



Group
YOUR JOB, OUR WORK

ANNUAL REPORT

FINANCIAL STATEMENTS

As at 31st December 2020

2020



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1

BALANCE SHEET

ASSETS

| Assets | | |
|---|--------------------|--------------------|
| (in Euro) | 31.12.2020 | 31.12.2019 |
| B) FIXED ASSETS | | |
| I - Intangible Fixed Assets | | |
| 1) start-up and Expansion Costs | 49,385 | 352 |
| 4) concessions, licences, trademarks and similar rights | 36,137,986 | 5,070,390 |
| 6) fixed assets under construction and advances | 269,325 | 2,307,342 |
| 7) Other intangible fixed assets | 1,877,839 | 2,444,342 |
| TOTAL INTANGIBLE NON-CURRENT ASSETS | 38,334,535 | 9,822,426 |
| II - tangible fixed assets | | |
| 1) land and buildings | 330,851 | 339,341 |
| 4) other tangible fixed assets | 5,360,828 | 4,188,016 |
| TOTAL TANGIBLE NON-CURRENT ASSETS | 5,691,679 | 4,527,357 |
| III - Financial fixed assets | | |
| 1) investments in | | |
| a) subsidiaries | 83,915,026 | 67,336,481 |
| b) associated companies | 24,500 | 24,500 |
| d-bis) other companies | 163,900 | 236,400 |
| TOTAL EQUITY INVESTMENTS | 84,103,426 | 67,597,381 |
| 2) receivables | | |
| a) from subsidiaries | | |
| due after the following FY | 156,404,875 | 117,476,144 |
| TOTAL RECEIVABLES FROM SUBSIDIARIES | 156,404,875 | 117,476,144 |
| TOTAL RECEIVABLES | 156,404,875 | 117,476,144 |
| Total financial non-current assets | 240,508,301 | 185,073,525 |
| TOTAL FIXED ASSETS (B) | 284,534,515 | 199,423,308 |
| C) CURRENT ASSETS | | |

(continued on the next page)

| Assets | | |
|---|--------------------|--------------------|
| (in Euro) | 31.12.2020 | 31.12.2019 |
| II - Receivables | | |
| 1) from customers | | |
| due within the following FY | 198,006,065 | 173,846,437 |
| TOTAL RECEIVABLES FROM CUSTOMERS | 198,006,065 | 173,846,437 |
| 2) From subsidiaries | | |
| due within the following FY | 8,132,011 | 7,164,052 |
| due after the following FY | - | 0 |
| TOTAL RECEIVABLES FROM SUBSIDIARIES | 8,132,011 | 7,164,052 |
| 4) from parent companies | | |
| due within the following FY | 169,289 | 75,901 |
| due after the following FY | 5,400 | 5,400 |
| Total receivables from parent companies | 174,689 | 81,301 |
| 5) from companies controlled by parent companies | | |
| due within the following FY | 329,934 | 356,488 |
| Total receivables from companies controlled by parent companies | 329,934 | 356,488 |
| 5-bis) tax receivables | | |
| due within the following FY | 7,649,208 | 4,708,659 |
| due after the following FY | 115,368 | 1,531,290 |
| TOTAL TAX RECEIVABLES | 7,764,576 | 6,239,949 |
| 5-ter) Prepaid taxes | 2,246,006 | 1,969,674 |
| 5-quater) from others | | |
| due within the following FY | 33,007,851 | 30,329,158 |
| after the end of the FY | 308,647 | 292,258 |
| TOTAL RECEIVABLES FROM OTHERS | 33,316,498 | 30,621,416 |
| TOTAL RECEIVABLES | 249,969,779 | 220,279,317 |
| III - Current financial assets not constituting fixed assets | | |

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LIABILITIES AND NET EQUITY

| Assets | | |
|---|--------------------|--------------------|
| (in Euro) | 31.12.2020 | 31.12.2019 |
| Financial assets for cash pooling operations | 58,115,400 | 54,474,513 |
| TOTAL FINANCIAL ASSETS THAT DO NOT CONSTITUTE NON-CURRENT ASSETS | 58,115,400 | 54,474,513 |
| IV - Cash and Cash Equivalents | | |
| 1) bank and postal deposits | 129,009,389 | 56,749,940 |
| 3) cash on hand | 32,043 | 31,743 |
| TOTAL CASH AND CASH EQUIVALENTS | 129,041,432 | 56,781,683 |
| TOTAL CURRENT ASSETS (C) | 437,126,611 | 331,535,515 |
| D) ACCRUALS AND PREPAYMENTS | 1,203,954 | 818,668 |
| TOTAL ASSETS | 722,865,080 | 531,777,491 |

| Liabilities and net equity | | |
|--|--------------------|--------------------|
| (in Euro) | 31.12.2020 | 31.12.2019 |
| A) NET EQUITY OF THE GROUP | | |
| I - Share capital | 12,000,000 | 12,000,000 |
| III - Revaluation reserves | 46,697,867 | - |
| IV - Legal reserve | 2,400,000 | 2,400,000 |
| VI - Other reserves, separately indicated | | |
| Merger surplus reserve | 9,160,630 | 9,160,630 |
| Other reserves | 14,171,009 | 14,171,009 |
| TOTAL OTHER RESERVES | 23,331,638 | 23,331,639 |
| VII - Hedging on expected financial flow reserve | (62,109) | (58,761) |
| VIII - Retained earnings | 145,198,360 | 110,938,950 |
| IX - Profit (loss) for the period | 18,021,904 | 34,259,410 |
| X - Negative reserve for treasury shares | (976,380) | (976,380) |
| TOTAL NET EQUITY | 246,611,280 | 181,894,858 |
| B) PROVISIONS FOR RISKS AND CHARGES | | |
| 3) derivatives financial instruments liabilities | 83,273 | 69,942 |
| 4) OTHER PROVISIONS | 3,005,367 | 1,820,253 |
| TOTAL PROVISIONS FOR RISKS AND CHARGES | 3,088,640 | 1,890,195 |
| C) EMPLOYEE SEVERANCE PAY | 1,911,150 | 2,031,581 |
| D) PAYABLES | | |
| 3) shareholders' financing | | |
| due within the following FY | 15,376 | 19,057 |
| due after the following FY | 5,250,000 | 5,250,000 |
| TOTAL SHAREHOLDERS' FINANCING | 5,265,376 | 5,269,057 |
| 4) Payables to banks | | |
| due within the following FY | 84,623,104 | 73,114,636 |
| due after the following FY | 104,651,107 | 33,658,060 |

(continued on the next page)



| Liabilities and net equity | | |
|--|--------------------|--------------------|
| (in Euro) | 31.12.2020 | 31.12.2019 |
| TOTAL PAYABLES TO BANKS | 189,274,211 | 106,772,696 |
| 5) payables to other funders | | |
| due within the following FY | 14,680,306 | 3,132,901 |
| TOTAL PAYABLES TO OTHER FUNDERS | 14,680,306 | 3,132,901 |
| 6) Advances | | |
| due within the following FY | 73,350 | 54,802 |
| TOTAL ADVANCES | 73,350 | 54,802 |
| 7) Trade payables | | |
| due within the following FY | 15,209,728 | 15,513,843 |
| TOTAL PAYABLES TO SUPPLIERS | 15,209,728 | 15,513,843 |
| 9) Payables to subsidiaries | | |
| due within the following FY | 12,683,344 | 9,036,076 |
| TOTAL PAYABLES TO SUBSIDIARIES | 12,683,344 | 9,036,076 |
| 10) payables to associated companies | | |
| due within the following FY | 1,667 | - |
| TOTAL PAYABLES TO ASSOCIATED COMPANIES | 1,667 | - |
| 11) payables to parent companies | | |
| due within the following FY | 2,382,980 | 4,754 |
| due after the following FY | 0 | 0 |
| TOTAL PAYABLES TO PARENT COMPANIES | 2,382,980 | 4,754 |
| 11-bis) Payables to affiliated companies | | |
| due within the following FY | 6,662,571 | 4,328,911 |
| TOTAL PAYABLES TO AFFILIATED COMPANIES | 6,662,571 | 4,328,911 |
| 12) Tax payables | | |
| due within the following FY | 36,181,157 | 35,902,139 |
| TOTAL TAX PAYABLES | 36,181,157 | 35,902,139 |
| 13) Payables to social security and welfare institutions | | |
| due within the following FY | 46,299,863 | 40,972,442 |

(continued on the next page)

| Liabilities and net equity | | |
|---|--------------------|--------------------|
| (in Euro) | 31.12.2020 | 31.12.2019 |
| TOTAL PAYABLES TO SOCIAL SECURITY AND WELFARE INSTITUTIONS | 46,299,863 | 40,972,442 |
| 14) Other payables | | |
| due within the following FY | 141,955,672 | 124,654,404 |
| due after the following FY | 280,000 | 280,000 |
| TOTAL OTHER PAYABLES | 142,235,672 | 124,934,404 |
| TOTAL PAYABLES | 470,950,225 | 345,922,025 |
| E) ACCRUALS AND DEFERRED INCOME | 303,785 | 38,832 |
| TOTAL LIABILITIES | 722,865,080 | 531,777,491 |





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INCOME STATEMENT

INCOME STATEMENT

| Income statement | | |
|--|----------------------|----------------------|
| (in Euro) | 31.12.2020 | 31.12.2019 |
| A) Value of production | | |
| 1) revenues from sales and services | 1,206,201,263 | 1,235,317,027 |
| 4) increases of non-current assets from in-house production | 218,713 | - |
| 5) other revenues and income | | |
| contributions for the period | 0 | 0 |
| others | 34,861,021 | 35,613,520 |
| TOTAL OTHER REVENUES AND INCOME | 34,861,021 | 35,613,520 |
| TOTAL VALUE OF PRODUCTION | 1,241,280,997 | 1,270,930,547 |
| B) Costs of production | | |
| 6) cost of raw materials, consumables and goods | 463,709 | 401,108 |
| 7) costs of services | 69,747,055 | 76,897,495 |
| 8) costs for usage of third-party assets | 13,467,008 | 14,162,673 |
| 9) personnel costs | | |
| a) wages and salaries | 797,922,760 | 811,585,862 |
| b) social security and welfare contributions | 257,095,736 | 264,766,502 |
| c) severance pay | 49,119,701 | 47,987,907 |
| d) termination benefits and similar provisions | 46,706 | 48,598 |
| e) other costs | 2,180,281 | 2,447,814 |
| TOTAL PERSONNEL COSTS | 1,106,365,184 | 1,126,836,683 |
| 10) amortisation and write-downs | | |
| a) amortisations | 5,808,672 | 5,552,389 |
| b) depreciation | 1,161,507 | 1,127,390 |
| c) other write-downs on fixed assets | 28,070 | 10,616 |
| d) write-downs of current receivables and of cash & cash equivalents | 938,683 | 2,232,031 |
| TOTAL AMORTISATION AND WRITE-DOWNS | 7,936,932 | 8,922,426 |
| 12) Risk provisions | 1,281,364 | 1,390,308 |
| 14) Other operating expenses | 3,582,981 | 3,259,576 |
| TOTAL COSTS OF PRODUCTION | 1,202,844,233 | 1,231,870,269 |

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| Income statement | | |
|---|---------------------|-------------------|
| (in Euro) | 31.12.2020 | 31.12.2019 |
| DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A-B) | 38,436,764 | 39,060,278 |
| C) Financial income and charges | | |
| 15) financial income from investments | | |
| in subsidiaries | - | 7,000,000 |
| TOTAL FINANCIAL INCOME FROM INVESTMENTS | - | 7,000,000 |
| 16) Other financial income | | |
| d) other financial income not mentioned above | | |
| from subsidiaries | 1,523,265 | 1,341,746 |
| from parent companies | 17,757 | 542 |
| from others | 611,041 | 249,195 |
| TOTAL OTHER FINANCIAL INCOME | 2,152,063 | 1,591,483 |
| TOTAL OTHER FINANCIAL INCOME | 2,152,063 | 1,591,483 |
| 17) Interests and other financial charges | | |
| from subsidiaries | 6,186 | 10,871 |
| from parent companies | 15,376 | 19,057 |
| from others | 2,201,897 | 2,082,187 |
| Total interests and other financial charges | 2,223,459 | 2,112,115 |
| 17-bis) gains and losses on foreign currency conversion | 9,187 | (4,074) |
| TOTAL FINANCIAL INCOME AND CHARGES (15 + 16 - 17 + - 17-BIS) | (62,209) | 6,475,294 |
| D) Adjustments to financial fixed assets | | |
| 19) write-downs | | |
| a) of investments | 10,025,000 | 2,028 |
| TOTAL WRITE-DOWNS | 10,025,000 | 2,028 |
| TOTAL ADJUSTMENTS TO FINANCIAL NON-CURRENT ASSETS (18-19) | (10,025,000) | (2,028) |
| EBT - EARNINGS BEFORE TAXES (A - B + - C + - D) | 28,349,555 | 45,533,544 |
| 20) Current and deferred income taxes | | |
| current taxes | 11,064,439 | 11,836,793 |
| taxes attributable to previous financial years | (460,456) | 7,528 |
| deferred and pre-paid taxes | (276,332) | (570,187) |
| TOTAL CURRENT AND DEFERRED INCOME TAXES | 10,327,651 | 11,274,134 |
| 21) PROFIT (LOSS) FOR THE PERIOD | 18,021,904 | 34,259,410 |



3

CASH FLOW STATEMENT

CASH FLOW STATEMENT

| Cash flow statement, indirect method | | |
|--|---------------------|---------------------|
| (in Euro) | 31.12.2020 | 31.12.2019 |
| A) Financial cash flow from operations (indirect method) | | |
| Profit (loss) for the period | 18,021,904 | 34,259,410 |
| Income taxes | 10,327,651 | 11,274,134 |
| Interest expense/(income) | 62,210 | 520,822 |
| (Dividends) | - | (7,000,000) |
| 1) Profit (loss) for the period before income tax, interests, dividends and gains/losses from disposals | 28,411,764 | 39,054,366 |
| Adjustments for non-monetary items without contra-entry in net working capital | | |
| Provisions | 2,220,047 | 3,622,339 |
| Amortization and depreciation of non-current assets | 6,970,179 | 6,679,780 |
| Write-downs for accumulated impairment losses | 10,053,070 | 12,644 |
| TOTAL ADJUSTMENTS FOR NON-MONETARY ITEMS WITHOUT CONTRA-ENTRY IN NET WORKING CAPITAL | 19,243,296 | 10,314,763 |
| 2) Cash flow before net working capital adjustments | 47,655,061 | 49,369,129 |
| Changes in net working capital | | |
| Decrease/(Increase) in receivables from customers | (26,916,775) | (14,691,123) |
| Increase/(Decrease) in payables to suppliers | 5,188,979 | (1,041,249) |
| Decrease/(Increase) of accruals and prepayments | (385,286) | 4,735 |
| Increase/(Decrease) of accruals and deferred income | 145,459 | 0 |
| Other decreases/(Other increases) in net working capital | 17,410,928 | 10,133,779 |
| TOTAL NET WORKING CAPITAL ADJUSTMENTS | (4,556,695) | (5,593,858) |
| 3) Cash flow after net working capital adjustments | 43,098,365 | 43,775,271 |
| Other adjustments | | |
| Interests received/(paid) | (61,414) | (520,632) |
| (income taxes paid) | (8,504,705) | (8,064,433) |
| (Utilisation of funds) | (216,681) | (115,488) |
| Other income/(payments) | (1,734,725) | (13,972,509) |
| TOTAL OTHER ADJUSTMENTS | (10,517,526) | (22,673,062) |

(continued on the next page)

| Cash flow statement, indirect method | | |
|---|---------------------|---------------------|
| (in Euro) | 31.12.2020 | 31.12.2019 |
| OPERATING CASH FLOW (A) | 32,580,840 | 21,102,210 |
| B) Cash flow from investments | | |
| Tangible non-current assets | | |
| (Investments) | (614,051) | (1,382,929) |
| Intangible non-current assets | | |
| (Investments) | (4,674,729) | (5,599,071) |
| Financial non-current assets | | |
| (Investments) | (10,277,502) | 78,527 |
| (Business branch acquisition, net of cash acquired) | (38,928,731) | (7,428,964) |
| CASH FLOW FROM INVESTMENTS (B) | (54,495,012) | (14,332,437) |
| C) Cash flow from financing activities | | |
| Third-party financing | | |
| Increase/(Decrease) in short-term payables to banks | 94,173,920 | 36,173,283 |
| Equity | | |
| (Capital repayment) | - | 0 |
| (Dividends and advances on paid dividends) | 0 | 7,000,000 |
| CASH FLOW FROM FINANCING ACTIVITIES (C) | 94,173,920 | 43,173,283 |
| INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS (A ± B ± C) | 72,259,747 | 49,943,056 |
| Total cash and cash equivalents at the beginning of the FY | | |
| Bank and postal deposits | 56,749,940 | 6,806,086 |
| Cash on hand | 31,743 | 32,546 |
| Total cash & cash equivalents at the beginning of the FY | 56,781,683 | 6,838,632 |
| Cash and cash equivalents at the end of the FY | | |
| Bank and postal deposits | 129,009,389 | 56,749,940 |
| Cash on hand | 32,043 | 31,743 |
| TOTAL CASH & CASH EQUIVALENTS AT THE END OF THE FY | 129,041,432 | 56,781,683 |

INFORMATION ON CASH FLOW STATEMENT

Please note that:

- In section A) "cash flows from operations", the total value stated is calculated using the sales volumes from the core business and careful management of operating costs.
- The short-term situation caused by the pandemic, despite careful credit monitoring, led to an absorption of net working capital. As shown in section A) 3) "cash flows after variations in net working capital", this absorption is a direct consequence of a large increase in receivables due from third-party customers.
- "Other decreases/(Other increases) in net working capital" is essentially made up of payables due to employees and due to social security institutions, and receivables due from Formatemp, resulting from the introduction of a different way of managing the finances for training courses provided to internal staff.
- The cash flow from the settlement of cash pooling receivables/payables for the centralised management of current accounts of Italian subsidiaries, the Parent Company Gi Group Holding and the subsidiary Gi International was allocated under item "Other collections and payments" in section A 3) "cash flow after changes in net working capital".
- in section B) "cash flows from financing activities", the item "Acquisition of business branches net of cash acquired" includes flows generated from variations in the portion of Cash Pooling credit due from the subsidiary GI International. This is entered in non-current credits in the Statement of Financial Position (B.III.2), with values shown the cash flow report for the previous year also being reclassified for uniformity of classification.
- In section C) "Cash flow from financing activities": - "increase/decrease in short-term bank debt" also includes financial liabilities due to factoring companies.
- The EUR 82.6 million shown in "Increase/(Decrease) in short term bank loans in section C) "Cash flows from financing activities" represents the higher amount of debt during the financial year related to Government measures approved through the Sace guarantee.
- In 2020, cash flows resulting from the remeasurement of amortisable assets pursuant to Italian Decree Law 104/2020, carried out by the Company and illustrated in the Explanatory Note, are set-off in the Statement of Cash Flow Situation in Sections B ("Investment Activities") and C ("Financing Activities") of the statement, with the aim of better representing the monetary flows generated/absorbed during the reporting period.

At 31/12/2020 Gi Group S.p.A.'s net financial position amounts to EUR 80,364,174, at 31/12/2019 it was EUR 59,887,782.

For more information on the company's final indebtedness, please see the specific paragraphs of the explanatory notes and management report.





4

**NOTES TO THE
FINANCIAL
STATEMENTS**

INTRODUCTION

DEAR SHAREHOLDERS,

The financial statements at 31st December 2020 have been drawn up pursuant to the Italian Civil Code as amended by Italian Legislative Decree no. 139 of 18/08/2015, issued to implement EU Directive no 34 dated 26/06/2013.

Pursuant to the above legislation, the financial statements are made up of the Statement of Financial Position, the Statement of Profit or Loss, the Cash Flow Statement, this Explanatory Note and the Management report.

The Explanatory Notes to the Financial Statements have the function of illustrating, and supplementing the Statement of Assets and Liabilities and Income Statement data and contain the information required by Articles 2427 and 2427 bis of the Italian Civil Code and other laws.

The classification of the items contained in the Balance Sheet, Income Statement and Cash Flow Statement was carried out following the formats laid down by Articles 2424, 2424 bis, 2425, 2425 bis and 2425 ter of the Italian Civil Code and in compliance with the new accounting principles published by the Italian Accounting Institute (OIC).

The Financial Statements at 31st December 2020 closed with a gross operating result of Euro 38,436,764, a profit of Euro 18,021,904, and showing final Net Equity of Euro 246,611,282.

These notes are an integral part of the Financial Statements at 31/12/2020, in compliance with art. 2423, paragraph 1, Italian Civil Code, and have been prepared basing on the principle of going concern and corresponds to what is set out in the accurately maintained accounts. The financial statements were prepared according to the clarity principle for providing a true and fair view of the equity and financial situation of the company and its economic results.

These Notes to the financial statements were drawn up in compliance with the limitation of the currently valid XBRL taxonomy.

The Group Consolidated Financial Statements were drawn up in compliance with provisions of Italian Decree 127/91.

CORE BUSINESS OF THE COMPANY

Gi Group S.p.A. is an "Employment Agency", as per the definition of this type of operator contained in Article 4, Italian Legislative Decree no. 276 of 10th September 2003, and operates by virtue of the authorisation issued on 26/11/2004 by the Italian Ministry of Labour and Social Policies, under reference no. 1101SG, and subsequently entered into the Computerised Regi-

ster of Employment Agencies, Section I, as set out in Article 2, paragraph 1, Italian Ministerial Decree of 23rd December 2003.

Gi Group S.p.A. performs temporary staffing and staff leasing activities.

It is a leading HR service provider in its target market, offering its core business and a number of other services, such as search and selection services, career development services for workers, and outplacement services, proposing solutions to existing and potential customers that integrate its core business with those of its subsidiaries.

It offers services to a wide range of customers, in terms of size and operating sector, which are further classified into corporate (groups of companies) and individual (area-based).

The company's business functions are organised into specialised divisions, covering different economic sectors, each able to guarantee ways of generating value for the customer.

