

**HALF-
YEAR
FINAN
CIAL
REPORT
2022**

Reply
Half year
Financial report
at June 30 2022

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Board of Directors and Controlling Bodies

Chairman and Chief Executive Officer

Mario Rizzante

Chief Executive Officer

Tatiana Rizzante

Executive Directors

Filippo Rizzante

Daniele Angelucci

Marco Cusinato

Elena Maria Previtiera

Patrizia Polliotto (1) (2) (3)

Secondina Giulia Ravera (1) (2)

Francesco Umile Chiappetta (1) (2)

Board of Statutory Auditors

President

Ciro Di Carluccio

Statutory auditors

Piergiorgio Re

Ada Alessandra Garzino Demo

Independent Auditors

PwC S.p.A.

(1) Directors not invested with operational proxies.

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

(3) Lead independent director

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

Financial highlights

The Group's financial highlights

YE 2021	%	Economic figures (Euros/000)	1° half 2022	%	1° half 2021	%	1° half 2020	%
1,483,803	100.0	Revenues	889,722	100.0	712,833	100.0	615,176	100.0
262,784	17.7	Gross operating margin	144,447	16.2	119,481	16.8	90,217	14.7
209,283	14.1	Operating margin	122,874	13.8	95,967	13.5	74,147	12.1
213,279	14.4	Income before taxes	108,654	12.2	98,719	13.8	75,138	12.2
150,672	10.2	Group net income	75,598	8.5	71,391	10.0	53,938	8.8

YE 2021	Financial figures (Euros/000)	1° half 2022	1° half 2021	1° half 2020
813,269	Group equity	851,766	727,207	609,890
2,625	Non-controlling interest	1,470	1,848	3,325
1,847,020	Total assets	1,796,254	1,491,173	1,211,581
(42,614)	Net working capital	8,951	24,146	70,571
622,683	Net invested capital	687,495	563,667	490,630
207,578	Cash flow	79,568	74,688	68,839
193,212	Net financial managerial position (*)	165,741	165,388	122,585

YE 2021	Data per single share (in Euros)	1° half 2022	1° half 2021	1° half 2020
37,411,428	Number of shares	37,411,428	37,411,428	37,411,428
5.59	Operating income per share	3.28	2.57	1.98
4.03	Net income per share	2.03	1.91	1.44
5.55	Cash flow per share	2.13	2.00	1.84
21.74	Shareholders' equity per share	22.77	19.44	16.30

YE 2021	Other information	1° half 2022	1° half 2021	1° half 2020
10,579	Number of employees	11,606	9,648	8,540

(*) for ESMA net financial indebtedness see Note 29.

Reply living network

Reply living network

Composed of a network of companies, Reply partners with key industrial groups in defining business models. This is made possible by the new technological and communication paradigms such as artificial intelligence, big data, cloud computing, digital communication and the Internet of Things.

Reply is characterised by:

- a culture focused on technological innovation;
- a flexible structure which is able to anticipate market developments and interpret new technological drivers;
- a delivery methodology of proven success and scalability;
- a network of companies that specialise in specific areas of expertise;
- teams composed of specialists, recruited from the best universities;
- a highly experienced management team;
- continuous investment in research and development;
- long-term relationships with its customers.

THE ORGANISATIONAL MODEL

Reply operates through a network of companies that specialise in processes, applications and technologies and are centres of excellence in their respective fields of expertise.

Processes – For Reply, the understanding and use of technology implies the introduction of a new enabling factor for business processes, thanks to an in-depth knowledge of both the market and the specific industrial contexts of implementation.

Applications – Reply designs and implements software solutions aimed at meeting core business requirements, in various industrial sectors.

Technologies – Reply optimises the use of innovative technologies by implementing solutions capable of ensuring maximum efficiency and operational flexibility for its customers.

REPLY SERVICES INCLUDE

Consulting – with a focus on strategy, communication, design, processes and technology;

System Integration – making the best use of the potential of technology, by combining business consulting with innovative technological solutions and high added value;

Digital Services – innovative services based on new communication channels and digital trends.

As a leader in digital transformation, Reply promotes the change towards a more sustainable world and conducts its business activities in compliance with environmental and human rights standards and laws, operating in full respect of the highest ethical standards and the rights of future generations.

MARKET FOCUS

In every market segment in which it operates, Reply combines specific sector expertise with a broad experience in the provision of services and a wealth of advanced technological capabilities.

AUTOMOTIVE

The automotive sector is undergoing a profound evolution, driven by recent technological and environmental changes: electric propulsion, increasingly intelligent, connected vehicles and autonomous driving are the new paradigms of mobility over the next few years. In this context, Reply is contributing to the transformation of the entire supply chain, supporting leading manufacturers not only in production and logistics/distribution

activities, but also in the evolution of in-vehicle services, through the design and development of advanced connectivity systems.

Reply confirms its leadership in the logistics and production areas of the automotive sector, implementing integrated projects that cover the end-to-end supply chain: from the logistics of raw materials and finished products to shop floor control, and from production and material planning to quality management, without forgetting transport and after-sales distribution. In particular, Reply has expertly combined, in a holistic vision of the sector, proprietary expertise, tools and technologies – such as LEA Reply (logistics) and Brick Reply (manufacturing execution system) platforms – with ad hoc solutions developed based on the cloud and edge computing paradigms.

On the connectivity front, Reply is engaged in the development of V2I (Vehicle-to-Infrastructure) connectivity platforms, as well as actively studying and prototyping new end-to-end architectures based on edge computing technology to manage the next generation of in-vehicle integrated services. Another important area of specialisation, with several projects under way with leading players in the sector, concerns the development of autonomous driving systems, quality assurance solutions (e.g. remote vehicle diagnostics) and new types of integrated services in the smart city landscape.

In addition, Reply is applying its consolidated expertise with blockchain technology in the automotive sector, with the aim of improving vehicle maintenance processes, aftersales fraud control and vehicle recall campaign management. Lastly, Reply is actively engaged in the increasingly important e-commerce segment, with projects designed specifically for the automotive sector that integrate data-driven marketing solutions and 3D showrooms, allowing users to create customised real-time configurations of the cars and to perform virtual test drives enabled by AR/VR.

ENERGY & UTILITY

The Energy and Utilities market is undergoing a profound transformation, thanks to its key role in achieving global climate neutrality. Indeed, government plans for decarbonisation, particularly in Europe and the USA, are driving operators towards a major overhaul of the way energy is produced and distributed, with a strong push towards the adoption of renewable sources.

All major operators have launched industrial scale technological innovation projects, with the aim of becoming increasingly flexible and resilient.

Among the technologies and platforms available and adaptable in the energy sector, cloud computing is currently the most widespread solution amongst operators while IoT, on the other hand, enables the development of monitoring processes, optimising operations and activating new services and models for interaction with customers.

2021 also saw the growth of investments in advanced analytics, artificial intelligence and edge computing. These investments aim to improve the efficiency of renewable energy production (e.g. wind and photovoltaic farms) and to develop new business models in the energy management field, especially in the industrial context.

In this scenario, Reply is one of the reference partners for the sector, thanks to its profound knowledge of the market and its ability to design, implement and manage innovative digital solutions and vertical technological platforms, in particular leveraging expertise and solutions in IoT, big data, advanced analytics, data governance and the cloud. These are skills and expertise that Reply has relied upon to implement international-scale projects for leading operators in the sector, ranging from energy and demand management to the management of new mobility and electric car charging services, smart metering, smart grid, asset management and renewable generation solutions.

FINANCIAL INSTITUTIONS

The innovations brought about by specialised players such as FinTechs and InsurTechs mean that continuous investments need to be made in the creation and updating of digital channels that support all aspects of the relationship with customers, both commercial and transactional. New products integrating connected services and hardware are gaining the market's favour, particularly in the insurance sector.

Thanks to its acknowledged expertise in the design and implementation of digital channels in the banking and insurance sector, Reply has gained a distinctive positioning in Europe in this context. Indeed, the announcement of the partnership with Nexi for the creation of the Nexi Digital competence centre is part of the innovation path initiated by the Group in areas such as advanced payment, open banking, blockchain, cryptocurrency and digital asset systems.

Reply is supporting financial institutions in their journey to substantially increase their use of cloud solutions, with the adoption of hybrid architectures and the continuous innovation and migration of legacy systems. Cloud-based artificial intelligence solutions are demonstrating great potential in terms of improving the efficiency of operations, with increasing investments in intelligent process automation platforms that simplify internal processes, particularly those relating to back office and customer onboarding.

The Group also boasts extensive expertise in Governance, Risk and Control (GRC) and Wealth and Asset Management. Reply's teams support financial institutions in their compliance needs and in the adoption of new business models, including when it comes to the strong push by the market and by regulators towards sustainability and environmental protection. The Group's consolidated experience in advanced consulting models has been complemented by a growing expertise in the design and implementation of robo-advisory solutions aimed at customers and financial advisors

MANUFACTURING & LOGISTICS

Digital transformation has become an integral part of industrial processes, revolutionising not only production, but also the end-to-end supply chain: from procurement to logistics, and from sales to maintenance. Production plants are being transformed into open and flexible ecosystems, capable of also managing communication flows and the distribution chain better, thus generating a virtuous mechanism capable of minimising costs and maximising results.

Reply collaborates with leading European industrial groups in the sector, accompanying them in this complex transformation process that covers a range of different areas. These include supply and purchase management; the design and implementation of control and planning systems based on the new generation of cloud-based ERP, MOM and MES solutions for the planning and control of production processes and integration with supply logistics networks.

The Group's planning and control expertise has been increasingly complemented by knowledge on product lifecycle management, with particular attention to the connected products sphere.

Alongside its extensive capabilities in the implementation of vendor suites such as Oracle, SAP and Microsoft, Reply has enriched its portfolio of solutions in the Industry 4.0 realm, thanks to its proprietary Brick Reply (MES) and Axulus Reply (Industrial Internet of Things) solutions.

Markets is experiencing a significant disruption in supply chains – also due to the impact of the ongoing pandemic – with the consequent need to rebuild them in a more resilient and digitised manner. In this context, Reply is supporting companies from different sectors with initiatives that have not only enabled new ways of managing just-in-time, industrial shipping and last mile (e.g. e-commerce) processes, but also the adoption of electric and autonomous vehicles in intralogistics contexts, together with a growing use of robotics and the Internet of Things.

Reply has confirmed its logistics expertise in various sectors including the automotive, healthcare and food industries, where the Group has specialised in the management of logistics flows of raw materials, fleets and automated warehouses. Following the latest market trends, the Group has broadened its horizons, engaging in areas related to the sustainability and decarbonisation of supply chains, omnichannel solutions and the evolution of the different ways of working in logistics and transport.

Reply's expertise in the logistics area has been recognised by several analysts, including Gartner, which included the LEA Reply platform in the "Magic Quadrant for Warehouse Management Systems 2021". The features introduced on the platform during the year concerned new services to support the retail market, and in particular dark store and in-store operating processes that leverage algorithms optimisation to improve supply chain efficiency. The Group's various studies and implementations on advanced wearables, computer vision and drones also continued.

GOVERNAMENT & HEALTHCARE

Reply is continuing to support national and local public administrations in managing the Covid-19 pandemic, both from a management point of view and in the healthcare sector. After supporting government and healthcare agencies in the monitoring and tracking of infections and in the organisation and management of vaccination campaigns, the Group is now operating in countries where plans for recovery from the economic crisis have been launched, playing the role of a technological partner in innovation, sustainability and resilience initiatives.

In the healthcare and pharmaceutical sectors, Reply's portfolio of products and services has complemented traditional expertise in cost optimisation, process digitalisation, management of medical equipment and logistics, with solutions based on artificial intelligence.

In 2021, Reply strengthened its offering of services and products in the reception and telemedicine realms, anticipating the technological and organisational trends of the new

hospital-territory healthcare ecosystem and improving the efficiency of patient journey processes from a connected care perspective. Reply is promoting the adoption of the One-Health model (integration of data collected from people, animals and the environment to establish new diagnosis and treatment processes), working to connect technologies and applications from sectors parallel to healthcare, such as the pharma, genomics and bioinformatics research fields.

RETAIL

Reply is supporting leading European players in the implementation of integrated strategies spanning the online and physical networks. The demand for increasingly 'phygital' experiences has led to several projects in the master data management space. The aim of these projects is to harmonise information about end consumers, products and services, thus providing new insights and KPIs useful for measuring the effectiveness of the various initiatives, as well as identifying areas where the existing offer can be enhanced.

Reply has been involved in numerous initiatives concerning the migration of e-commerce systems to native cloud platforms. In these contexts, the success factor was characterised by the ability to provide technological solutions capable of breaking down business capabilities into re-combinable services, thus enabling the implementation of increasingly sophisticated and channel-independent forms of relationships and sales.

Reply has stood out from the crowd for its ability to design truly omnichannel architectures, taking full advantage of the offer of the various cloud platforms and creating real-time order management and inventory solutions.

The Group also supported retailers in reviewing their organisational processes. Reply's profound knowledge of the dynamics of this sector have been instrumental in achieving the transformation and enabling the necessary intra-departmental coordination mechanisms. These capabilities are becoming increasingly important in order to effectively support retail customers towards international openness and experimentation with the new B2B2C and 'consumer to consumer' relationship models that favour growth and a reduction of the time to market.

TELCO & MEDIA

In the Telco market, lower operating costs and the introduction of new service lines have led to an organisational tension which, in many contexts, has spilled over and is affecting economic performance. Thanks to its consolidated expertise in the Telco field, Reply is supporting leading European operators in optimising their technological solutions and the investments needed for the implementation of new generation networks. In the 5G realm in particular, Reply has developed a diverse offer portfolio, based on innovative use cases and the ability to work on the unbundling of networks.

