand Euros.

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

Fair value hierarchy levels

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

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

The following table presents the assets and liabilities which were assessed at fair value on 31 December 2023, according to the fair value hierarchical assessment level.

(THOUSANDS EUROS)	NOTE	LEVEL 1	LEVEL 2	LEVEL 3
Financial securities	26	28,579	-	-
Derivative financial assets (IRS)	26	-	1,983	-
Total Assets		**28,579**	**1,983**	**-**

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

To determine the effect of interest rate derivate financial instruments Reply refers to evaluation deriving from third parties (banks and financial institutes). The latter, in the calculation of their estimates made use of data observed on the market directly (interest rates) or indirectly (interest rate interpolation curves observed directly): consequently, for the purposes of IFRS7 the fair value used by Reply for the exploitation of hedging derivatives contracts in existence as at 31 December re-enters under the hierarchy profile in level 2.

As at 31 December 2023, there have not been any transfers within the hierarchy levels.

Note 37 - Significant non-recurring transactions

Pursuant to Consob communication no. 6064293 of 28 July 2006, there were no significant non-recurring transaction during 2023.

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

Pursuant to Consob communication no. 6064293 of 28 July 2006, in 2023 Reply S.p.A. has not taken part in any unusual and/or abnormal operations as defined in that Communication, under which unusual and abnormal transactions are those which because of their significance or importance, the nature of the parties involved, the object of the transaction, the means of determining the transfer price or of the timing of the event (close of the year end) may give rise to doubts regarding the accuracy/completeness of the information in the Financial Statements, conflicts of interest, the safeguarding of the entity's assets or the protection of minority interests.

Note 39 - Guarantees, commitments and contingent liabilities

Guarantees

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

Commitments

Note that:

- the Domination Agreement contract undersigned in 2010 between Reply Deutschland SE, dominated company, and Reply S.p.A, dominating company, ceased to exist from the date of legal efficacy of the merger for incorporation of Reply Deutschland SE in Reply S.p.A and with this, the obligations taken on by Reply. It is reported that the judgment of the qualified German Court is still pending for deciding on the suitability of the strike value of the acquisition option of shares on request of the minority shareholders of Reply Deutschland AG at a pre-determined price (8.19 euros). On June 2018, the German court took note of the agreement reached between the parties also affected by the agreement related to the merger of the following point. With regard to shareholders who did not join the settlement agreement, in February 2019, the German Court issued a judgment that provides for an increase of 1.81 euros in the price paid per share and an increase of 0.07 euros gross of the dividends paid in 2010-2013. The financial effects on the Group are covered by specific provisions.
- with regards the merger operation for the incorporation of Reply Deutschland SE in Reply S.p.A. the assessment procedures foreseen in the measures of Article 122j of Umwandlungsgesetz find application – German law on extraordinary operations – with reference to the exchange ratio and the corresponding amount in cash. Within three months from the registration of the merger in the Turin Companies Register, each minority shareholder was able to present a petition for the purpose of commencing, in compliance with German law, before a Judge qualified in Germany – who shall have exclusive jurisdiction – the assessment inherent in the Share Swap ratio and the corresponding amount in cash. Some minority shareholders have commenced the aforementioned procedures and, following exchanges with the minority shareholders and their appointed representative, the Company has reached a settlement agreement where the payment of an additional amount. The expenses arising from this agreement amounting to approximately 5 million Euros is covered by specific provisions (please see Note 33). In relation to the above accruals, as a result of the utilizations, the provision for risks has a residual amount of 87 thousand Euros at 31 December 2023.

Contingent liabilities

As an international company, Reply is exposed to numerous legal risks, particularly in the area of product liability, environmental risks and tax matters. The outcome of any current or future proceedings cannot be predicted with certainty. It is therefore possible that legal judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could affect the Company financial position and results. Instead, when it is probable that an overflow of resources embodying economic benefits will be required to settle obligations and this amount can be reliably estimated, the Company recognises specific provision for this purpose.

Note 40 - Emoluments to directors, statutory auditors and key management

The fees of the Directors and Statutory Auditors of Reply S.p.A. for carrying out their respective functions, including those in other consolidated companies, are fully explained in the Annual Report on Remuneration annexed herein in the related table.

Note 41 - Events subsequent to 31 December 2023

On the afternoon of February 28, 2024, was notified to Reply S.p.A. a preventive seizure decree issued on 8 February 2024 by the Court of Milan.
With this Decree, amounts totaling approximately 322 million Euros were subjected to preventive seizure to the companies and natural persons allegedly involved in various capacities, of which €7,949,544.98 to Reply S.p.A.
From what is indicated in the decree, the contested crime is the one referred in the art. 640-ter paragraphs 1 and 3 of the Criminal Code, in the period 2017-2019.
According to what emerges from the Decree, a fraudulent mechanism would have been put in place in relation to the telephone operator TIM, which would have allowed unsolicited activations to be carried out by so-called users value added services (VAS) offered by so-called Content Service Provider (CSP), such as, for example, logos, ringtones etc.; such unsolicited activations would have resulted in the related fee being charged to the users' telephone credit and therefore would have resulted, through a revenue share mechanism, in revenues for the entities in the supply chain: from the telephone operator to other operators, including the CSP (recipients of most of the residual proceeds) and also to those who carried out purely commercial and technical roles (such as Reply).
The seizure decree contains extracts of declarations from certain individuals who allegedly implicate an employee of one of the Reply Group companies in the mentioned fraudulent mechanism.
The criminal case is still in the preliminary investigation phase.

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

The financial statements for the year-ended 31 December 2023 were approved by the Board of Directors on March 13, 2024 which approved their publication.

Annexed Tables

Reply S.p.A.
Statement of income pursuant to Consob resolution no. 15519 of 27 July 2006

(EUROS)	2023	OF WHICH RELATED PARTIES	%	2022	OF WHICH RELATED PARTIES	%
Revenues	792,261,247	118,326,732	14.9%	709,328,790	119,359,338	16.8%
Other income	22,794,238	21,635,227	94.9%	25,668,033	24,403,416	95.1%
Purchases	(29,671,176)	(29,137,494)	98.2%	(37,856,490)	(36,802,395)	97.2%
Personnel	(33,309,178)	(11,475,106)	34.4%	(26,535,763)	(7,677,000)	28.9%
Services and other costs	(732,056,100)	(686,087,559)	93.7%	(654,350,573)	(602,631,986)	92.1%
Ammortization and depreciation	(4,445,008)			(3,880,483)		
Other operating and non-recurring income/(expenses)	(6,482,920)			2,855,100		
Operating income (EBIT)	**9,091,102**			**15,228,615**		
Gain/(loss) on equity investments	140,546,955			73,413,842		
Financial income/(loss)	20,834,566	29,579,277	142.0%	12,648,115	13,924,364	110.1%
Income before taxes	**170,472,623**			**101,290,573**		
Income taxes	(9,342,926)			(7,148,880)		
Net income	**161,129,698**			**94,141,693**		
Net and diluted income per share	*4.32*			*2.53*		