In an economy as unstable as the Italian, which has been hit hard by COVID-19 and whose GDP performance has fluctuated during the year, ending with a yearly fall of 8.9% together with a contraction in its principal economic indicators (prices, investment, employment, etc.), the company has not performed as well as in the previous year, although it maintained its planned objectives, which have been revised in the first quarter of the year in light of the changing economic situation.

The company's ability to provide timely and complex solutions has allowed to meet the needs of customers in sectors that have not been hit by the pandemic, due to them being considered essential, generating value that compensates for the lower results achieved in those sectors that were rendered inactive or only partially operational by legislation issued by the Italian Government to protect its citizens.

Consequently, the labour market has also suffered the harsh and wide-ranging effects of the various phases of the pandemic, recording an increase in number of jobs lost equal to 2% of the workforce and mostly affecting categories like woman and young people and, from a contractual perspective, fixed-term and part-time employees.

The increase of unemployment was mitigated by the Government's decision introducing the COVID CIG (wage supplement fund) and a moratorium on redundancies, this latter measure has been extended into 2021.

Set against this background, the temporary staffing market has managed to limit the worst effects, losing 6.7% of the workforce, compared with 11.9% of all fixed-term contract workers, and

has seen a substantial changes to contracts with 15.7% reduction in the number of fixed-term contracts and 33.7% increase in the number of open-ended (staff leasing) contracts, compared with the previous year.

The use of temporary staffing contracts has enabled performance in this area to buck the trend, especially in the latter part of the year, with a recovery of 4.8% of jobs compared with 2019.

In terms of the expected economic recovery, forecasted for the second half of the year, temporary staffing contracts provide a valid response to the uncertain economic situation and therefore are expected to perform positively in 2021.

As at 31st December 2020, the company had 203 operating branches and 1,635 employees.

PRINCIPLES OF PREPARATION

FINANCIAL STATEMENTS PRESENTATION CRITERIA

The financial statements were drawn up in compliance with the following general presentation criteria:

- items were measured in compliance with the principle of prudence and in view of the business as a going concern;
- items are entered and presented considering the substance of the transaction or the contract;
- only the profits realised at the closing date of the financial year have been shown;
- income and charges for the period are included, irrespective of the collection or payment date;
- risks and losses for the period were entered even when calculated after the end of the financial year.

The list below shows the principal elements upon which the Statement of Financial Position and the Income Statement have been prepared.

- The balance sheet and the income statement comply with provisions of art. 2423-ter, 2424 and 2425 of the Italian Civil Code;
- Balance sheet and Income statement items were entered in compliance with principles of art. 2424-bis and 2425-bis of the Italian Civil Code;
- no single items include heterogeneous values;
- in general, the accounting criteria adopted are unchanged with respect to those used for the previous year's Financial Statements.
- the values of accounting entries for the current financial year are perfectly comparable with the previous year's financial statements entries.

The Statement of Cash Flow has been prepared pursuant to Article 2425-ter, Italian Civil Code, and in line with the provisions of accounting standard OIC 10 "Statements of Cash Flow".

The Explanatory Note, prepared pursuant to Articles 2427 and 2427-bis, Italian Civil Code, and the other provisions of the Italian Civil Code not covered by these articles, and pursuant to specific legislation not covered by these articles of the Italian Civil Code, also contains all complementary information deemed to be necessary to provide a true and accurate representation of the economic, financial and capital situation, even if not required by specific legislation.

MEASUREMENT CRITERIA

Valuation criteria adopted are those specifically indicated in art. 2426 and in the other regulations of the Italian Civil Code amended in Leg. Decree no. 139/2015.

For the evaluation of specific cases for which no specific provision exists in the aforementioned regulations, national accounting principles of the Italian Accounting Committee (OIC) were adopted.

STATEMENT OF ASSETS AND LIABILITIES

NON-CURRENT ASSETS

INTANGIBLE NON-CURRENT ASSETS INCLUDE:

Intangible assets, that is, non-monetary assets which normally represent legally protected rights, are entered into capital assets in that they are individually identifiable (i.e. split off from the company and transferable) or they derive from contractual or other legal rights; their cost can be estimated with sufficient reliability; the company acquires the right to enjoy the future economic benefits deriving from the asset and can limit access to it by third parties.

The intangible non-current assets are entered at purchase or production cost, inclusive of related charges. These assets are shown in the statement of assets and liabilities under B.I. of assets on the balance sheet and amount, net of provisions.

DEPRECIATION OF INTANGIBLE NON-CURRENT ASSETS

The depreciation of intangible non-current assets was performed systematically and in each financial year, in relation to the residual possibility of future economic use of each individual asset or cost.

The cost of intangible assets in question, in fact, was depreciated based on a "plan" that ensures proper distribution of the same in the useful economic life span of the asset to which it refers, and, for costs extending over multiple financial years, in a period that does not exceed five years.

The amortisation schedule shall be adjusted if a different residual useful life is calculated.

The applied amortisation schedule, made "on a straight-line basis" is the same as the one used in previous financial years.

For intangible assets subject to remeasurement, amortisation is calculated on the non-remeasured values, and these greater values are amortised from the financial year following recognition.

WRITE-DOWNS AND REVERSALS

At every financial statements reference date, the company checks whether an indicator shows that an intangible non-current assets decreased in value.

If the indicator exists, the company estimates the recoverable value of the intangible asset and carries out a write-down in case said value is lower than the corresponding net book value.

If an indicator shows that an asset was subject to a permanent loss in value, the residual useful life, the amortisation schedule or the residual value might have to be recalculated and adjusted in line with such value, even if the loss is not recognised.

The potential write-down for a permanent loss in value is reversed once the reasons that justified the write-down are no longer present. The value reversal is made within the limits of the value the asset would have had without the value re-adjustment.

With regard to the individual items, we emphasize that these were recorded in the Balance sheet based on a prudent assessment of their long-term utility.

WRITE-UPS

Intangible assets may be remeasured if they meet the specific definition provided by the OIC 24 standard, even if they are completely amortised.

The maximum remeasurement limit is set at the "values currently attributable to assets in relation to their size, their production capacity, their current potential economic use, and the current values and quoted prices identified on regulated Italian and foreign markets", and businesses may use the value in use criteria, and the market value criteria.

Remeasurement may occur through either a remeasurement of historical cost (gross value) and the related accumulated amortisation or through a remeasurement of only historical cost (gross value) or through a reduction in accumulated amortisation, with the obligation to recognise the net book value to be allocated over the useful life of the non-current asset, amended, where necessary by a change in the original economic estimates.

TANGIBLE NON-CURRENT ASSETS

Tangible fixed assets are entered at purchase cost or production cost including related accessory costs that are directly attributable to them. They are entered into the Statement of Financial Position under sub-class B.II.

DEPRECIATION OF TANGIBLE NON-CURRENT ASSETS

Assets were systematically depreciated in every financial year in consideration of the residual possibility of utilization of each single asset.

The cost of non-current assets except for lands, building sites or areas with buildings, was depreciated in every financial year according to a technical and economic schedule which ensures a correct distribution of such cost in the remaining financial years spanning the remaining economic useful life of the asset.

The depreciation plan would be adjusted if be ascertained only if the residual useful economic life span differs from the originally estimated period. In particular, in addition to the considerations on the physical useful life of assets, other factors that affect the "economic" useful period such as technical obsolescence, the intensity of use, the maintenance policy, etc. was taken and will be taken into account.

The depreciation rates have not been changed from the previous financial year. Depreciation rates applied range between 12% and 25%.

Depreciation rates for tangible non-current assets acquired during the financial year were adjusted by reducing them in half. Fully depreciated assets remain in the Financial Statements until they are eliminated or sold.

Ordinary maintenance or repair costs relating to tangible fixed assets are recorded directly to the Income Statement in the year in which they were incurred, while maintenance costs, which increase the value of the fixed assets, were capitalized.

Assets under construction include the advances paid to suppliers for the purchase of tangible non-current assets.

Leased assets have been recorded in compliance with the legislation currently in force by booking the instalment fees to the income statement, in relation to the duration of the agreement entered into. These explanatory notes, in the specific section, disclose the elements of information envisaged by Article 2427.22 of the Italian Civil Code, therefore providing the data necessary for a valuation - also from a financial perspective - of the participation of these agreements in company operations. In accordance with

Article 2427 no. 3 bis of the Italian Civil Code, it is noted that the reduction in value of tangible and intangible fixed assets merely comprises the amortization and depreciation commensurate to the useful lives of the non-current assets and their contribution to future financial results.

For remeasured intangible assets, the calculated portion of greater value is subject to amortisation from the financial year following the one in which it is recognised in the financial statements

WRITE-UPS

Intangible assets may be remeasured if they meet the specific definition provided by the OIC 16 standard, even if they are completely amortised.

The maximum remeasurement limit is set at the "values currently attributable to assets in relation to their size, their production capacity, their current potential economic use, and the current values and quoted prices identified on regulated Italian and foreign markets", and businesses may use the value in use criteria, and the market value criteria.

Remeasurement may occur through either a remeasurement of historical cost (gross value) and the related accumulated amortisation or through a remeasurement of only historical cost (gross value) or through a reduction in accumulated amortisation, with the obligation to recognise the net book value to be allocated over the useful life of the non-current asset, amended, where necessary by a change in the original economic estimates.

EQUITY INVESTMENTS

Investments in non-current assets are recorded under item B.III.1, at the purchase or subscription cost, including any ancillary charges, i.e. such costs that are directly attributable to the transaction, such as, for instance, banking and financial brokerage fees, commissions, expenses and taxes. Such item may also include consultancy charges paid to professionals for the preparation of contracts and feasibility studies or analyses of the value of the purchase.

In case of an increase in the investment due to the issue of shares for consideration issued by the company making the investment, the cost value at which the non-current investment has been recognised in the financial statements is increased by an amount corresponding to the issued amount. The purchase cost may be adjusted for impairment losses.

WRITE-UPS

Non-current equity investments, controlling or significant interests, may be remeasured, including joint controlling interests.

The maximum remeasurement limit is set at the “values currently attributable to assets in relation to their size, their production capacity, their current potential economic use, and the current values and quoted prices identified on regulated Italian and foreign markets”, and businesses may use the value in use criteria, and the market value criteria.

Remeasurement may occur through remeasurement of historical cost (gross value).

RECEIVABLES FROM SUBSIDIARIES, ASSOCIATED COMPANIES, PARENT COMPANIES, AND COMPANIES CONTROLLED BY PARENT COMPANIES AND OTHERS

The analysed receivables classified as financial non-current assets were recognised under item B.III.2 and represent a third-party obligation towards the company.

According to Leg. Decree 139/2015, financial receivables are entered in the financial statements with the amortised cost method, taking into account the time period and the estimated realisable value.

The amortised cost is the value at which the financial asset was evaluated when it was initially recorded, net of capital repayments. The accumulated depreciation is then added, or subtracted, with the effective interest method on any difference between the initial and the final value, after deducting any decrease in value or unrecoverable amount.

Moreover, to take into account the time factor, receivables must be “discounted”; such receivables, upon initial recording, are not interest-bearing (or produce interests at a much lower rate than the market rate).

OTHER SECURITIES

Non-current securities are entered in item B.III.3. According to Legislative decree 139/2015, non-current securities are booked with the amortised cost method whenever such securities have the adequate characteristics for this entry. However, since the flow of securities recorded during the financial year may not be calculated, such securities are measured at their purchase cost, instead of their amortised cost.

TREASURY SHARES

Treasury shares are entered as a reduction of net equity. The original cost of treasury shares and the economic effects deriving from any subsequent sale are recognised as movements in net equity.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments - Assets. The fair value of the interest rate swap is calculated on the basis of the current value of the expected future cash flows.

Fair value means the payment for which an asset can be exchanged, or an extinguished liability, between informed and available parties, in one transaction between independent third parties, i.e. there is no constraint that obliges or forces the entities to complete the transaction.

CURRENT ASSETS

CURRENT RECEIVABLES

TRADE RECEIVABLES

The company did not measure trade receivables at their amortised cost and it did not discount them since all recorded trade receivables are due within 12 months.

Therefore, trade receivables included in item C.II.1) are stated at their estimated realizable value, corresponding to the difference between the nominal value and the bad debt provision created during the previous years, entirely appropriate to hypothetical delinquencies and increased by the share provisioned during the year.

Receivables for which the application of the amortised cost method and/or the discounting method in order to give a fair and true view of the company’s financial situation is deemed inadequate are entered at their estimated realisable value. As a consequence, receivables were initially recognised at their nominal value net of premiums, discounts, allowances granted by contract or other agreements. The nominal value was then adjusted to the estimated realisable value at the end of the financial year.

RECEIVABLES FROM SUBSIDIARIES, ASSOCIATED COMPANIES, PARENT COMPANIES AND COMPANIES CONTROLLED BY PARENT COMPANIES

Receivables due from subsidiaries have been measured at amortised cost, pursuant to legislation; this measurement has not led to any variation compared with nominal value, in that

- the receivables have no accessory costs.
- These receivables accrue interest that is in line with market values and therefore no discounting is required.

OTHER RECEIVABLES

Other receivables recorded in the accounts are stated at their nominal value, which coincides with their estimated realizable value.

ASSETS RELATED TO PRE-PAID TAXES

Item C.II 5-ter in Statement of Financial Position - Assets shows the amount of “pre-paid taxes” (deferred tax “assets”), of EUR 1,969,674, based on the provisions of OIC standard no. 25.

These include “current” taxes (IRES - corporate income tax - and IRAP - regional production tax) connected to “deductible” temporary variations; their recognition in the taxable income of the new fiscal years and their amount are reasonably certain.

FINANCIAL ASSETS THAT DO NOT CONSTITUTE NON-CURRENT ASSETS.

The items included in this category are valued at the lower value between the purchase cost and realisable value calculated on the basis of market trends.

CASH & CASH EQUIVALENTS

Liquid assets shown in the “assets” section of the Balance sheet under sub-item “C.IV” correspond to the stocks on current accounts held with banks and the liquid assets existing in corporate funds at year-end and were valued at nominal value.

ACCRUALS AND DEFERRALS

Class D. “Accrued income and prepaid expenses” shown in the “assets” section of the Balance sheet includes revenues pertaining to the financial year receivable in subsequent periods and expenses paid before the end of the year, but relating to future years. Notably, only portions of costs and income common to two or more years have been recognised; the amount of these vary due to time.

PROVISIONS FOR RISKS AND CHARGES

PROVISIONS FOR RISKS AND CHARGES

“Provisions for risks and charges”, set out in class B of the “Liabilities” section of the balance sheet, accrue, in accordance with the principles of economic competence and prudence, provisions made to cover losses or debts of a specific nature and of a certain or probable existence, the amount of which, or whose date of occurrence, is, however, indefinite.

The amount of the provision is measured with respect to cost estimates at the balance sheet date, including non-arbitrary and arbitrary non-cash expenses, required to meet the underlying or probable liability.

In assessing the risks and charges the actual occurrence of which is subordinated to the occurrence of future events, information has also been taken into account after the close of the financial year and up to the date of the preparation of these financial statements.

In accordance with the “nature” cost classification criteria, provisions for risks and charges related to ordinary and extraordinary operations are recorded among the items of class B of the income statement other than items B.12 and B.13.

EMPLOYEE SEVERANCE INDEMNITY

Severance indemnities represent the actual amount due to employees in accordance with the law and the existing employment contract, pursuant to article. 2120 of the Italian Civil Code. It is a certain remuneration entered each year using the accrual principle. Pursuant to Law 296 dated 27 December 2006 (2007 Finance Law):

PAYABLES

Article 2426, paragraph 1 No. 8 of the Italian Civil Code, as amended by Legislative Decree 139/2015 prescribes that payables are recognized in the balance sheet using the amortized cost criterion, taking into account the time factor.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus accumulated amortisation using the effective interest method on any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance) for impairment or uncollectibility. The effective interest method is a method of calculating the amortised cost of a

financial asset of financial liability (or group of financial assets or financial liabilities) and allocating the interest income or interest payable over the related period.

The main characteristics of the effective interest method are:

- I. the effective interest rate is the rate used to discount estimated future cash flows (payments or receipts) expected through the life of a receivable or payable (or, where appropriate, a shorter period) that is equal to the net carrying amount of a receivable or payable;
- II. the estimate of future cash flows expected through the life of a receivable or payable is calculated by considering all contractual terms set out for the receivable or payable, including contractual interest, transaction costs and any premiums or discounts.

The effective interest rate is calculated upon entry of a receivable and, after its initial calculation, it is not further adjusted to take into account any future cash flow variations of payables due, for instance, to the changes in the relevant interest rate.

In compliance with Legislative Decree 139/15, the amortised cost method was not applied to payables generated before 1st January 2016 and for all payables for which the application of the amortised cost method and/or the discounting method is deemed inadequate.

This principle has been applied only to financial liabilities and not to trade payables. Trade payables have been measured at nominal value in that all recognised payables have a maturity of less than 12 months.

TAX PAYABLES

Tax liabilities for current taxes are recorded based on a realistic estimate of taxable income (IRES) and the net value of production (IRAP) in accordance with the provisions in force, taking into account any applicable discounts and any tax credits. If the payable taxes are lower than the tax credits, the advance payments made and the withholding tax, the difference is a credit and is entered in the assets of the balance sheet under item C.I-I.5-bis "Tax receivables".

ACCRUALS AND DEFERRALS

Item E. "Accruals and deferrals" includes costs pertaining to the year payable in subsequent periods and income gained before the end of the year, but relating to future years.

Notably, only portions of costs and income common to two or more years have been recognised; the amount of these vary due to time.



INCOME STATEMENT

Item A.1) includes revenues from core business activities on an accrual basis, net of returns, discounts, allowances and premiums while item A.5) includes those revenues that, when not included in core business activities, were accounted for as having an ancillary nature.

Otherwise, on the cost side, this distinction cannot be implemented since the normatively envisaged classification criteria of the Income statement is that by nature.

Costs and charges of Class B of the Income Statement, classified by nature, were booked net of returns, commercial discounts, allowances and premiums, while financial discounts were booked under item C.16, as they constitute financial income.

Costs attributable to raw materials, consumables and goods include ancillary purchase costs (i.e. transport, insurance, loading and unloading activities, etc.) if the supplier included them in the purchase price of materials and goods. Otherwise, costs were booked under costs for services (item B.7).

Non-recoverable VAT was included in the purchase costs of goods. Estimated costs, not yet documented, for which specific checks have been made, were also allocated under items B.6 and B.7, together with costs certain, resulting from invoice submitted by suppliers. Item B.9 includes all costs paid during the financial year for employees, including the cost of temporary workers.

In sub-item B.9 a) Wages and salaries, wages and salaries are booked including all fixed and variable factors of the remuneration defined by law and/or contract and the accrued and unpaid portions related to added monthly wages and accrued, unused holidays.

The sub-item B.9.b) Social security costs, includes costs borne by the company to be paid to various social security and insurance entities; this item also includes social security costs referring to the portion of additional monthly salaries and holidays accrued and not taken. Sub-item B.9.c) Employee severance indemnity, includes an allowance, pertaining to the financial year, for employee severance indemnities accrued, with a balancing entry in item C in Liabilities in the Statement of Financial Position.

Sub-item B.9.d) Severance, retirement and similar provisions includes provisions to supplementary pension schemes other than employee benefits generally included in collective labour contracts, company agreements or internal company regulations.

Since the classification of costs "by nature" must prevail, provisions for risks and charges were entered in the items of the management activities to which the transaction refers to, other than items B12 and B13.

FINANCIAL INCOME AND CHARGES

In Income Statement Class C all profit/loss-related items are recognised, connected to the financial transactions of the company, which include revenue-generating transactions, charges, gains and losses on disposals of shares, equity investments, bank accounts, non-current receivables and any loans payable or receivable, and exchange rate gains and losses.

Financial income and charges were booked on an accrual basis.

ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES

Part D of Profit and Loss includes values relating to adjustments made to financial assets and liabilities, recognised after having been correctly measured. For equity investments, the economic performance of the companies in which investments are held, is taken into consideration. For other financial assets, the reference is how the market has performed (shares) or fair value (derivative instruments).

CURRENT, DEFERRED AND PRE-PAID INCOME TAXES

DIRECT TAXES

Taxes are recognised in accordance with the accrual principle; therefore, they represent:

- Current taxes to be paid for the year determined in accordance with the rates and rules in force, including penalties and accrued interest for the year in question;
- the amount of deferred taxes for temporary differences that arose or were annulled during the financial year or in previous financial years;

TEMPORARY DIFFERENCES AND RECOGNITION OF DEFERRED TAX ASSETS AND LIABILITIES

Considering that the financial statements must be prepared on an accrual basis of costs and revenues, regardless of when the financial event occurs, we proceeded to recognise deferred taxes as income taxes and the IRAP [Italian regional tax on productive activities] are charges incurred by a company in the production of the economic result and, accordingly, are similar to other costs to be accounted for, in compliance with the principles of competence and prudence, in the period in which the costs have been accounted for and revenues to which these deferred taxes relate.

For Italian Corporation Tax (IRES) purposes, Article 83 of Italian Presidential Decree 917/86, the company's income is calculated by applying negative and positive adjustments to the final economic result to match the measurements applied upon preparation of the financial statements, to the calculation criteria applied for the overall taxable income. These different criteria for determining the statutory result on the one hand and the taxable income on the other can generate differences. As a result, the amount of taxes due, determined during the tax return, may not coincide with the amount of taxes on income for the year. Regulations governing IRAP also cover cases where the determination of the taxable base is obtained by adding increasing and decreasing variations with temporary differences to the negative and positive components of the financial sheet, and therefore require the recognition of deferred tax assets or liabilities. In preparing these financial statements, only temporary differences were taken into account, which consist of the difference between the civil and fiscal valuations of the year and which are intended to be cancelled in subsequent years.

In application of the above principles, the financial statements include taxes which, despite relating to future financial years, are owed in the financial year in question (pre-paid taxes) and those which, despite relating to the financial year in question, are owed in future financial years (deferred taxes). It should be specified that the deferred taxation has been entered in accordance with national accounting principles and, consequently, in accordance with the principle of prudence.