The Group is also supporting large network operators in the development of cloud based and edge computing solutions. For example, in addition to satisfying companies that use the services and that are able to benefit from technological and economic advantages in terms of a reduction in data transmission latency and costs, public cloud solutions also support business processes in ensuring compliance with local data privacy regulations. These solutions allow companies to reap the benefits of the public cloud, without the need to assume the complexities involved in managing their own private cloud.

In the Media sector, publishers are reacting to the deep crisis experienced by traditional channels, which is paving the way for the development of new digital solutions and products that can meet new customer preferences.

Thanks to its profound knowledge of the Telco world, Reply is supporting leading European players in the Media sector towards the convergence of offers, contributing to the design and implementation of new bundles consisting of fixed/mobile broadband connectivity, value-added services and premium editorial and/or television content.

TECHNOLOGICAL INNOVATION

Technological innovation is the basis of Reply's growth. The company has always pursued the objective of providing its clients with the tools they need to increase flexibility and efficiency. Reply is involved in a continuous process of research, selection and marketing of innovative solutions for sustaining the creation of value within organisations.

CLOUD & EDGE COMPUTING

Cloud computing has established itself as the infrastructure standard in all the markets in which Reply operates. The Group has developed significant expertise in supporting companies towards the adoption of solutions relying on Microsoft Azure, AWS, Google Cloud Platform and Oracle Cloud Infrastructure as a Service (IaaS) and Platform as a Service (PaaS). This cross-functional expertise has allowed Reply to support customers in a growing number of multi-cloud and hybrid implementations, where on-premises systems and cloud services are seamlessly integrated into the user experience. The Group has also confirmed its strong architectural capabilities and an ongoing commitment to optimising investments and operating costs.

Its consolidated experience in designing and managing the complexity of multi-cloud solutions has led Reply to develop the CAFFE methodological framework (Cloud Adoption Framework for Enterprise). Thanks to this structured approach, Reply customers can build their Cloud adoption journey and define an efficient operating model with a set of tools that enable the automation of cloud services.

In addition to offering 24/7 operational support services for cloud infrastructures, Reply has significantly expanded its products and services offer with advanced models that take advantage of the edge cloud, distributed cloud and edge computing technologies, to support Telcos and leading industrial groups.

These approaches make it possible to design solutions that offer low latency and a high degree of security/ privacy, with immediate benefits in the local processing of data, connected to artificial intelligence, machine learning and high-performance computing solutions made available by cloud providers.

At the application level, Reply has adopted the Software as a Service (SaaS) model as its main solution in the development of specific platforms for customers in different industries such as banking, telco, automotive, insurance, energy, retail and healthcare. This approach is complemented by the significant expertise in customising platforms offered by vendors such as Salesforce, SAP and Adobe in different areas, including omni-channel sales, data-driven marketing and industrial and logistics solutions.

CYBERSECURITY

Alongside cloud computing and artificial intelligence, cybersecurity has established itself as one of the top priorities for the market. The growing number of attacks – both in the industrial and in the consumer sectors – combined with the significant increase in connected devices driven by the success of IoT technologies, makes it necessary for businesses to invest continuously in the prevention, detection and management of incidents.

The activities conducted by Reply for its customers range from the definition and implementation of security and risk management policies, to the development of predictive models, operational cybersecurity monitoring activities, incident management and threat intelligence. Reply has partnered with leading vendors of cloud and legacy security solutions; it is also active in monitoring innovative start-ups and participating in open source initiatives.

Among the areas that have seen the most significant growth in recent years, the IT security of industrial plants and logistics systems is of particular importance and is one of the main areas of study in Reply's new Cyber Security Lab. In this context, Reply has invested in frameworks to strengthen the test phases of connected industrial devices, attack interception and response, including through the adoption of artificial intelligence and machine learning techniques.

AUTOMATE EVERYTHING

The hyper-automation paradigm is becoming increasingly pervasive, particularly in the business context. Indeed, the drastic changes in the way we work brought on by the pandemic have contributed to a growing interest in robot process automation and intelligent process automation solutions by different sectors, from banking to insurance, and from telco to energy.

Automation technologies are used in the development of solutions based on the principles of 'Low-Code' and 'NoCode'. The ability to take advantage of the opportunities offered by

the adoption of AI-powered software development techniques, is in fact bringing greater efficiency to the activities conducted by developers – both for Reply and its customers – in the coding, testing and software deployment phases.

AI-powered data automation is being used more and more by Reply teams specialising in machine learning, to improve the efficiency of data preparation and the identification and sharing of insights on large databases. In this context, Reply is supporting customers in evolving their business intelligence and analytics platforms in this direction, making it possible to obtain data and information that is increasingly accurate and valuable for business development, operational management and cybersecurity.

Another area experiencing a strong automation acceleration is robotics. Alongside the modernisation of industrial robots, the emergence of autonomous mobile robots enables companies to obtain benefits in terms of logistics optimisation, building management, plant safety and the protection of workers. Reply covers all the various design, programming and training phases of software and artificial intelligence algorithms that give life to robots, as well as the implementation of cloud-based architectures such as the one developed on the Microsoft Azure stack for the management of Boston Dynamics' Spot robots

DIGITAL EXPERIENCE

In a world filled with stimuli and in which relationships are often mediated by interactive screens, it is imperative for companies to be able to establish a solid relationship with their audience. To address these trends, Reply helps customers to design and implement a customer journey filled with experiences, using innovative technologies and an in-depth knowledge of the human experience on digital channels.

Moreover, the use of artificial intelligence algorithms enables the creation of a richer and more personalised digital experience thanks also to the greater ability to understand, analyse and anticipate customer behaviours, as well as to implement more effective customer engagement actions.

With its consolidated expertise in the design and implementation of marketing automation and CRM platforms, based on the partnership with leading players such as Salesforce, Adobe, Microsoft and Oracle, Reply specialises in developing digital communication solutions and campaigns aimed at increasing engagement, reducing friction points and improving mutual knowledge between company and customer, with great attention paid to privacy and data security. Reply combines this expertise with the support offered to large multinationals and companies operating in different sectors in building an active and responsible presence on social media.

Alongside the design and implementation of digital platforms in various industries – from banking to energy, insurance and telco – Reply supports the proprietary Sonar Reply, Pulse Reply and China Beats solutions designed to help marketers monitor the international market and track marketing and branding KPIs, as well as the Discovery Reply digital asset management platform.

In 2021, Reply was listed as a leader in Gartner’s global ‘Magic Quadrant for CRM and Customer Experience Implementation Services 2021’. This prestigious milestone recognises Reply’s consolidated expertise in creating customer experiences that integrate CRM, Sales, Service, Marketing and Data Analysis components, joining the numerous other recognitions obtained by Reply agencies in designing integrated and unique digital experiences for brands.

CUSTOMER INTERACTION

The strong shift towards digital channels marked the development of relationships between customers and companies during the limitations imposed by the global pandemic. The gradual re-openings subsequently saw the emergence of increasingly hybrid models, characterised by a strong omni-channel focus of the purchasing experiences and new communication and interaction interfaces, both at a commercial and at a customer care level.

Reply has launched international competence centres dedicated to studying new interfaces, designing the best user experiences and subsequently implementing front-end

systems and integration with company systems and artificial intelligence engines. Starting from its broad expertise in the mobile interfaces realm and in advanced e-commerce models, the Group has managed initiatives involving the adoption of virtual reality, augmented reality, wearable, touchless and voice interfaces in the B2C and B2B spaces.

Alongside the growing number of implementations and prototypes in areas related to the metaverse, Reply has seen a renewed interest in conversational systems, with a significant increase in platforms and algorithms for the management of chatbots, shopping assistants and digital assistants. Indeed, conversational systems are evolving, both in improving the interaction with the user, and in analysing their style and manner of conversation, to offer an increasingly personalised service.

Reply's expertise ranges from the design of new interfaces, to the integration with customer AI analytics and the creation of omni-channel frameworks. The goal is to build data-driven experiences in which interfaces can autonomously interact with the user. In the case of customer care services, for example, the aim is to ensure the complete resolution of problems, while human operators remain active as a point of escalation, with complete visibility of the interaction that took place up until that moment.

HYBRID WORK

After the solutions deployed during the 2020 lockdowns to facilitate remote work and social distancing, companies are adopting a more structured approach, taking advantage of the technological opportunities available and proactively managing the temporary restrictions on the mobility of customers, employees and sales networks. In recent months, Reply has supported client companies in the design, development and adoption of advanced collaboration and communication tools, which combine the improvement of individual productivity and the effectiveness of teams, regardless of their physical location.

Collaboration and communication solutions are designed by prioritising the adoption of cloud-based tools, which can be used seamlessly by employees whether activities are carried out in the office, on the move or at home. Moreover, thanks to the analysis and management of possible security issues resulting from hybrid working methods, Reply is also supporting companies in the adoption of advanced cybersecurity solutions and of platforms offered by leading vendors in the desktop/mobile management space. The Reply offer incorporates the experience gained on productivity tools included in digital workplace suites offered by leading vendors, integrated with hardware/ software enablers based on artificial intelligence. Intelligent process automation, in particular, is gaining ground as a tool to bring the potential of artificial intelligence and machine learning into the daily lives of workers, by speeding up and simplifying their activities.

Reply is continuing the development of proprietary platforms such as TamTamy Reply, aimed at maintaining and evolving social relationships and training activities, on-site as well as remotely.

In parallel with its technological offer, the Group companies specialising in training, internal communication and human resources development have expanded their portfolio of services aimed at promoting employee engagement and continuous learning.

5G & COMMUNICATION INFRASTRUCTURES

The growing number of connected objects, both in the consumer and industrial sectors, enables innovative business models on the one hand, whilst making significant investments in connectivity necessary on the other. In the Operational Technology (OT) space, in particular, the use of drones, robots, autonomous vehicles, connected machines and augmented/virtual reality components requires not only highly reliable connectivity, but also minimum latency and high security/privacy of the data transmitted.

Reply is collaborating with leading European operators to tackle the medium-term scenarios in which companies will experience a radical change in their communication infrastructure, with the creation of fully wireless enterprise W-LANs, designed to provide a

connectivity that is always available and highly reliable. These dedicated and specialised communication networks will not only carry data and perform traffic control to connect and manage network nodes and devices, but also code and algorithms.

The line between OTT and public telephone operators will be increasingly blurred. Indeed, the consolidation and maturation of 5G networks will see an affluence of corporate mobile private networks: bubbles isolated from public networks with high service standards managed by so-called digital operators. The new players will support Telcos with specialised offers, guaranteeing connectivity services optimised for the individual building, the single machine or the specific application.

INTERNET OF THINGS

The Internet of Things is one of today's most important technological trends. In fact, use cases cover the adoption of connected technologies in the corporate, consumer and public sectors. The rise in the number of connected platforms leverages, on the one hand, the increasing availability of services by large cloud providers and, on the other, the increase in innovative devices and sensors, both at the industrial and the domestic level.

At consumer level, 'connected products' have been the common thread of the evolution of Reply's offer. The Group is supporting its customers in the launch of new products natively equipped with connected services, in particular in the smart home and smart mobility sectors. The IoT solutions designed and implemented by Reply are characterised by a 'security by design' approach, complemented by highly usable interfaces and innovative service models.

The Industrial IoT has affirmed its crucial role as the linking element between the Industry 4.0 models, thanks to the analysis, predictive and forecasting capabilities enabled by cloud and edge computing technologies and supported by the growing availability of sensors and 5G networks. The projects carried out by Reply primarily concerned large customers in the manufacturing, energy, automotive and logistics sectors. Lastly, the use of connected robots and drones has been successfully implemented in warehouse management and plant safety solutions.

Reply continues to invest in IoT innovation, both by evolving its connected platforms such as Ticuro Reply, and through various studies in the smart city space.

Innovation on the Internet of Things is also guaranteed by the monitoring of the start-up and scale-up markets carried out by the Breed Reply incubator, which has continued its selection and investment activities in B2C and B2B companies specialised in IoT and operating in different industries.

LOOKING FORWARD

Reply considers research and continuous innovation to be fundamental assets in supporting its customers as they adopt new technologies. The crisis linked to the global pandemic appears to have speeded up many significant transformations in target markets, in customers and in society as a whole. Thanks to the creation of international competence centres, Reply monitors the market constantly in order to identify emerging technologies and business opportunities and to anticipate the leading engines for the creation of tomorrow's business value.

METaverse

Reply has launched several initiatives to support its customers in tackling the heterogeneous mix of technologies and the new operational and organisational methods needed in order to position themselves on the leading metaverse platforms. The main areas of development include 3D modelling, 3D reconstruction of environments, avatar creation, non-fungible tokens (NFTs) and other assets based on the blockchain infrastructure and on virtual, augmented or mixed reality technologies.

The metaverse approach dictates that companies need to rethink the traditional communication paradigms, today predominantly asynchronous on the web and on social media networks. The metaverse is accelerating the displacement of interaction into the synchronous and real-time communication space.

The self-representation of users through avatars involves not only the creation of a 3D model that depicts them, but also the secure and centralised storage of everything that represents them in the digital world: their assets, NFTs, payment instruments, personal data, and the artificial intelligence model built on top of these.

Reply has consolidated expertise in all the core elements of the metaverse – artificial intelligence, blockchain and 3D in real-time – combined with the international experiences gained with Reply Game Studios in the gaming area and in the development of customised 3D applications and AR/VR/ MX in the business world. This means the Group is an increasingly important point of reference in helping customers from different industries to orient themselves in these new worlds and to be able to seize the opportunities offered.