Reply S.p.A.
Statement of financial position pursuant to Consob resolution no. 15519 of 27 July 2006

(EUROS)	31/12/2023	OF WHICH RELATED PARTIES	%	31/12/2022	OF WHICH RELATED PARTIES	%
Tangible assets	546,470			534,336		
Goodwill	86,765			86,765		
Intangible assets	5,565,338			7,535,237		
RoU Assets	1,262,979			937,764		
Equity investments	208,916,189			177,988,453		
Other financial assets	464,115,480	463,286,764	99.8%	508,760,401	508,173,353	99.9%
Deferred tax assets	9,384,763			6,728,474		
Non current assets	**689,877,984**			**702,571,429**		
Trade receivables	569,853,187	274,416,306	48.2%	532,386,689	247,217,790	46.4%
Other receivables and current assets	76,132,534	40,822,578	53.6%	61,379,942	57,182,639	93.2%
Financial assets	86,097,755	55,113,331	64.0%	93,913,784	66,596,349	70.9%
Cash and cash equivalents	233,202,949			82,017,473		
Current assets	**965,286,426**			**769,697,889**		
TOTAL ASSETS	**1,655,164,409**			**1,472,269,318**		
Share Capital	4,863,486			4,863,486		
Other reserves	565,296,705			509,293,298		
Net income	161,129,698			94,141,693		
NET EQUITY	**731,289,889**			**608,298,477**		
Finacial liabilities	48,174,351			67,319,609		
IFRS 16 financial liabilities	740,965			432,456		
Employee benefits	771,789			889,438		
Deferred tax liabilities	5,934,786			6,012,577		
Provisions	7,316,101			833,180		
Non current liabilities	**62,937,992**			**75,487,260**		
Finacial liabilities	278,585,391	249,938,400	89.7%	266,759,565	226,237,713	84.8%
IFRS 16 financial liabilities	523,515			514,765		
Trade payables	476,954,890	313,025,322	65.6%	443,813,330	296,163,530	66.7%
Other current liabilities	74,872,733	11,247,657	15.0%	68,170,921	14,578,468	21.4%
Provisions	30,000,000			9,225,000		
Current liabilities	**860,936,529**			**788,483,582**		
TOTAL LIABILITIES	**923,874,521**			**863,970,842**		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,655,164,409**			**1,472,269,318**		

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

COMPANY	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	TOTAL SHAREHOLDERS' EQUITY	NET RESULT	INTEREST	CARRYING VALUE AT 31/12/2023
Air Reply S.r.l.	Turin	€	10,000	2,553,192	1,193,056	100.00%	1,223,530
Arlanis Reply S.r.l.	Turin	€	10,000	2,112,601	1,788,353	100.00%	588,000
Aktive Reply S.r.l.	Turin	€	10,000	2,163,648	2,053,173	100.00%	512,696
Atlas Reply S.r.l.	Turin	€	10,000	624,058	547,212	100.00%	12,575
Blue Reply S.r.l.	Turin	€	10,000	18,784,367	18,709,295	100.00%	527,892
Breed Reply Investment Ltd.	London	GBP	100	(25,883,284)	(16,194,898)	100.00%	1,000
Bridge Reply S.r.l.	Turin	€	10,000	790,749	746,385	100.00%	1,206,000
Business Reply P.S. S.r.l.	Turin	€	10,000	27,406	(179,094)	100.00%	219,125
Business Reply S.r.l.	Turin	€	78,000	5,207,981	5,072,310	100.00%	239,477
Cluster Reply S.r.l.	Turin	€	139,116	18,042,121	17,795,351	100.00%	2,530,593
Cluster Reply Roma S.r.l.	Turin	€	10,000	1,588,773	1,537,283	100.00%	296,184
Consorzio Reply Public Sector	Turin	€	172,500	110,320	-	22.90%	39,500
Core Reply S.r.l.	Turin	€	10,000	1,308,663	1,293,439	100.00%	598,018
Data Reply S.r.l.	Turin	€	10,000	5,062,635	5,018,963	100.00%	317,662
Discovery Reply S.r.l.	Turin	€	10,000	4,723,372	2,508,385	100.00%	1,311,669
e*finance Consulting Reply S.r.l.	Turin	€	34,000	4,744,227	4,590,872	100.00%	3,076,385
Eos Reply S.r.l.	Turin	€	200,000	1,722,362	1,459,877	100.00%	495,369
Forge Reply S.r.l.	Turin	€	10,000	29,763	(2,283,176)	100.00%	1,000
Go Reply S.r.l.	Turin	€	50,000	1,727,293	1,625,337	100.00%	1,920,000
Hermes Reply S.r.l.	Turin	€	10,000	1,781,693	1,392,923	100.00%	199,500
Hermes Reply Consulting (Nanjing) Co. Ltd.	China	CNY	7,842,050	16,474,157	3,989,014	100.00%	1,000,000
IrisCube Reply S.r.l.	Turin	€	651,735	11,179,091	10,289,531	100.00%	6,724,952
Like Reply S.r.l.	Turin	€	10,000	574,220	536,706	100.00%	644,317
Logistics Reply Roma S.r.l.	Turin	€	10,000	170,498	(774,502)	100.00%	800,542
Logistics Reply S.r.l.	Turin	€	78,000	14,996,930	4,356,279	100.00%	1,033,625
Open Reply S.r.l.	Turin	€	10,000	6,140,766	6,007,141	100.00%	1,625,166
Net Reply S.r.l.	Turin	€	10,000	5,200,026	1,921,451	100.00%	10,000
Nexi Digital S.r.l.	Turin	€	10,000	1,942,636	1,929,857	51.00%	5,100
Next Reply S.r.l.	Turin	€	10,000	16,121	(561,523)	100.00%	1,135,000
Pay Reply S.r.l.	Turin	€	10,000	1,004,456	967,800	100.00%	10,000
Portaltech Reply S.r.l.	Turin	€	10,000	1,464,650	1,435,925	100.00%	106,000
Power Reply S.r.l.	Turin	€	10,000	5,873,692	5,651,746	100.00%	2,708,266
Protocube Reply S.r.l.	Turin	€	10,200	476,305	151,393	100.00%	4,060