Assets from pre-paid taxes were calculated on the basis of the reasonable certainty of the existence, in the financial statements in which deductible temporary differences are recorded, for pre-paid taxes were entered, of taxable income that is lower than the amount of the differences being cancelled.

Deferred tax liabilities have not been recognized since there are no taxable temporary differences.

Deferred taxation has been calculated on the basis of tax rates that are expected to be applicable in the year in which temporary

differences will fluctuate. These rates are those provided by tax legislation in force at the date of these financial statements.

Consequently:

- in the Balance Sheet assets, in sub-category "CII - Receivables", item "5b - deferred tax assets" (without any separation of the amounts due within and beyond the following financial year) amounts referring to deferred tax assets are entered, and the advance taxes allocated in previous years relative to these differences that have been cancelled during the year under review were reabsorbed;
- in the Balance sheet liabilities, in sub-category "B - Provisions for risks and charges", in item "2 - for deferred taxes", the deferred tax liabilities which will probably be collected were recorded, and the deferred tax assets in previous years relating to those differences cancelled during the year under review were reabsorbed;
- Item "20 - current, deferred and advance income taxes for the year" of the Income statement were allocated and the deferred taxation was reabsorbed.

FOREIGN CURRENCY TRANSLATION

During the financial year, foreign currency transactions were converted at the spot exchange rate on the date in which such transactions were carried out. Notably, non-monetary items (tangible, intangible non-current assets, inventories, work in progress on long-term contracts evaluated with the zero-profit method, non-current and current investments and other securities, advances, prepayments and deferred income) are recognised in the balance Sheet at the exchange rate valid upon their purchase, i.e. at their initial book value.

Monetary items (current and non-current receivables and payables, ongoing work, work in progress measured using the percentage of completion method, cash and cash equivalents, accrued income and liabilities, debt securities, provisions for risks and charges), are also accounted for during the financial year at the exchange rate in force at the date on which the transaction is carried out. Adjustments to items in foreign currency, as the difference between the value at recognition and the related translation, have led to the recognition of "differences" (Exchange rate gains or losses) in the Income Statement, in "C17-bis Exchange rate gains or losses", totalling EUR 9,187.

FURTHER INFORMATION

FOREIGN CURRENCY TRANSLATION

During the financial year, transactions in foreign currency were translated at the spot exchange rate on the date in which the transaction was made. Notably, non-monetary items (tangible, intangible non-current assets, inventories, work in progress on long-term contracts evaluated with the zero-profit method, non-current and current investments and other securities, advances, prepayments and deferred income) are recognised in the balance Sheet at the exchange rate valid upon their purchase, i.e. at their initial book value.

Monetary items (current receivables and payables, non-current receivables and payables, work in progress evaluated with the percentage of completion method, cash and cash equivalents, accruals and deferrals, debt instruments, provisions for risks and charges) were also recognised during the financial year at the exchange rate valid when the transaction was completed.

Adjustments to items in foreign currency, as the difference between the value at recognition and the related translation, have led to the recognition of "differences" (Exchange rate gains or losses) in the Income Statement, in "C17-bis Exchange rate gains or losses", totalling EUR 9,187.

NOTES TO THE FINANCIAL STATEMENTS, ASSETS

In this section of the Notes to the financial statements the items in the Assets of the Balance Sheet of the Financial Statements as at 31/12/2020 are analysed in compliance with the structure of the XBRL taxonomy and the regulations of article 2427 of the Italian Civil Code.

NON-CURRENT ASSETS

INTANGIBLE NON-CURRENT ASSETS

VALUATION CRITERIA AND ACCOUNTING RECORDS

Intangible non-current assets include:

- deferred charges (plant and expansion costs; development costs);
- intangible assets (patent and intellectual property rights; concessions, licences, trademarks and similar rights, software);
- Non-current assets under construction;
- other non-current assets.

Intangible non-current assets are entered at purchase or production cost, inclusive of related charges. Such non-current assets are recognised under item B.I. in the Assets of the Balance Sheet and are equal to Euro 38,334,535, net of provisions.

START-UP AND EXPANSION COSTS

This item includes one-off costs incurred by the company in precise and characteristic moments in the life of the business, such as the pre-operating phase or in a phase of growth in pre-existing operating capacity. Items are recognised after a specific evaluation of the future useful life of each cost component. Multi-year costs recognised in the financial statements total EUR 49,358 and refer to the acquisition of the Grafton.com internet domain name, which will be used from 2021.

CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS

Capitalised costs identified as "Licences", relate to the purchase of standard software programs, such as office applications, that are necessary for the performance of its activities. "Trademarks"

are made up of costs incurred, on a payment basis, to purchase the company trademark and/or to register it.

Concessions, licences, trademarks and similar rights were entered in the Balance Sheet assets under item B.I.4 with a value of Euro 36,137,986 and were amortised on a straight-line basis, as follows:

- concessions and licences over a period of 3 years, which represents the period of residual possibility of utilization of the asset;
- software over 3 years, which represents the period of residual possible use in view of technological developments;
- trademarks over a period of 10 years, representing the period of production and sales of the products protected by said trademark.

Movements in intangible assets are divided into two sub-headings.

1. INVESTMENTS

During the year, significant investment was made in software to enhance the company's IT infrastructure and systems, in support of business and back office functions.

High-value investments refer to the following products:

- Spinner, to manage the search and selection processes for candidates for Euro 2,112,276;
- Candidate Suite, the candidate management solution, for Euro 1,599,525;
- My Gi Group, a portal used to manage the formal aspects of relationships with customers and candidates for Euro 836;
- DWH, an internal business reporting system, for Euro 386,025;
- HR Pro software used in the management of office staff in post for Euro 198,375 thousand;
- Electronic invoice management software, for Euro 194,237;
- GINET, a corporate intranet mobile app, for Euro 189,575.

The remainder relates to investment in various products and platforms that are functional to the management of the business, aimed at continually improving and adjusting them to meet emerging needs, for a total of Euro 1,061,116.

2. WRITE-UPS

During the 2020 financial year, the company has remeasured some intangible assets recognised in the financial statements



at 31/12/2019, pursuant to the provisions of Article 110, Law 126/2020. Based on the reports prepared for each category of asset, which assessed whether justifiable reasons exist for re-measurement (estimate of the residual useful life of the software, checks on the economic sustainability and current market price of licenses, comparability test on market royalties for trademarks), the company used the following measurement criteria:

- Software and licenses through a reduction in accumulated amortisation;
- Trademarks through an increase in the asset and a reduction in accumulated amortisation.

The balancing entry is recognised in the Statement of Financial Position in the remeasurement reserve net of substitute tax at 3%.

For details on the composition of the remeasurement reserve per class of asset, please see **“FURTHER OBLIGATORY INFORMATION”** at the end of this explanatory note and in the Directors’ Report.

To support the remeasurement of intangible non-current assets, the directors asked a professional expert to prepare an estimation report.

NON-CURRENT ASSETS UNDER CONSTRUCTION AND ADVANCES

Intangible non-current assets under construction include costs incurred during the financial year to create organisational support products, that are not yet complete. The amortisation process is not used for this financial statement item, in that once they achieve economic usefulness, the assets are reclassified into the relevant items and are subject to amortisation based on the useful life of the asset in question.

Non-current assets in progress appear in the Balance Sheet assets, under item B.I.6, for a total of Euro 269,325 and are not amortised until they are reclassified in the relevant items of the intangible non-current assets.

The substantial increase recognised in the financial statements for EUR 269,325, and relate to the implementation of administrative technological solutions and the ongoing development of the new Gi Group website.

After some technological solutions and/or projects were created and completed during the year, the value of EUR 2,307,342 has been reclassified into specific categories of intangible non-current assets.

OTHER INTANGIBLE NON-CURRENT ASSETS

Other intangible non-current assets include items, which have no specific classification in the previous categories and were amortized over a period of no more than five years.

Costs recognised in this residual item, classified in the Balance Sheet assets under item B.I.7 amounting to Euro 1,877,839, are considered as a source of long-term benefits for the companies with clear evidence that they will be recoverable in the future.

Such costs include:

- Improvement works on leased assets amounting to Euro 1,838,829;
- Other intangible non-current assets totalling Euro 39,010

The company has continued its policy to rationalise the spaces in which it performs its activities, by reducing the number of branches in large urban centres in favour of a space shared with other Group businesses. In 2020, the Group made investments to renovate some branches in order to make better use of spaces following the implementation of agile working practices, which had already begun in 2019. The adjustment of practices to safety legislation affected several branches in Italy and the total investment was EUR 344,314.

The increase recognised in other intangible non-current assets, for EUR 33,820, relates to the acquisition of a toolkit for the Wyser practice.

MOVEMENTS OF INTANGIBLE NON-CURRENT ASSETS

| B I - Intangible non-current assets | |
|-------------------------------------|------------|
| Balance as at 31/12/2020 | 38,334,535 |
| Balance as at 31/12/2019 | 9,822,426 |
| Changes | 28,512,108 |

The table below shows the changes of intangible non-current assets recorded in item B.I of the assets.

| | Start-up and Expansion Costs | Concessions, licences, trademarks and similar rights | Int. Int. under construction and advances | Other int. Imm. | Total int. Int. |
|--|------------------------------|--|---|------------------|-------------------|
| Value at the beginning of the FY | | | | | |
| Cost | 1,762 | 14,554,515 | 2,307,342 | 5,027,575 | 21,891,195 |
| Depreciations (Accumulated depreciation) | (1,410) | (9,484,125) | - | (2,583,233) | (12,068,768) |
| BOOK VALUE | 352 | 5,070,390 | 2,307,342 | 2,444,342 | 9,822,426 |
| Changes during the financial year | | | | | |
| Increases by acquisition | 49,385 | 6,285,226 | 269,325 | 378,133 | 6,982,069 |
| Write-ups during the FY | - | 29,646,051 | - | - | 29,646,051 |
| Amortisation and depreciation for the period | 352 | 4,870,120 | - | 938,199 | 5,808,672 |
| Other changes | - | 6,438 | (2,307,342) | (6,438) | (2,307,342) |
| Total changes | 49,033 | 31,067,595 | (2,038,017) | (566,504) | 28,512,108 |
| VALUE AT THE END OF THE FY | | | | | |
| Cost | 51,148 | 20,846,179 | 269,325 | 5,373,518 | 26,540,170 |
| Write-ups | - | 29,646,051 | - | - | 29,646,051 |
| Depreciations (Accumulated depreciation) | (1,762) | 14,354,245 | - | 3,495,680 | 17,851,688 |
| BOOK VALUE | 49,385 | 36,137,986 | 269,325 | 1,877,839 | 38,334,535 |

Extent and reasons for value reductions on intangible non-current assets (article 2427, paragraph 1, point 3-bis of the Italian Civil Code)

It should be noted that none of the existing intangible non-current assets in the financial statements has been subjected to devaluation, since none of them expressed permanent

losses in value. Indeed, net book values recorded in the Balance Sheet at financial-year and may be reasonably recovered via their utilisation or by selling assets or services connected to said assets.

TANGIBLE NON-CURRENT ASSETS

VALUATION CRITERIA AND ACCOUNTING RECORDS

Tangible non-current assets are recorded as assets in the Balance Sheet under sub-class B.II at purchase or production cost plus any directly attributable ancillary charges totalling Euro 5,691,679, broken down as follows:

- 1) land and buildings;
- 4) Other tangible non-current assets;

Tangible non-current assets have been initially recognised at the date on which ownership transferred, which is the same date that the risks and benefits associated with the asset transferred.

In line with the provisions of the accounting standards adopted and indicated in the first part of this Explanatory Note, the amortisation process for the tangible non-current assets has been carried out systematically and in each financial year, in relation to the residual possible use of each asset. The amortisation method applied for the financial year to 31/12/2020 is the same as the one used for amortisation in previous financial years, whilst for tangible non-current assets acquired during the financial year, it has been deemed appropriate to reduce amortisation rates by half.

For assets whose realisable value is equal to the cost of the non-current asset, at the end of its useful life, the asset will no longer be amortised.

In detail:

LAND AND BUILDINGS

Buildings recognised in the financial statements refer to the purchase option connected with a lease on a building located in Varese and to the acquisition of a warehouse site in Cesano Maderno, which is required to manage the company archives and to act as a temporary store for assets.

With regard to non-operating assets, OIC 16, in force from 01/01/2016, has eliminated the right not to depreciate them, therefore:

- the non-operating assets included in the financial statements for the last financial year prior to the application of the 2016 update to OIC 16, have not been subject to any depreciation;
- however, the buildings acquired since 2016 have been depre-

ciated systematically on the basis of the estimated useful life of the assets.

OTHER TANGIBLE NON-CURRENT ASSETS

Movements in other tangible non-current assets are divided into two sub-headings:

1. INVESTMENTS

Non-operating plant

Investment made in the 2020 financial year mainly refers to branches located in Italy and totals EUR 54,477, adjusting the value of plant and machinery at the end of the financial year to EUR 4,125,209 before depreciation, which is carried out in line with the standards already indicated.

Other tangible assets and industrial and commercial equipment

Acquired assets totalling EUR 563,775, refer mainly to assets used to carry out activity at branches, such as signage, furniture and equipment, and technological tools, such as computers and accessories. The total at 31/12/2020 is EUR 12,318,626, recognised in the financial statements at nominal value and subject to depreciation as applied in previous financial years and with rates reduced by half for assets acquired in 2020.

2. WRITE-UPS

During the 2020 financial year, the company has remeasured some tangible assets recognised in the financial statements at 31/12/2019, pursuant to the provisions of Article 110; Law 126/2020 Based on the reports prepared for each category of asset, which assessed whether justifiable reasons exist for remeasurement (estimate of the average useful life, checks on the cost of replacement and on economic sustainability), the company used the following measurement criteria:

- Furniture, equipment and office equipment through a reduction in accumulated depreciation

The balancing entry is recognised in the Statement of Financial Position in the remeasurement reserve net of substitute tax at 3%. For details on the composition of the remeasurement reserve, please see **"FURTHER OBLIGATORY INFORMATION"** at the end of this explanatory note and in the Directors' Report.

To support the remeasurement of tangible non-current assets, the directors asked a professional expert to prepare an estimation report.

MOVEMENTS OF TANGIBLE NON-CURRENT ASSETS

| B II - Tangible non-current assets | |
|------------------------------------|-----------|
| Balance as at 31/12/2020 | 5,691,679 |
| Balance as at 31/12/2019 | 4,527,357 |
| Changes | 1,164,321 |

The table below shows the changes of tangible assets recorded in item B.II of the assets.

| | Land and buildings | Other tangible non-current assets | Total tangible non-current assets |
|--|--------------------|-----------------------------------|-----------------------------------|
| Value at the beginning of the FY | | | |
| Cost | 348,576 | 15,965,792 | 16,314,368 |
| Depreciations (Accumulated depreciation) | (9,235) | (11,777,776) | (11,787,011) |
| BOOK VALUE | 339,341 | 4,188,016 | 4,527,357 |
| Changes during the financial year | | | |
| Increases by acquisition | - | 618,252 | 618,252 |
| Decreases for disposals and divestments (of book values) | - | 140,208 | 140,208 |
| Write-ups during the FY | - | 1,739,848 | 1,739,848 |
| Amortisation and depreciation for the period | 8,491 | 1,153,017 | 1,161,507 |
| Other changes | - | 107,936 | 107,936 |
| TOTAL CHANGES | (8,491) | 1,172,812 | 1,164,321 |
| Value at the end of the FY | | | |
| Cost | 348,576 | 16,443,836 | 16,792,412 |
| Write-ups | - | 1,739,848 | 1,739,848 |
| Depreciations (Accumulated depreciation) | 17,725 | 12,822,857 | 12,840,582 |
| BOOK VALUE | 330,851 | 5,360,828 | 5,691,679 |

Analysis and reasons for the decreases of tangible non-current asset values (art. 2427 par. 1 n. 3-bis of the Italian Civil Code)

No tangible non-current assets recognised in the financial statements was written down as there was no permanent loss in value. Indeed, net book values recorded in the Balance Sheet at financial-year and may be reasonably recovered via their utilisation or by selling assets or services connected to said assets.

During the financial year, the company disposed of signs, curtains and furniture from the branches at Mestrino, Empoli, Stezzano, Orzinuovi, Turin, Genoa and Ceto for EUR 28,070.

FINANCIAL LEASES

In relation to the assets acquired under financial leasing, the company recorded operations with the so-called "equity method" in compliance with current accounting standards and tax regulations. Therefore, lease payments recognised in the Income Statement were calculated on an accrual basis during the financial year.

In compliance with the more general principle of substance over form referred to in Article 2423-bis, first paragraph, point 1 of the Italian Civil Code, the following table was drafted from which the effects that would have been produced on the net equity and on the profit or loss account can be seen in relation to the financial leasing transactions according to the financial method.

Such table was prepared according to the XBRL Italy taxonomy structure in compliance with the accounting principles of the Organismo Italiano di Contabilità (OIC - Italian Accounting Standard Organisation) and provides the information required by art. 2427, paragraph 1, No. 22 of the Italian Civil Code, namely:

- The total value at which assets subject to finance leases would have been recorded at year-end, if they were recorded under fixed assets, net of depreciation that would have been allocated from the date of stipulation of the contract as well as any adjustments and write backs;
- The implicit debt to the lessor that would have been entered in the liabilities of the balance sheet at year end, equivalent to the present value of the instalments not yet due and the redemption price, determined using interest rates equal to the actual costs attributable to each contract;
- the actual costs for the year attributable to the contracts in question;
- depreciation allowances relating to leased assets for the year;
- the write-downs and write-backs for the year.

Below is the table drawn up in compliance with OIC indications, referring to goods acquired with leasing transactions and the tax and asset impact of such transactions at the end of the financial year:

| Leasing | Amount |
|--|----------------|
| A) CURRENT CONTRACTS | |
| Assets held with financial leasing agreements at the end of the previous year, net of amortizations and depreciations | 23,266 |
| Assets acquired with financial leasing transactions during the financial year | 63,937 |
| Leased assets redeemed during the financial year | -6,237 |
| Depreciated portions relating to the financial year | -19,345 |
| Assets held with financial lease agreements at the end of the financial year, net of total amortizations and depreciations equalled Euro 19,344. | 61,622 |
| B) REDEEMED ASSETS | |
| Higher overall value of redeemed assets, calculated according to the financial method compared to their book value at the end of the financial year | 90,966 |
| C) LIABILITIES | |
| Leasing liabilities for financial lease transactions at the end of the previous financial year | 20,515 |
| Leasing liabilities for the year | 63,937 |
| Repayments of principal and redemptions during the year | -20,664 |
| Leasing liabilities for financial leasing transactions at the end of the financial year, of which expiring in the following financial year Euro 19,693.10; of which expiring between 1 to 5 years, Euro 44,095, of which expiring after 5 years, Euro 0. | 63,788 |
| D) TOTAL GROSS EFFECT AT THE END OF THE FINANCIAL YEAR | 88,800 |
| E) TAX EFFECT | -27,931 |
| F) EFFECT ON SHAREHOLDERS' EQUITY AT THE END OF THE FINANCIAL YEAR | 60,869 |
| EFFECT ON INCOME STATEMENT | |
| Write-off of financial leasing transactions instalments | 20,854 |
| Recording financial charges on financial leasing transactions | -684 |
| Recording amortization portions | -31,844 |
| Adjustments/recoveries of value on financial leasing assets | 0 |
| Effect on result before tax | -11,674 |
| Recording effect on taxes | 3,673 |
| Effect of entries of leasing transaction using the financial method on financial year result | (8,001) |



FINANCIAL NON-CURRENT ASSETS

B III - FINANCIAL NON-CURRENT ASSETS

The financial fixed assets are entered in the balance sheet of the financial statements for the year that ended on 31/12/2020 with the following values:

| B III - Financial non-current assets | |
|--------------------------------------|-------------|
| Balance as at 31/12/2020 | 240,508,301 |
| Balance as at 31/12/2019 | 185,073,525 |
| Changes | 55,434,776 |

They are composed of investments, current receivables, securities held to maturity in the economics of the company, derivative financial instruments.

VALUATION CRITERIA AND ACCOUNTING RECORDS

In terms of investments in subsidiaries, please note that the consolidated financial statements have been drawn up.

As for the list of subsidiaries and associated companies and the comparison between the book value and the corresponding net equity portion recorded in the latest financial statements approved by the Subsidiary, please see the sections on the information of investments in subsidiaries and associated companies in these Explanatory Notes.

MOVEMENT OF INVESTMENTS, OTHER SECURITIES AND DERIVATIVE FINANCIAL NON-CURRENT ASSETS

During the financial year just gone, and pursuant to Article 110, Italian Law 126/2020, the company remeasured equity investments in subsidiaries already recognised in the financial statements at 31/12/2019 and referring to the values at 31/12/2020.

To support the remeasurement of equity investments, the directors asked a professional expert to prepare an estimation report.

In order to estimate the value of the equity investments, the expert used the income-based method based on the capitalisation of net profit distributable in the long term. The income-based method has been used alongside an audit method which has more markedly practical market characteristics. In particular, the expert referred to the multiples approach which measures the company's value against a multiple of EBITDA, using a parameter established using market data.

It is important to note that the expert chose the income-based method as the main measurement method. Given that this is a measure of future earnings expected from the equity investment, the value is more in line with the forecasted value that Gi Group expects from an equity investment that is synergetic and instrumental to its business (equivalent to the value that in other sectors would be commonly defined as the value in use).

Based on this method, the following subsidiary companies were remeasured:

- C2C
- WYSER
- GI ON BOARD
- ENGINIUM
- INTOO

The balancing entry is recognised in the Statement of Financial Position in the remeasurement reserve.

For details on the composition of the remeasurement reserve, please see **"FURTHER OBLIGATORY INFORMATION"** at the end of this explanatory note and in the Directors' Report.