QUANTUM COMPUTING

Quantum computing is the technology with the highest potential in reaching the processing peaks required by today's increasingly powerful artificial intelligence and machine learning systems. In fact, the evolution towards the so-called 'general artificial intelligence' necessitates instructing and training complex machine learning models in a reasonable length of time and with a high degree of accuracy, but also remodelling the algorithms based on the – sometimes continuous – changes in input data.

Reply is supporting large European groups in the adoption of 'quantum-inspired' algorithms. This approach makes it possible to anticipate the future benefits of a mass implementation of quantum computing technologies in specific contexts, such as workforce optimisation and other use cases where a high number of variables need to be combined to obtain timely answers that can be used in daily business management activities.

Other studies followed by Reply concerned the railway sector, where Quadratic Unconstrained Binary Optimisation (QUBO) was used. This is a solution designed to describe optimisation problems that can be solved through quantum technologies. Particular interest was also identified in the finance sector, where complex areas such as

investment banking can benefit from accelerated computing to obtain insights from huge databases and input sources with an extremely high refresh rate.

MOBILITY EVOLUTION

The transport sector is undergoing a significant transformation, linked primarily to the development of 'Mobility as a Service' offers. This paradigm is emerging not only based on new consumption models, but also thanks to the technologies that make vehicles more environmentally efficient and connected to roads and smart cities. The changes are also affecting public transport, an area where Reply has launched various projects and studies with different operators, carrying out projects related to the new sustainable and smart mobility.

Attention to the environment is translating into the electrification of all vehicle categories and the optimisation of their life cycle. Batteries are also an area undergoing strong innovation. Indeed, Reply is working on cloud-based models in which Internet of Things solutions monitor and optimise battery consumption, extending their life and generally improving the efficiency of the vehicles using them.

At a technological level, the high availability of software and hardware on board the vehicle makes it possible to improve its safety, efficiency and maintenance. At the same time, the gradual diffusion of high-capacity networks such as 5G is enabling a significant number of support, entertainment, payment and interaction services.

New business models see specialised players working alongside historic vehicle manufacturers, and the latter radically renewing their catalogue and digitising their business processes.

GREEN TECHNOLOGY

Reply has long been committed to making its operations as sustainable as possible, with a primary focus on reducing the Group's ecological footprint. Also, thanks to the increasing sensitivity of its customers, Reply has embarked on a path focused on the definition of its

project management and code development methodologies based on the principles of energy efficiency and a reduction in the potential waste of resources, especially energy.

Indeed, ICT is currently a significant area when it comes to energy consumption. The global push towards digitalisation, accelerated by the pandemic, is expected to lead to a further increase in data centre consumption, also due to the diffusion of new energy-intensive activities such as training complex machine-learning algorithms.

Cloud migration is an opportunity for companies to make their systems 'greener', given that many large vendors are acquiring a big part or all of their energy needs through renewable sources.

The increasing use of connected devices – for example in the Industrial Internet of Things – makes it necessary to optimise energy consumption at the level of a single sensor or connected terminal. Even at software level, writing optimised code can bring benefits in the reduction of the ecological footprint. In this scenario of transformation, Reply has created an international working group with the aim of developing the necessary skills and expertise to be able to adopt, in a significant manner, the use of green computing and green coding both internally and during collaboration with customers' development teams.

Interim financial report 2022

Financial Review of the Group

Introduction

The Half-Year report for the period ended June 30, 2022 has been prepared in accordance with the Legislative Decree. 58/1998, as amended, and the "Regolamento Emittenti" issued by Consob.

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

Trend of the first half

Since the start of the year, the Group has recorded a consolidated turnover of €889.7 million, which is an increase of 24.8% compared to the same period in 2021.

All indicators are positive for the period. In the first half of 2022, consolidated EBITDA of €144.4 million compared to the €119.5 million recorded in 2021 and corresponds to 16.2% of turnover.

EBIT, from January to June, was €122.9 million (€96.0 million in 2021), corresponding to 13.8% of turnover.

Pre-tax profit, from January to June 2022, was €108.7 million (€98.7 million in 2021), corresponding to 12.2% of turnover.

As regards the second quarter 2022, the Group's performance was also positive, with consolidated turnover for the period of €448.8 million, up by 24.5% compared to 2021.

EBITDA, from April to June 2022, amounted to €73.6 million, with EBIT of €65.2 million and pre-tax profit of €49.3 million.

As at 30 June 2022, the Group's net financial position was positive for €165.7 million, while at 31 March 2022 was positive for €279.7 million. The financial position at 30 June 2021 was positive for €165.4 million.

The first half of 2022 was very positive, both in terms of revenue and margins. In recent months we have seen a continuous growth in investments by companies in two main areas of innovation: artificial intelligence and cloud.

In particular, the revolution linked to the introduction of artificial intelligence is at the beginning of a growth path that promises to be explosive. In a short time, we will have artificial intelligence for everything, just as today we have a mobile app for every need.

What is going to happen in the next few years, will be incredible. Today, the availability of very high-speed networks makes it possible to develop applications never before thought possible, enabling continuous interactions between the physical and digital worlds. In a short time, we will be living in a blend of automation, artificial intelligence, digital interfaces and connected objects, but it will take an enormous amount of work to make this possible. This is where Reply intends to position itself as a niche player with very high technological capabilities.

Reclassified consolidated statement of income

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

(thousand Euros)	1 st half 2022	%	1 st half 2021	%
Revenues	889,722	100.0	712,833	100.0
Purchases	(17,027)	(1.9)	(9,330)	(1.3)
Personnel	(465,683)	(52.3)	(365,403)	(51.3)
Services and other costs	(265,566)	(29.8)	(220,504)	(30.9)
Other operating (costs)/income	3,000	0.3	1,884	0.3
Operating costs	(745,276)	(83.8)	(593,353)	(83.2)
Gross operating income (EBITDA)	144,447	16.2	119,481	16.8
Amortization, depreciation and write-downs	(24,681)	(2.8)	(23,495)	(3.3)
Other non-recurring (costs)/income	3,109	0.3	(19)	-
Operating income (EBIT)	122,874	13.8	95,967	13.5
(Loss)/gain on investments	(9,981)	(1.1)	4,237	0.6
Financial income/(expenses)	(4,240)	(0.5)	(1,485)	(0.2)
Income before taxes	108,654	12.2	98,719	13.8
Income taxes	(32,923)	(3.7)	(26,337)	(3.7)
Net income	75,731	8.5	72,382	10.2
Non-controlling interests	(133)	-	(991)	(0.1)
Net income of the Parent company	75,598	8.5	71,391	10.0

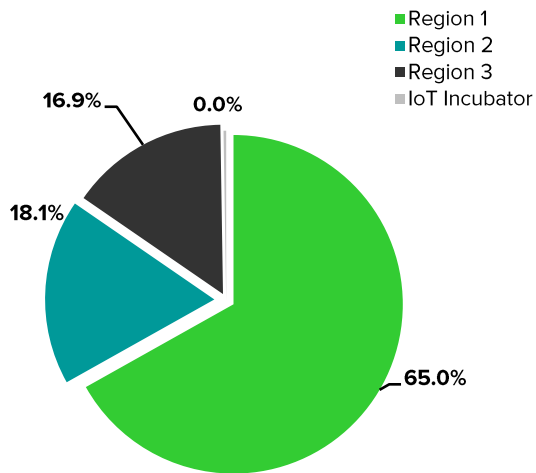
Reclassified consolidated statement of income of the second quarter

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

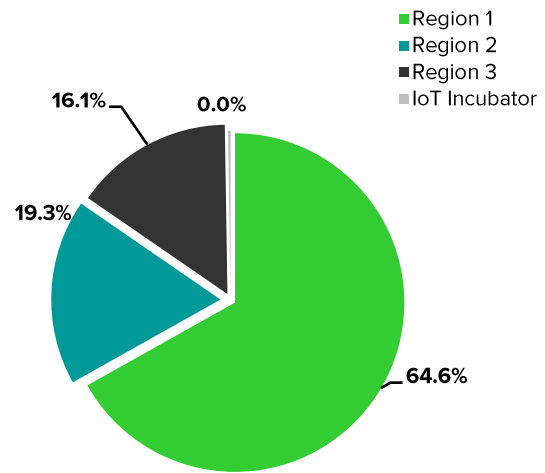
(thousand Euros)	Q2 2022	%	Q1 2021	%
Revenues	448,839	100.0	360,447	100.0
Purchases	(9,588)	(2.1)	(3,139)	(0.9)
Personnel	(236,369)	(52.7)	(188,890)	(52.4)
Services and other costs	(131,825)	(29.4)	(109,710)	(30.4)
Other operating (costs)/income	2,512	0.6	1,178	0.3
Operating costs	(375,270)	(83.6)	(300,562)	(83.4)
Gross operating income (EBITDA)	73,569	16.4	59,885	16.6
Amortization, depreciation and write-downs	(11,469)	(2.6)	(11,938)	(3.3)
Other non-recurring (costs)/income	3,109	0.7	75	-
Operating income (EBIT)	65,209	14.5	48,021	13.3
(Loss)/gain on investments	(11,066)	(2.5)	3,985	1.1
Financial income/(expenses)	(4,852)	(1.1)	(862)	(0.2)
Income before taxes	49,291	11.0	51,144	14.2

REVENUE BY REGION (*)

1st half 2022



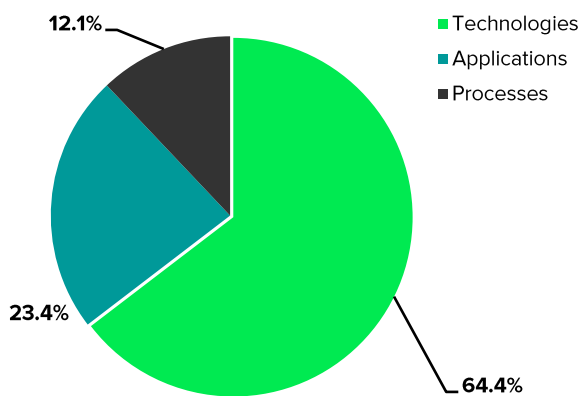
1st half 2021



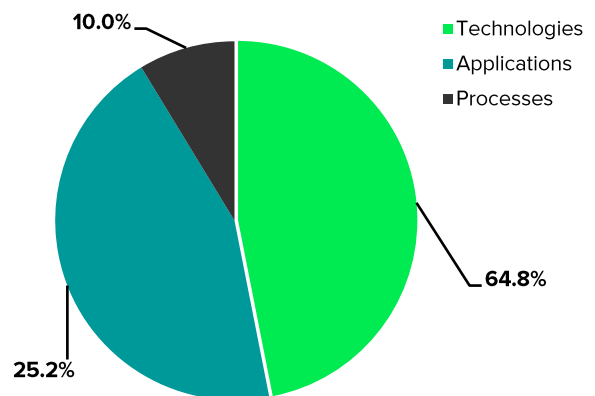
(*)
 Region 1: ITA, USA, BRA, POL, ROU, CHN (Nanjing), NZL
 Region 2: DEU, CHE, CHN (Beijing), HRV
 Region 3: GBR, LUX, BEL, NLD, FRA, BLR, SGP, HKG, MYS

REVENUE BY BUSINESS LINES

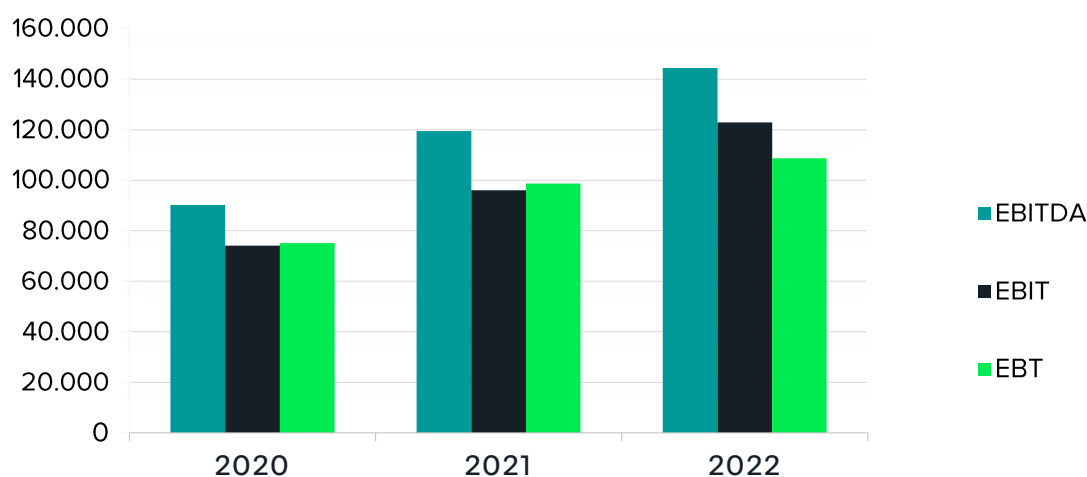
1st half 2022



1st half 2021



TREND IN KEY ECONOMIC INDICATORS



Analysis of the financial structure

The table below illustrates the Group's financial structure as at June 30, 2022, compared to December 31, 2021:

(thousand Euros)	30/06/2022	%	31/12/2021	%	Change
Current assets	549,893		623,749		(73,856)
Current liabilities	(540,943)		(666,363)		125,421
Working capital, net (A)	8,951		(42,614)		51,564
Non-current assets	863,035		862,429		606
Non-current liabilities	(184,490)		(197,132)		12,642
Fixed capital (B)	678,544		665,297		13,248
Invested capital, net (A+B)	687,495	100.0	622,683	100.0	64,812
Shareholders' equity (C)	853,236	124.1	815,895	131.0	37,342
NET FINANCIAL MANAGERIAL POSITION (A+B-C)	(165,741)	(24.1)	(193,212)	(31.0)	27,470

Net invested capital as at June 30, 2022, amounted to 687,495 thousand Euros, was funded by Shareholders' equity for 853,326 thousand Euros and by available overall funds of 165,741 thousand Euros.