COMPANY	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	TOTAL SHAREHOLDERS' EQUITY	NET RESULT	INTEREST	CARRYING VALUE AT 31/12/2023
Reply Consulting S.r.l.	Turin	€	10,000	2,018,008	1,958,081	100.00%	3,518,434
Reply Deutschland SE	Guetersloh	€	120,000	112,602,219	(13,362,795)	100.00%	57,883,580
Reply Digital Experience S.r.l.	Turin	€	29,407	1,073,946	1,005,308	100.00%	4,673,019
Reply Do Brasil Sistema De Informatica Ltda	Belo Horizonte - Brazil	R$	650,000	6,180,096	2,140,433	100.00%	206,817
Reply France Sas	France	€	5,310,000	28,657,968	(5,555,871)	100.00%	35,010,000
Reply Inc.	Michigan - USA	$	3,406,420	(19,911,400)	(18,179,509)	100.00%	2,814,625
Reply Ltd.	London	GBP	24,215,720	40,345,653	(786,539)	100.00%	39,691,413
Reply Polska Sp. z o.o.	Katowice-Poland	ZLT	40,000	13,305,239	2,339,715	100.00%	10,217
Reply Sarl	Luxemburg	€	12,000	(6,773,747)	(4,174,134)	100.00%	12,000
Reply Services S.r.l.	Turin	€	10,000	77,368	(279,473)	100.00%	1,000
Retail Reply S.r.l.	Turin	€	10,000	2,929,124	2,884,744	100.00%	100,000
Ringmaster S.r.l.	Turin	€	10,000	1,247,712	1,153,387	50.00%	5,000
Santer Reply S.p.A.	Milan	€	2,209,500	24,074,436	17,154,945	100.00%	11,386,966
Security Reply S.r.l.	Turin	€	50,000	13,995,177	13,822,743	100.00%	392,866
Sense Reply S.r.l.	Turin	€	10,000	4,252,655	2,278,504	100.00%	1,015,700
Sensor Reply S.r.l.	Turin	€	10,000	34,595	18,605	100.00%	12,800
Shield Reply S.r.l.	Turin	€	10,000	13,518	(294,482)	100.00%	308,000
Spark Reply S.r.l.	Turin	€	10,000	19,973	(181,057)	100.00%	1,042,500
Sprint Reply S.r.l.	Turin	€	10,000	1,668,273	1,647,213	100.00%	155,000
Storm Reply Roma S.r.l.	Turin	€	10,000	37,087	12,587	100.00%	148,040
Storm Reply S.r.l.	Turin	€	10,000	7,416,055	7,323,975	100.00%	847,960
Syskoplan Reply S.r.l.	Turin	€	32,942	1,403,714	1,278,876	100.00%	949,571
Sytel Reply S.r.l.	Turin	€	115,046	11,986,837	7,694,600	100.00%	5,513,231
Sytel Reply Roma S.r.l.	Turin	€	10,000	6,151,618	6,133,187	100.00%	894,931
TamTamy Reply S.r.l.	Turin	€	20,400	2,815,992	1,391,171	100.00%	293,471
Target Reply S.r.l.	Turin	€	10,000	3,822,375	3,733,092	100.00%	600,338
Technology Reply Roma S.r.l.	Turin	€	10,000	2,431,248	2,094,470	100.00%	10,000
Technology Reply S.r.l.	Turin	€	79,743	14,625,995	14,322,358	100.00%	216,658
Technology Reply S.r.l. (Romania)	Romania	RON	44,000	4,363,287	(938,283)	100.00%	9,919
Tender Reply S.r.l.	Turin	€	10,000	57,273	47,273	100.00%	10,000
Whitehall Reply S.r.l.	Turin	€	21,224	3,867,505	3,728,717	100.00%	160,211
WM Reply S.r.l.	Turin	€	10,000	13,757	(347,243)	80.00%	368,255
Xenia Reply S.r.l.	Turin	€	10,000	325,707	315,710	100.00%	380,000
Xister Reply S.r.l.	Rome	€	10,000	4,454,740	1,356,821	100.00%	9,150,465

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

				SUMMARY OF THE AMOUNT USED IN THE PRIOR THREE FISCAL YEARS	
NATURE/DESCRIPTION	**AMOUNT**	**POSSIBILITY OF UTILIZATION**	**AVAILABLE**	**FOR COVERAGE OF LOSSES**	**OTHER**
Capital	4,863,486				
Capital reserves					
Reserve for treasury share	17,122,489				
Reserve for purchase of treasury shares	43,391,072	A,B,C	43,391,072		
Income reserves					
Legal reserve	972,697	B			
Extraordinary reserve	271,000,721	A,B,C	271,000,721		
Surplus merger reserve	6,347,964	A,B,C	6,347,964		
Retained earnings	674,740	A,B,C	674,740		
Reserve for purchase of treasury shares	239,486,439	A,B,C	239,486,439		
Total			560,900,936		
Not available amount			-		
Residual available amount			**560,900,936**		
Reserves from transictions to IAS/IFRS					
FTA reserve	303,393				
Retained earnings	2,147,961				
Reserve for cash flow hedge	1,749,913				
Reserve for treasury share	(17,122,489)				
IAS reserve	(7,747)				
Accounting expenses according to IAS 32	(770,448)				
	(13,699,416)				

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

Disclosures pursuant to article 149-duodecies by Consob

The following table, prepared in accordance with Art. 149-*duodecies* of the Regolamento Emittenti issued by Consob, reports the amount of fees charged in 2023 for the audit and audit related services provided by the Audit Firm and by entities that are part of the Audit Firm network. There were no services provided by entities belonging to its network.

(EUROS)	SERVICE PROVIDER	2023 FEES
Audit	PwC S.p.A.	48,883
Audit related services	PwC S.p.A. (1)	3,477
	PwC S.p.A. (2)	45,100
Total		**97,460**

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

Attestation of the financial statements in accordance with article 154-Bis of legislative decree 58/98

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

- suitability with respect to the Company's structure and
- the effective application

of the administration and accounting procedures applied in the preparation of the financial statements for the year ended 2023.

The assessment of the adequacy of administrative and accounting procedures used for the preparation of the statutory financial statements at 31 December 2023 was carried out on the basis of regulations and methodologies defined by Reply prevalently coherent with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, an internationally-accepted reference framework.

The undersigned also certify that:

1 the Financial Statements

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council, dated 19 July 2002 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.

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

Turin, 13 March 2024

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

/s/ Giuseppe Veneziano
Director in charge of signing the financial statements
Giuseppe Veneziano

Report on the statutory auditors to the Shareholders' meeting

pursuant to article 153 of legislative decree no. 58/1998 and article 2429, paragraph 2 of the civil code regarding the annual and consolidated financial statements as at December 31, 2023

Dear Shareholders,
in accordance with article 153 of Legislative Decree no. 58/1998, and in compliance with current regulations, the Board of Statutory Auditors is required to report to the Shareholders Meeting on the oversight activities carried out during the financial year as well as on any omissions and censurable facts detected and may make observations and proposals regarding the financial statements, their approval, and matters within its competence.