The following table shows movements of financial non-current assets booked in sub-class B.III of the assets under items 1) Investments.

| | Investments in subsidiaries | Investments in affiliated companies | Investments in other companies | Total equity investments |
|--|-----------------------------|-------------------------------------|--------------------------------|--------------------------|
| Value at the beginning of the FY | | | | |
| Cost | 96,633,365 | 24,500 | 256,194 | 96,914,059 |
| Write-downs | (29,296,885) | - | (19,794) | (29,316,679) |
| BOOK VALUE | 67,336,481 | 24,500 | 236,400 | 67,597,381 |
| Changes during the financial year | | | | |
| Increases by acquisition | 10,350,002 | - | - | 10,350,002 |
| Decreases for disposals (of book values) | 632,309 | - | - | 632,309 |
| Write-ups during the FY | 16,253,544 | - | - | 16,253,544 |
| Write-downs during the FY | 10,025,000 | - | - | 10,025,000 |
| Other changes | 632,309 | - | (72,500) | 559,809 |
| TOTAL CHANGES | 16,578,546 | - | (72,500) | 16,506,046 |
| Value at the end of the FY | | | | |
| Cost | 106,351,058 | 24,500 | 163,900 | 106,539,458 |
| Write-ups | 16,253,544 | - | - | 16,253,544 |
| Write-downs | 38,689,576 | - | - | 38,689,576 |
| BOOK VALUE | 83,915,026 | 24,500 | 163,900 | 84,103,426 |

The strategy developed during 2020, taking account of the exceptional circumstances brought about by the pandemic, focused on maintaining margins across all business lines by taking incisive action to rationalise fixed overheads, also through the use of government furlough schemes.

The difference between the book value of the equity investments, taking account of the remeasurement described above, and their net equity value is correct in terms of specific value relating to the individual company's goodwill and the Group's global value proposition, which aims to offer integrated HR services to customers.

Gi Group's strategic plan, structured into the activities of its subsidiaries, gives the Group a role as global player in the labour services market, with particular regard to the Corporate customer segment.

Based on what is set out above, the Directors believe that there have been no impairment losses on equity investments, with the exception of specific cases, which are analysed in the following paragraphs.

| Subsidiaries | | Equity investments in compliance with art. 2427, no. 5 of the Italian Civil Code | | | | |
|---|----------------------|--|-----------------------------|-------------|---------------------------|-------------------------|
| Name and registered office | Share capital (euro) | Previous years' profit (loss) (euro) | Shareholders' equity (euro) | % ownership | Number of shares/holdings | Total book value (euro) |
| INTOO S.r.L. – Piazza IV Novembre – 20124 Milan | | | | | | |
| As at 31 December 2019 | 100,000 | 361,002 | 702,666 | 100% | 1 | 2,776,787 |
| As at 31 December 2020 | 100,000 | 462,629 | 1,567,928 | 100% | 1 | 8,600,000 |
| GI Professional Service S.r.L. (winding up) - Piazza IV Novembre – 20124 Milan | | | | | | |
| As at 31 December 2019 | 36,823 | (29,993) | 1,108 | 100% | 1 | 25,000 |
| As at 31 December 2020 | 0 | 0 | 0 | 0 | 0 | 0 |
| EXS S.r.L. – Piazza IV Novembre – 20124 Milan | | | | | | |
| As at 31 December 2019 | 26,000 | (16,050) | 446,938 | 100% | 1 | 1,349,726 |
| As at 31 December 2020 | 26,000 | (203,455) | 679,982 | 100% | 1 | 1,349,726 |
| GI HR SERVICES S.r.L. – Piazza IV Novembre – 20124 Milan | | | | | | |
| As at 31 December 2019 | 100,000 | (34,782) | 317,015 | 100% | 1 | 3,975,200 |
| As at 31 December 2020 | 100,000 | 88,361 | 405,376 | 100% | 1 | 3,975,200 |
| OD&M S.r.L. – Piazza IV Novembre – 20124 Milan | | | | | | |
| As at 31 December 2019 | 50,000 | 258,021 | 803,379 | 100% | 1 | 4,100,000 |
| As at 31 December 2020 | 50,000 | 123,730 | 927,111 | 100% | 1 | 4,100,000 |
| GI International S.r.L. – Piazza IV Novembre – 20124 Milan | | | | | | |
| As at 31 December 2019 | 1,000,000 | (5,520,026) | 15,403,225 | 100% | 1 | 48,983,100 |
| As at 31 December 2020 | 1,000,000 | (5,722,516) | 19,680,709 | 100% | 1 | 48,983,100 |
| GI ON BOARD S.r.L. – Piazza IV Novembre – 20124 Milan | | | | | | |
| As at 31 December 2019 | 100,000 | (44,740) | 113,117 | 100% | 1 | 350,000 |
| As at 31 December 2020 | 100,000 | 135,266 | 248,385 | 100% | 1 | 740,000 |
| C2C S.r.L. – Piazza IV Novembre – 20124 Milan | | | | | | |
| As at 31 December 2019 | 100,000 | 96,600 | 913,524 | 100% | 1 | 645,000 |
| As at 31 December 2020 | 100,000 | 239,160 | 1,152,686 | 100% | 1 | 2,650,000 |

(continued on the next page)

| Subsidiaries | | | | | | |
|--|----------------------|--------------------------------------|-----------------------------|-------------|---------------------------|-------------------------|
| Equity investments in compliance with art. 2427, no. 5 of the Italian Civil Code | | | | | | |
| Name and registered office | Share capital (euro) | Previous years' profit (loss) (euro) | Shareholders' equity (euro) | % ownership | Number of shares/holdings | Total book value (euro) |
| WYSER S.r.l. – Piazza IV Novembre – 20124 Milan | | | | | | |
| As at 31 December 2019 | 50,000 | 584,950 | 1,097,696 | 100% | 1 | 1,804,669 |
| As at 31 December 2020 | 50,000 | 139,629 | 1,351,689 | 100% | 1 | 6,410,000 |
| Tack & TMI – Piazza IV Novembre – 20124 Milano | | | | | | |
| As at 31 December 2019 | 100,000 | (132,810) | 368,376 | 100% | 1 | 1,557,000 |
| As at 31 December 2020 | 100,000 | (246,315) | 584,013 | 100% | 1 | 1,907,000 |
| Enginium S.r.l. – Piazza IV Novembre – 20124 Milan | | | | | | |
| As at 31 December 2019 | 100,000 | 351,439 | 487,196 | 100% | 1 | 250,000 |
| As at 31 December 2020 | 100,000 | 628,380 | 2,409,551 | 100% | 1 | 5,200,000 |
| TOTAL SUBSIDIARIES | | | | | | 83,915,026 |

SUBSIDIARIES OPERATING IN ITALY

2020 was characterised globally by the COVID-19 pandemic. The repercussions of this crisis were evident in all markets in which we operate, including Italy.

The way in which Italian subsidiaries faced this situation can be summarised as follows:

- To maintain the long-term development strategy for all businesses in which the Group operates, despite the difficulties found in the various markets;
- To immediately assess the possible risks posed by the pandemic (impact on revenues and profits, credit risk, HR risk);
- To assess the potential risks posed to the continuance of services for our customers and simultaneously planning alternative solutions to provide services that are compatible with the restrictions placed on mobility;
- To analyse and immediately implement strategies to control costs, also taking account of the business support measures which, on a case by case basis, were authorised by various Governmental bodies.

The results showed that our operating activities remained substantially stable, despite the fact that performance fluctuated across the businesses. Sales remained in line with those of 2019, with a negative impact on Gross Profit owing to the diverse mix of business lines, a good part of this was recovered thanks to the reduction in operating costs.

FOREIGN SUBSIDIARIES

In FY 2020, the Group has worked using a Global Model organised by Area (the so-called "Regions"), by Practice and by Global Function, in order to guarantee that its global, yet localised strategy is achieved, and the main activities in support of the entire Group are carried out.

The growing international investment reinforces Gi Group's role as a global partner for large multi-national customers and diversified the risk from its activities through geographical localisation and wide coverage. This strategy was effective in 2020, managing to compensate for the slowdown in activity in specific sectors (e.g., Industrial, Automotive) and services (e.g., Search and Selection), due to the pandemic, with alternative channels being less impacted by the scenario (e.g., Logistics, On-Line).

As part of its globalisation strategy, in 2020, Gi International and the Group invested heavily to strengthen its market position and market share in some of the foreign countries in which there was already a direct presence, so that its customer portfolio was expanded:

- In July, in Spain, the Group acquired Grupo Norte, which was founded in 1972 and has become one of Spain's premier employment agencies, specialising in the provision of a diverse range of HR services, with a customer base numbering around 1700 businesses.

- In August, the Group acquired Kelly Services Brazil, the Brazilian staffing arm of the American multinational, Kelly. This is a business with more than 32 years of history, which concentrates mostly on providing HR solutions in the Retail, Life Science and Technology sectors, with two offices in Rio de Janeiro and São Paulo. By making these acquisition, the Group consolidates its presence in a country like Brazil, South America's largest economy;
- At the end of August, in Poland, the Group acquired a controlling stake in a group listed on the Warsaw stock market and a leading HR services provider in Poland and other Central European countries (Germany, Czech Republic, Slovakian Republic, Hungary, Romania, the Ukraine and Slovenia). The synergies with Gi Group will allow the Polish group to stabilise its financial situation and return to growth and to develop its business.

The Group has also invested in the diversification of services and on 30th June, Gi International formalised an asset deal to acquire the outplacement arm of the Californian company CareerArc Outplacement, which offers digital career transition and career coaching services to workers at all levels, boasting a qualified team made up of more than 100 career consultants specialising in different industries.

The Californian company has developed innovative proprietary technology, has a vast commercial network, and is in constant dialogue with businesses spread all over America. As well as entering the American market, the Group has adopted the CareerArc platform as its global standard in order to be able to support multinational businesses in more than 80 countries worldwide, thus confirming its status as an international career transition business.

Generally, for the Group's foreign subsidiaries, 2020 was a year of inevitable impacts from the global pandemic, with results below initial budget expectations, but all actions taken, mainly aimed at making savings in operating costs, enabled them to limit the negative effects on profitability.

Their objectives for 2021 include consolidation of their financial results and a further growth, particularly:

- to recover turnover not achieved in 2020 and to increase volumes in all markets;
- to improve the internal profitability indicators for each country, compared with the results for 2020;
- to increase the Gross Profit %, through initiatives and actions that add value to Practices;
- to control Net Working Capital by carefully implementing measures to reduce the number of days that trade receivables are outstanding.

Business strategies will be focused on Solutions – Candidates – People:

- Solutions, providing solid and efficient responses to the increasingly complex needs of customers and commercial partners, by ensuring the Group's services have an improved Value Proposition,
- Candidates, being a reference point for their professional journey in the world of work ("Candidate Management");
- People, that is, sharing strategic objectives, spreading Gi Group's culture and employer brand, by communicating common values, providing professional training and implementing new work tools.

For more information on Gi International S.r.l., please see the appropriate paragraph on this subsidiary.

Investments are detailed below:

EQUITY INVESTMENT IN INTOO S.R.L.

INTOO S.r.l.'s business is aimed at the professional outplacement market, in which it is one of the main players.

The company's services are mainly used by B2B customers, which are going through a phase of discontinuity and/or corporate transformation. INTOO offers them appropriate solutions to manage staff being made redundant, with the aim of ensuring that they re-enter the labour market within a suitable timescale.

Another type of service offered by Intoo is "empowering careers", whereby it assists businesses through periods of change, helping them identify the weaker skills to be strengthened.

As well as the B2B market, INTOO S.r.l. also provides services aimed at the B2C segment, helping individuals to assess their professional career with a view to promoting growth and continuous development.

Revenues fell by 13.77% in 2020, compared with the previous year, due to the COVID-19 pandemic, which was first felt in Italy in February 2020.

The Outplacement sector was hit hard by the pandemic, in that the Italian Government, with the Cure Italy Decree, set in place a moratorium on individual and collective redundancies, which are the company's core business.

To react to the Outplacement business's loss of turnover, Intoo dedicated itself to assisting businesses with managerial and executive redundancies, categories of staff not affected by the moratorium, and to offer employability services.

To maximise EBITDA, the business also adopted a cost containment strategy, making use of the FIS wage supplementation fund for internal staff and preparing a substantial holiday disposal plan.

Thanks to these strategies, Intoo ended the year with an EBIT of EUR 670,480, an increase of 19.24% on 2019.

The company operates in its 14 branches throughout Italy. At 31st December 2020, its operational offices are located in Milan, Turin, Rome, Genoa, Bologna, Padua, Palermo, Verona, Florence, Ancona, Bari, Bergamo, Brescia and Udine.

The company has ISO 9000 certification and is a member of AISO (Italian Association of Outplacement Companies).

The book value of the equity investment, also remeasured, is deemed to be in line with shareholders' equity in that it reflects the company's consolidated position in its target market.

EQUITY INVESTMENT IN EXS ITALIA S.R.L.

Exs Italia S.r.l. is Gi Group S.p.A.'s subsidiary that researches and develops Executive profiles.

In a very competitive market, the company, over the past few years, has developed and updated a methodology that is capable of identifying and foreseeing the potential in the performance of people occupying management roles. Innovation, dynamism and effective results are trademarks of its product line.

Due to the impact of the COVID-19 pandemic, the company closed 2020 with a 28% decrease in sales compared with 2019.

In response to the fall in sales, the company launched a cost containment programme set out into three main headings: use of the "FIS wage supplementation fund", reducing travel and subsistence costs and reducing marketing initiatives. This translated into a 15.8% reduction in operating costs compared with 2019.

We closed 2020 with a pre-tax profit of EUR 284,048.

The company decided to maintain IT investment so that it did not interrupt the innovation process and to increase the quality of its service.

The business plans for 2021 set the year's revenue objectives at a higher level than those at the close of 2019 (the pre-crisis reference year) and establishes further structural reinforcement of internal staff so that it can better cover a slowly-recovering market, as well as generating profit for the company.

In consideration of the investments made and expected profitability, management considers the value of the equity investment entered into the books to be appropriate.

EQUITY INVESTMENTS IN GI HR SERVICES S.R.L.

GI HR Services S.r.l. is the Group company that specialises in providing staff management and administration services using the BPO method, which operates mainly with medium and large-scale businesses, offering them a range of services that are personalisable in line with specific needs.

The pandemic had very little effect on financial results for 2020. They were characterised by a 7.3% increase in revenues compared with the previous year and good profit margin that is in line with expectations.

The only effect of the pandemic was a slowdown in the acquisition of new customers which, in 2020 and partly in the first part of 2021, are largely focused on managing the pandemic and not investing in projects, such as changing payroll provider. An effect mitigated by the growth in volumes.

From an organisational perspective, the new Business Manager was appointed at the end of 2020.

At 31st December 2020, the company's operational offices are located in Sesto San Giovanni, Turin, Naples and Brescia.

EQUITY INVESTMENTS IN OD&M S.R.L.

OD&M Organization Design Management S.r.l. is the Group's company that offers HR management and development services as well as services for the development of corporate organisational, development and communication systems to create innovative solutions also via the spread of editorial tools.

OD&M, thanks to its professional skills, supports the Group in planning and organising complex solutions and actions which require the integration of additional services to other companies of the Group.

2020 brought a 26% reduction in sales compared with the previous year, owing particularly to the spread of COVID-19. Despite the market recession, OD&M achieved a good result by making more efficient use of internal staff, rationalising all fixed costs and benefiting from the use of the furlough schemes, realising EBIT of EUR 158,724.

For 2021, management proposes to further improve its top line, benefiting from a potential market recovery and making further investments in human resources.

EQUITY INVESTMENT IN GI ON BOARD S.R.L.

Gi On Board is the Group's company specialised in analysing, designing and delivering innovative and effective Outsourcing solutions.

The company aims its product line at a diversified customer base, in terms of both target sector and size, offering logistical, housekeeping, facilities management and sporting event management services.

The company's performance in 2020, compared with the previous financial year, showed a great improvement with an increase in turnover of +83%. This result was mainly owing to the launch of a new business line for the sale of personal protection equipment and health and safety products. In order to manage this growing business, a warehouse was leased in Lainate (MI) which operates alongside those in Milan and Turin.

Turnover result was achieved thanks to the integration of the value proposition of GI On Board with that of the large logistics operators (3PL), which began in 2019.

Operating result grew sharply compared with the previous year due to the benefits of the investment developed in 2019, and the new business developed.

The Directors also confirm the turnover growth objectives for 2021 of 13,37% compared with 2020.

The organisational structure is to be strengthened in 2021, appointing senior figures who are fundamental to future growth.

Future projected increases in the company's value, determined by constant growth in turnover and consolidated operating result, justify the value of the equity investment entered into the books.

EQUITY INVESTMENT IN C2C S.R.L.

C2C Close to Consumer is specialised in Field Marketing services for the manufacturing and distribution industries, with sales promotion, indoor and outdoor events, merchandising activities, outsourced sales networks and market research projects aimed at boosting sales of products and services, spreading the brand image of the companies and optimizing shelf space.

In 2020, the company recorded a 36.8% drop in sales compared with the previous year.

This reduction is due to the ongoing pandemic which affected the entire business from February 2020.

The sporting events sector, which in previous years recorded significant turnover with low profit margin, was hit harder than the rest of the business.

To address this fall in sales and to safeguard EBIT, actions were put in place to:

- Consolidate and increase the gross profit margin of existing customers
- Reduce general costs via the use of furlough schemes and by postponing investment in personal marketing and IT until the following year.

Despite the reduced volumes, the business increased its profitability, guaranteeing almost the same level of gross profit margin as the previous year, whilst total operating costs were reduced by 36.9%.

Pre-tax profit was down on the previous year (-9%).

For 2021, turnover is projected to return to pre-COVID levels, despite the fact that the pandemic is continuing in the first quarter of 2021 and that it continues to affect financial results, maintaining the business's greater profitability and reactivating investment.

In this sense, the book value of the equity investment is deemed to be in line with shareholders' equity.

EQUITY INVESTMENT IN WYSER S.R.L.

Wyser S.r.l. works to provide Search and Selection services for medium-to-high level professional figures.

The 2020 financial statements show that COVID-19 had a profound effect on this company. The pandemic hit the market share for middle management, and the company closed the year with a 35% fall in sales compared with the previous year.

Thanks to contained marketing investment, the savings from the lower number of work trips and the use of the furlough scheme, the company achieved a pre-tax profit of EUR 232,796, although this is 73% lower than 2019.

In 2020, the company profited from the temporary halt to review its internal organisational structure so it can return aggressively when the recovery gets under way in 2021.

Its 2021 objectives are based on:

- A robust growth in the market following the end of the pandemic and the reduced inter-business mobility;
- Reinforcing the operating team in support of the expected increase in volumes and sectors served;

- Pay constant attention to efficiency metrics introduced as part of constant monitoring of management.

The operating offices as at 31st December 2020 were in Milan, Bari, Padua, Bologna, Turin, and Rome.

The remeasurement carried out in 2020 increased the book value of the equity investment which is deemed to be in line with shareholders' equity, thanks to the consolidation of the business over time and the expected future forecasts.

EQUITY INVESTMENT IN TACK & TMI S.R.L.

Tack and TMI is the Group company that provides training services. The company's core business is the delivery of development and training solutions which generate concrete advantages for people and supports high-value projects with research activities, the activation and management of funding for training, development and company innovation.

Revenues fell by 9.91% in 2020, compared with the previous year, due to the COVID-19 pandemic, which was first felt in Italy in February 2020.

Traditional training suffered more than any other business line, due to in-person courses being suspended in order to stop the spread of COVID-19.

The business replanned its training courses, in agreement with its customer businesses, using virtual classroom or e-learning methods.

To reduce losses for the year to a minimum, the business sought to reduce costs, using the FIS furlough scheme, developing a plan to dispose of staff holidays and to request a contributions exemption.

Tack&TMI finished the year with a pre-tax loss of EUR 314,718. The company operates from its offices in Milan, Rome, Naples, Bologna, Padua, Brescia and Turin.

The value of the equity investments is deemed to be in line with shareholders' equity, in expectation that financial results will fully improve in forthcoming years.

EQUITY INVESTMENT IN ENGINIUM

Enginium S.r.l. is the Group's Engineering and ICT/Digital services subsidiary company which specialises in providing consultancy, planning and outsourcing services to businesses in the Automotive, Aerospace and Defence, Transportation, Telecommunications, Energy, Finance and Service sectors.

In 2020, the company completed two extraordinary transactions:

- with the merger by incorporation of Asset Data, already belonging to the Group, the company expanded its business lines, creating a competence centre, generating synergies of know-how among staff;
- the acquisition of one of the business arms of Infosolution, which operates in the aerospace and defence sector, allowing Enginium to strengthen its position in this market.

The know-how acquired and the high level of expertise developed are some of the distinctive value-added variables that have enabled the company to exceed its projected performance in 2020 for both businesses, despite the pandemic.

The forecasts for growth for 2021 are rather ambitious in terms of turnover (+82%), mainly from business deriving from the acquisition from Infosolution, and in terms of interim and annual financial statements, with a further 74% increase in EBT on 2020. This is due to the benefits derived from structural investment made in 2019 which did not develop all its potential in 2020 due to the pandemic.

The value of the equity investment, increased following remeasurement, is deemed to be in line with shareholders' equity, supported by the company's higher value following the extraordinary transactions completed and by expected results.

EQUITY INVESTMENT IN G.I. PROFESSIONAL SERVICES S.R.L.

Gi Professional Services Srl, a subsidiary of Gi Group S.p.A., was liquidated on 20th November 2014 in compliance with art. 2484 point 6, Italian Civil Code. On 28th December 2019, the Shareholders Meeting approved the final liquidation financial statements and gave the liquidator the mandate to definitively close the company, which took place on 15th January 2020.

The value of the equity investment was completely written-down and allocated in the appropriate item in the Income Statement.

EQUITY INVESTMENT IN GI INTERNATIONAL S.R.L.

GI International S.r.l. operates as a holding company and holds all equity investments relating to the foreign investment and foreign financing required to develop the Group in the international market.

The 2020 strategy was focused on three areas:

1. developing and strengthening businesses not affected by the slowdown suffered by global markets, such as Temporary Staffing and Outsourcing in Logistics, On-Line and Pharma,

2. optimising operating costs and supporting operational activity, including via public support initiatives, where applicable,
3. international mergers and acquisitions to support the Group's growth and related integration of businesses, in order to structure the business for the rebound in the various markets.