It is to be noted that net invested capital includes Due to minority shareholders and Earn-out for a total of 100,749 thousand Euros (129,558 thousand Euros at 31 December 2021); this item is not included in the net managerial financial position. For the ESMA Net financial indebtedness see note 29.

The following table provides a breakdown of net working capital:

(thousand Euros)	30/06/2022	31/12/2021	Change
Work in progress	155,554	86,787	68,767
Trade receivables	320,682	471,560	(150,878)
Other assets	73,658	65,402	8,256
Current operating assets (A)	549,893	623,749	(73,856)
Trade payables	151,924	139,921	12,003
Other liabilities	389,019	526,442	(137,424)
Current operating liabilities (B)	540,943	666,363	(125,421)
Working capital, net (A-B)	8,951	(42,614)	51,564
<i>% return on investments</i>	<i>2.0%</i>	<i>(2.9%)</i>	

Net financial managerial position and cash flows statement

(thousand Euros)	30/06/2022	31/12/2021	Change
Cash and cash equivalents, net	343,317	314,680	28,636
Current financial assets	28,366	31,791	(3,425)
Due to banks	(17,217)	(406)	(16,811)
Due to other providers of finance	(792)	(904)	112
Financial liabilities IFRS 16	(27,833)	(26,508)	(1,325)
Short-term financial position	325,840	318,653	7,187
Due to banks	(63,428)	(23,313)	(40,115)
Financial liabilities IFRS 16	(96,671)	(102,129)	5,457
M/L term financial position	(160,099)	(125,442)	(34,658)
Total net financial managerial position	165,741	193,212	(27,470)

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

(thousand Euros)	1 st half 2022
Cash flows from operating activities (A)	79,568
Cash flows from investment activities (B)	(45,307)
Cash flows from financial activities (C)	(5,627)
Change in cash and cash equivalents (D) = (A+B+C)	28,634
Cash and cash equivalents at beginning of period (*)	314,680
Cash and cash equivalents at year end (*)	343,315
Total change in cash and cash equivalents (D)	28,634

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

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

Significant operations of the first half 2022

At the beginning of May, Reply signed an agreement for the acquisition, through its subsidiary Reply Deutschland SE, of 100% of FINCON Unternehmensberatung GmbH (www.fincon.eu) - a Leading German consultancy firm in digital transformation projects for the banking and insurance sector.

FINCON, based in Hamburg, is a consulting firm specializing in core processes and systems in the financial services sector, such as mobile banking, payments, banking CRM, internal control and compliance system, BIPRO and insurance systems. FINCON's clients include leading German banking and insurance institutions and most German Sparkasse.

The investment in FINCON is part of Reply's international growth strategy, particularly in Germany, a market where Reply is already a leader in consulting, system integration and digital services.

FINCON combines great expertise in banking and insurance processes with constant attention to technological innovation. With FINCON, Reply aims to expand its presence in the German banking and insurance sector.

The closing of the transaction, which was approved by the German Federal Competition Office in June, took place on 1 July.

Other information

Research and development activities

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

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

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

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

Intergroup transactions and with related parties

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

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

Human resources

At June 30, 2022 the number of employees of the Group was 11,606 with an increase of 1,027 compared to December 31, 2021 and an increase of 1,958 resources compared to June 30, 2021.

EVENTS SUBSEQUENT TO 30 JUNE 2022

On July 1, the closing of the acquisition of 100% of the company FINCON took place; the initial agreement had been signed at the beginning of May.

Please refer to the paragraph “Significant operations of the first half 2022” for further information.

Outlook on operations

The current scenario is constantly evolving and it is still difficult to make predictions about the future in the short and medium term. The past months have, in any case, further amplified the demand for technology by all companies. Today even the most traditional and conservative have understood that the digitization of processes, the cloud and artificial intelligence are indispensable tools to restart and be competitive in an increasingly connected and digital world.

In the first half of 2022, the market, in particular, was characterized by a strong demand for digital, software and data engineering services. This evolution is further reinforced by the development of emerging cloud computing and IoT technologies. These services are at the heart of Reply's offer and characterise the great design activity of recent months. Added to this is a further area of growth driven by new applications related to the use of artificial intelligence and robotic automation, applied both to vehicles and connected objects and to business processes.

Specifically, the revolution linked to the introduction of artificial intelligence continues on a path of growth that promises to be disruptive. In a short time we will have an artificial intelligence application for everything, just as today we have a mobile app for every need. This transformation is irreversible and opens up new opportunities for Reply. Today, the availability of very high-speed networks allows the development of applications previously unthinkable, enabling continuous interactions between the physical and digital worlds. In a short time we will live in a combination of automation, artificial intelligence, digital interfaces and connected objects; however, it will take a great deal of ideation, design, development and integration to make this possible. This is where Reply intends to position itself, operating as a niche player, with a very high technological content.

In the coming months, in the absence of a resurgence of the pandemic, or a strong energy crisis, linked to the evolution of the conflict between Russia and Ukraine, a continuation of these trends and the related growth of the Company's activities and results is expected.

Turin, August 2, 2022

/s/ Mario Rizzante

For the Board of Directors
The Chairman
Mario Rizzante

Half year condensed financial statements at 30 June 2022

Consolidated statement of income (*)

(thousand Euros)	Note	1 st half 2022	1 st half 2021	2021
Revenues	5	889,722	712,833	1,483,803
Other income	6	6,141	6,489	17,631
Purchases	7	(17,027)	(9,330)	(21,500)
Personnel	8	(465,683)	(365,403)	(759,567)
Services costs	9	(271,706)	(226,993)	(462,779)
Amortization, depreciation and write-downs	10	(24,681)	(23,495)	(48,391)
Other operating and non-recurring (cost)/income	11	6,109	1,866	85
Operating income		122,874	95,967	209,283
(Loss)/gain on investments	12	(9,981)	4,237	8,164
Financial income/(expenses)	13	(4,240)	(1,485)	(4,168)
Income before taxes		108,654	98,719	213,279
Income taxes	14	(32,923)	(26,337)	(60,871)
Net income		75,731	72,382	152,408
Non-controlling interest		(133)	(991)	(1,735)
Net result of the Parent company		75,598	71,391	150,672
<i>Earnings per share and diluted</i>	<i>15</i>	<i>2.03</i>	<i>1.91</i>	<i>4.03</i>

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

Consolidated statement of comprehensive income

(thousand Euros)	Note	1 st half 2022	1 st half 2021
Profit of the period (A)		75,731	72,382
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) from employee benefit plans		3,680	849
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	27	3,680	849
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax:			
Gains/(losses) on cash flow hedges, net of tax		1,561	339
Gains/(losses) on exchange differences on translating foreign Operations		11,213	8,012
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2)		12,774	8,351
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX (B) = (B1) +(B2)	27	16,454	9,200
Total comprehensive income (A)+(B)		92,185	81,582
Total comprehensive income attributable to:			
Owners of the parent		92,052	80,591
Non-controlling interest		133	991

Consolidated statement of financial position (*)

(thousand Euros)	Note	30/06/2022	31/12/2021	30/06/2021
Tangible assets	16	87,768	80,919	51,971
Goodwill	17	488,428	474,118	336,976
Intangible assets	18	41,632	44,036	24,422
RoU Assets	19	114,750	119,549	130,117
Equity investments	20	55,590	66,361	65,920
Other financial assets	21	6,428	8,556	9,546
Deferred tax assets	22	68,439	68,889	51,772
Non-current assets		863,035	862,429	670,723
Inventories	23	155,554	86,787	151,057
Trade receivables	24	320,682	471,560	281,451
Other receivables and current assets	25	73,658	65,402	56,327
Financial assets	21	28,366	31,791	2,300
Cash and cash equivalents	21, 26	354,960	329,051	329,315
Current assets		933,219	984,592	820,450
TOTAL ASSETS		1,796,254	1,847,020	1,491,173
Share Capital		4,863	4,863	4,863
Other reserves		771,305	657,733	650,953
Net result of the period		75,598	150,672	71,391
Equity of the Parent company	27	851,766	813,269	727,207
Non-controlling interest		1,470	2,625	1,848
NET EQUITY	27	853,236	815,895	729,055
Due to minority shareholders and earn-out	28	97,365	107,493	58,981
Financial liabilities	29	63,428	23,313	18,681
Financial liabilities from RoU	29	96,671	102,129	112,440
Employee benefits	30	45,812	48,601	46,295
Deferred tax liabilities	31	25,876	24,113	17,313
Provisions	32	15,436	16,925	8,613
Non-current liabilities		344,590	322,573	262,323
Due to minority shareholders and earn-out	28	3,384	22,066	953
Financial liabilities	29	29,652	15,681	8,720
Financial liabilities from RoU	29	27,833	26,508	26,385
Trade payables	33	151,924	139,921	126,756
Other current liabilities	34	384,567	502,990	336,209
Provisions	32	1,067	1,387	771
Current liabilities		598,428	708,552	499,795
TOTAL LIABILITIES		943,018	1,031,126	762,118
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,796,254	1,847,020	1,491,173

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

Statement of changes in consolidated equity

(thousand Euros)	Share capital	Treasury shares	Capital reserve	Earning reserve	Cash flow hedge reserve	Translation reserve	Reserve for actuarial gains/(losses)	Non-controlling interests	Total
At January 1 ^o , 2021	4,863	(25)	199,533	498,899	(1,440)	(19,989)	(6,803)	918	675,957
Dividends distributed	-	-	-	(21,071)	-	-	-	(550)	(21,621)
Change in treasury shares	-	(7,195)	-	-	-	-	-	-	(7,195)
Total comprehensive income/(loss)	-	-	-	71,391	339	8,012	849	991	81,582
Other changes	-	-	-	(156)	-	-	-	489	332
At June 30, 2021	4,863	(7,220)	199,533	549,063	(1,101)	(11,977)	(5,954)	1,848	729,055

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

Consolidated statement of cash flows

(thousand Euros)	1 st half 2022	1 st half 2021
Net result of the period	75,731	72,382
Income taxes	32,923	26,337
Depreciation and amortization	24,681	23,495
Other non-monetary expenses/(income)	14,103	6,716
Change in work in progress	(68,767)	(71,273)
Change in trade receivables	150,878	63,248
Change in trade payables	12,003	12,607
Change in other assets and liabilities	(125,832)	(20,976)
Income taxes paid	(36,153)	(37,848)
Net cash flows from operating activities (A)	79,568	74,688
Payments for tangible and intangible assets	(14,722)	(7,406)
Payments for financial assets	(275)	135
Payments for the acquisition of subsidiaries net of cash acquired	(30,310)	(23,753)
Net cash flows from investment activities (B)	(45,307)	(31,024)
Dividends paid	(30,635)	(21,621)
Shares issued	(19,986)	(7,195)
In payments from loans	60,000	-
Financial liabilities for leasing	(15,007)	(14,460)
Repayment of loans	-	(4,966)
Net cash flows from financing activities (C)	(5,627)	(48,242)
Net cash flows (D) = (A+B+C)	28,634	(4,579)
Cash and cash equivalents at beginning of period	314,680	332,500
Cash and cash equivalents at period end	343,315	327,921
Total change in cash and cash equivalents (D)	28,634	(4,579)

Detail of cash and cash equivalents (thousand Euros)	1 st half 2022	1 st half 2021
Cash and cash equivalents at beginning of period	314,680	332,500
Cash and cash equivalents	329,051	333,819
Bank overdrafts	(14,371)	(1,320)
Cash and cash equivalents at period end	343,315	327,921
Cash and cash equivalents	354,960	329,315
Bank overdrafts	(11,645)	(1,394)

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NOTE 1 – GENERAL INFORMATION

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

NOTE 2 - ACCOUNTING PRINCIPLES AND BASIS OF CONSOLIDATION

Compliance with International accounting principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union. The designation “IFRS” also includes all valid International Accounting Standards (“IAS”), as well as all interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), formerly the Standing Interpretations Committee (“SIC”). Following the coming into force of European Regulation No. 1606 of July 2002, starting from 1 January, 2005, the Reply Group adopted International Financial Reporting Standards (IFRS). The accounting principles applied are consistent with those used for preparation of the Consolidated Financial Statements at December 31, 2021.

More specifically the half year condensed consolidated financial statements at June 30, 2022 have been prepared in accordance to IAS 34 Interim financial reporting.

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

GENERAL PRINCIPLES

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

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

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

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

Financial statements

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

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

The Statement of financial position is prepared according to the distinction between current and non-current assets and liabilities. The statement of cash flows is presented using the indirect method.

The most significant items are disclosed in a specific note in which details related to the composition and changes compared to the previous year are provided.

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

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED SINCE JANUARY 1ST, 2022

With regard to the accounting standards approved but not yet applicable or not yet approved by the European Union, please refer to the Annual Report as at 31 December 2021.

With regard to the standards issued by the IASB but not yet effective or not yet approved by the European Union, please refer to the Annual Report as at 31 December 2021.