During the financial year, the Board of Statutory Auditors carried out its oversight duties in compliance with the Civil Code, Legislative Decree no. 58/1998 (Consolidated Financial Act), Legislative Decree no. 39/2010, statutory provisions, and regulations issued by supervisory and control authorities, also considering the "Conduct Standards of the Board of Statutory Auditors for the Oversight of Listed Corporation" recommended by the National Council of Chartered Accountants and Accounting Experts.

In particular, the Board of Statutory Auditors oversighted: (i) the compliance with the law and the articles of association, (ii) the adherence to principles of sound management practices, (iii) the adequacy of the Company's organizational structure, internal control and risk management system, and administrative-accounting system, as well as the reliability of the latter in accurately reflect business transactions, (iv) the concrete implementation of corporate governance rules adopted by the Company in compliance with the Italian "Corporate Governance Code for Listed Companies", (v) the adequacy of the instructions issued to controlled companies pursuant to Article 114, paragraph 2, of the Unified Financial Act ("Testo Unico"), and (vi) the obligations relating to non-financial information pursuant to Legislative Decree no. 254/2016.

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

Oversight Activities pursuant to Legislative Decree no. 39/2010 implementing Directive 2006/43/EC on statutory audits of annual and consolidated accounts

The Board of Statutory Auditors, acting as the Internal Control and Audit Committee, performed the functions provided for in Article 19 of Legislative Decree no. 39/2010, overseeing the following aspects:

- the financial reporting process;
- the effectiveness of the internal control over financial reporting, of the internal audit function and of the risk management system;
- the external audit process of annual and consolidated accounts;
- the independence of the accounting firm, particularly concerning the provision of non-audit services.

The accounting firm, periodically met in accordance with Article 150, paragraph 3, of the Consolidated Financial Act for the exchange of mutual information, did not report to the Board of Statutory Auditors any acts or facts deemed reprehensible or irregularities requiring specific reporting under Article 155, paragraph 2, of the Consolidated Financial Act.

During the meetings, particular attention was given to the application of the impairment test to investments and goodwill for corporate acquisitions. The Board of Statutory Auditors notes that the impairment procedure has not changed compared to that adopted in the previous financial year.

The Board of Directors Control and Risk Committee examined the results of the impairment test as of December 31, 2023, prepared in accordance with the mentioned procedure. The Board of Directors in its entirety has previously approved the 2024-2026 financial projections specifically prepared for the impairment test execution, and subsequently approved the results of the impairment procedure application in the following meeting.

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

Furthermore, the Board of Statutory Auditors requested the accounting firm to provide support for evaluating the quality of the audit, with a particular focus on the quantitative and qualitative dimensions of the audit service, the assessment of the auditor's necessary skills, and the measures implemented by the auditor regarding independence.

The Board of Statutory Auditors also acknowledged the 2023 Transparency Report prepared by the audit firm, published on its website in accordance with Article 13 of EU Regulation no. 537/2014.

The Board of Statutory Auditors acknowledges the activity carried out concerning the assignment to the accounting firm statutory of services other than the financial statements audit, which were previously authorized by the Board of Statutory Auditors after careful analysis.

Oversight Activity on Non-Financial Reporting

The Board of Statutory Auditors oversighted the Company compliance with the provisions of Legislative Decree No. 254 of December 30, 2016, in particular concerning both the preparation process and the contents of the Non-Financial Reporting. The activity was carried out through periodic meetings with the designated company structure and consultations with the company responsible for the statutory audit of the accounts.

The report underwent a limited assurance activity by PriceWaterhouseCoopers S.p.A., which issued a negative assurance attestation regarding the conformity of the information provided with the requirements of Legislative Decree No. 254/2016 and with the principles, methodologies, and procedures established by the adopted reporting standard.

The Board of Statutory Auditors, having examined the report issued by the audit firm pursuant to Article 3, paragraph 10, of Legislative Decree No. 254/2016, and the declaration made by the Company in the Consolidated Financial Statements Report pursuant to Article 4 of the CONSOB Regulation implementing the aforementioned Decree, did not identify any elements of non-compliance and/or violation of the reference regulations.

Self-evaluation of the Board of Statutory Auditors

During the first months of 2024, the Board of Statutory Auditors carried out its annual self evaluation process, the outcome of which must be transmitted to the Board of Directors so that it can include the relevant conclusions in the Corporate Governance and Ownership Structure Report.

To this end, the Board of Statutory Auditors requested and obtained information from each individual members, collected individual declarations, and prepared a questionnaire in accordance with the document "Self-assessment of the Board of Statutory Auditors - Rules of conduct of the Board of Statutory Auditors of listed companies - Rule Q.1.1," issued by the National Council of Chartered Accountants and Accounting Experts, referred to in Rule Q.1.7 of the "Conduct Standards of the Board of Statutory Auditors for the Oversight of Listed Corporation" of December 21, 2023.

The self-assessment activities allowed the Board of Statutory Auditors to verify and confirm in relation to all its members the possession of:

- the independence requirements prescribed by both the law (Article 148, paragraph 3, Unified Financial Act) and the Corporate Governance Code (Article 2, recommendation no. 7). Dr. Ada Alessandra Garzino Demo was deemed independent despite holding the position as a member of the Board of Statutory Auditors for more than nine financial years, based on her authority, reputation, moral stature, as well as professionalism and balance demonstrated in carrying out the assignment. The Board of Statutory Auditors adopted its own internal protocol aimed at identifying appropriate corrective measures to adequately address any circumstances that may compromise the independence of its members. During the financial year, no circumstances arose that required the activation of measures provided for in the aforementioned protocol;
- the professionalism, integrity, competence, and experience requirements as provided for in Articles 1 and 2 of the Ministry of Justice Decree of March 30, 2000, no. 162;
- the requirements set forth in the company's bylaws.

The ongoing compliance of each Board of Statutory Auditors member with the applicable regulations regarding the limits on the accumulation of positions was also verified.

In light of the information in its possession, the Board of Statutory Auditors therefore assessed, at present, its composition as adequate, having regard to the professionalism, diversity, competence, integrity, and independence requirements required by the regulations.

* * *

Given the foregoing, the information provided below is in accordance with the provisions contained in Consob Communication No. DEM 1025564 of April 6, 2001, as subsequently amended.

1. Major economic, financial, and asset relevant transactions

We have received timely and adequate information from the Executive Directors regarding the major economic, financial, and asset relevant transactions carried out by the Company and/or its subsidiaries during the 2023 financial year or after the close of the same.

These transactions, for which the Board of Statutory Auditors has no observations, are appropriately described in the documentation related to the Annual Report submitted for your approval.

2. Possible existence of atypical and/or unusual transactions, including Intercompanies and Related Parties ones

The documents submitted for your approval, the information received during the meetings of the Board of Directors, and those received from the Chairman and the Chief Operating Officer, management, Board of Statutory Auditors, where present, of the companies directly controlled by Reply S.p.A., and from the accounting firm did not report any atypical and/or unusual transactions, including intercompnies or related parties ones, carried out during the 2023 financial year or after the close of the same.