* * *

With regard to the first point, the economic performance for the year grew in countries with consolidated companies and businesses: total aggregate turnover is EUR 1,246m; an increase of 22.0% compared with 2018 (EUR 1,021m).

In 2020, the Group's international companies realised 49.1% of its overall turnover yet, in terms of turnover performance, all of the countries in which the Group operates are expecting a slowdown in business, except for those countries which have benefited from the positive effect from the increase in size following acquisitions in 2019/20, in particular: Germany (+69%), Spain (+11%) and Brazil, despite being penalised by devaluations in local currency. We would also like to highlight the growth recorded in countries where the Group has just begun operations, mainly in Temporary Staffing: Switzerland (+46%), the Netherlands (+98%), Bulgaria (+74%), Slovakia (+13%), Turkey (+8%).

In 2020, the Outsourcing business was in high demand by customers and complemented the Temp & Perm business in its value proposition. Its revenues of EUR 126 million were 2% higher compared with the previous year, due to higher profit margin from Temporary Staffing.

This accelerated growth was driven by strong performances in the Outsourcing business's core countries, such as Italy, Brazil, China and Spain. It then expanded operations into Germany, Portugal and Poland, as well as some other countries where suitable teams and divisions are being created.

Despite being positive overall, profits were affected negatively by the pandemic but benefited from the strong actions taken to optimise operating costs, which are better described in the relevant paragraph.

Finally, Gi Group's international acquisition strategy aims to enhance its global network and to diversify the Group's HR services.

For this reason, the Group acquired Work Service in Poland, Grupo Norte in Spain and Kelly Services in Brazil, and the digital outplacement arm of CareerArc Inc. in the US.

For further information on our performance in all foreign countries, please see the "International Scenario" paragraph in the Directors' Report to the Consolidated Financial Statements.

* * *

In 2020, GI International recorded a net loss of EUR 5.72m, due mainly to:

- write-downs of EUR 3.7 million, recognised on equity investments in Germany, Russia, Spain and Brazil, in order to adjust their book value.
- exchange rate losses from discounting infra-group loans fixed in foreign currency, which were EUR 3.26 million. In particular, this was due to fluctuations in the Pound and the Polish Zloty, taking account of the volumes of credit held by GI International.

As a result of the pandemic, 2020 saw a slowdown in growth and improvements in earnings recorded by foreign subsidiaries and International Practices. This situation led the Directors of Gi Group S.p.A. to reinforce the equity in GI International, resolving on 3rd December 2020 to increase the reserves by EUR 10 million, adjusting the value of the equity investment by the same amount.

The Directors of Gi Group S.p.A. also believe that the role of GI International S.r.l. is strategic in terms of coordinating the Group's foreign investment and, reasonably and in line with the principle of prudence, explains the difference between the book value of the equity investment and the value of shareholders' equity in 2020, taking into account the 2021 Budget forecasts and the plans for financial growth in terms of volumes, income and profitability of the Group's foreign investments, which perform positively and show constant and progressive growth.

AFFILIATED COMPANIES

In 2018, Gi Group S.p.A., together with Form&Job S.r.l. and IAL Innovazione Apprendimento Lavoro Umbria S.r.l. Impresa Sociale [Italian National Social Training Enterprise], formed Fare Lavoro Società Consortile A.r.l., paying in 49% of its share capital, equal to EUR 24,500.

The company is based in the municipality of Terni and operates on behalf and in the interests of its fellow consortium shareholders through study, research and development initiatives.



| Associated companies | | Equity investments in compliance with art. 2427, no. 5 of the Italian Civil Code | | | | |
|--|----------------------|--|-----------------------------|-------------|---------------------------|------------------|
| Name and registered office | Share capital (euro) | Previous years' profit (loss) (euro) | Shareholders' equity (euro) | % ownership | Number of shares/holdings | Total book value |
| FARE LAVORO SOCIETA' CONSORTILE A R. L. | | | | | | |
| As at 31 December 2019 | 50,000 | (897) | 49,103 | 49% | 1 | 24,500 |
| As at 31 December 2020 | 50,000 | 286 | 42,571 | 49% | 1 | 24,500 |

The choice to invest in forming a heavily localised business was based on the need to take on commercial opportunities specific to a complex territory, which we believe may be a vehicle for further expansion in the area, sharing ordinary management with our partners and benefiting from structural synergies.

OTHER COMPANIES

Other equity investments in third party companies, recognised in the financial statement at the start of the financial year for EUR 163,900 and divided into:

- Istituto Tecnico Superiore del Turismo e dell'Ospitalità for EUR 6,400, a partner since 2014;
- Fondazione Istituto Tecnico Superiore per la Filiera dei Trasporti e della Logistica Intermodale (Advanced Technical Institute for Inter-Modal Logistics and Transports) totalling Euro 50,000 (partner since November 2016);
- Fondazione Virtus Pallacanestro Bologna, founded on 8 June 2012 with the aim of protecting and maintaining a precious sports and cultural heritage in the city of Bologna and its territory, of which Gi Group S.p.A. has been partner since June 2018 for a total value of Euro 100,000.
- Made scarl, founded on 11 January 2019 with the aim of developing technical skills with private funds, to best present and define technologies on the Italian and international markets to show companies, especially SMEs, innovative industrial process improvement solutions. Total value: Euro 7,500.

CHANGE AND EXPIRY OF NON-CURRENT RECEIVABLES

The following table of the XBRL taxonomy separately shows the total of current receivables as well as the amount due beyond five years for each item. The due date was calculated by taking into account contract terms and conditions and the current scenario, whenever applicable.

| | Value at the beginning of the FY | Changes during the FY | Value at the end of the FY | Amount due after the end of the FY |
|---|----------------------------------|-----------------------|----------------------------|------------------------------------|
| Non-current receivables from subsidiaries | 117,476,144 | 38,928,731 | 156,404,875 | 156,404,875 |
| TOTAL NON-CURRENT RECEIVABLES | 117,476,144 | 38,928,731 | 156,404,875 | 156,404,875 |

These non-current receivables are repaid at the Euribor 1-year rate plus the spread. This rate was agreed by all parties.

This refers to receivables due from GI International S.r.l., based on financing agreements which it holds in relation to foreign subsidiaries, arising following the financial support provided in the event of local acquisitions and for structural investment.

The 2020 balance includes EUR 17.9 million which relates to agreements signed in August 2020 with the Work Service group, representing the commitment to provide financial resources to allow the group to resume its process of growth and business development.

The increase on last year is also due to the EUR 10 million of financing granted to operations in Germany, provided with the aim of supporting structural and commercial reorganisation that the German companies began following the notable acquisitions carried out in 2019 (On Time Group) and 2020 (Work Service GmbH) and the EUR 5 million of financing granted to Gi Group Spain, which incurred financial costs in 2020 relating to the investment to acquire Grupo Norte.

CURRENT ASSETS**ITEM C – CHANGES IN CURRENT ASSETS**

Current assets include, under letter "C", the following sub-classes of the "asset" section of the Balance Sheet:

- Sub-class II - Receivables;
- Sub-class III - Financial assets that do not constitute non-current assets
- Sub-class IV - Cash & Cash Equivalents

Current assets as at 31/12/2020 totalled Euro 437,126,611. Over the previous year, current assets increased by Euro 105,591,098.

According to the model dictated by the XBRL taxonomy, the details (assessment criteria, variations, etc.) relative to each of the mentioned sub-classes and items are given below.

CURRENT RECEIVABLES

In the financial statements at 31/12/2020, asset sub-class C.II receivables includes the following sub-items:

- 1) from customers
- 2) from subsidiaries
- 4) from subsidiaries
- 5) from companies controlled by parent companies
- 5-bis) tax receivables
- 5-ter) pre-paid taxes
- 5-quater) from others

The classification of current receivables was made according the method of allocation of receivables in terms of the company's recurring income.

The company did not measure trade receivables at their amortised cost and it did not discount them since all recorded trade receivables are due within 12 months.

All trade receivables recorded under item C.II.1), therefore, were recognised at their estimated realisable value, corresponding to the difference between the nominal value and the provisions for uncollectibles allocated in the previous financial years, considered as adequate for potential bad debts and increased by the amount allocated in the present financial year.

In order to account for any losses, currently not attributable to the individual receivables, but justifiably predictable, a doubtful debt fund has been provisioned.

TRADE RECEIVABLES

The overall amount of booked trade receivables does not reflect the increase in sales volumes in FY 2020 also due to assignments of credit without recourse. The value of factoring without recourse for receivables not past due on 31st December 2020 was Euro 78.40 million (Euro 78.54 million in FY 2019).

| (in Euro) | Value as at 31.12.2019 | Utilisation for losses & Bankruptcy | New provisions | Value as at 31.12.2020 | Total receivables |
|---|------------------------|-------------------------------------|----------------|------------------------|--------------------|
| Provisions from uncollectible trade receivables | 2,943,842 | (202,525) | (58,580) | 2,682,737 | |
| Provisions from uncollectible trade receivables 0.5% | 876,158 | (876,158) | 997,263 | 997,263 | |
| TOTAL PROVISIONS FOR UNCOLLECTIBLE TRADE RECEIVABLES | 3,820,000 | (1,078,683) | 938,683 | 3,680,000 | 201,308,737 |

The amount of receivables stated in the table corresponds to the total receivables recognised in the financial statements gross of write-down provisions and receivables due from insolvency proceedings and bankruptcies.

During the financial year provisions were used for a total of Euro 1,078,683. Such amount is mainly due to insolvency proceedings of Euro 568 thousand and other loan losses of Euro 511 thousand.

The use of provisions for uncollectibles covered the whole amount of losses during the financial year.

New provisions for trade receivables in the period are Euro 938,683 (Euro 2,226,663 in 2019). Such provisions were made in line with receivable seniority and their presumable realisable value, calculated taking into account the legal advice offered to the company.

Movements in the fund due to bankruptcy proceedings (agreed) are set out below:

| (in Euro) | Value as at 31.12.2019 | Reduction in allocation of bankruptcy proceeds | New provisions | Value as at 31.12.2020 | Total receivables submitted for bankruptcy |
|--|------------------------|--|----------------|------------------------|--|
| Provisions from uncollectible trade receivables for bankruptcy procedure | 7,532,887 | (78,810) | 133,390 | 7,587,468 | 7,967,889 |

The item trade receivables includes receivables owed from insolvency proceedings not linked to bankruptcies, as, for instance, bankruptcy agreements and extraordinary administration proceedings of Euro 7,967,889. In accordance with legal advice obtained by the company, such receivables are subject to adjustments of Euro 7,587,468. The value of insolvency proceedings, not including bankruptcy losses, during the year amounted to Euro 133 thousand.

The loss of the entire receivables from the liquidated companies has been prudentially allocated as against an average credit collection rate of around 15%, though the company has receivables from the repayment of preferential wage and social security taxes of temporary employees. The value of bankruptcy losses during the year amounted to Euro 434 thousand.

CHANGES AND DUE DATE OF CURRENT RECEIVABLES

ITEM CII - CHANGES IN RECEIVABLES

The total amount of Receivables is recognised in the Balance Sheet assets under sub-class "C.II" for a total amount of 249,969,779.

The table below provides details of changes in the individual items making up receivables included in current assets that occurred during the year covered by these financial statements.

| | Value at the beginning of the FY | Changes during the FY | Value at the end of the FY | Amount due by the end of the FY | Amount due after the end of the FY |
|--|----------------------------------|-----------------------|----------------------------|---------------------------------|------------------------------------|
| Current receivables from customers | 173,846,437 | 24,159,628 | 198,006,065 | 198,006,065 | - |
| Current receivables from subsidiaries | 7,164,052 | 967,959 | 8,132,011 | 8,132,011 | - |
| Current receivables from parent companies | 81,301 | 93,388 | 174,689 | 169,289 | 5,400 |
| Receivables from parent companies controlled by parent companies recorded under current assets | 356,488 | (26,554) | 329,934 | 329,934 | - |
| Current tax receivables | 6,239,949 | 1,524,627 | 7,764,576 | 7,649,208 | 115,368 |
| Current pre-paid tax assets | 1,969,674 | 276,332 | 2,246,006 | | |
| Current receivables from others | 30,621,416 | 2,695,082 | 33,316,498 | 33,007,851 | 308,647 |
| TOTAL CURRENT RECEIVABLES | 220,279,317 | 29,690,462 | 249,969,779 | 247,294,358 | 429,415 |

No receivables included in current assets have a residual maturity of more than five years.



The movements of current receivables by nature are detailed below:

| (in thousands of Euro) | As at 31.12.2020 | | | | | As at 31.12.2019 | | | | |
|---|------------------|------|---------------|---------------|----------------|------------------|------|--------------|---------------|----------------|
| | Trade | Loan | Tax | Others | Total | Trade | Loan | Tax | Others | Total |
| Trade receivables | 198,006 | | | | 198,006 | 173,846 | | | | 173,846 |
| Receivables from subsidiaries | 8,011 | | | 121 | 8,132 | 6,391 | | 760 | 13 | 7,164 |
| Receivables from parent companies | 170 | | | 5 | 175 | 75 | | | 6 | 81 |
| Receivables from companies controlled by parent companies | 330 | | | | 330 | 206 | | | 150 | 356 |
| Tax receivables | | | 7,765 | | 7,765 | | | 6,240 | | 6,240 |
| Pre-paid taxes | | | 2,246 | | 2,246 | | | 1,970 | | 1,970 |
| Receivables from others: | | | | | | | | | | |
| Deposits | | | | 309 | 309 | | | | 292 | 292 |
| Other receivables | | | | 33,008 | 33,008 | | | | 30,329 | 30,329 |
| Total Receivables from others | | | | | 33,317 | | | | | 30,621 |
| TOTAL RECEIVABLES | 206,517 | | 10,011 | 33,443 | 249,971 | 180,518 | | 8,970 | 30,790 | 220,279 |

RECEIVABLES FROM SUBSIDIARIES, ASSOCIATED COMPANIES, PARENT COMPANIES AND COMPANIES CONTROLLED BY PARENT COMPANIES

Notably, the following receivables have been recognised:

- under item C.II.2 Receivables from subsidiaries totalling Euro 8,132,011
- under item C.II.4 Receivables from parent companies totalling Euro 174,689
- under item C.II.5 Receivables from companies controlled by parent companies totalling Euro 329,934

BREAKDOWN OF RECEIVABLES FROM SUBSIDIARIES

Trade receivables from subsidiaries, divided by type, mainly consist in:

- cost-sharing arrangements for staff leasing costs of EUR 1,042,423;
- cost-sharing arrangements for technical and commercial consultancy due from Italian companies for EUR 212,267;
- cost-sharing arrangements for professional and commercial consultancy due from foreign companies for EUR 3,116,744;
- cost-sharing arrangements for services (e.g. expenses for vehicles, travel, space used, printing, phones and software) and cost-sharing arrangements with Italian and foreign companies for EUR 3,372,938.

Tax credits due from subsidiaries were reduced to zero in 2020, the IRES tax remains the responsibility of the parent company, which opted to operate a consolidated tax regime. With the aim of making the business structure more efficient, as of the financial year in question, the parent company became SCL HOLDING S.p.A. which fully represents the scope of consolidation.

BREAKDOWN OF RECEIVABLES FROM PARENT COMPANIES

Trade receivables due from parent companies are mainly made up of trade receivables for EUR 169,256 for management consultancy costs, shared services and cost-sharing arrangements for licences, the use of vehicles, printing, phones and cost-sharing arrangements for travel expenses.

The item also includes Euro 5,400 used as a deposit for the company Gi Group Holding S.r.l. for the leased property in Trezzo sull'Adda (Italy).

BREAKDOWN OF RECEIVABLES FROM COMPANIES CONTROLLED BY PARENT COMPANIES

Receivables from companies controlled by parent companies include trade receivables for Euro 329,934 and mainly refer to expenses for Cost Sharing Agreements, for shared services and expenses for seconded staff.

Please see the Other Information section for detailed information on the above receivables, divided by individual Group company.

BREAKDOWN OF TAX RECEIVABLES

Tax receivables maturing after the end of the financial year of Euro 1,574,290 mainly consist of:

- Tax receivables for tax audit of the Tax revenue Agency in the amount of Euro 36,044
- Tax credits relating to tax incentives for investment in tangible and intangible assets acquired during 2020, pursuant to specific legislation. Current legislation allows the company to use the credit over three financial years from 2021, the portions referring to 2022 and 2023 have been recognised as being due beyond the end of the financial year.

Tax receivables maturing during the FY Euro 7,649,208 consist of:

- Tax receivables for the Irpef bonus as per Leg. decree Italian Decree Law 66/2014 as amended, for employees and leased staff for EUR 7,333,817.
- Tax credits for IRAP and VAT that accrued following the closure of GI PROFESSIONAL SERVICE for EUR 4,026.
- Tax receivables for the bonus as per Leg. decree 63/2020 Cure Italy for internal workers who were not able to work from home during the pandemic for EUR 1,966.
- Tax credits pursuant to Article 25, Italian Decree Law 34 of 19th May 2020, instituted as part of the budget implemented for worker safety (PPE and anti-COVID sanitisation) for EUR 28,297. This tax credit was used on 16/03/2021 to off-set employees' income tax.
- Tax credits pursuant to Article 28, Italian Decree Law 34 of 19th May 2020, instituted as part of the budget implemented in support of businesses affected by the pandemic, relating to 60% of lease fees for commercial property, classified under cadastral ca-

category C1, for March 2020. This tax credit was also used on 16/03/2021 to off-set employees' income tax.

- Tax credits relating to tax incentives for investment in tangible and intangible assets acquired during 2020, pursuant to specific legislation. Current legislation allows the company to use the credit over three financial years from 2021. The portion of credit due beyond the end of the financial year, recognised in the 2020 financial statements, was used on 16th March 2021 to partially off-set staff costs.

BREAKDOWN OF RECEIVABLES FROM PREPAID TAXES

Item C.II 5-ter of asset in the Statement of Financial Position includes an amount of deferred tax assets of EUR 2,246,006. This item refers to temporary differences arising mainly from write-downs of credits and from allowances to risk provisions, from amortisation of trademarks, from taxes set aside but not yet paid, from directors' remuneration not yet paid, from unrealised exchange rate gains and from default interest loss allowance.

NATURE AND BREAKDOWN OF RECEIVABLES FROM OTHERS

Based on the indications provided by OIC 15, shown below, the nature of the debtors and the composition of item C.II.5.-quater) "other receivables" are entered in the assets of the Balance sheet for a total of Euro 33,316,499.

AMOUNT DUE WITHIN 12 MONTHS

| Description | Amount |
|---|-------------------|
| Receivables from employees | 176,002 |
| Receivables from Formatemp approved courses/temporary workers severance pay | 30,978,392 |
| Advances to suppliers | 1,017,927 |
| Sundry receivables | 835,530 |
| TOTAL OTHER RECEIVABLES WITHIN | 33,007,851 |

Supplier advances, the most significant part of other receivables, refers mainly to advances in connection with costs such as travel, accommodation and utilities.

AMOUNT DUE AFTER 12 MONTHS

| Description | Amount |
|--|----------------|
| Deposits for calls for tender | 2,000 |
| Security deposits for utilities and miscellaneous others | 28,211 |
| Security deposits for leases | 278,436 |
| TOTAL OTHER RECEIVABLES AFTER | 308,647 |

FINANCIAL ASSETS THAT DO NOT CONSTITUTE NON-CURRENT ASSETS

CHANGES IN FINANCIAL ASSETS THAT DO NOT CONSTITUTE NON-CURRENT ASSETS

ITEM C.III - CHANGES TO FINANCIAL ASSETS THAT ARE NOT FIXED ASSETS

The total amount of financial assets that are not fixed assets is calculated in the "assets" section of the Balance sheet under subclass "C.III." for a total amount of Euro 58,115,400.

| | Value at the beginning of the FY | Changes during the FY | Value at the end of the FY |
|--|----------------------------------|-----------------------|----------------------------|
| Financial assets for cash pooling operations | 54,474,513 | 3,640,887 | 58,115,400 |

Receivables due from subsidiaries classified as financial assets derive from the Group's centralised treasury management, carried out by Gi Group S.p.A., through the adoption of a cash pooling system used to optimise its financial resources. The balance includes the portion of interest for the period.

Financial receivables due from the subsidiary GI International S.r.l. relates to cash flows provided by the subsidiary to support the development of the businesses and growth in revenues of its directly controlled foreign subsidiaries. The total is EUR 58,118,400 and is a net increase on the year of EUR 3,640,887, due mainly to the support for working capital in relation to the slowdown in business caused by the pandemic.

The table below gives details on the changes to the individual items that make up financial assets not held as fixed assets.

| (in Euro) | As at 31.12.2020 | | | As at 31.12.2019 | | |
|--|-------------------|--------------|-------------------|-------------------|--------------|-------------------|
| | In the FY | After the FY | Total | In the FY | After the FY | Total |
| Loan receivables from subsidiaries for cash pooling | | | | | | |
| CSC Srl | 0 | | 0 | 83,625 | | 83,625 |
| Gi HR Services Srl | 0 | | 0 | 68,407 | | 68,407 |
| Enginium | 1,837,828 | | 1,837,828 | 0 | | 0 |
| Gi on Board Srl | | | | 766,293 | | 766,293 |
| Gi Group Holding Srl | 3,214,440 | | 3,214,440 | 1,906,428 | | 1,906,428 |
| Tack and Tmi | 253,649 | | 253,649 | 683,750 | | 683,750 |
| Gi International | 51,268,462 | | 51,268,462 | 50,954,482 | | 50,954,482 |
| Cash Pooling Interests | 1,541,022 | | 1,541,022 | 11,529 | | 11,529 |
| TOTAL FINANCIAL RECEIVABLES FROM CASH POOLING | 58,115,400 | | 58,115,400 | 54,474,513 | | 54,474,513 |

CASH & CASH EQUIVALENTS

VALUATION CRITERIA AND ACCOUNTING RECORDS

Liquid assets shown in the "assets" section of the Balance sheet under sub-class "C.IV" for Euro 129,041,432 correspond to the stocks on current accounts held with banks and the liquid assets existing in corporate funds at year-end and were valued at nominal value. Compared with the previous year, this figure increased by EUR 72,259,748.