NOTE 3 - RISK MANAGEMENT

CREDIT RISK

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

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

LIQUIDITY RISK

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

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

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

EXCHANGE RATE AND INTEREST RATE RISK

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

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

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

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

FAIR VALUE ASSESSMENT HIERARCHY LEVELS

The IFRS 13 establishes a fair value hierarchy which classifies the input of evaluation techniques on three levels adopted for the measurement of fair value. Fair value hierarchy attributes maximum priority to prices quoted (not rectified) in active markets for identical assets and liabilities (Level 1 data) and the non-observable minimum input priority (Level 3

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

The levels used in the hierarchy are:

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

The following table presents the assets and liabilities which were assessed at fair value on 30 June 2022, according to the fair value hierarchical assessment level.

(thousand Euros)	Note	Level 1	Level 2	Level 3
Investments	20	-	-	55,590
Convertible loans	21	-	-	1,914
Financial securities	21	28,113	-	-
Total financial assets		28,113	-	57,504
Derivative financial liabilities (IRS)	29		(1,045)	
Liabilities to minority shareholders and earn out	28	-	-	100,749
Total financial liabilities		-	(1,045)	100,749

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

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

To determine the effect of interest rate derivate financial instruments Reply refers to evaluation deriving from third parties (banks and financial institutes). The latter, in the calculation of their estimates made use of data observed on the market directly (interest

rates) or indirectly (interest rate interpolation curves observed directly): consequently, for the purposes of IFRS7 the fair value used by the Group for the exploitation of hedging derivatives contracts in existence as at 30 June re-enters under the hierarchy profile in level 2.

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

As at 30 June 2022, there have not been any transfers within the hierarchy levels.

NOTE 4 – CONSOLIDATION

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

Changes in consolidation compared to 30 June 2021 are related to:

- Comwrap GmbH, a company established under German law, acquired in the month of October 2021, of which Reply SE holds 100% of the share capital, European leader in professional services for cloud-native digital platforms based on Adobe Experience Cloud and Ibexa DXP.
- Enowa LLC, a company established under American law, acquired at the end of December 2021, of which Reply Inc. holds 100% of the share capital, specialized in consulting and solutions development SAP technology.
- The Spur Group, a company established under American law, acquired at the end of December 2021, of which Reply Inc. holds 100% of the share capital, leader in sales and marketing consulting.
- G Force Demco Ltd Group, of which Reply Ltd. Holds 100% of the share capital, specialized in marketing strategies and solutions to develop B2B sales in the

automotive industry and support customers in using the standard components of the Salesforce suite and provide solutions based primarily on configuration.

- Bside S.r.l, a company established under Italian law, acquired in the month of May 2022, focused on the role of digital communication agency, of which Reply S.p.A. holds 100% of the share capital.

Change in the consolidation as at June 30, 2022 affected Group's revenues by 6.8% and profits before tax by 6.4%.

Furthermore, the list of the Reply Group companies, presented as an annex herein include the start-up companies, compared to 30 June 2021, Cluster Dynamics Reply GmbH, Liquid Reply GmbH, Net Reply S.r.l., Nexi Digital S.r.l., Nexi Digital Reply Sp. z o.o., Next Reply S.r.l., Next Reply GmbH, Ki Reply GmbH, Roboverse Reply GmbH, Spike Digital Reply GmbH, Syskoplan IE Reply GmbH, Vivametric Reply GmbH, Net Reply LLC and Xenia Reply S.r.l..

NOTE 5 - REVENUE

Revenues from sales and services, including change in work in progress, amounted to 889,722 thousand Euros (712,833 thousand Euros at 30 June 2021).

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

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

Region (*)	1st half 2022	1st half 2021
Region 1	65.00%	64.60%
Region 2	18.10%	19.30%
Region 3	16.90%	16.10%
IoT Incubator	0.00%	0.00%
Total	100.0%	100.0%

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

(*)

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

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

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

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

Business line	1st half 2022	1st half 2021
Technologies	64.4%	64.8%
Applications	23.4%	25.2%
Processes	12.1%	10.0%
Total	100.0%	100.0%

NOTE 6 – OTHER REVENUES

Other revenues amounted to 6,141 thousand Euros (6,489 thousand Euros at 30 June 2021) and mainly refer to miscellaneous income, non-recurring income and R&D contributions.

NOTE 7 - PURCHASES

Detail is as follows:

(thousand Euros)	1st half 2022	1st half 2021	Change
Software licenses for resale	12,425	7,169	5,256
Hardware for resale	1,732	501	1,231
Other	2,870	1,660	1,210
Total	17,027	9,330	7,697

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

The item Other includes the purchase of fuel for 1,530 thousand Euros, the purchase of office stationery for 459 thousand Euros and the purchase of low value assets for 842 thousand Euros.

NOTE 8 - PERSONNEL

Detail is as follows:

(thousand Euros)	1st half 2022	1st half 2021	Change
Payroll employees	430,000	338,144	91,856
Executive Directors	35,683	27,259	8,424
Total	465,683	365,403	100,279

Personnel includes payroll employees and executive directors amounting to 465,683 thousand Euros compared to 365,403 thousand Euros of the first half 2021.

The increase in the cost of employees, amounting to 100,279 thousand Euros, is attributable to the total registered increase in the Group's business and in the increase in the number of employees.

Detail of personnel by category is provided below:

(number)	1st half 2022	1st half 2021	Change
Directors	411	346	65
Managers	1,405	1,204	201
Staff	9,790	8,098	1,692
Total	11,606	9,648	1,958

On 30 June 2022 the Group had 11,606 employees compared with 9,648 of the first half 2021.

Change in consolidation brought an increase to the workforce equal to 469 employees.

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

NOTE 9 – SERVICE COSTS

Services and other costs comprised the following:

(thousand Euros)	1st half 2022	1st half 2021	Change
Commercial and technical consulting	202,542	165,510	37,031
Travelling and professional training expenses	13,258	7,854	5,404
Other services costs	44,542	29,728	14,814
Office expenses	9,184	6,667	2,517
Lease and rentals	2,969	2,052	917
Other	(789)	15,182	(15,971)
Total	271,706	226,993	44,713

Change in Commercial and technical consulting, amounting to 44,713 thousand Euros, is attributable to an overall increase in the Group's business.

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

Office expenses include services rendered by related parties referred to service contracts for the use of premises, domiciliation and provision of secretarial services for 653 thousand Euros and rent charged by third parties for 1,314 thousand Euros, utility costs for 4,855 thousand Euros, cleaning expenses for 1,358 thousand Euros and maintenance expenses for 714 thousand Euros.

The item Other includes the partial reversal of an extraordinary provision accrued to take account of the economic repercussions related to Covid-19, the counterpart of which had adjusted some items of the current assets.

NOTE 10 – AMORTIZATION, DEPRECIATION AND WRITE-DOWNS

Depreciation of tangible assets, calculated on the basis of economic-technical rates determined in relation to the residual useful lives of the assets, resulted in an overall charge as at 30 June 2022 of 6,281 thousand Euros. Details of depreciation are provided in the notes to tangible assets.

Amortization of intangible assets for the first half 2022 amounted to 4,072 thousand Euros. Details of depreciation are provided in the notes to intangible assets.

Amortization related to Right of Use assets arising from the adoption of IFRS 16 amounted to 14,329 thousand Euros.

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

Other operating and non-recurring net income, related to events and transactions that do not occur in the regular course of business, amounted to 6,109 thousand Euros (1,866 thousand Euros in the first half of 2021) and refer to:

- A positive charge of 3,000 thousand Euros in relation to provision of risk and charges for contractual, commercial and legal disputes;
- A negative charge of 3,109 thousand Euros in relation to the fair value adjustment of the liability referred to the deferred consideration for the acquisition of shareholdings in subsidiary companies (Business combination).

NOTE 12 – (LOSS)/GAIN ON INVESTMENTS

The item amounting to negative 9,981 thousand Euros and is related to the fair value adjustments to equity investments in start-up companies made by the Investments company Breed Investments Ltd.

NOTE 13 – FINANCIAL INCOME/(EXPENSES)

Detail is as follows:

(thousand Euros)	1st half 2021	1st half 2020	Change
Financial income	960	79	881
Interest expenses	(1,023)	(790)	(233)
Other	(4,176)	(773)	(3,403)
Total	(4,240)	(1,485)	(2,754)

Financial income mainly includes interest on financial investments amounting to 479 thousand Euros, interest income on tax refunds amounting to 414 thousand Euros and interest on bank accounts amounting to 12 thousand Euros.

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

The item Other mainly includes:

- the interest expenses arising from the adoption of the International Accounting Standard IFRS 16 for 1,520 thousand Euros (1,747 at 30 June 2021);
- the exchange rate differences from the translation of open items not stated in Euros in a net gain of 1,817 thousand Euros (positive 921 thousand Euros at 30 June 2021);
- the changes in fair value of financial liabilities pursuant to IFRS 9 in a net gain of 1,112 thousand Euros (positive 94 thousand Euros at 30 June 2021);
- the net changes in fair value of Convertible Loans including capitalized interest amounting to negative 1,824 thousand Euros (positive 144 thousand Euros at 30 June 2021);
- the financial losses related to the fair value adjustments of the investments mainly held by Reply S.p.A. amounting to 3,676 thousand Euros.

NOTE 14 - INCOME TAXES

At June 30, 2022 income taxes amounted to 32,923 thousand Euros and were recognized in accordance to the expected annual average income tax rates.

NOTE 15 – EARNINGS PER SHARE

The basic earnings per share as at 30 June 2022 was calculated on the basis of the Group's net result amounting to 75,598 thousand Euros (71,391 thousand Euros as at 30 June 2021) divided by the weighted average number of shares as at 30 June 2022, net of treasury shares, which amounted to 37,253,888 (37,372,348 as at 30 June 2021).

(in Euros)	1st half 2022	1st half 2021
Group net result	75,598,000	71,391,000
No. of shares	37,253,888	37,372,348
Basic earnings per share	2.03	1.91

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

NOTE 16 - TANGIBLE ASSETS

Tangible assets as at 30 June 2022 amounted to 87,768 thousand Euros and are detailed as follows:

(thousand Euros)	30/06/2022	31/12/2021	Change
Buildings	52,990	48,892	4,098
Plant and machinery	6,896	6,164	732
Hardware	9,717	8,810	907
Other	18,165	17,053	1,112
Total	87,768	80,919	6,849

Change in tangible assets in the first half of 2022 is summarized in the table below:

(thousand Euros)	Buildings	Plant and machinery	Hardware	Other	Total
Historical cost	52,333	18,013	51,528	46,236	168,110
Accumulated depreciation	(3,441)	(11,849)	(42,718)	(29,184)	(87,191)
31/12/2021	48,892	6,164	8,810	17,053	80,919
<hr/>					
Historical cost					
Increases	4,645	1,515	4,220	3,368	13,748
Disposals	(2)	(489)	(1,045)	(1,351)	(2,887)
Change in consolidation	-	11	31	93	136
Other changes	(1)	609	263	245	1,117
<hr/>					
Accumulated depreciation					
Depreciations	(533)	(881)	(2,714)	(2,153)	(6,281)
Utilized	-	419	457	873	1,749
Change in consolidation	-	-	(19)	(62)	(81)
Other changes	(11)	(453)	(287)	99	(652)
<hr/>					
Historical cost	56,975	19,659	54,997	48,592	180,225
Accumulated depreciation	(3,985)	(12,763)	(45,280)	(30,428)	(92,456)
30/06/2022	52,990	6,896	9,717	18,165	87,768

The item Buildings mainly includes:

- the net value of a building owned by the group amounting to 4,670 thousand Euros located in Guetersloh, Germany.
- the real estate complex located in Turin “ex Caserma De Sonnaz” in the amount of 21,649 thousand Euros, that after proper renovation will be used to host the offices of the Group.
- the real estate complex located in Turin – Via Nizza 250 – in the net amount of 26,285 thousand Euros that hosts the offices of the Group.

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

Change in the item Hardware is due to investments made by the companies included in Region 1 for 2,347 thousand Euros, 1,563 thousand Euros for purchases made by the

companies included in Region 2 and 310 thousand Euros for purchases made by the companies included in Region 3.

The item Other as at 30 June 2022 mainly includes improvements to third party assets and office furniture. The increase of 3,368 Euros mainly refers to the purchases of furniture and fittings for 1,849 thousand Euros, to improvements made to the offices where the Group's companies operate for 640 thousand Euros and mobile phones for 625 thousand Euros.

Other changes mainly refer to exchange differences.

As at 30 June 2022 tangible assets were depreciated by 51.3% of their value, compared to 51.9% at the end of 2021.

NOTE 17 - GOODWILL

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

Goodwill was allocated to the cash generating units ("CGU"), identified in the countries in which the Group operates, and are summarized as follows:

(thousand Euros)	Value at 31/21/2021	Increases	Exchange difference	Value at 30/06/2022
Region 1	217,186	380	15,472	233,038
Region 2	135,239	-	-	135,239
Region 3	121,693	-	(1,542)	120,151
Total	474,118	380	13,930	488,428

As at 30 June 2022 the Group did not detect any impairment indicators, that have requested the impairment test procedure.

It is also confirmed that the PPA that were in progress on 31 December 2021 are still provisional.