Regarding intecompany transactions, it is reported that during the 2023 financial year, Reply S.p.A.:

- purchased professional services from group companies related to revenues from contracts signed with third-party clients;
- provided guarantees to subsidiary companies;
- granted loans to subsidiary companies without specific purpose limit to generally support their activities;
- provided group companies with strategic management services, administrative services, marketing and quality management, and other management services;
- centrally managed the group treasury of Italian companies through correspondent accounts held by individual subsidiary companies;
- granted group companies the use of the proprietary "REPLY" brand;
- acquired "office services" (provision of equipped spaces and secretarial services) from subsidiary companies.

The transactions with other related parties during 2023 relate to fees to Directors, to Board of Statutory Auditors members and executives with strategic responsibilities as well as "office services" for the use of the property located at the headquarters in Turin, Corso Francia 110, provided by Alika S.r.l. These transactions fell outside the scope of the Procedure for Transactions with Related Parties, as they are exempt transactions defined respectively by Articles 4.1 and 4.4 of the Procedure.

3. Information provided in the Annual Report on atypical and/or unusual transactions, including intercompanies and related parties ones

The information provided by the Board of Directors in the Company annual report as of December 31, 2023, in the accompanying notes and schedules to the consolidated financial statements of the Reply Group and the financial statements of Reply S.p.A. as of December 31, 2023, regarding the major economic, financial, and asset relevant transactions, as well as the debit and credit relationships maintained with controlled, affiliated companies and related parties, are adequate.

The annual report, the information received during the meetings of the Board of Directors, and those received from the Chairman and the Chief Operating Officer, management, Boards of Statutory Auditors, where present, of the companies directly controlled by Reply S.p.A., and from the accounting firm did not report any atypical and/or unusual transactions, including intercompanies or related parties ones, carried out during the 2023 financial year or after the close of the same.

4. Comments and proposals on the remarks and disclosure references contained in the Auditors report of the accounting firm

The Board of Statutory Auditors examined the following reports prepared by the accounting firm PricewaterhouseCoopers S.p.A.:

- the reports on its audit of the annual financial statements and the statutory audit of the consolidated financial statements issued on March 29, 2024, pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of Regulation (EU) No. 537/2014;
- the additional report issued on March 29, 2024, pursuant to Article 11 of the aforementioned Regulation, to the Board of Statutory Auditors in its capacity as the internal control and audit committee;
- The aforementioned reports highlight that:
- the separate and consolidated financial statements of the Reply Group were prepared in accordance with the International Accounting Standards/International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union, in force as of December 31, 2023, as well as in accordance with the provisions issued in implementation of Article 9 of Legislative Decree No. 38/2005 and subsequent amendments and additions;
- the separate and consolidated financial statements of the Reply Group are clear and represent fairly and accurately the financial position, financial performance, and cash flows for the year ended December 31, 2023;
- the separate and consolidated financial statements were prepared in XHTML format in accordance with the provisions of Commission Delegated Regulation (EU) 2019/815 on technical regulatory standards regarding the specification of the single electronic reporting format (ESEF - European Single Electronic Format).

Furthermore, in the opinion of the accounting firm, the Management Report and the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of Article 123-bis of the Unified Financial Act contained in the Corporate Governance and Ownership Structure Report are consistent with the Annual Financial Report.

Regarding the possible identification of significant errors in the Management Report (Article 14, paragraph 2, letter e) of Legislative Decree No. 39/2010), the accounting firm has declared that there was nothing to report.

With regard to the additional report issued pursuant to Article 19 of Legislative Decree No. 39/2010, the Board of Statutory Auditors verified that it reported:

- the key aspects of the audit of the financial statements;
- the materiality levels for the consolidated financial statements and the separate financial statements;
- the audit plan;
- the consolidation scope and method;
- the audit methodology and use of estimates in the preparation of the consolidated and separate financial statements;
- the key audit matters related to the consolidated financial statements and the separate financial statements;
- the activities carried out by the audit team of the accounting firm.

In the same document, the accounting firm also assured that no significant audit differences were found in the consolidated financial statements and the separate financial statements, nor were significant deficiencies identified in the internal control over financial reporting, listing the mandatory communications made to the corporate bodies, and finally assuring that, from the verification of the regular keeping of the company's accounts and the correct recording of management events in the accounting records, no significant aspects emerged to report.

The Board of Statutory Auditors examined the independence declaration of the accounting firm, pursuant to Article 17 of Legislative Decree No. 39/2010, issued by him on March 29, 2024, which did not highlight situations compromising independence or causes of incompatibility, pursuant to Articles 10 and 17 of the same decree and the related implementing provisions.

5. Reports pursuant to Article 2408 of the Italian Civil Code

The Board of Statutory Auditors did not receive any communications and/or reports, even if qualified as such under Article 2408 of the Civil Code, during the fiscal year or subsequent to its closure.

6. Submission of reports

The company's Directors did not report any submissions addressed to them during the fiscal year or subsequent to its closure.

7. Possible assignment of additional engagements to the accounting firm and related costs

During 2023, in addition to the assignment for the audit of the financial statements as of December 31, 2023, the following assignments for attestation services were conferred to PricewaterhouseCoopers S.p.A.:

INCARICHI	FEES €/000
Subscription of Unico, IRAP, 770 models for Reply S.p.A.	3
Agreed-upon procedures aimed at verifying the credentials declared by Santer Reply S.p.A. and Xenia Reply S.r.l. in the technical offer submitted for a Consip tender.	21
Agreed-upon procedures aimed at verifying the turnover details declared by Consorzio Reply Public Sector in the technical offer submitted for tenders by Poste Italiane	20
Agreed-upon procedures aimed at verifying contributions paid by Eos Reply S.r.l. to the Italian On Line Fund (IOL)	2
Limited examination of the Non-Financial Consolidated Statement for 2023 p ursuant to Legislative Decree 254/2016 of the Reply Group	45

8. Possible assignment of engagements or contracts to entities related to the auditing firm by ongoing relationships, and related costs.

During the fiscal year, no assignments were given to entities related to PricewaterhouseCoopers S.p.A. from ongoing relationships and/or to entities belonging to the same network.

9. Indication of opinions issued pursuant to law during the fiscal year.

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

10. Frequency and number of meetings of the Board of Directors and the Board of Statutory Auditors.

During the fiscal year, the Board of Directors held 5 meetings, and the Board of Statutory Auditors held 11 meetings. The Board of Directors Control and Risk Committee met 6 times, and the Board of Directors Remuneration Committee met 6 times. The Board of Statutory Auditors attended the meetings of the Board of Directors and, through its Chairman, the meetings of the Board of Directors Control and Risk Committee and Remuneration Committee.