This increase is due mainly to the advance use of lines of commercial credit to be used for the imminent payment of remuneration for December and for financing provided in the second half of the year and not yet used. The increase relates to a similar increase recorded in the 'payables due to banks' entry in liabilities.

The following table shows the detail of the changes in the individual items that make up the Liquid assets.

| | Value at the beginning of the FY | Changes during the FY | Value at the end of the FY |
|--|----------------------------------|-----------------------|----------------------------|
| Bank and postal deposits | 56,749,940 | 72,259,449 | 129,009,389 |
| Cash on hand | 31,743 | 300 | 32,043 |
| TOTAL CASH AND CASH EQUIVALENTS | 56,781,683 | 72,259,749 | 129,041,432 |

ACCRUED INCOME AND PREPAID EXPENSES

VALUATION CRITERIA AND ACCOUNTING RECORDS

Accruals and prepaid expenses recorded in the financial statements at 31/12/2020 amounted to Euro 1,203,954.

The following table shows the changes compared to the previous financial year.

| | Value at the beginning of the FY | Changes during the FY | Value at the end of the FY |
|---------------------------------------|----------------------------------|-----------------------|----------------------------|
| Accrued income | 31,579 | (216) | 31,363 |
| Prepaid expenses | 787,089 | 385,503 | 1,172,592 |
| TOTAL ACCRUALS AND PREPAYMENTS | 818,668 | 385,286 | 1,203,954 |

Changes are relative to normal management events.

COMPOSITION OF THE PREPAYMENTS AND ACCRUED INCOME ITEM (ARTICLE 2427, PARAGRAPH 1, NO. 7 OF THE ITALIAN CIVIL CODE)

The composition of the "Prepayments and accrued income" item is as follows:

| Prepaid expenses | 31.12.2020 | 31.12.2019 |
|---|------------------|----------------|
| Deferred liabilities for insurance/associations/subscriptions | 76,325 | 102,238 |
| Accrued income on leasing payments | 3,000 | 1,280 |
| Accrued income on rentals | 56,297 | 63,923 |
| Deferred liabilities for miscellaneous services | 979,625 | 600,874 |
| Accrued income on IT expenses | 41,148 | 6,405 |
| Deferred income for local taxes and miscellaneous costs | 16,197 | 12,369 |
| Deferred income for fees | | |
| TOTAL | 1,172,592 | 787,089 |

| Accrued income | 31.12.2020 | 31.12.2019 |
|---|---------------|---------------|
| Accrued income from leasing security deposits | 31,363 | 31,579 |
| TOTAL | 31,363 | 31,579 |

EXPLANATORY NOTES - LIABILITIES AND SHAREHOLDERS' EQUITY

Pursuant to the articulation dictated by the XBRL taxonomy and in compliance with the provisions of article 2427 of the Italian Civil Code, this section of the financial statements provides a commentary to the items making up the Net Equity and Liabilities of the Balance sheet.

SHAREHOLDERS' EQUITY

The **shareholders' equity** represents the difference between assets and liabilities in the financial statements. Shareholders' equity items are recognised in the Balance liabilities under class A "Shareholders' equity" with the following classification:

- I Share capital
- II Additional paid-in capital
- III Revaluation reserves
- IV Legal reserve
- V Statutory reserves
- VI Other reserves, separately indicated
- VII Cash flow hedging reserve
- VIII Profit (loss) brought forward
- IX Profit (loss) for the period
Covered losses
- X Reserve for treasury shares in portfolio

Legislative Decree 139/2015, amended how treasury shares are booked as at 01/01/2016. Notably:

- Balance Sheet items C.III.5 and "A.VI - Reserve for treasury shares in the portfolio" were eliminated;
- sub-class "A.X - Negative reserve for treasury shares in the portfolio" was added.

Treasury shares acquired during the financial year being analysed were recognised at their purchase cost against the book value of the net equity by booking a negative reserve "A.X - Negative reserve for treasury shares in the portfolio".

CHANGES IN SHAREHOLDERS' EQUITY ITEMS

ITEM A - CHANGES IN NET EQUITY

Net equity amounts to Euro 246,611,280 and shows an increase of Euro 64,716,422.

Changes in shareholders' equity item values are detailed below in compliance with article 2427 par. 4 of the Italian Civil Code together with the breakdown of the item "Sundry reserves"

| Statement of changes in equity | | | | | | | | | | |
|-----------------------------------|---------------|---------------|----------------------|----------------|----------------|--|-----------------|----------------------------|----------------------------|-------------|
| (in Euro) | Share capital | Legal reserve | Revaluation reserves | Merger reserve | Other Reserves | Reserve for Treasury Shares in the Portfolio | Cash flow hedge | Retained earnings/(losses) | Profit/loss for the period | Total |
| AT THE END OF FY 2018 | 12,000,000 | 2,400,000 | | 9,160,630 | 14,171,010 | (976,380) | (62,142) | 95,204,661 | 15,734,290 | 147,632,069 |
| Allocation of profits of FY 2018 | | | | | | | | 15,734,290 | (15,734,290) | 0 |
| Changes during the financial year | | | | | -1 | | 3,381 | -1 | | 3,379 |
| Profit/loss for FY 2019 | | | | | | | | | 34,259,410 | 34,259,410 |
| AT THE END OF FY 2019 | 12,000,000 | 2,400,000 | | 9,160,630 | 14,171,009 | (976,380) | (58,761) | 110,938,950 | 34,259,410 | 181,894,858 |
| Allocation of profits of FY 2019 | | | | | | | | 34,259,410 | (34,259,410) | 0 |
| Changes during the financial year | | | 46,697,867 | | | | (3,348) | | | 46,694,519 |
| Profit/loss for FY 2020 | | | | | | | | | 18,021,904 | 18,021,904 |
| AT THE END OF FY 2020 | 12,000,000 | 2,400,000 | 46,697,866 | 9,160,630 | 14,171,009 | (976,380) | (62,109) | 145,198,360 | 18,021,904 | 246,611,280 |

SHARE CAPITAL

The capital, fully paid-up, is Euro 12 million as at 31st December 2020, equal to 12,000,000 ordinary shares with a face value of Euro 1 each.

LEGAL RESERVE

The Legal Reserve totals EUR 2,400,000 and has reached one fifth of share capital, pursuant to Article 2430 of the Italian Civil Code.

REVALUATION RESERVE

A remeasurement reserve was established during 2020, pursuant to Italian Law 126/2020, for EUR 46,697,867, which includes the remeasurement values of assets recognised in the financial statements to 31/12/2029, net of remeasurement tax of 3% and some equity investments recognised in the financial statements to 31/12/2020.

MERGER RESERVE

The Merger Reserve was generated in FY 2008 after the merger by 100% incorporation of subsidiaries Worknet S.p.A. and Gi Research S.p.A. and represents the greater value stemming from the elimination of holdings of the Parent Company over the sum of shareholder's equities of the incorporated subsidiaries.

OTHER RESERVES

Other reserves, totalling Euro 14,171,009, are entirely made up of non-obligatory reserves of profit for previous financial years and allocated as a reserve after AGM resolution.

CASH FLOW HEDGE

The Cash Flow Hedging Reserve, of EUR 62,109, increased by EUR 3,348 compared with the previous financial year. This reserve shows the variation in the fair value of derivatives designed to hedge interest rate risk. The amount has been entered here on the basis of this designation and the application of the cash flow hedge rule. For a detailed overview of the current derivative portfolio, please see the paragraph Derivative financial instruments - liabilities.

RETAINED EARNINGS (LOSSES)

The item includes profits and losses of previous financial years. This item increased by EUR 34,259,410 after the profit accrued for the 2019 financial year was distributed in accordance with the resolution of the Shareholders Meeting of 5th June 2020.

PROFIT/ (LOSS) FOR THE PERIOD

Profit for the period is Euro 18,021,904, which represents the financial result for the year ended as at 31st December 2020.

NEGATIVE RESERVE FOR TREASURY SHARES IN PORTFOLIO

The Reserve for treasury shares is related to the purchase of 60,000 shares of the company and corresponds to the value with which such stocks were entered in the assets category of the financial statements. The reserve value was set to zero after the change in how treasury shares are recorded in compliance with Legislative Decree 139/2005.

AVAILABILITY AND USE OF THE SHAREHOLDERS' EQUITY

Shareholders' equity reserves may be used for various transactions, in compliance with the relevant limitations and depending on their nature. The concept of "distributable reserve" does not coincide with an available reserve. The availability of the reserve regards the possibility to use the reserve (e.g. for capital increases without consideration) while a distributable reserve may be paid to shareholders (e.g. as dividends) with amounts that may be partially or totally collected from said reserve. Amounts, therefore, may or may not be both available and distributable.

The origin, possibility of utilization, and the fact that the amount is distributable as well as the utilization in past financial years for each shareholders' equity item are detailed in the following table.

| | Amount | Origin/nature | Poss. of utilisation | Available portion |
|---|--------------------|------------------------|----------------------|--------------------|
| Share capital | 12,000,000 | DISTRIBUTED AS FOLLOWS | | - |
| Legal reserve | 2,400,000 | PROFIT | B | 2,400,000 |
| Revaluation reserve | 46,697,867 | WRITE-UP | A, B, C | 46,697,867 |
| Other reserves | | | | |
| - Merger reserve | 9,160,630 | | B, C | 9,160,630 |
| - Various other reserves | 14,171,010 | PROFIT | A, B, C | 14,171,010 |
| TOTAL OTHER RESERVES | 23,331,640 | | | 23,331,640 |
| Cash flow hedging reserve | (62,109) | | | - |
| Retained earnings | 145,198,360 | PROFIT | A, B, C | 145,198,360 |
| Negative reserve for treasury shares in portfolio | (976,380) | DISTRIBUTED AS FOLLOWS | | - |
| TOTAL | 228,579,378 | | | 217,627,867 |
| Residual distributable reserve | | | | 217,627,867 |

Key: A capital increase, B loss hedging, C dividend distribution D other statutory obligations E other

CHANGES IN CASH FLOW HEDGE

| Cash flow hedging reserve | |
|---|-----------------|
| Value at the beginning of the FY | (58,761) |
| Changes during the FY | |
| Increase due to variation in fair value | 3,348 |
| VALUE AT THE END OF THE FY | (62,109) |

EURO ROUNDING RESERVE

A Euro rounding reserve in the amount of Euro -2 was recognised in the financial statements as at 31/12/2019 with the aim of balancing the Balance Sheet. Said reserve was included in the sub-item Sundry reserves, as it is not explicitly contemplated in the Balance Sheet XBRL taxonomy.

PROVISIONS FOR RISKS AND CHARGES

PROVISIONS FOR RISKS AND CHARGES

DERIVATIVE FINANCIAL INSTRUMENTS - LIABILITIES

Following are financial assets and liabilities for hedging financial instruments:

Derivative instruments are current financial assets and liabilities, recognised at fair value. The portfolio of derivatives of Gi Group consists of Interest Rate Swap contracts, whose fair value is calculated by discounting the difference between the future expected payments (calculated according to a fixed interest rate) and future interest receivables (calculated according to a variable interest rate applied to the same notional amount). Such derivatives are underwritten to reduce volatility of variable interest rates to which Gi Group is exposed due to its mid-to-long term debt. To this end, the company negotiated derivative instruments with technical-financial characteristics needed for interest rate risk hedging for existing bank loans, with the hedge accounting method.

Such transactions, indeed, are stated with the cash flow hedge rule, according to which the effective portion of the value change of the derivative leads to a net equity reserve. The derivatives stipulated are in relation to the portion of the repayment plan of the amortisation plan.

The breakdown of the portfolio of derivative instruments and the value of the fair value change during the financial year retained in Equity are shown below (in thousands of Euro):

| Bank | Instrument | Underwriting date | Termination date | Initial notional amount | Residual notional amount | Fair Value as at 31.12.2020 | Change in Fair Value retained in equity |
|--------------|--------------------|-------------------|------------------|-------------------------|--------------------------|-----------------------------|---|
| Intesa | Interest Rate Swap | 18/10/2016 | 30/09/2021 | 10,000 | 1,909 | (3.8) | 6.6 |
| Banco BPM | Interest Rate Swap | 18/09/2017 | 31/12/2022 | 3,409 | 1,364 | (13.5) | 6.0 |
| Unicredit | Interest Rate Swap | 18/09/2017 | 30/12/2022 | 3,409 | 1,364 | (13.8) | 6.3 |
| Intesa | Interest Rate Swap | 18/09/2017 | 30/12/2022 | 3,409 | 1,364 | (13.8) | 6.3 |
| Intesa | Interest Rate Swap | 25/02/2020 | 31/12/2024 | 10,000 | 8,000 | (38.4) | (28.5) |
| TOTAL | | | | | | (83.3) | 3.3 |

| | Derivative financial instruments - liabilities | Other provisions | Total Provisions for risks and charges |
|-----------------------------------|--|------------------|--|
| Value at the beginning of the FY | 69,942 | 1,820,253 | 1,890,195 |
| Changes during the financial year | | | |
| Provisions during the FY | 38,439 | 1,281,364 | 1,319,803 |
| Utilisation during the period | 25,108 | 96,250 | 121,358 |
| Total changes | 13,331 | 1,185,114 | 1,198,445 |
| VALUE AT THE END OF THE FY | 83,273 | 3,005,367 | 3,088,640 |

BREAKDOWN OF OTHER PROVISIONS

In compliance with provisions of article 2427 par. 1 no. 7 of the Italian Civil Code, the breakdown of the item "Other provisions" is provided in the table below:

| Other provisions | 31.12.2019 | provisions | utilisations | releases | 31.12.2020 |
|------------------------------------|------------|------------|--------------|----------|------------|
| Provisions for litigation | 820,253 | 281,364 | (35,362) | (60,888) | 1,005,367 |
| Provisions for permanent employees | 1,000,000 | 1,000,000 | | | 2,000,000 |

In compliance with indications included in accounting standard OIC 19, the provision for other risks and charges for legal disputes include the estimate of potential liabilities for probable disputes in relation to current legal disputes, both in labour-law and civil/administrative proceedings, and amount to Euro 1,005,367. Uses refer mainly to the resolution of employment disputes, whilst releases reduce the value of the fund by the portion mainly set aside in previous financial years; the provisions item takes into consideration further disputes of the same nature.

The number of stabilised workers (appointed on open-ended contracts) grew from 10,184 at the end of 2019 to 11,192 at the end of 2020. This contractual framework allows Gi Group S.p.A. to strengthen worker loyalty, especially in specialist areas, and to increase the profit margin and duration of contracts with customers.

The most sensitive aspect of this type of management, relates to the management of periods defined as "No Mission", that is, where the customer does not use the workers, despite there being a permanent employment contract. To this end, staff leasing contracts state that, if this situation arises, an indemnity is payable to the worker or, alternatively, a period of temporary redundancy will apply. The costs associated with this situation are attributed to the Profit and Loss Statement on a monthly basis, in line with the payroll process.

The allowance for risk provisions for stabilised employees is aimed at preventing the impacts from contingent liabilities which can emerge in connection with these particular costs, owing to exceptional and unforeseeable circumstances, which may exert an extraordinary burden on the percentage of stabilised workers not employed. During 2020, an allowance of EUR 1,000,000 was set aside, bring the value of this provision to EUR 2,000,000.

EMPLOYEE SEVERANCE PAY PROVISIONS

EMPLOYEE POST-EMPLOYMENT BENEFITS

The provision for severance indemnities represents the actual amount due to employees in accordance with the law and the existing employment contract, pursuant to article 2120 of the Italian Civil Code and is entered each year based on accrual.

It is a certain remuneration entered each year using the accrual principle.

Pursuant to Law 296 dated 27 December 2006 (2007 Finance Law):

- The employee severance indemnities matured up to December 31, 2006 remained in the company;
- Severance indemnities accruing starting 1 January 2007, at the employee's choice, were allocated to complementary pension schemes or were maintained in the company to be periodically transferred to the Treasury Fund managed by INPS.

Overall information for employees and leased staff is set out below:

- Class C of liabilities include the shares held by the company, net of substitute tax on the revaluation of the Employee leaving indemnity, for Euro 1,911,150.
- Item D.14 of the liability, the debts relating to the unpaid contributions to 31/12/2020 amounted to 504,153 Euro;
- the portions paid to these funds, including the portion to the Treasury Fund amounting to EUR 41,244,693, have not been remeasured in that the funds themselves are responsible for any remeasurement.

The relevant provision is recorded in the income statement under item B.9-c) for 49,119,701 Euro.

Therefore, the liability for employee termination benefits corresponds to the total of the individual indemnities paid to employees at the closing date of the financial statements net of the payments received and is equal to what should have been paid to the employees in the event of termination of the employment relationship on that date.

The following table details the movements of the Employee severance pay provisions, divided between internal and temporary employees:

| | Value of employee benefits provisions as at 31.12.2019 | Increases | Changes - IC transfers | Uses | Payments | Payables to supplementary pension schemes as at 31.12.2020 | Value of employee benefits provisions as at 31.12.2020 |
|--|--|------------------|------------------------|--------------------|------------------|--|--|
| Internal employee benefits | 2,038,762 | 29,537 | | (134,662) | | | 1,933,637 |
| Payables to employees - Employee benefits allocated in permanent employee treasury provision | 17,031,726 | 3,121,243 | | (1,332,160) | | | 18,820,810 |
| Payables to complementary and open worker funds | 207,154 | 677,103 | | | (689,910) | 194,347 | |
| TOTAL | 19,070,488 | 3,150,780 | | (1,466,822) | (689,910) | 194,347 | 20,754,447 |

| | Value of employee benefits provisions as at 31.12.2019 | Increases | Changes | Uses | Payments | Payables to supplementary pension schemes as at 31.12.2020 | Value of employee benefits provisions as at 31.12.2020 |
|--|--|-------------------|--------------------|---------------------|--------------------|--|--|
| Temporary employee benefits | 7,181 | 3,384,415 | (3,384,415) | 15,306 | | | 22,487 |
| Payables to employees - Employee benefits allocated in temporary employee treasury provision | 25,654,473 | 41,047,569 | 301,355 | (31,886,946) | | | 35,116,451 |
| Payables to complementary and open temporary worker funds | (267,590) | 1,171,749 | | | (1,213,964) | (309,806) | |
| TOTAL | 25,394,064 | 45,603,732 | (3,083,059) | (31,871,640) | (1,213,964) | (309,806) | 35,138,938 |

The item "Employee post-employment benefits" is related to payables to permanent and temporary employees as at 31st December 2020 and it was calculated in compliance with the National Labour Contract regulations.

The amount shown in "Increases" for company employees relates to the amount accrued during the year.

The same item for temporary workers includes the withheld amount allocated to the pension fund as at 31st December 2020 of employees that did not yet accrue the full em-

employee post-employment benefits amount, as it was not due, as per National Labour Contract regulations.

In the utilisations line the employee post-employment benefits accrued before the reform and paid to employees during the period is recorded.

“Variations” relate to the value of the Employee Severance Indemnity fund accrued on monthly pay, and the revaluation of the existing fund at the end of the previous financial year net of substitute tax.

It should be noted in connection with the amounts shown in “Payables due to INPS Treasury Fund”, the company has entered a corresponding amount in the financial statement in the line opposite negotiable securities, in its role as intermediary in the indirect relationship between the Treasury Fund and employees.

PAYABLES

It should be noted that the company did not proceed to the valuation of trade payables at amortized cost or to discount them, as all trade receivables recorded have a maturity of less than 12 months.

VARIATIONS AND MATURITY OF PAYABLES

The total amount of payables is placed in the “liabilities” section of the Balance Sheet under Class “D” for a total amount of 470,950,225 Euro.