NOTE 18 - OTHER INTANGIBLE ASSETS

Net intangible assets as at 30 June 2022 amounted to 41,632 thousand Euros (44,036 thousand Euros on 31 December 2021) and are detailed as follows:

(thousand Euros)	30/06/2022	31/12/2021	Change
Development costs	2,170	1,853	316
Software	4,809	5,272	(463)
Trademark	537	537	-
Other intangible assets (PPA)	34,116	36,374	(2,258)
Total	41,632	44,036	(2,404)

Change in intangible assets in the first half of 2022 is summarized in the table below:

(thousand Euros)	Development costs	Software	Trademark	Other intangible assets	Total
Historical cost	31,768	31,002	537	47,053	110,361
Accumulated depreciation	(29,915)	(25,730)	-	(10,679)	(66,324)
31/12/2021	1,853	5,272	537	36,374	44,037
Historical cost					
Increases	888	1,058	-	-	1,946
Disposals	(106)	(12)	-	-	(118)
Other changes	-	(4,463)	-	175	(4,288)
Accumulated depreciation					
Depreciations	(574)	(1,169)	-	(2,329)	(4,072)
Utilized	106	11	-	-	112
Other changes	2	4,112	-	(104)	4,010
Historical cost	32,550	27,585	537	47,228	107,900
Accumulated depreciation	(30,381)	(22,776)	-	(13,112)	(66,268)
30/06/2022	2,170	4,809	537	34,116	41,632

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

The item Software mainly refers to software licenses purchased and used internally by the Group companies. This item includes 528 thousand Euros related to software development for internal use.

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

The item Other intangible assets mainly refers to the Purchase Price Allocation following several Business combinations.

NOTE 19 – 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 movements in the right of use by category:

(thousand Euros)	31/12/2021	Net changes	Amortization	Exchange difference	30/06/2022
Buildings	107,482	6,147	(10,993)	1,098	103,735
Vehicles	10,726	1,995	(3,142)	289	9,868
Office equipment	1,341	-	(194)	-	1,147
Total	119,549	8,142	(14,329)	1,387	114,750

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

NOTE 20 - EQUITY INVESTMENTS

The item Equity investments amounts to 55,590 thousand Euros and mainly includes investments in start-up companies principally in the IoT field made by the Investment company Breed Investments Ltd (for 54,093 thousand Euros).

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

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

(thousand Euros)	Value at 31/12/2021	Increases	Follow-on investments	Net fair value evaluation	Disposals	Exchange differences	Value at 30/06/2022
Investments	66,361	1,095	865	(9,981)	(3,771)	(476)	54,093

Increases

The increase is related to the investment in Dcbrain SAS in the month of March.

DCbrain specialises in Artificial Intelligence to help manage complex networks increasing reliability,

optimising its flows and simulating hazards and constraints. DCbrain's software is based on dual digital and artificial intelligence technologies dedicated to logistics and transport operators. Their solution makes it possible for clients to obtain more reliable and optimised real-time flows and processes.

Follow-on investments

The increase is related to the acquisition of share capital of investments already existing at December 31, 2021.

Net fair value evaluation

The net fair value evaluation amounting to 9,981 thousand Euros reflects the market values adjustments of the last rounds that took place in the first half 2022 on investments already in portfolio.

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

NOTE 21 - FINANCIAL ASSETS

Current and non-current financial assets amounted to a total of 34,794 thousand Euros compared to 40,347 thousand Euros as at 31 December 2021.

Detail is as follows:

(thousand Euros)	30/06/2022	31/12/2021	Change
Short term securities	1,682	1,913	(231)
Financial investments	26,429	29,631	(3,202)
Loans to third parties	255	247	8
Current financial assets	28,366	31,791	(3,425)
Receivables from insurance companies	3,197	3,186	11
Guarantee deposits	958	1,118	(160)
Other financial assets	358	328	31
Convertible loans	1,914	3,925	(2,010)
Non-current financial assets	6,428	8,556	(2,128)
Total	34,794	40,347	(5,554)

Short-term securities mainly refer to Time Deposit investments.

The item Financial investments refers to bonds held by the parent company Reply S.p.A.. The valuation of these short-term investments, based on their fair value at 30 June 2022, showed a negative difference amounting to 3,676 thousand Euros compared to the purchase cost of the same.

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

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

(thousand Euros)	Value at 31/12/2021	Increases	Capitalized interest	Net fair value adjustments	Disposals	Exchange differences	Value at 30/06/2022
Convertible loans	3.925	415	125	(1.824)	(699)	(27)	1.915

The amount is referred to new investments in convertible loans during the first half.

Increases and disposals

The changes refer to convertible loans subscribed and sold during the first half of the year.

Net fair value adjustments

The net fair value adjustments reflect the write-down of the convertible loans during the first half of the year.

Cash and cash equivalents are detailed as follows:

(thousand Euros)	30/06/2022	31/12/2021	Change
Bank accounts	354,917	329,010	25,907
Cash	43	42	1
Total	354,960	329,051	25,909

For further details please see note 26.

NOTE 22 - DEFERRED TAX ASSETS

Such item, which amounted to 68,439 thousand Euros as at 30 June 2022 (68,889 thousand Euros as at 31 December 2021), includes the fiscal charge corresponding to the temporary differences deriving from income before taxes and taxable income in relation to deferred deductibility items.

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

NOTE 23 – WORK IN PROGRESS

Contract work in progress, amounting to 155,554 thousand Euros, is recognized net of a provision amounting to 62,038 thousand Euros (43,539 thousand Euros at 31 December 2021) and is detailed as follows:

(thousand Euros)	30/06/2022	31/12/2021	Change
Contract work in progress	284,927	131,680	153,246
Advance payments from customers	(129,373)	(44,893)	(84,480)
Total	155,554	86,787	68,767

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

NOTE 24 - TRADE RECEIVABLES

Trade receivables as at 30 June 2022 amounted to 320,682 thousand Euros with a net decrease of 150,878 thousand Euros.

(thousand Euros)	30/06/2022	31/12/2021	Change
Domestic clients	221,802	322,742	(100,940)
Foreign trade receivables	103,123	157,368	(54,244)
Credit notes to be issued	-	(4,414)	4,414
Total	324,925	475,696	(150,771)
Allowance for doubtful accounts	(4,244)	(4,136)	(107)
Total trade receivables	320,682	471,560	(150,878)

Trade receivables are shown net of allowances for doubtful accounts, calculated by using the expected credit loss approach pursuant to IFRS 9, amounting to 4,244 thousand Euros on 30 June 2022 (4,136 thousand Euros at 31 December 2021), and of allowances for Covid amounting to 35,794 thousand euros (46,794 thousand Euros at 31 December 2021).

This latter represents managements best estimate of the effects of the pandemic on the recoverability of the credit portfolio at the closing date and was partially reversed in the amount of 11,000 thousand euros.

The Allowance for doubtful accounts developed as follows in the first half of 2022:

(thousand Euros)	31/12/2021	Provision	Utilization	Reversal	Other changes	30/06/2022
Allowance for doubtful accounts	4,136	738	(70)	(544)	(16)	4,244

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

Trade receivables are all collectible within one year.

NOTE 25 - OTHER RECEIVABLES AND CURRENT ASSETS

Detail is as follows:

(thousand Euros)	30/06/2022	31/12/2021	Change
Tax receivables	37,097	35,960	1,137
Advances to employees	15	168	(154)
Accrued income and prepaid expenses	25,708	20,155	5,554
Other receivables	10,838	9,119	1,719
Other receivables and current assets	73,658	65,402	8,256

The item Tax receivables mainly includes:

- amounts receivable from the Treasury for VAT amounting to 19,010 thousand Euros (27,504 thousand Euros at 31 December 2021).
- income tax prepayments net off-set by tax liability amounting to 12,490 thousand Euros (4,667 at 31 December 2021);
- receivables for withholding tax amounting to 2,152 thousand Euros (1,704 thousand Euros at 31 December 2021).

The item Other includes the contributions receivable in relation to research projects for 6,108 thousand Euros (5,198 thousand Euros at 31 December 2021).

NOTE 26 - CASH AND CASH EQUIVALENTS

The balance of 354,960 thousand Euros, with an increase of 25,909 thousand Euros compared with 31 December 2021, represents cash and cash equivalents as at the end of reporting period.

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

NOTE 27 - SHAREHOLDERS' EQUITY

Share capital

As at 30 June 2022 the share capital of Reply S.p.A., fully subscribed and paid, amounted to 4,863,486 Euros and comprised 37,411,428 ordinary shares of a nominal value of 0.13 Euros each.

The number of shares in circulation as at 30 June 2022 were 37,199,800 (37,340,600 as at 31 December 2021).

Treasury shares

The value of the Treasury shares, amounting to 27,206 thousand Euros, refers to the shares of Reply S.p.A. held by the same Parent company and at 30 June 2022 were equivalent to 211,628 (70,828 as at 31 December 2021).

During 2022 Reply S.p.A. acquired 140,800 treasury shares, the effect of the movement in treasury shares was entirely attributed to equity.

Capital reserves

On 30 June 2022 Capital reserves, amounting to 299,533 thousand Euros, were mainly comprised as follows:

- Treasury share reserve amounting to 27,206 thousand Euros, relating to the shares of Reply S.p.A held by the Parent Company;
- Reserve for the purchase of treasury shares amounting to 292,780 thousand Euros, formed via initial withdrawal from the share premium reserve. By means of a resolution of the Shareholders' Meeting of 22 April 2022 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.

Earning reserves

Earnings reserves amounted to 569,752 thousand Euros and were comprised as follows:

- Reply S.p.A.'s legal reserve amounted to 973 thousand Euros;
- Retained earnings amounted to 493,182 thousand Euros (retained earnings amounted to 376,078 thousand Euros on 31 December 2021);
- Profits attributable to shareholders of the Parent Company amounted to 75,598 thousand Euros (150,672 thousand Euros as on 31 December 2021).

Other comprehensive income

Other comprehensive income can be analysed as follows:

(thousand Euros)	1 st half 2022	1 st half 2021
Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax:		
Actuarial gains/(losses) from employee benefit plans	3,680	849
Total Other comprehensive income that will not be reclassified subsequently to profit or loss, net of tax (B1):	3,680	849
Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax:		
Gains/(losses) on cash flow hedges	1,561	339
Gains/(losses) on exchange differences on translating foreign operations	11,213	8,012
Total Other comprehensive income that may be reclassified subsequently to profit or loss, net of tax (B2):	12,774	8,351
Total other comprehensive income, net of tax (B) = (B1) +(B2)	16,454	9,200

NOTE 28 - DUE TO MINORITY SHAREHOLDERS AND EARN-OUT

Due to minority shareholders and Earn-out owed on 30 June 2022 amount to 100,749 thousand Euros (129,558 thousand Euros on 31 December 2021), of which 3,384 thousand Euros are current.

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

Detail is as follows:

(thousand Euros)	31/12/2021	Fair value adjustments	Payments	Exchange differences	30/06/2022
Payables to minority shareholders	17,959	(4,827)	-	747	13,878
Payables for Earn out	111,601	1,718	(30,039)	3,593	86,872
Total due to minority shareholders and Earn-out	129,558	(3,109)	(30,039)	4,339	100,749

The item Fair value adjustments in the first half of 2022 amounted to 3,109 thousand Euros with a balancing entry in Profit and loss, and reflects the best estimate in relation to the deferred consideration originally posted at the time of acquisition.

Payments made in the first half amounted to 30,039 thousand Euros and refer to the consideration paid in relation to the initial contracts signed at the time of acquisition.

NOTE 29 - FINANCIAL LIABILITIES

Detail is as follows:

(thousand Euros)	30/06/2022			31/12/2021		
	Current	Non-current	Total	Current	Non-current	Total
Bank overdrafts	11,643	-	11,643	14,371	-	14,371
Bank loans	17,157	63,203	80,360	406	23,313	23,718
Total due to banks	28,800	63,203	92,003	14,776	23,313	38,089
Other financial borrowings	852	225	1,077	904	-	904
IFRS 16 financial liabilities	27,833	96,671	124,505	26,508	102,129	128,637
Total financial liabilities	57,485	160,100	217,585	42,189	125,441	167,630

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

(thousand Euros)	30/06/2022				31/12/2021			
	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	11,643	-	-	11,643	14,371	-	-	14,371
M&A loans	16,833	43,667	-	60,500	83	417	-	500
Mortgage loans	324	10,077	10,505	20,906	323	8,827	11,916	21,066
Other financial borrowings	852	225	-	1,077	904	-	-	904
IFRS 16 financial liabilities	27,833	79,585	17,086	124,504	26,508	78,833	23,296	128,637
Derivative financial instruments	-	(209)	(836)	(1,045)	-	430	1,722	2,152
Total	57,485	133,345	26,755	217,585	42,190	88,506	36,934	167,630

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

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

- On 8 May 2020 Reply S.p.A. entered into a line of credit with Unicredit S.p.A. for a total amount of 50,000 thousand Euros to be used by 27 May 2022. As at 30 June 2022 this line was used for 50,000 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 May 2023. The loan will be reimbursed on a half year basis deferred to commence on 29 September 2023 and will expire on 30 September 2026. As at 30 June 2022 this line was used for 10,000 thousand Euros.
- On 19 May 2021 Reply S.p.A. entered into a line of credit with Unicredit S.p.A. for a total amount of 50,000 thousand Euros to be used by 29 May 2024. As at 30 June 2022 this line was 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 30 June 2022, Reply fulfilled the Covenants under the various contracts.

The item Mortgages refers to:

- financing granted to Tool Reply GmbH by Commerzbank for a total amount amounting to 2,500 thousand Euros to be used by 30 June 2028. The loan is reimbursed on a quarter-year basis (at 0.99%);
- financing granted to Comwrap GmbH for a total amount amounting to 350 thousand Euros to be used by 30 July 2024. The loan is reimbursed on a monthly basis (at 3.50%).