11. Observations on compliance with sound management principles

The Board of Statutory Auditors, having participated in the meetings of the Board of Directors, acknowledges, based on information obtained therein, that, without any opinion rendered on appropriateness and advisability of the single decisions made by said body, the operations carried out and to be carried out by the Company have been based on principles of sound business management, are compliant with the law and the articles of association, are not in conflict with resolutions passed by the shareholders' meetings or compromising the integrity of the company's assets, and have been adequately supported by processes of information, analysis, and verification.

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

The Board of Statutory Auditors has evaluated the timeliness of updates and the completeness of the organizational structure, as well as the alignment of the organizational structure with business and governance needs in terms of both professionalism and the ability to achieve strategic and operational objectives, considering the adequacy of the system of delegations and principles of appropriate "segregation of duties."

In this regard, the Board of the Statutory Auditors has overseen the adequacy of the composition, size, and functioning of the Board of Directors and its committees, attending meetings and analyzing the documentation produced by these bodies in the execution of their duties. In its collegiality, the Board of the Statutory Auditors sees no need to make any observations.

The Board of Statutory Auditors also notes that:

- the Chairman of the Company Board of Directors holds executive delegations substantially similar to those of the Chief Executive Officer;
- the breadth of these delegations allows their holders substantial executive management capacity independent of board of Directors resolutions for all operations that are not considered, based on management evaluation, "price sensitive" in accordance with the law;
- this executive management capacity, in the absence of an approved business plan by the Board of Directors, means that strategic directions are effectively identified and carried out by the company's management.

In the view of the Chairman of the Board of Statutory Auditors, the above limits the guiding role of the Board of Directors, as recommended by the Corporate Governance Code, particularly regarding the definition of the Company's and the Group's strategies as well as the oversight of their implementation. In this context, while recognizing the indispensable role of the Company Executive Directors in driving the success of the Company and the Group, the Chairman of the Board of Statutory Auditors expresses the wish that through the sharing and approval of a business plan, the Board of Directors can exercise the guiding and strategic direction role of the Group, as recommended by the Corporate Governance Code, in a corporate governance logic aimed at fully leveraging all the resources available to the Company. At the same time, with such an approach, the Board of Directors could rely on an essential benchmark to position the returns of the wide delegations assumed by the Chairman and the Chief Executive Officer of the Company.

The other members of the Board of Statutory Auditors note that the Executive Directors promptly report on the activities carried out and on the transactions of greater economic, financial, and asset significance, as provided for by Article 150 of the Unified Financial Law. In accordance with Recommendation No. 13 of the Corporate Governance Code, during 2021, the Board of Directors appointed a Lead Independent Director.
The Board of Statutory Auditors also considered the documentation concerning the additional components of Reply S.p.A.'s overall organizational structure and noted over time the existence of:

- an organizational chart and related corporate documentation reflecting organizational structures;
- a system of delegations of authorities, exercised consistently with the roles and powers assigned to each of the functions/committees involved;
- established corporate practices for governance exercised by Reply S.p.A. in directing, coordinating, and controlling its controlled companies, mainly exercised through: (i) centralized functions governing the principal activities deemed sensitive to the Group (Personnel, Communication, Management Control, Innovation), (ii) constant business monitoring activity by top management, and (iii) the presence of the latter in the Boards of Directors of controlled companies;
- corporate internal procedures for carrying out the activities specific to each managerial function, mainly based on the ISO 9000 procedural model.

Overall, based on the above analysis, these additional components of the organizational structure have been primarily characterized by structured and effective management practices.

13. Observations on the adequacy of the internal control system

The Board of Statutory Auditors, upon noting the resolutions passed by the Board of Directors and reported in the Corporate Governance and Ownership Structures Report regarding the adequacy and effective functioning of the internal control system, examined the 2023 reports from the Internal Audit function.
In particular, the Board of Statutory Auditors notes that:

- during the fiscal year, the necessary functional and informational connection was maintained among the head of the Internal Audit function, the Board of Directors Control and Risks Committee, and the Body overseeing the anticorruption system regarding the methods of performing the assessment, surveillance, and control tasks entrusted to them concerning, within their respective competencies, the adequacy, operability, and effective functioning of the internal control system and risk management, as well as the outcomes of the audit activities carried out by the Internal Audit function, in accordance with the audit plan approved by the Board of Directors and the risk assessment conducted by the Company with the professional support of a specialized Reply Group company. The Company described in the Corporate Governance and Ownership

Structures Report the main characteristics of its internal control and risk management systems and the coordination methods among the entities involved, indicating the national and international reference models and best practices;

- in 2023, the Company updated the ERM model following the guidelines of the latest reference standard (CoSO Framework) and carried out the annual edition of the risk assessment process, involving the relevant corporate functions, which resulted in identifying the main corporate risks. The methodology used this year included defining the Risk Appetite (RA) that the Company's management identified as the level of risk it is willing to assume differently with reference to individual risks. This circumstance led to identifying and evaluating as "Top Risks" those whose residual risk (i.e., after considering the effectiveness self-assessment of the mitigation actions implemented by management) was found to be closer than others to the predefined upper limit RA with reference to the specific risk. The Board of Directors considered the overall results of the risk management process to be compatible with a company management consistent with the Group's strategic objectives. The 2023 Annual Report Management describes, as required by law, the main risk factors, regardless of the mitigation actions implemented by the Group's management.
- The Chief Audit Officer of the Company periodically updated the Board of Statutory Auditors regarding the activities carried out and the main findings of the audits conducted, without highlighting any corrective actions.

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

The Board of Statutory Auditors noted that the Internal Audit analysis of the overall Internal Control and Risk Management System for the assessment of its effectiveness was performed and did not reveal any issues to report.

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

During its oversight, no critical issues were identified, and the integrated quality, environmental, and safety management system is evaluated by the competent parent company function as effective in its concrete operation and adequate.

The Board of Statutory Auditors also found that the Company incorporates, in its internal processes, the measures provided by the Guarantor for the protection of personal data and acts in substantial compliance with the provisions of EU Regulation no. 679 of April 27, 2016 (GDPR), Legislative Decree no. 196 of June 30, 2003, as amended by Legislative Decree no. 101 of August 10, 2018, and other applicable regulations on personal data protection.

The Board of Statutory Auditors noted that the Data Protection Officer, during the periodic discussions, did not highlight any critical elements to report.

The Board of Statutory Auditors has not received any notifications of violations of the Organizational and Management Model pursuant to Legislative Decree 231/01 from the Anticorruption System Oversight Body.