The table below provides details of changes in the individual items making up receivables included in Payables item that occurred during the year covered by these financial statements.

| | Value at the beginning of the FY | Changes during the FY | Value at the end of the FY | Amount due by the end of the FY | Amount due after the end of the FY | Of which, due after more than 5 years |
|--|----------------------------------|-----------------------|----------------------------|---------------------------------|------------------------------------|---------------------------------------|
| Shareholders' financing | 5,269,057 | - | 5,265,376 | 15,376 | 5,250,000 | - |
| Payables to Banks | 106,772,696 | 82,501,515 | 189,274,211 | 84,623,104 | 104,651,107 | 11,241,559 |
| Payables to other lenders | 3,132,901 | 11,547,405 | 14,680,306 | 14,680,306 | - | - |
| Advances | 54,802 | 18,548 | 73,350 | 73,350 | - | - |
| Payables to suppliers | 15,513,843 | (304,115) | 15,209,728 | 15,209,728 | - | - |
| Payables to subsidiaries | 9,036,076 | 3,647,268 | 12,683,344 | 12,683,344 | - | - |
| Payables towards associated companies | - | 1,667 | 1,667 | 1,667 | - | - |
| Payables to parent companies | 4,754 | 2,374,545 | 2,382,980 | 2,382,980 | 0 | - |
| Payables to companies controlled by parent companies | 4,328,911 | 2,333,660 | 6,662,571 | 6,662,571 | - | - |
| Tax payables | 35,902,139 | 279,018 | 36,181,157 | 36,181,157 | - | - |
| Payables to social security and welfare institutions | 40,972,442 | 5,327,421 | 46,299,863 | 46,299,863 | - | - |
| Other payables | 124,934,404 | 17,301,268 | 142,235,672 | 141,955,672 | 280,000 | - |
| TOTAL PAYABLES | 345,922,025 | 125,028,200 | 470,950,225 | 360,769,118 | 110,181,107 | - |

The nature of said payables may be deduced by their wording or the explanatory notes below:

| (in thousands of Euro) | As at 31.12.2020 | | | | | As at 31.12.2019 | | | | |
|--|------------------|----------------|---------------|----------------|----------------|------------------|----------------|---------------|----------------|----------------|
| | Trade | Loan | Tax | Others | Total | Trade | Loan | Tax | Others | Total |
| Shareholders' financing | | 5,265 | | | 5,265 | | 5,269 | | | 5,269 |
| Payables to banks | | 189,274 | | | 189,274 | | 106,773 | | | 106,773 |
| Payables to other lenders | | 14,680 | | | 14,680 | | 3,133 | | | 3,133 |
| Advances | | 74 | | | 74 | | 55 | | | 55 |
| Payables to suppliers | 15,210 | | | | 15,210 | 15,514 | | | | 15,514 |
| Payables to subsidiaries | 5,789 | 6,894 | | | 12,683 | 3,834 | 4,988 | 205 | 9 | 9,036 |
| Payables to associated companies | 1 | | | | 1 | | | | | |
| Payables to parent companies | 460 | | 1,923 | | 2,383 | 5 | | | | 5 |
| Payables due to companies controlled by parent companies | 6,625 | | | 38 | 6,663 | 4,328 | | | | 4,328 |
| Tax payables | | | 36,182 | | 36,182 | | | 35,902 | | 35,902 |
| Payables to social security and welfare institutions | | | | 46,300 | 46,300 | | | | 40,972 | 40,972 |
| Payables to others | | | | | | | | | | |
| Payables to temporary workers | | | | 100,648 | 100,648 | | | | 84,436 | 84,436 |
| Payables to others | | | | 41,587 | 41,587 | | | | 40,499 | 40,499 |
| Total Payables to others | | | | 142,235 | 142,235 | | | | 124,935 | 124,935 |
| TOTAL PAYABLES | 28,085 | 216,187 | 38,105 | 188,573 | 470,950 | 23,681 | 120,218 | 36,107 | 165,916 | 345,922 |

SHAREHOLDERS' FINANCING

Shareholder financing is made up as follows:

| (in Euro) | As at 31.12.2020 | | | As at 31.12.2019 | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | In the FY | After the FY | Total | In the FY | After the FY | Total |
| Shareholders' financing | | | | | | |
| SCL HOLDING SPA | 15,376 | 5,250,000 | 5,265,376 | 19,057 | 5,250,000 | 5,269,057 |
| TOTAL FINANCIAL PAYABLES TO PARENT COMPANIES | 15,376 | 5,250,000 | 5,265,376 | 19,057 | 5,250,000 | 5,269,057 |

Payables due to SCL Holding S.p.A. are for funds made available by the parent company and paid via financing contracts to the subsidiary totalling EUR 5,250,000. The whole amount has been classified as due beyond the end of the financial year based on the contractual terms. Payables also include interest accrued and due to the parent company in relation to financing, of EUR 15,376.

For clarity, payables due to shareholders have also reclassified for 2019.

PAYABLES TO BANKS

Bank debt relates to the need for working capital owing to an increase in business and to support new investment.

Bank debt includes the disposal of trade receivables in the commercial portfolio and short- and medium-to-long-term financing and also includes interest payable that accrued to 31/12/2020 net of accessory costs. These are functional to the reduction of debt not yet recognised in finance costs using the effective interest method.

In the statement below, short-term credit lines refer to bank advanced from commercial factoring and overdraft lines used for a period of less than 12 months.

In compliance with article 2427, paragraph 1, point 6 of the Italian Civil Code, we note that there are payables due after more than five years.

| (in Euro) | As at 31.12.2020 | | | | As at 31.12.2019 | | |
|--------------------------------|-------------------|---------------------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
| | In the FY | After the FY and within 5 years | After 5 years | Total | In the FY | After the FY | Total |
| Overdrafts | 31,833,164 | | | 31,833,164 | 31,577,747 | | 31,577,747 |
| Short-term credit lines | 27,617,495 | | | 27,617,495 | 22,225,784 | | 22,225,784 |
| Medium-term loans | 25,172,446 | 93,409,547 | 11,241,559 | 129,823,552 | 19,311,105 | 33,658,060 | 52,969,165 |
| TOTAL PAYABLES TO BANKS | 84,623,104 | 94,409,547 | 11,241,559 | 189,274,211 | 73,114,636 | 33,658,060 | 106,772,696 |

The increase is mainly due to the company accessing medium-to-long-term financing and reflects what is already stated under Cash and Cash Equivalents.

The overall analysis of the main conditions according to which medium-term bank loans were signed is described in the table below:

| Loan (in Euro) | Loan Amount | Contract start date | Expiry date | Residual Debt at 31.12.2020 | Amount to expire WITHIN the year 2021 | Amount to expire BEYOND the year 2021 |
|---|--------------------|---------------------|-------------|-----------------------------|---------------------------------------|---------------------------------------|
| BNL | 5,000,000 | 15/03/2019 | 15/03/2024 | 3,500,000 | 1,000,000 | 2,500,000 |
| Pool financing (BNL, Banco BPM, Unicredit, Intesa Sanpaolo) | 50,000,000 | 26/11/2020 | 30/09/2026 | 50,000,000 | - | 50,000,000 |
| Banco BPM | 10,000,000 | 29/10/2018 | 29/12/2023 | 6,068,593 | 1,998,875 | 4,069,718 |
| Pool financing (Banco BPM, Unicredit, Intesa Sanpaolo) | 30,000,000 | 23/03/2017 | 31/12/2022 | 12,121,212 | 6,060,606 | 6,060,606 |
| Banca Intesa Sanpaolo | 10,000,000 | 17/10/2016 | 30/09/2021 | 1,904,374 | 1,904,374 | - |
| Credito Valtellinese | 5,000,000 | 04/03/2016 | 31/03/2021 | 266,299 | 266,299 | - |
| Credito Valtellinese | 2,500,000 | 21/11/2017 | 05/01/2022 | 952,132 | 632,776 | 319,357 |
| Credito Valtellinese | 5,000,000 | 25/06/2020 | 25/12/2021 | 5,000,000 | 5,000,000 | - |
| Cassa Depositi e Prestiti SpA | 15,000,000 | 13/08/2020 | 13/08/2025 | 13,500,000 | 3,000,000 | 10,500,000 |
| Banca Intesa Sanpaolo | 10,000,000 | 28/02/2020 | 31/12/2024 | 8,000,000 | 2,000,000 | 6,000,000 |
| Banca Monte dei Paschi di Siena | 10,000,000 | 29/01/2018 | 31/12/2022 | 5,000,000 | 2,500,000 | 2,500,000 |
| Banca Monte dei Paschi di Siena | 5,000,000 | 31/10/2019 | 31/12/2024 | 4,000,000 | 1,000,000 | 3,000,000 |
| Banca Monte dei Paschi di Siena with SACE guarantee | 10,000,000 | 30/12/2020 | 30/09/2026 | 10,000,000 | - | 10,000,000 |
| BPER Banca (formerly UBI Banca) | 10,000,000 | 31/01/2020 | 31/01/2023 | 10,000,000 | - | 10,000,000 |
| Ancillary expenses | - | - | - | -489,058 | -190,483 | -298,575 |
| TOTAL | 168,500,000 | | | 129,823,552 | 25,172,446 | 104,651,106 |

Accessory cost mainly refers to pool financing provided in March 2017 totalling EUR 30 million and the pool financing with SACE guarantee provided in November 2020 totalling EUR 50 million.

The above financing was provided at variable rate, linked to Euribor and the only financing with a residual term of more than 5 years relates to pool financing with SACE guarantee, provided in November 2020, totalling EUR 50 million and financing with Monte dei Paschi di Siena with SACE guarantee provided in December 2020 totalling EUR 10 million.

Some loans require the company to comply with and/or to maintain financial requirements (financial covenants) and/or non-financial requirements (non-financial covenants).

The most significant non-financial covenants are the limits on Groups' extraordinary transactions, such as acquisitions outside the perimeter and the sale of assets with material value.

Financial covenants are measured taking into account the consolidated financial result of the parent company SCL Holding S.p.A. at the end of the period or every six months, considering the following:

- Leverage Ratio = IFN / EBITDA (Net Financial Debt and EBITDA)
- Gearing Ratio = IFN / PN (Net Financial Debt and Net Equity)

As at 31 December 2020, all financial and non-financial covenants were complied with. See the Directors' Report for further information on the Group's financial structure.

PAYABLES TO OTHER LENDERS

This item totals Euro 14,680,306: Euro 1,101,962 of this is for with-recourse factoring; the remainder relates to the value of the situation as at 31st December 2020 due to factoring entities.

ADVANCES

These refer to advances requested from customers with a low credit rating, but for whom we still wish to provide the service.

PAYABLES TO SUPPLIERS

Trade payables totalling Euro 15,209,728 were entered and included invoices not yet received for services rendered during the period, net of deposits due. There are no foreign suppliers with their national currency included in the aforementioned payables. Therefore, there are no country and currency risks.

PAYABLES TO SUBSIDIARIES

Trade payables to subsidiaries of Euro 5,788,634 mainly refer to amounts accrued for:

- technical and commercial consulting fees totalling Euro 4,718,100;
- staff training costs of EUR 362,443;
- apprenticeship costs of EUR 23,851;
- costs incurred under a cost-sharing agreement for travel expenses of EUR 66,868.

Payables due to subsidiaries classified as financial liabilities relate to the Group's centralised liquidity management, carried out by Gi Group S.p.A. Treasury department, through the adoption of a cash pooling system.

All financial payables are to be considered as payable before the end of the financial year. Details are as follows:

| (in Euro) | As at 31.12.2020 | | As at 31.12.2019 | |
|--|------------------|------------------|------------------|------------------|
| | In the FY | Total | In the FY | Total |
| Financial borrowings to subsidiaries for cash pooling | | | | |
| Intoo S.r.l. | 2,548,147 | | 2,336,855 | |
| EXS S.r.l. | 243,165 | | 81,896 | |
| OD&M S.r.l. | | | 828,303 | |
| Wyser S.r.l. | 1,340,198 | | 984,815 | |
| Gi HR Services | 367,938 | | | |
| OD&M | 982,921 | | | |
| C2C | 1,272,658 | | | |
| Gi on Board | 132,849 | | | |
| Asset Data | | | 144,978 | |
| Enginium S.r.l. | | | 600,183 | |
| Payables for Cash Pooling interest due to subsidiaries | 6,186 | | 10,871 | |
| TOTAL FINANCIAL BORROWINGS FOR CASH POOLING | | 6,894,063 | | 4,987,901 |

PAYABLES TO PARENT COMPANIES

Trade payables due to parent companies relate to activities that Gi Group Holding performs as part of its management and administration role and the portions of lease for property owned by the parent companies Gi Group Holding and SCL Holding.

Tax liabilities due to parents of EUR 1,922,551 relate to taxes for the financial year which are allocated to the parent company in that it has opted to operate a consolidated tax regime.

With the aim of making the business structure more efficient, the parent company became SCL HOLDING which fully represents the scope of consolidation.

PAYABLES TO COMPANIES CONTROLLED BY PARENT COMPANIES

Such item includes trade payables to the affiliated company GI Formazione S.r.l. Amounting to Euro 6,662,571 concerning training courses to temporary workers charged at market prices.

TAX PAYABLES

These are made up as follows:

| (in Euro) | As at 31.12.2020 | As at 31.12.2019 | Changes |
|---|-------------------|-------------------|----------------|
| Payables for IRES (corporation tax) and IRAP (regional tax on production) | 131,405 | 3,145,574 | (3,014,169) |
| Current payables to the tax office: | | | |
| VAT payable | 1,110,181 | 1,244,401 | (134,220) |
| Tax withholdings for employees and independent workers | 33,945,149 | 31,463,336 | 2,481,813 |
| Payables for other taxes | 994,422 | 48,828 | 945,594 |
| TOTAL TAX PAYABLES | 36,181,157 | 35,902,139 | 279,018 |

Other tax liabilities refer mainly to tax liabilities for substitute taxes following the remeasurement of assets that was carried out in 2020.

PAYABLES TO SOCIAL SECURITY AND WELFARE INSTITUTIONS

The entry, totalling Euro 46,299,863 includes current payables at the end of the financial year to the mentioned institutions for contributions paid by the company and the employees, mainly concerning salaries and wages for the month of December.

The greater exposure to social security institutions is due to the increase in temporary staff in post at 31/12/2020.

SUNDRY PAYABLES

In order to give a better representation, these are divided into:

PAYABLES TO TEMPORARY WORKERS

The item amounting to 100,648,334 includes payables as at 31st December 2020 to temporary workers. The entry other payables include the portion related to the Italian national Social Security Institute (INPS) for temporary workers.

This item also includes the receivable due from the Treasury Fund.

OTHER PAYABLES

Other payables due before the end of the financial year amount to EUR 41,307,338 and are made up as follows:

- payables due to company employees totalling EUR 13,406,987, including the receivables and payables due to/from the INPS Treasury Fund in relation to these employees;
- Payables to bodies, funds and institutions for the management of temporary workers, amounting to Euro 26,909,905;
- other payables that may not be classified in the previous items for Euro 990,445 for other existing contracts like on-the-job training, collaborations, directors and general payables.

Other payables due beyond the end of the financial year amount to EUR 280,000, and relate to payables for the option to sell a stake in the subsidiary GI International S.r.l.

ACCRUED PAYABLES AND DEFERRED INCOME

VALUATION CRITERIA AND ACCOUNTING RECORDS

Accruals and deferred income recognised in the financial statements as at 31/12/2020 totalled Euro 303,785.

The following table shows the changes compared to the previous financial year.

| | Value at the beginning of the FY | Changes during the FY | Value at the end of the FY |
|---|----------------------------------|-----------------------|----------------------------|
| Accrued expenses | 34,470 | 119,494 | 153,964 |
| Deferred income | 4,362 | 145,459 | 149,821 |
| TOTAL ACCRUALS AND DEFERRED INCOME | 38,832 | 264,953 | 303,785 |

Changes are relative to normal management events.

COMPOSITION OF THE PREPAYMENTS AND DEFERRED INCOME ITEM (ARTICLE 2427, PARAGRAPH 1, NO. 7 OF THE ITALIAN CIVIL CODE)

The item "Accruals and deferred income" is broken down in the following tables:

| Deferred income | 31.12.2020 | 31.12.2019 |
|--|----------------|--------------|
| Deferrals on business project | 19,978 | 4,362 |
| Deferred tax credit from the acquisition of assets in 2020 | 129,843 | |
| TOTAL | 149,821 | 4,362 |

| Accrued expenses | 31.12.2020 | 31.12.2019 |
|-------------------------------|----------------|---------------|
| Accrued expenses on financing | 153,964 | 34,470 |
| TOTAL | 153,964 | 34,470 |



EXPLANATORY NOTES - INCOME STATEMENT

PRODUCTION VALUE

REVENUES FROM SALES AND SERVICES

Revenues from sales of products and goods and services from operations were recognised net of returns, commercial discounts, allowances and premiums as well as taxes directly related to the sales of products and services in the amount of Euro 1,206,201,263

Revenues from increases in non-current assets amount to EUR 218,713.

Non-financial revenues from ancillary activities were recognised under item A.5) and amounted to Euro 34,861,021.

BREAKDOWN OF REVENUES FROM SALES AND SERVICES BY CATEGORY

As required by Article 2427, paragraph 1, No. 10 of the Italian Civil Code, the breakdown of revenues by category of activity is shown in the following table:

| Category | Value in the current FY |
|---|-------------------------|
| Revenues from staffing activities | 810,028,873 |
| Revenues from search and selection | 9,156,695 |
| Revenues from staff leasing | 381,637,848 |
| Revenues from doti and other special projects | 4,139,615 |
| Revenues from rpo commerciale | 1,238,232 |
| TOTAL | 1,206,201,263 |

SALES AND SERVICE REVENUE BREAKDOWN BY GEOGRAPHIC AREA

In terms of the breakdown by geographical areas of revenues from sales and services as per art. 2427 par. 1 no. 10 of the Italian Civil Code, the amount of revenues recorded under class A of the Income Statement referring to subjects not residing in Italy is negligible; for this reason, the breakdown by geographical area is not detailed in this document.

As required by Article 2427, paragraph 1, No. 10 of the Italian Civil Code, the breakdown of revenues by geographical area of destination is shown in the following table.

| Geographical area | Value in the current FY |
|-----------------------|-------------------------|
| Abruzzo | 44,270,648 |
| Basilicata | 3,724,267 |
| Calabria | 3,237,863 |
| Campania | 57,497,513 |
| Emilia romagna | 106,772,774 |
| Friuli venezia giulia | 30,235,725 |
| Lazio | 62,120,419 |
| Liguria | 6,759,355 |
| Lombardy | 504,311,050 |
| The marches | 32,977,678 |
| Molise | 201,400 |
| Piedmont | 131,415,799 |
| Apulia | 6,580,645 |
| Sardinia | 11,858,274 |
| Sicily | 3,181,849 |
| Tuscany | 61,011,838 |
| Trentino alto adige | 7,168,137 |
| Umbria | 14,815,016 |
| Valle d'aosta | 1,263,266 |
| Veneto | 116,753,733 |
| Abroad | 44,014 |
| TOTAL | 1,206,201,263 |

CAPITALISED PRODUCTION COST INCREASE

In relation to the contribution from the research and development called "Candidate 4.0" an innovative digital services platform used to develop the labour market, obtained from the Italian Ministry for Economic Development (MISE), the portion of staff costs is recognised in the financial statements that relates to the staff directly involved in the project during the year in question, as an increase in non-current assets from internal work. The value attributed is EUR 218,713. The project will be developed over multiple financial years and will be realised mainly by internal staff to create innovative technological solutions.

OTHER REVENUES AND INCOME

Other revenues and income totalled Euro 34,861,021 and mainly consist of contributions approved and repaid by the Forma.Temp body for the costs paid by the company for the organisation and delivery of courses for temporary workers and costs and services for other companies of the Group.

| Other revenues and income | | | |
|---|-------------------|-------------------|------------------|
| (in Euro) | FY 2020 | FY 2019 | Change |
| Contributions during the FY and for delivered courses | 24,976,594 | 25,502,272 | (525,678) |
| Other proceeds from companies in the group | 6,146,966 | 6,356,882 | (209,916) |
| Contingent assets | 1,643,565 | 1,424,007 | 219,558 |
| Other revenues and income | 2,093,896 | 2,330,359 | (236,463) |
| TOTAL | 34,861,021 | 35,613,520 | (752,499) |

The item Other proceeds from companies in the Group mainly refers to the charge of costs for rents and ancillary charges of the central office in Milan, Rome, Turin and relevant branches, equal to Euro 2,269,439, charges for staff on secondment, for Euro 310,278, administrative services provided in compliance with the Group "Cost Share Agreement" for Euro 1,469,707 and charges for general services amounting to Euro 2,097,542.

The item "non-recurring income" amounting to Euro 1,643,565 mainly consists of:

- Cash receipts for bankrupt customers whose receivables were annulled, booking a loss in the previous financial years;
- estimated provisions in the previous financial years for costs and services that were not delivered and underestimated revenues.

The entry "Other revenues and income" included the portion of residual proceeds, which were not classified as Revenues from sales and services.

This item includes values relating to tax incentives established pursuant to current legislation and to incentives granted in relation to the pandemic, where the conditions to do so were met.

These are summarised in the table below:

| Tax incentive/tax credits: | Amount |
|---|----------------|
| Marketing tax credit | 1,707 |
| Mise r&d project tax credit | 26,246 |
| Training 4.0 Tax credit | 58,167 |
| Tax credit for acquired amortised assets 2020 | 47,429 |
| TOTAL TAX INCENTIVES/TAX CREDITS | 133,548 |

| Covid tax incentive/tax credits | Amount |
|--|----------------|
| Sanitisation tax credit | 28,297 |
| Lease tax credit | 97,034 |
| TOTAL COVID TAX INCENTIVE/TAX CREDITS | 125,331 |

COSTS OF PRODUCTION

In general, production costs for the FY ending on 31/12/2020, net of returns, trade discounts and allowances, amounted to Euro 1,202,844,233.

COST OF RAW MATERIALS, CONSUMABLES AND MERCHANDISE

They total EUR 463,709 and are mainly made up of office supplies, low-value goods, consumables, printing, and computer accessories. Compared to the previous financial year, costs increased by Euro 62,601.

SERVICE COSTS

The following is a detailed description of the most important items in this category, which amount to Euro 69,747,055.

| B.7 Cost of services | | | |
|---|-------------------|-------------------|-------------|
| (in Euro) | FY 2020 | FY 2019 | % Change |
| Cost of training and consultancy services | 31,749,235 | 34,813,777 | (9)% |
| Lunch vouchers | 9,135,961 | 7,923,585 | 15% |
| Utilities and cleaning services | 2,482,747 | 2,926,789 | (15)% |
| Advertising and promotion expenses | 4,809,189 | 5,676,244 | (15)% |
| Other work-related services | 1,134,290 | 1,270,090 | (11)% |
| Search and selection of staff | 332,258 | 445,079 | (25)% |
| Travel expenses for employees and temporary workers | 2,633,291 | 5,695,607 | (54)% |
| Costs of motor vehicle management | 746,086 | 1,246,887 | (40)% |
| Costs for branch maintenance | 784,446 | 1,074,460 | (27)% |
| Insurances and Insurance guarantees | 897,049 | 707,540 | 27% |
| Cost of FormaTemp management | 6,365,508 | 6,014,778 | 6% |
| Other cost of services | 8676995 | 9,102,659 | (5)% |
| TOTAL | 69,747,055 | 76,897,495 | (9)% |

The values stated in the table are the result of a cost rationalisation policy, established in line with company guidelines to address the pandemic, which affected logistics costs, staff selection and training costs and marketing costs.

COSTS FOR USAGE OF THIRD PARTY ASSETS

The total amount for the period is Euro 13,467,008. The item includes rents of the different offices, Euro 9,400,641, instrumental asset leases equal to Euro 4,044,029 and costs for leased assets amounting to Euro 22,338.

For further information on the effects of the leasing payments, please see the table in the section "non-current assets - financial lease transactions".

PERSONNEL COSTS

Staff costs include costs for direct employees, which make up the company's structure, and costs for indirect employees, representing staffing personnel for the Group's third-party customers. They amount to EUR 1,104,365,184 and have fallen by EUR 20,471,498 compared with the previous year as a result of the measures implemented to contain staff costs, as set out in the relevant paragraph of the Directors' Report.