It should also be noted that on 24 May 2018 Reply S.p.A. undersigned with Unicredit S.p.A. a mortgage loan secured by guarantee for the purchase and renovation of the property De Sonnaz for a total amount of 40,000 thousand Euros. On November 15, 2021, an amendment was signed with the same institution, agreeing to extend the period of use from 36 to 66 months, without prejudice to the maximum total duration of 156 months (13 years). The mortgage is disbursed in relation to the progress of the work. Such credit line was used for 19,200 thousand Euros at 30 June 2022.

The item IFRS 16 financial liabilities is related to the financial lease liabilities at 30 June 2022 in relation to the Accounting Standard IFRS 16.

The item Derivative financial instruments refers to several loans established with Unicredit S.p.A. to hedge changes in floating interest rates on mortgages; the total underlying notional amounts to 86,000 thousand Euros. The effective component of the

instruments is stated in the Statement of changes in net equity whereas the ineffective portion of the Derivative instruments is recorded at the income statement.

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

NET FINANCIAL INDEBTNESS

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. The following table represents the representation of the Group, in light of the current guidelines and interpretations available.

(thousand Euros)	30/06/2022	31/12/2021	Change
A Cash	354,960	329,051	25,909
B Cash equivalents	-	-	-
C Current financial assets	28,365	31,790	(3,425)
D Cash (A+B+C)	383,325	360,842	22,483
E Current financial liabilities	40,267	41,782	(1,515)
F Short-term portion of long financial liability	17,218	407	16,811
G Financial liabilities short-term (E+F)	57,485	42,189	15,296
H Net financial debt short-term (G-D)	(325,840)	(318,653)	(7,187)
I Financial liabilities long-term	161,145	123,289	37,856
J Financial instruments	(1,045)	2,152	(3,197)
K Other liabilities long-term	100,749	129,558	(28,809)
L Financial debt long-term (I+J+K)	260,849	255,000	(5,849)
Total financial debt	(64,991)	(63,653)	(1,337)

Net financial debt includes IFRS 16 financial liabilities amounting to 124,505 thousand Euros, of which 96,672 thousand Euros were non-current and 27,833 were current.

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

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

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

Change in financial liabilities during the first half of 2022 is summarized below:

(thousand Euros)	
Total financial liabilities 2021	167,630
Bank overdrafts	(14,371)
IRS	(2,152)
Non-current financial liabilities 2021	151,107
IFRS 16 financial liabilities	(4,132)
Cash flows	60,010
Total non-current financial liabilities as at 30 June 2022	206,985
Bank overdrafts	11,645
IRS	(1,045)
Total financial liabilities as at 30 June 2022	217,585

NOTE 30 - EMPLOYEE BENEFITS

Employee benefits are detailed as follows:

(thousand Euros)	30/06/2022	31/12/2021	Change
Employee severance indemnities	32,724	35,417	(2,693)
Employee pension funds	11,439	11,569	(131)
Directors severance indemnities	1,634	1,599	35
Other	16	16	-
Total	45,812	48,601	(2,789)

Employee severance indemnities

The Employee severance indemnity represents the obligation to employees under Italian law (amended by Law 296/06) that has accrued up to 31 December 2006 and that will be settled when the employee leaves the company. In certain circumstances, a portion of the accrued liability may be given to an employee during his working life as an advance. This is

an unfunded defined benefit plan, under which the benefits are almost fully accrued, with the sole exception of future revaluations.

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

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

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

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

In accordance with IAS 19, Employment severance indemnities at 30 June 2022 are summarized in the table below:

(thousand Euros)	
Balance as at 31/12/2021	35,417
Cost relating to current work (<i>service cost</i>)	2,978
Actuarial gain/loss	(3,679)
Interest cost	168
Indemnities paid during the year	(2,161)
Balance as at 30/06/2022	32,724

Employee pension funds

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

Director's severance indemnities

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

NOTE 31 - DEFERRED TAX LIABILITIES

Deferred tax liabilities at 30 June 2022 amount to 25,877 thousand Euros and are referred mainly to the fiscal effects arising from temporary differences deriving from statutory income and taxable income related to deferred deductibility.

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

NOTE 32 - PROVISIONS

Provisions amount to 16,503 thousand Euros (of which 15,436 thousand Euros are non-current).

Change in the first half of 2022 is summarized in the table below:

(thousand Euros)	Balance at 31/12/2021	Accruals	Utilization	Reversals	Other changes	Balance at 30/06/2022
Fidelity fund	752	77	(23)	-	-	805
Provision for risks	17,561	300	(308)	(1,900)	44	15,698
Total	18,312	377	(331)	(1,900)	44	16,503

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

The Provision for risks refers to the accruals that individual companies made mainly for contractual, commercial and litigation risks in Italy and abroad. The utilisation and reversals of the period refer to the resolution of previous disputes mostly related to personnel.

Other changes mainly refer to translation differences.

NOTA 33 – TRADE PAYABLES

Trade payables at 30 June 2022 amounted to 151,924 thousand Euros and are detailed as follows:

(thousand Euros)	30/06/2022	31/12/2021	Change
Domestic suppliers	134,093	111,671	22,422
Foreign suppliers	17,913	29,130	(11,216)
Advances to suppliers	(83)	(879)	797
Total	151,924	139,921	12,002

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

NOTE 34 - OTHER CURRENT LIABILITIES

Other current liabilities at 30 June 2022 amounted to 384,567 thousand Euros with a decrease of 118,422 thousand Euros with respect to the previous financial year.

Detail is as follows:

(thousand Euros)	30/06/2022	31/12/2021	Change
Income tax payable	13,141	11,533	1,608
VAT payable	22,025	36,039	(14,014)
Withholding tax and other	618	9,579	(8,961)
Total due to tax authorities	35,784	57,151	(21,367)
National social insurance payable	43,276	41,050	2,226
Other	4,648	3,923	725
Total due to social securities	47,924	44,973	2,951
Employee accruals	109,166	108,898	268
Other payables	162,629	241,711	(79,082)
Accrued expenses and deferred income	29,064	50,256	(21,192)
Total other payables	300,859	400,865	(100,006)
Other current liabilities	384,567	502,990	(118,422)

Due to tax authorities amounting to 35,784 thousand Euros, mainly refers to payables due to tax authorities for withholding tax on employees and professionals' compensation.

Due to social security authorities amounting to 47,924 thousand Euros, is related to both Company and employee's contribution payables.

Other payables at 30 June 2022 amount to 300,859 thousand Euros and mainly include:

- amounts due to employees that had not yet been paid;

- remuneration of directors recognised as participation in the profits of the subsidiary companies;
- amounts invoiced to customers exceeding the value of the work in progress amounting to 95,034 thousand Euros.

Accrued Expenses and Deferred Income, that decrease in the first half of 2022 by 21,192 thousand Euros, mainly relate to advance invoicing in relation to T&M consultancy activities to be delivered in the subsequent financial period.

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

NOTE 35 – SEGMENT REPORTING

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

(thousand Euros)	Region 1	%	Region 2	%	Region 3	%	IoT Incubator	%	Interseg	H1 2022	%
Revenues	590,010	100	164,151	100	153,140	100	29	100	(17,608)	889,722	100
Operating costs	(486,599)	(82.5)	(139,901)	(85.2)	(135,090)	(88.2)	(1,293)	(4,465.4)	17,608	(745,276)	(83.8)
Gross operating income	103,411	17.5	24,250	14.8	18,049	11.8	(1,264)	(4,365.4)		144,447	16.2
Amortization, depreciation and write-downs	(13,714)	(2.3)	(6,173)	(3.8)	(4,789)	(3.1)	(5)	(18.2)		(24,681)	(2.8)
Other non-recurring (costs)/income	2,229	-	880	1	-	-	-	-		3,109	-
Operating income	91,926	15.6	18,958	11.5	13,260	8.7	(1,270)	(4,383.63)		122,874	13.8
Gain/(loss) on investments	-	-	-	-	-	-	(9,981)	(34,458.3)		(9,981)	(1.1)
Financial income/(loss)	(14)	(0.0)	(1,335)	(0.8)	(801)	(0.5)	(2,089)	(7,213.1)		(4,240)	(0.5)
Income before taxes	91,912	15.6	17,623	10.7	12,459	8.1	(13,340)	(46,054.96)		108,654	12.2

(thousand Euros)	Region 1	%	Region 2	%	Region 3	%	IoT Incubator	%	Interseg	H1 2021	%
Revenues	468,935	100	140,614	100	116,699	100	78	100	(13,494)	712,833	100
Operating costs	(390,102)	(83.2)	(114,030)	(81.1)	(102,270)	(87.6)	(445)	(568.4)	13,494	(593,353)	(83.2)
Gross operating income	78,834	16.8	26,584	18.9	14,429	12.4	(366)	(468.44)		119,481	16.8
Amortization, depreciation and write-downs	(14,003)	(3.0)	(6,036)	(4.3)	(3,452)	(3.0)	(4)	(5.1)		(23,495)	(3.3)
Other non-recurring (costs)/income	(93)	(0.0)	74	-	-	-	-	-		(19)	(0.0)
Operating income	64,738	13.8	20,622	14.7	10,977	9.4	(370)	(473.52)		95,967	13.5
Gain/(loss) on investments	-	-	-	-	-	-	4,237	5.418		4,237	0.6
Financial income/(loss)	2,748	0.6	(1,563)	(1.1)	(1,920)	(1.6)	(750)	(959.1)		(1,485)	(0.2)
Income before taxes	67,486	14.4	19,059	13.6	9,057	7.8	3,117	3,985.1		98,719	13.8

Breakdown of revenues by type is as follows:

BUSINESS LINE	REGION 1		REGION 2		REGION 3		IoT INCUBATOR	
	1st half 22	1st half 21	1st half 22	1st half 21	1st half 22	1st half 21	1st half 22	1st half 21
T&M	18.1%	17.9%	54.2%	50.1%	54.6%	56.0%	-	-
FIXED PRICE PROJECTS	81.9%	82.1%	45.8%	49.9%	45.4%	44.0%	-	-
OTHER BUSINESS	-	-	-	-	-	-	100.0%	100.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

(thousand Euros)	Region 1	Region 2	Region 3	IoT Incubator	Intersegment	30/06/2022
Current operating assets	426,509	102,289	82,481	1,001	(62,386)	549,393
Current operating liabilities	(432,026)	(75,440)	(77,979)	(17,883)	62,386	(540,943)
Net working capital (A)	(5,517)	26,849	4,502	(16,882)	-	8,951
Non-current assets	424,031	210,051	172,930	56,022	-	863,035
Non-financial liabilities long term	(109,085)	(33,899)	(41,507)	-	-	(184,490)
Fixed capital (B)	314,947	176,152	131,423	56,022	-	678,544
Net invested capital (A+B)	309,430	203,001	135,924	39,140	-	687,495

(thousand Euros)	Region 1	Region 2	Region 3	IoT Incubator	Intersegment	31/12/2021
Current operating assets	483,229	103,028	76,849	191	(39,547)	623,749
Current operating liabilities	(514,692)	(108,203)	(65,569)	(17,446)	39,547	(666,363)
Net working capital (A)	(31,464)	(5,175)	11,280	(17,255)	-	(42,614)
Non-current assets	406,878	210,962	174,273	70,315	-	862,429
Non-financial liabilities long term	(123,946)	(30,552)	(42,634)	-	-	(197,132)
Fixed capital (B)	282,932	180,410	131,639	70,315	-	665,297
Net invested capital (A+B)	251,468	175,235	142,919	53,060	-	622,683

Breakdown of employees by operating segment is as follows:

Region	1 st half 2022	1 st half 2021	Change
Region 1	8,030	6,761	1,269
Region 2	2,167	1,857	310
Region 3	1,404	1,025	379
IoT Incubator	5	5	-
Total	11,606	9,648	1,958

NOTE 36 – TRANSACTIONS WITH RELATED PARTIES

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

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

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

(thousand Euros)

Financial transactions	30/06/2022	30/06/2021	Nature of transactions
Trade receivables	-	32	Receivables from professional services
Trade payables	150	135	Payables for professional services and office rentals offices
Other payables	9,166	5,421	Payables for emoluments to Directors and Managers with strategic responsibilities and Board of Statutory Auditors
Economic transactions	1st half 2022	1st half 2021	
Revenues from professional services	9	9	Professional services executed
Services from Parent company and related parties	653	601	Service contracts relating to office rental and administration office
Personnel	6,278	6,351	Emoluments to Directors and Key Management with strategic responsibilities
Services and other costs	74	74	Emoluments to Statutory Auditors

With reference the Cash flows statement, the above-mentioned transactions impact the change in working capital by 3,752 thousand Euros.

Reply Group Main economic and financial transactions

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

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

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

NOTE 37 - GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees

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

Note that:

- the Domination Agreement contract undersigned in 2010 between Reply Deutschland AG, dominated company, and Reply S.p.A, dominating company, ceased to exist from the date of legal efficacy of the merger for incorporation of Reply Deutschland AG 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 AG 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 165 Consolidated financial statement as at 31 December 2021 months from the registration of the merger in the Turin Companies Register, each minority shareholder was able to present a petition for the purpose of commencing, in compliance with German law, before a Judge qualified in Germany – who shall have exclusive jurisdiction – the assessment inherent in the Share Swap ratio and the corresponding amount in cash. Some minority shareholders have commenced the aforementioned procedures and, following exchanges with the minority shareholders and their appointed representative, the Company has reached a settlement agreement where the payment of an additional amount. The expenses arising from this agreement amounting to approximately 5 million Euros is covered by specific provisions (please see Note 33). In relation to the above accruals, as a result of the utilizations, the provision for risks has a residual amount of 87 thousand Euros at 30 June 2022.