Overall, while sharing and appreciating the initiatives undertaken by management in the areas of Risk Management and Internal Control System, the Board of Statutory Auditors recommends the timely completion of its implementation with the evolutionary perspective of progressive advancement in its maturity level. In this regard, the Board of Statutory Auditors notes that the introduction of the RA concept on individual risks represents a further step towards completing a path that the Board of Statutory Auditors itself expects will lead to a definition of the nature and level of risk compatible with the company's strategic objectives, so that it can serve as the general reference for all risks to determine their monitoring priorities. The Board of Statutory Auditors also expect that the path taken will lead to the evolution from the current annual cycle of the internal risk assessment project to the establishment of a continuous process integrated with business management decision-making that identifies roles and responsibilities within the organization for its execution and coordination.

The Board of Statutory Auditors finds it useful to note that the external evaluation of compliance with the International Standards for the Professional Practice of Internal Audit (EQR), carried out in 2021, highlighted the need to expand the function's interventions in the areas of operations and anti-fraud, as required by international standards.

In this regard, the Board of Statutory Auditors notes that the Company has initiated a multi-year implementation process for full compliance with international standards and greater conformity with the specific recommendation regarding the Corporate Governance Code to which the Company adheres. At the urging of the Board of Statutory Auditors, Internal Audit conducted a significant initial operational audit intervention in 2023 focusing on the organization and processes related to risks identified by the Company and by the Internal Audit itself as the most relevant. The Board od Statutory Auditors emphasizes the importance of continuing the path taken by integrating it with that related to the risk management process.

In its collegiality, the Board of the Statutory Auditors believes there are no further elements to bring to the attention of the Assembly.

14. Observations on the internal control over financial reporting
The Board of Statutory Auditors examined the internal procedural set concerning the internal control over financial reporting, i.e., the set of activities for identifying risks/ controls and procedures adopted to ensure, with reasonable certainty, the achievement of the objectives of reliability, accuracy, reliability, and timeliness of financial reporting. This system is the prerequisite that allows the Company Officer responsible of preparing the accounting and corporate documents, together with the delegated administrative bodies, to issue the attestations required by Article 154-bis of the TUF.

The Board of Statutory Auditors periodically met with the Company Officer responsible of preparing the accounting and corporate documents and the Audit Firm for an exchange of information that also concerned, among other topics, the management and control over financial report model of Reply Group under Law 262/2005.

During these meetings, no significant deficiencies in operational and control processes were reported that could affect the assessment of the adequacy and effective application of administrative-accounting procedures for the correct economic, balance sheet, and financial representation of management events in accordance with international accounting principles.

Similarly, during the periodic information exchange meetings, as well as in the additional report prepared pursuant to Article 19 Legislative Decree 39/2010, the external accounting firm did not, in turn, report significant deficiencies in the internal control system related to the financial reporting process.

The Chairman and the Company Officer responsible of preparing the accounting and corporate documents issued, pursuant to Article 81-ter of Consob Regulation no. 11971/1999 as subsequently amended, the attestation provided for in Article 154-bis, paragraph 5 of Legislative Decree 58/1998, which was analyzed by the Board od Statutory Auditors as evidence of the effectiveness of administrative-accounting processes.

15. Instructions issued by the company to its controlled companies pursuant to Article 114
The instructions issued by Reply S.p.A. to its controlled companies, pursuant to the 2nd paragraph of Article 114 of Legislative Decree 58/1998, appear adequate; also adequate appear the necessary information for timely knowledge of business facts provided by the controlled companies to the parent company.

In this regard, we inform you that to ensure the timely communication of the required news, Dr. Daniele Angelucci, Executive Director and Chief Financial Officer of Reply S.p.A., holds the position of Chairman and/or CEO of all Italian controlled companies, with the exception of Ringmaster S.r.l., as well as Director of Nexi Digital S.r.l., Director of several foreign subsidiaries including in some US companies. He is alsoa member of the Supervisory Board of Reply Deutschland SE.

We also inform you that:

- the Chairman of the Board of Directors of Reply S.p.A., Mr. Mario Rizzante, is a member of the Supervisory Board of Reply Deutschland SE (formerly Reply AG);
- the CEO Eng. Tatiana Rizzante holds, among others, the position of Director of the English subsidiaries Reply Ltd, Airwalk Holdings Reply Limited, Airwalk Consulting Reply Limited, Graymatter Reply Ltd, Arlanis Reply Ltd, Mansion House Consulting Limited, and Managing Director of the German subsidiary Reply Deutschland SE;
- the Executive Dr. Filippo Rizzante holds, among others, the position of Director in some English subsidiaries, as well as the position of Vice Chairman of Ringmaster S.r.l.

16. Relevant aspects emerged during the meetings held with the accounting firm pursuant to Article 150, paragraph 3, Legislative Decree 58/1998.
During the meetings and encounters held with the representatives of the accounting firm, no acts or facts deemed censurable or relevant and worthy of mention and/or specific reporting pursuant to Article 155, paragraph 2, of Legislative Decree 58/1998 emerged.

17. Company's adherence to the code of self-discipline of the Committee for Corporate Governance of listed companies.
The Company has adhered, since the 2000 financial year, to the Corporate Governance Code (formerly the Self-Discipline Code), most recently revised in January 2020 and effective starting from 2021 financial year.

On March 13, 2024, the Board of Directors approved the Corporate Governance and Ownership Structures prepared in accordance with Article 123-bis of Legislative Decree 58/1998.

The Board of Statutory Auditors acknowledged the report on the remuneration policy and compensation paid (Remuneration Report), prepared pursuant to Article 123-ter of Legislative Decree 58/98, Article 84-quater of the Issuers' Regulations, and its annex 3A, schemes no. 7-bis and 7-ter. This report was approved by the Board of Directors, on the proposal of the Remuneration Committee.

As recommended by the Corporate Governance Code, in defining the remuneration of executive directors, the Board of Directors considered the remuneration practices prevalent in the reference sector and for companies of similar size.
Regarding the supervision carried out on compliance with the Corporate Governance Code, in addition to what is indicated in the previous paragraphs, the Board of the Statutory Auditors has no observations to make.

18. Proposals, if any, to be submitted to the Assembly pursuant to Article 153 of Legislative Decree 58/1998.

In relation both to the provisions of the second paragraph of Article 153 of Legislative Decree 58/1998, and to the general oversight obligation under Article 149 letter a) of that decree, as well as to the agenda of the General Shareholders Meeting which provides for the discussion of the financial statements, the Board of Statutory Auditors acknowledges having overseen the observance of the procedural and legal rules concerning the preparation of the latter.

We emphasize that the Directors have declared that:

- the Financial Statements as of December 31, 2023 were prepared, in compliance with European Regulation no. 1606/2002 of July 19, 2002, in accordance with international accounting principles (IFRS);
- the annual consolidated Financial Report as of December 31, 2023 was prepared in electronic format, according to the provisions of European Regulation 815/2018 known as "ESEF".

Based on the oversight carried out directly and on the information exchanged with the accounting firm, also taking into account the latter's report, pursuant to Article 14 of Legislative Decree 39/2010, which expresses an unqualified opinion, the Board of Statutory Auditors believes it has neither observations nor proposals on the Financial Statements, the Management Report included in the Annual Report, and the proposals formulated therein, which it consequently considers, within its specific competence, suitable to your approval.

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

On the agenda item concerning the resolution to be taken regarding the purchase and sale of own shares, with reference to what has been stated by the Directors, the Board of the Statutory Auditors notes that the proposed resolution is in compliance with the provisions of Articles 2357, 2357-ter of the Civil Code, those of Article 132 of Legislative Decree 58/1998, as well as those of Article 144-bis of the Consob Regulation adopted by resolution no. 11971 of May 14, 1999.

19. Conclusive evaluations regarding the oversight activity carried out, as well as regarding any omissions, censurable acts, or irregularities detected during the same

The oversight activity carried out by the Board of Statutory Auditors, in addition to what has been stated above, took place through:

- the acquisition of information during meetings with the representatives of the Board of Statutory Auditors, where existing, of the controlled and controlling companies to exchange information on the Group's activities and to coordinate control and oversight activities;
- the collection of additional information in meetings with the Designated Director according to the Procedure for Transactions with Related Parties and the Company Officer in charge of implementing the Code of Conduct on Internal Dealing;
- the analysis of any new laws or Consob communications of interest to the Company.

The Board of the Statutory Auditors has found the organizational prerequisites to respect the statutory, legal, and regulatory provisions governing the matter, in continuous evolution and search for continuous improvement.

Shareholders are informed that the Board of Statutory Auditors:

- overseen the compliance with the law regarding the Procedure for Transactions with Related Parties, initially approved by the Board of Directors of Reply S.p.A. on November 11, 2010, and subsequently amended on 14/05/2015, 02/08/2018, and 21/06/2021, and its observance;
- verified the correct application of the criteria adopted by the Board of Directors in assessing the independence conditions of the "independent directors";
- over seen, where required, compliance with the limitations provided by law on accounting firm non- audit services assigned by Reply S.p.A. and its subsidiaries;
- overseen compliance with the provisions of Article 17, paragraph 4, of Legislative Decree 39/2010 and in this regard, we inform you that the key person in charge of auditing the financial statements of Reply S.p.A. is Dr. Monica Maggio;
- overseen and monitored the independence of the accounting firm PricewaterhouseCoopers S.p.A. in accordance with Articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree 39/2010 and Article 6 of Regulation (EU) 537/2014;
- overseen the respect by the Company of the obligations related to the "Market abuse" and "Investor protection" regulations regarding corporate information and "Internal Dealing", based on the communications received from the Company.

With regard to the Board of Auditors oversight of censurable acts or irregularities, if any, the Board of Statutory Auditors considers it important to note that, in general terms, the assessment of whether an event or circumstance constitutes an irregularity or a censurable act may depend on aspects subject to non-univocal interpretations, sometimes defined following the ascertainment of facts only at the conclusion of multi-year judicial proceedings.

Based on the supervisory activity carried out during the financial year, the Board of Statutory Auditors:

a) has no contrasting indication of any obstacles to the approval of the financial statements as of December 31, 2023, and to the proposed resolutions formulated by the Board of Directors.

b) has not identified irregularities or censurable acts during its work.

We also remind you that our mandate has expired for the completed three-year term and, thanking you for the trust placed in us, we invite you to take action on this matter.

Rome-Turin, March 29, 2024

THE BOARD OF STATUTORY AUDITORS

CHAIRMAN (Dr. Ciro Di Carluccio)

BOARD MEMBER (Prof. Piergiorgio Re)

BOARD MEMBER (Dr. Ada Alessandra Garzino Demo) pwc

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010 AND ARTICLE 10 OF REGULATION (EU) NO. 537/2014

REPLY SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

Independent auditor's report

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

To the shareholders of Reply SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Reply SpA (the "Company"), which comprise the statement of financial position as of 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

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

Key Audit Matters

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

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Evaluation of the recoverability of equity investments in subsidiaries *Note 2 "Accounting principles and basis of consolidation" and Note 21 "Equity investments" to the financial statements*	
The value of equity investments in subsidiaries as of 31 December 2023 amounted to Euro 209 million. These investments are carried at cost adjusted for impairment losses. Company's management tests the equity investments for potential impairment by comparing the carrying amount with the recoverable amount in accordance with IAS 36 (impairment test), when there is any indication of impairment based on which the value of the investments is expected to be recovered with difficulty. The assessment required Company's management to perform with the support of external experts, complex estimations which are mainly based on assumptions affected by economic and market conditions which are hard to foresee and quantify. These complex estimates are especially referred to the determination of market multiples used for the fair value calculation, the definition of expected cash flows, the discount and growth rates used for estimating the terminal value in determining the value in use calculation. Following the test carried out, the recoverable value of all the investments was higher than the related book value. Considering the significance of this items representing approximately 13 per cent of Company's total assets and taking into account the complexity of the evaluation process, we identified the evaluation of equity investment's recoverability as a key audit matter.	We gained an understanding and assessed the procedures adopted by management in order to verify the compliance with the requirements of IAS 36. We analysed the Company's management expert report with a focus on market multiples. We also verified the reasonability of Company's management assumptions used to estimate the expected cash flows, also verifying the mathematical accuracy of the calculations performed to determine the equity investments fair value and value in use. We then verified the coherence of the expected cash flows used in the impairment test with the economic and financial projections approved by the Board of Directors on February 23, 2024. During the tests performed by us, including those to assess whether the estimation method, those related to the determination of multiples and the discount and growth rates used by management complied with the previsions of IAS 36 and the standard evaluation practice, we were supported by PwC network experts. Lastly, we verified the adequacy of the financial disclosure based on international financial reporting standards requirements, also considering information and data obtained during our audit.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

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

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

Report on Compliance with other Laws and Regulations

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

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

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

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

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of Reply SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Reply SpA as of 31 December 2023, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Reply SpA as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Reply SpA as of 31 December 2023 and are prepared in compliance with the law.

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

Turin, 29 March 2024

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

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

CORPORATE INFORMATION

HEADQUARTERS

Reply S.p.A.
Corso Francia, 110
10143 TURIN – ITAL
Tel. +39-011-7711594
Fax +39-011-7495416
www.reply.com

CORPORATE DATA

Share capital: Euro 4,863,485.64 i.v.
Fiscal code and Company register of Turin no. 97579210010
VAT no. 08013390011
REA of Turin 938289

MARKETING AND COMMUNICATION

E-mail: marketing@reply.com
Tel. +39-011-7711594
Fax +39-011-7495416

INVESTOR RELATIONS

E-mail: investor@reply.com
Tel. +39-02-535761
Fax +39-02-53576444