Contingent liabilities

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

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

NOTA 38 – EVENTS SUBSEQUENT TO 30 JUNE 2022

On July 1, the closing of the acquisition of 100% of the company FINCON took place; the initial agreement was signed at the beginning of May.

Please refer to the paragraph “Significant operations of the first half 2022” for further information.

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

The Half year condensed consolidated financial statements at 30 June 2022 were approved by the Board of Directors on August 2, 2022 which authorized the publication within the terms of law.

Annexed tables

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

(thousand Euros)	1 st half 2022	of which with related parties	%	1 st half 2021	of which with related parties	%
Revenues	889,722	9	-	712,833	9	-
Other income	6,141			6,489		
Purchases	(17,027)			(9,330)		
Personnel	(465,683)	(6,278)	1.3%	(365,403)	(6,351)	1.7%
Services costs	(271,706)	(727)	0.3%	(226,993)	(675)	0.3%
Amortization, depreciation and write-downs	(24,681)			(23,495)		
Other unusual (cost)/income	6,109			1,866		
Operating income	122,874			95,967		
Income from associate companies	(9,981)			4,237		
Financial income/(expenses)	(4,240)			(1,485)		
Income before taxes	108,654			98,719		
Income taxes	(32,923)			(26,337)		
Net income	75,731			72,382		
Non-controlling interest	(133)			(991)		
Group net result	75,598			71,391		

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

(thousand Euros)	30/06/2022	of which with related parties	%	31/12/2021	of which with related parties	%
Tangible assets	87,768			80,919		
Goodwill	488,428			474,118		
Intangible assets	41,632			44,036		
RoU Assets	114,750			119,549		
Equity investments	55,590			66,361		
Other financial assets	6,428			8,556		
Deferred tax assets	68,439			68,889		
Non-current assets	863,035			862,429		
Inventories	253,025			86,787		
Trade receivables	155,554			471,560		
Other receivables and current assets	73,658			65,402		
Financial assets	28,366			31,791		
Cash and cash equivalents	354,960			329,051		
Current assets	933,219			984,592		
TOTAL ASSETS	1,796,254			1,847,020		
Share Capital	4,863			4,863		
Other reserves	771,305			657,733		
Net result of the period	75,598			150,672		
Equity of the Parent company	851,766			813,269		
Non-controlling interest	1,470			2,625		
NET EQUITY	853,236			815,895		
Due to minority shareholders	97,365			107,493		
Financial liabilities	63,428			23,313		
Financial liabilities from RoU	96,671			102,129		
Employee benefits	45,812			48,601		
Deferred tax liabilities	25,876			24,113		
Provisions	15,436			16,925		
Non-current liabilities	344,590			322,573		
Deferred consideration	3,384			22,066		
Financial liabilities	29,652			15,681		
Financial liabilities from RoU	27,833			26,508		
Trade payables	151,924	150	0.1%	139,921	128	0.1%
Other current liabilities	384,567	9,166	2.4%	502,990	11,692	2.3%
Provisions	1,067			1,387		
Current liabilities	598,428			708,552		
TOTAL LIABILITIES	943,018			1,031,126		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,796,254			1,847,020		

LIST OF COMPANIES AT 30 JUNE 2022

Company name	Headquarters	Group interest
Parent company		
Reply S.p.A.	Turin – Corso Francia, 110 - Italy	
Companies consolidated on a line-by-line basis		
4brands Reply GmbH & CO. KG.	Minden, Germany	51.00%
Air Reply S.r.l.	Turin, Italy	85.00%
Airwalk Holding Ltd.	Kent, United Kingdom	100.00%
Airwalk Consulting Ltd.	Edinburgh, Scotland	100.00%
Airwalk Consulting Ltd. (Hong Kong)	Shueng Wan, Hong Kong	100.00%
AWC Partners Ltd.	London, United Kingdom	100.00%
Alpha Reply GmbH	Guetersloh, Germany	100.00%
Arlanis Reply S.r.l.	Turin, Italy	100.00%
Arlanis Reply AG	Potsdam, Germany	100.00%
Arlanis Reply Ltd (formerly Forcology Ltd)	London, United Kingdom	100.00%
Aktive Reply S.r.l.	Turin, Italy	100.00%
Atlas Reply S.r.l.	Turin, Italy	100.00%
Autonomous Reply GmbH	Guetersloh, Germany	100.00%
Auxulus Reply GmbH (formerly Industrie Reply GmbH)	Munich, Germany	100.00%
Avantage Reply Ltd.	London, United Kingdom	100.00%
Avantage Reply (Belgium) Sprl	Brussels, Belgium	100.00%
Avantage Reply (Luxembourg) Sarl	Itzig, Luxembourg	100.00%
Avantage Reply (Netherlands) BV	Amsterdam, Netherland	100.00%
Avvio Reply Ltd.	London, United Kingdom	100.00%
Avvio Reply S.r.l.	Turin, Italy	100.00%
Blowfish Digital Holdings Ltd.	London, United Kingdom	100.00%
Blue Reply S.r.l.	Turin, Italy	100.00%
Blue Reply GmbH	Guetersloh, Germany	100.00%
Bridge Reply S.r.l.	Turin, Italy	60.00%
Business Elements Group BV	Belgium	100.00%
Business Reply S.r.l.	Turin, Italy	100.00%
Breed Reply Ltd.	London, United Kingdom	92.50%
Breed Reply Investment Ltd.	London, United Kingdom	92.50%
Bside S.r.l.	Rome, Italy	100.00%
Cluster Reply S.r.l.	Turin, Italy	100.00%
Cluster Reply GmbH & CO. KG	Munich, Germany	100.00%
Cluster Reply Informatica LTDA.	San Paolo, Brazil	100.00%
Cluster Reply Roma S.r.l.	Turin, Italy	100.00%
Comwrap Reply GmbH	Frankfurt, Germany	100.00%

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

Mansion House Consulting Inc.	Wilmington, USA	100.00%
MCG Systems AG	Colony, Germany	100.00%
Modcomp GmbH	Colony, Germany	100.00%
Neveling.net GmbH	Hamburg, Germany	100.00%
Net Reply LLC	Michigan, USA	100.00%
Net Reply S.r.l.	Turin, Italy	100.00%
Nexi Digital S.r.l.	Turin, Italy	51.00%
Nexi Digital Polska Sp. z o.o.	Warsaw, Poland	51.00%
Next Reply S.r.l.	Turin, Italy	100.00%
Next Reply GmbH	Guetersloh, Germany	100.00%
Open Reply GmbH	Guetersloh, Germany	100.00%
Open Reply S.r.l.	Turin, Italy	100.00%
Pay Reply S.r.l.	Turin, Italy	100.00%
Portaltech Reply Ltd.	London, United Kingdom	100.00%
Portaltech Reply S.r.l.	Turin, Italy	100.00%
Portaltech Reply GmbH	Guetersloh, Germany	100.00%
Portaltech Reply Süd GmbH	Munich, Germany	100.00%
Power Reply S.r.l.	Turin, Italy	100.00%
Power Reply GmbH & CO. KG.	Munich, Germany	100.00%
Protocube Reply S.r.l.	Turin, Italy	70.00%
Red Reply GmbH	Frankfurt, Germany	100.00%
Reply Consulting S.r.l.	Turin, Italy	100.00%
Reply Deutschland SE	Guetersloh, Germany	100.00%
Reply GmbH	Zurich, Switzerland	100.00%
Reply do Brasil Sistemas de Informatica Ltda	Belo Horizonte, Brazil	100.00%
Reply Inc.	Michigan, USA	100.00%
Reply Ltd.	London, United Kingdom	100.00%
Reply Belgium Sprl	Mont Saint Guibert, Netherland	100.00%
Reply Digital Experience S.r.l.	Turin, Italy	100.00%
Reply France Sarl	Paris, France	100.00%
Reply NL Ltd.	London, United Kingdom	100.00%
Reply Sarl	Luxembourg	100.00%
Reply Services S.r.l.	Turin, Italy	100.00%
Reply Polska Sp. z o.o. (formerly Hermes Reply Polska Sp. z o.o.)	Katowice, Poland	100.00%
Retail Reply S.r.l.	Turin, Italy	100.00%
Ringmaster S.r.l.	Turin, Italy	50.00%
Risk Reply Ltd.	London, United Kingdom	100.00%
Riverland Reply GmbH	Munich, Germany	100.00%
Roboverse Reply GmbH	Guetersloh, Germany	100.00%
Sagepath LLC (*)	Atlanta, USA	70.00%
Santer Reply S.p.A.	Milan, Italy	100.00%

Security Reply S.r.l.	Turin, Italy	100.00%
Sense Reply S.r.l.	Turin, Italy	100.00%
Sensor Reply S.r.l. (formerly Envision)	Turin, Italy	100.00%
Solidsoft Reply Ltd.	London, United Kingdom	100.00%
Spark Reply S.r.l.	Turin, Italy	100.00%
Spark Reply GmbH	Germany	100.00%
Spike Reply GmbH	Colony, Germany	100.00%
Spike Digital Reply GmbH	Guetersloh, Germany	100.00%
Sprint Reply SA (formerly Brightknight SA)	Belgium	100.00%
Sprint Reply S.r.l.	Turin, Italy	100.00%
Sprint Reply GmbH	Munich, Germany	100.00%
Spot Digital Ltd.	London, United Kingdom	100.00%
Storm Reply S.r.l.	Turin, Italy	100.00%
Storm Reply GmbH	Guetersloh, Germany	100.00%
Syskoplan Reply S.r.l.	Turin, Italy	100.00%
Syskoplan Reply GmbH	Guetersloh, Germany	100.00%
Syskoplan IE Reply GmbH	Guetersloh, Germany	100.00%
Sytel Reply Roma S.r.l.	Turin, Italy	100.00%
Sytel Reply S.r.l.	Turin, Italy	100.00%
Target Reply S.r.l.	Turin, Italy	100.00%
Target Reply GmbH	Guetersloh, Germany	100.00%
TamTamy Reply S.r.l.	Turin, Italy	100.00%
Technology Reply S.r.l.	Turin, Italy	100.00%
Technology Reply Roma S.r.l.	Turin, Italy	100.00%
Technology Reply S.r.l.	Bucharest, Romania	100.00%
TD Reply GmbH	Berlin, Germany	100.00%
TD Marketing Consultants, Beijing Co. Ltd.	China	100.00%
Threepipe Reply Ltd.	London, United Kingdom	100.00%
The Spur Group LLC	Seattle, USA	100.00%
Tool Reply GmbH	Guetersloh, Germany	100.00%
TripleSense Reply GmbH	Frankfurt, Germany	100.00%
Valorem LLC	Kansas City, USA	100.00%
Valorem Private Ltd	India	99.99%
Valorem GmbH	Zurich, Switzerland	100.00%
Vivametric Reply GmbH	Guetersloh, Germany	100.00%
WM Reply Inc.	Illinois, USA	80.00%
WM Reply Ltd	Auckland, NZ	80.00%
WM Reply LLC	Minsk, Belarus	100.00%
WM Reply Ltd	London, United Kingdom	100.00%
WM Reply Malaysia Ltd	Malaysia	100.00%
Whitehall Reply S.r.l.	Turin, Italy	100.00%

Xenia Reply S.r.l.	Turin, Italy	100.00%
Xister Reply S.r.l.	Turin, Italy	100.00%

Companies carried at fair value

BlueGrove AS (formerly CageEye AS)	Norway	11.83%
Callsign Inc.	England	3.61%
Canard Drones Ltd	Spain	35.41%
Connecterra BV	Belgium	16.00%
Dcbrain SAS	France	8.46%
enModus Ltd.	England	19.18%
FoodMarble Digestive Health Ltd	England	18.05%
iNova Design Ltd	England	28.68%
Iotic Labs Ltd	England	16.28%
Kokoon Technology Ltd	England	26.22%
Metron Sas	France	8.46%
RazorSecure Ltd	England	29.73%
Senseye Ltd	England	12.58%
Sensoria Inc.	USA	24.00%
TAG Sensors AS	Norway	19.67%
Ubirch GmbH	Germany	18.51%
We Predict Ltd	England	16.64%
Yellow Line Parking Ltd	England	8.94%
Zeetta Networks Ltd	England	24.00%

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

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

- the adequacy with respect to the Company's structure and
- the effective application of the administrative and accounting procedures applied in the preparation of the Company's Half-year condensed financial statements at June 30 2022,

The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the condensed financial statements as of and for the period ended June 30, 2022 as based on a process defined by Reply in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework.

The undersigned moreover attest that:

1. the Half-year condensed financial statements at June 30, 2022:
 - have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated 19 July 2002, as well as the measures issued to implement article 9 of Legislative Decree no.38/2005;
 - correspond to the amounts shown in the Company's accounts, books and records; and
 - provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries;

2. the related interim management report includes a reliable analysis of the significant events affecting the Company in the first six months of the current fiscal year and the impact of such events on the Company's condensed financial statements as well as a description of the main risks and uncertainties.

Turin, August 2, 2022

/s/ Mario Rizzante

Presidente e Amministratore Delegato

Mario Rizzante

/s/ Giuseppe Veneziano

Direcìtor responsible of drawing up the
accounting documents

Giuseppe Veneziano

Independent auditors' report



REPLY SPA

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



REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Reply SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Reply SpA and its subsidiaries (the “Reply Group”) as of 30 June 2022, comprising the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income, statement of changes in consolidated equity, consolidated statement of cashflows and related notes. The directors of Reply SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

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

PricewaterhouseCoopers SpA

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of the Reply Group as of 30 June 2022 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Turin, 4 August 2022

PricewaterhouseCoopers SpA

Signed by

Monica Maggio
(Partner)

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

CORPORATE INFORMATION

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