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

They totalled Euro 7,936,933 and include both the amortisation rate for the period and the provisions for uncollectibles.

The amount posted among "write-downs of current receivables and of cash and cash equivalents" of Euro 938,683 thousand (Euro 2,232,031 thousand as at 31st December 2018), includes provisions for bad debts for the value needed to adjust credits to their estimated realisable value.

In FY 2020 insolvency proceedings against some of our customers led to insolvencies amounting to Euro 568 thousand, to which other losses amounting to Euro 511 thousand were added. The company had to cover such amounts with a portion of funds allocated in previous financial years for Euro 1,079 thousand and therefore reinstating adequate provisions for bad debts with the aforementioned allocations.

The item also includes the amount related to write-downs of non-current assets for the disposal of store signs after the closure of some branches during the financial year.

ACCRUALS FOR PROVISIONS

The provisions for risks and charges for legal disputes include charges, calculated with reasonable estimates for potential liabilities; the company will need to pay for current legal disputes, including labour-related ones. The provisions in the financial year made to adjust the overall value of the fund to the estimates, were Euro 281,364 thousand.

The allowance for risk provisions for stabilised employees is aimed at preventing the impacts from contingent liabilities which can emerge in connection with particular costs relating to "no mission" workers, workers not used by customers, owing to exceptional and unforeseeable circumstances, which may exert an extraordinary burden on the percentage of stabilised workers not employed. In 2020, an allowance of EUR 1,000,000 was set aside.

OTHER OPERATING EXPENSES

| B.14 Other Operating Expenses | | | |
|-------------------------------|------------------|------------------|------------|
| (in Euro) | FY 2020 | FY 2019 | % Change |
| Indirect taxes and levies | 811,296 | 940,452 | (14)% |
| Memberships | 508,330 | 505,089 | 1% |
| Other operating charges | 2,263,354 | 1,814,035 | 25% |
| TOTAL | 3,582,980 | 3,259,576 | 10% |

The item, "Indirect taxes and levies" mainly includes taxes on waste disposal, municipal taxes, a tax on virtual stamps, rent registry taxes, business contract registration taxes, advertising taxes and Chamber of Commerce taxes.

The item, "Other operating charges" includes all residual costs such as offers and gifts to employees and third parties, purchases of magazines and books, Chamber of Commerce fees, company searches, authentications, tax penalties, fines, and damages compensation and costs for lower provisions allocated in the previous financial years.

FINANCIAL INCOME AND CHARGES

FINANCIAL INCOME

| C. Financial income | | | |
|---------------------------------|------------------|------------------|----------------|
| (in Euro) | FY 2020 | FY 2019 | Change |
| Investments in subsidiaries | 1,523,265 | 1,341,746 | 181,519 |
| Investments in Parent companies | 17,757 | 542 | 17,215 |
| Minority interests | 605,930 | 245,348 | 360,582 |
| Investments in banks | 4,983 | 2,658 | 2,325 |
| Investments in others | 128 | 1,189 | (1,061) |
| TOTAL FINANCIAL INCOME | 2,152,063 | 1,591,483 | 560,580 |

The items "Investments in subsidiaries" and "Investments in Parent companies" concern interest receivable through cash pooling activities accrued as at 31st December 2020 vis-à-vis the Group's companies. Minority interests mainly refer to interests on arrears for the collection of bad debts via legal proceedings, and interests collected for the reimbursement of IRAP and IRES payments made from 2007 to 2011, while interests from banks were calculated from the credit balances of the bank accounts.

BREAKDOWN OF INTERESTS AND OTHER FINANCIAL EXPENSES BY TYPE OF PAYABLES

| C.17 Interests and other financial charges | | | |
|---|------------------|------------------|----------------|
| (in Euro) | FY 2020 | FY 2019 | Change |
| Interests and other financial charges: | | | |
| From companies in the Group | 21,563 | 29,928 | -8,365 |
| From others: | | | 0 |
| Interests on bank financing | 1,681,224 | 1,539,749 | 141,475 |
| Other financial charges | 520,673 | 542,438 | -21,765 |
| TOTAL INTERESTS AND OTHER FINANCIAL EXPENSES | 2,223,460 | 2,112,115 | 111,345 |
| (Gains)/losses on foreign currency conversion | -9,187 | 4,074 | -13,261 |

The item, "Interests from companies in the Group" concerns interest payable accrued in the period for cash pooling services from the Italian companies in the Group and interests accrued for a loan from the Parent company.

Other finance costs include interest relating to the assignment of credits to factoring companies for EUR 387,041, of which EUR 55,359 is a differential of the interest portion of IRS contracts and EUR 40,471 following the payment of instalments for IRES and IRAP taxes.

The item C.17-bis of the Income Statement, totalling Euro 9,187, provides the detailed description of net profit/losses.

| Description | 31.12.2020 | 31.12.2019 |
|---|--------------|---------------|
| Trade returns for the period | 17,081 | 4,912 |
| Trade losses during the FY | -7,894 | -8,986 |
| PROFIT/LOSS ON CURRENCY EXCHANGE | 9,187 | -4,074 |

ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES

Item D.19 in the Income Statement, "Write-downs", refers to write-downs of equity investments in "GI Professional Services" for Euro 25,000 following its total closure and the write-down of the equity investment in "GI International S.r.l." for Euro 10,000,000.

For more detail, please see the paragraph relating to the equity investment in this company, under item B.III 1) Financial non-current assets, Equity investments.

CURRENT, DEFERRED AND PRE-PAID INCOME TAXES

The statement below sets out the taxes for financial year:

| | |
|---|-------------------|
| CURRENT TAXES | 11,064,439 |
| Taxes attributable to previous financial years | -460,456 |
| Deferred taxes: IRES – Corporation Tax | 0 |
| Deferred taxes: IRAP – Regional Tax on Production | 0 |
| Adjustment of IRES deferred taxes | 0 |
| Adjustment of IRAP deferred taxes | 0 |
| TOTAL DEFERRED TAXES | 0 |
| Pre-paid taxes: IRES – Corporation Tax | -367,862 |
| Pre-paid taxes: IRAP – Regional Tax on Production | -47,217 |
| Adjustment of IRES pre-paid taxes | 136,155 |
| Adjustment of IRAP pre-paid taxes | 2,592 |
| TOTAL PRE-PAID TAXES | -276,332 |
| INCOME (EXPENSE) FROM PARTICIPATION IN TAX CONSOLIDATION/SPECIAL TAX EXEMPTION | 0 |
| TOTAL CURRENT TAXES | 10,327,651 |

The following table shows the values of the deferred taxation provisions and the pre-paid tax assets for the current financial year compared with previous financial year values:

| Description of Balance Sheet item | Current FY | Previous FY |
|--|------------------|------------------|
| Provisions for deferred tax liabilities: IRES – Corporation Tax | 0 | 0 |
| Provisions for deferred tax liabilities: IRAP – Regional Tax on Production | 0 | 0 |
| TOTAL | 0 | 0 |
| Assets for pre-paid taxes IRES – Corporation Tax | 2,064,025 | 1,832,317 |
| Assets for pre-paid taxes IRAP – Regional Tax on Production | 181,981 | 137,357 |
| TOTAL | 2,246,006 | 1,969,674 |

The following tables show a detailed description of the temporary differences that led to the entry of deferred and pre-paid taxes in the current and the previous financial year, with their applied rates. Due to the specific nature of IRAP regulations in terms of taxable and deductible amounts, separate calculations were made for the definition of the tax burden on temporary differences.

| Pre-paid taxes - Table with values and changes of pre-paid taxes | | | | | | | | | |
|--|-------------------------------|-------|------------------|-------------------------------|-------|-----------------|-------------------------------|-------|------------------|
| (in Euro) | Previous year | | | Changes in the year | | | Balance at the end of FY | | |
| | Value of temporary difference | Taxes | Amount of taxes | Value of temporary difference | Taxes | Amount of taxes | Value of temporary difference | Taxes | Amount of taxes |
| Provisions for risks for employees | 630,310 | Ires | 151,274 | 33,614 | Ires | 8,067 | 663,924 | Ires | 159,342 |
| Provisions for legal risks | 189,943 | Ires | 45,586 | 151,500 | Ires | 36,360 | 341,443 | Ires | 81,946 |
| | | Irap | 7,408 | | Irap | 5,908 | | Irap | 13,316 |
| Provisions for permanent employees, stabilised | 1,000,000 | Ires | 240,000 | 1,000,000 | Ires | 240,000 | 2,000,000 | Ires | 480,000 |
| | | Irap | 39,000 | | Irap | 39,000 | | Irap | 78,000 |
| Amortisation of Wn goodwill | 2,187,265 | Ires | 524,944 | (65,618) | Ires | (15,748) | 2,121,647 | Ires | 509,195 |
| | | Irap | 85,303 | | Irap | (2,559) | | Irap | 82,744 |
| Amortisation of trademarks | 3,029 | Ires | 727 | (145) | Ires | (35) | 2,884 | Ires | 692 |
| | | Irap | 118 | | Irap | (6) | | Irap | 112 |
| Amortisation of trademarks | 118,630 | Ires | 28,471 | 59,182 | Ires | 14,204 | 177,812 | Ires | 42,674 |
| | | Irap | 4,627 | | Irap | 2,308 | | Irap | 6,935 |
| Goodwill of Gi Research S.r.l. | 23,125 | Ires | 5,550 | (694) | Ires | (166) | 22,431 | Ires | 5,383 |
| | | Irap | 902 | | Irap | (27) | | Irap | 875 |
| Charges for unpaid taxes and pre-paid membership fees | 485,532 | Ires | 116,528 | 7,144 | Ires | 1,715 | 492,676 | Ires | 118,242 |
| Provisions for uncollectibles | 2,943,842 | Ires | 706,522 | (261,105) | Ires | (62,665) | 2,682,737 | Ires | 643,857 |
| Directors' remuneration not paid | 56,866 | | 13,648 | 37,686 | Ires | 9,045 | 94,552 | | 22,692 |
| Profits on unrealised currency exchanges | (3,884) | | (932) | 3,884 | Ires | 932 | 0 | Ires | 0 |
| Loss allowance Default Interest | 5,368 | | 1,288 | (2,273) | Ires | (546) | 3,094 | Ires | 743 |
| Default Interest - Assets | (5,368) | Ires | (1,288) | 2,273 | Ires | 546 | (3,094) | Ires | (743) |
| TOTAL TAXES | | | 1,969,674 | | | 276,332 | | | 2,246,008 |

ENTRY OF DEFERRED AND PRE-PAID TAXES AND THEIR EFFECTS

| | IRES – Corporation Tax | IRAP – Regional Tax on Production |
|---|------------------------|-----------------------------------|
| A) Temporary differences | | |
| Total deductible temporary differences | 136,155 | 2,592 |
| Total taxable temporary differences | 367,862 | 47,217 |
| Net temporary differences | 231,707 | 44,625 |
| B) Tax effect | | |
| Deferred (Pre-paid) tax provisions at the beginning of the FY | 1,832,317 | 137,358 |
| Deferred (prepaid) taxes for the period | 231,707 | 44,625 |
| Deferred (Pre-paid) tax provisions at the end of the FY | 2,064,024 | 181,983 |

OFF BALANCE-SHEET DEDUCTIONS - NATURAL ABSORPTION

Article 109, paragraph 4, letter b), second sentence, of Consolidated Income Tax Law (TUIR) in the version prior to the amendments brought by Article 1, paragraph 33, letter q), of Italian Law no. 244 of 24th December 2007 (2008 Finance Law), stated that, if value adjustments and allowances of amounts lower than the maximums set out in legislation for business income are entered into the Profit and Loss Statement, it is possible to make greater deductions, provided that the part of these negative components not attributed to the Profit and Loss Statement is indicated in an appropriate statement on the tax return (ex-EC framework), which also shows the consequent differences between the statutory and fiscal values of assets and funds. Article 1, paragraph 33 of the 2008 Finance Law suppresses this right as of the tax period following the one ongoing at 31st December 2007.

For accumulated off-balance sheet deductions up to the tax period ongoing at 31st December 2007, the company has not exercised the option for tax relief subject to payment (of a substitute tax) and, therefore, for IRES purposes, it has absorbed these naturally through a tax increase which has been moved from the line in the RF panel of the tax return.

In order to better understand the relevance of the item "20-Income current, deferred and prepaid taxes" a prospectus calculating the "reconciliation" of the theoretical tax burden calculated in the financial statements with the taxable income is shown. This document also shows the rate that was actually applied.

RECONCILIATION STATEMENT BETWEEN THE RESULT FOR THE PERIOD AND TAXABLE INCOME

| Reconciliation statement between recorded and theoretical tax charges | | | | |
|--|-----------|------------------------|---------------|-----------------------------------|
| | | IRES – Corporation Tax | | IRAP – Regional Tax on Production |
| INCOME FOR THE PERIOD | | 18,021,904 | | 18,021,904 |
| Income taxes | | 10,788,107 | | 10,788,107 |
| PROFIT BEFORE TAXES | | 28,810,011 | | 28,810,011 |
| Production costs | | | 1,106,365,184 | |
| Write-downs of current receivables | | | 2,248,117 | |
| Financial income and charges | | | 62,210 | |
| Adjustments to the carrying value of financial assets | | | 10,025,000 | |
| Extraordinary gains and losses | | | (460,456) | |
| Entries not affecting the Regional Tax on Production - IRAP | | | | 1,118,240,055 |
| Temporary discrepancies taxed in future financial years | | | | |
| Entries of costs of production classified in B.7. | (56,866) | | | |
| Pre-paid amortisation and depreciation | | | | |
| Value re-adjustments of prepaid amortisation and depreciation already deducted in previous FYs | (66,457) | | (66,457) | |
| TOTAL TEMPORARY DISCREPANCIES TAXED IN FUTURE FINANCIAL YEARS | | (123,323) | | (66,457) |
| Temporary discrepancies deducted in future financial years | | | | |
| Entries of costs of production classified in B.7. | 94,552 | | | |
| Amortisation of goodwill | | | | |
| Amortisation of trademarks | 59,182 | | 59,182 | |
| Write-downs of receivables | 0 | | | |
| IRAP write-off deductible on a cash basis | | | | |
| Provisions for risks | 1,283,637 | | | |
| default interest | 0 | | | |
| Utilisation of provisions for risks not deducted and accrued in previous financial years | (357,355) | | 0 | |
| Use of risk provisions for receivables | (2,274) | | (493,898) | |
| Charges for taxes, dues and memberships deducted in future financial years and Ires on Irap tax | 97,661 | | | |
| Write-off of charges for taxes, dues and memberships non deducted and accrued in previous and Irap on a cash basis | (90,517) | | | |

(continued on the next page)

| Reconciliation statement between recorded and theoretical tax charges | | | | |
|--|-------------|------------------------|-----------------|-----------------------------------|
| | | IRES – Corporation Tax | | IRAP – Regional Tax on Production |
| Recovery of loss on exchange rates taxed in previous financial year | 3,884 | | | |
| Recovery of deductible car expenses | | | | |
| TOTAL OF TEMPORARY DIFFERENCES DEDUCTED IN FUTURE FINANCIAL YEARS | | 1,088,770 | | (434,716) |
| Permanent differences | | | | |
| Non-deductible car expenses | 1,168,823 | | | |
| Non-deductible phone expenses | 139,396 | | | |
| Non-deductible gains | 1,400,071 | | 1,279,695 | |
| Non-taxed contingent assets | (1,315,477) | | (884,165) | |
| Gains on disposals | | | | |
| Credit impairments and losses | | | | |
| Write-down of investments in subsidiaries | 10,025,000 | | | |
| Other positive value re-adjustments | 820,250 | | 999 | |
| Entries of costs of production classified in B.7. | | | 973,158 | |
| Profits due to profit-sharing associates | | | | |
| Non-taxable income | | | 0 | |
| R&S credit costs | (84,413) | | (84,413) | |
| Charges of expenses for temporary workers | | | 0 | |
| Allocation of provisions | (139,247) | | | |
| Further deduction for contributions to social security funds | | | | |
| Decrease in tax base for specific classes of workers | | | (2,132,661) | |
| Costs of production deducted for IRAP | | | (1,032,467,762) | |
| INAIL (Italian agency for insurance against work-related injuries) contributions | | | (192,619) | |
| Recovery of contributions to the cost of production (Cuneo Fiscale) | | | (66,042,542) | |
| patent box deduction | 0 | | 0 | |
| Economic Growth Aid deduction | (1,827,378) | | | |
| Other decreasing gains | (1,777,220) | | (174,467) | |

(continued on the next page)

| Reconciliation statement between recorded and theoretical tax charges | | | | |
|---|--|------------------------|--|-----------------------------------|
| | | IRES – Corporation Tax | | IRAP – Regional Tax on Production |
| TOTAL PERMANENT DIFFERENCES | | 8,409,806 | | (1,099,724,777) |
| TAX BASE | | 38,185,263 | | 46,824,116 |
| TAX | | 9,164,463 | | 1,899,976 |

CALCULATION OF TAXES FOR THE PERIOD

Payables for the Regional Production Tax (IRAP) in item 2.D.12 Tax Payables in the liabilities of the Statement of assets and liabilities are the result of the amount entered in item E.20 of the Income Statement for the financial year at 31/12/2020, taking into account the IRAP statement the company will have to submit.

IRES liabilities for 2020 were completely reduced to zero. In fact, the company transferred its IRES liability, net of advances paid, to the parent company under the consolidated tax regime.

With the aim of making the business structure more efficient, the parent company became SCL HOLDING which fully represents the scope of consolidation.



SUPPLEMENTARY NOTES, OTHER INFORMATION

With reference to the financial year ending 31/12/2020, according to the articulation of XBRL taxonomy and in compliance with Article 2427 of the Italian Civil Code as well as other legal provisions, this section of the Notes to the Financial Statements provides the following information:

- Employment data
- Wages, advanced remunerations and granted credits to directors and auditors and commitments on their behalf
- Remuneration for the statutory auditor or auditing company
- Income or expense of exceptional size or incidence
- Details on financial instruments issued by the company
- Commitments, guarantees and contingent liabilities not recorded in the Statement of assets and liabilities
- Information on transactions with related parties
- Information on significant Events that occurred after the financial year-end
- Derivative instruments ex-Article 2427-bis, Italian Civil Code
- Summary of the company's financial statements of the company exercising management and coordination.
- Proposal for allocation of profits or loss coverage

INCOME OR EXPENSE OF GREATER OR EXCEPTIONAL SIZE

During the financial year, the company has not incurred costs considered to be exceptional, in that they are not repeatable.

ACCREDITATIONS

In order to comply with the Regional Accreditation provisions, the following table shows the breakdown of revenues from sales and services provided during the year, broken down by types of financing:

| (In Euro) | AMOUNT |
|--|------------------|
| Income from Public financing (regions and provinces) | 3,634,552 |
| Revenues from other public bodies | 196,910 |
| TOTAL | 3,831,462 |

EMPLOYMENT DATA

BREAKDOWN OF AVERAGE NUMBER OF TEMPORARY AND INTERNAL EMPLOYEES BY CATEGORY (ART. 2427 C. 1 N. 15 OF THE ITALIAN CIVIL CODE)

The average number of temporary and leased employees, is broken down by category in the table below:

| | 31.12.2020 | Average of FY 2020 | 31.12.2019 | Average of FY 2019 |
|----------------------|---------------|--------------------|---------------|--------------------|
| Middle Managers | 23 | 22 | 28 | 15 |
| Employees | 9,148 | 8,941 | 9,954 | 9,649 |
| Workers - Caretakers | 27,727 | 25,387 | 23,068 | 23,769 |
| TOTAL | 36,898 | 34,351 | 33,050 | 33,433 |

The average number of employees, is broken down by category in the table below:

| | Average number |
|------------------------|----------------|
| Executives | 40 |
| Middle Managers | 109 |
| Employees | 1,486 |
| TOTAL EMPLOYEES | 1,635 |

WAGES, ADVANCED REMUNERATIONS AND GRANTED CREDITS TO DIRECTORS AND AUDITORS AND COMMITMENTS ON THEIR BEHALF

TOTAL AMOUNT OF REMUNERATION, ADVANCES AND CREDITS GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND THE COMMITMENTS MADE ON THEIR BEHALF (ART. 2427 PAR. 1 NO. 16 ITALIAN CIVIL CODE)

Owed remuneration, advances and credit granted to Directors and Statutory Auditors during the financial year in question, and commitments assumed on their behalf as an effect of any type of collateral provided, are shown in the following statement:

| | Directors | Auditors |
|--------------|-----------|----------|
| Remuneration | 437,340 | 57,229 |

Remunerations to Directors and Auditors were paid based on the relevant resolution of the Board of Directors' meeting.

REMUNERATION OF THE STATUTORY AUDITOR OR AUDIT FIRM

REMUNERATION FOR THE STATUTORY AUDIT SERVICE, OTHER AUDITING, TAX CONSULTANCY AND ANCILLARY SERVICES (ART. 2427 PAR. 1 N. 16-BIS OF THE ITALIAN CIVIL CODE)

The following table shows the remuneration to the auditors for services provided as per art. 2427 n. 16-bis of the Italian Civil Code:

| | Balances |
|--|----------------|
| Statutory audit of the annual report | 130,781 |
| Other services that are not auditing services | 5,000 |
| TOTAL REMUNERATION OF THE STATUTORY AUDITOR OR AUDIT FIRM | 135,781 |

In FY 2019 the company appointed PriceWaterHouse Coopers as auditing firm for the 2019-2021 period for an annual remuneration of Euro 65,000.

The values recognised in the accounts for the year refer to remuneration recognised to the Italian external auditor of EUR 77,050 and remuneration to foreign external auditors of EUR 53,731.

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RESULTING FROM THE BALANCE SHEET

GUARANTEES

Third party guarantees mainly include Euro 61,766 thousand for the surety issued to the Ministry of Labour by the parent company Gi Group S.p.A., as per the compulsory requirement in compliance with Article 5 of Legislative Decree 276/2003 to guarantee labour staffing activities.

Moreover, Gi Group S.p.A. issued banking and insurance sureties of Euro 972 thousand to third parties mainly related to rented properties and Euro 17,732 thousand related to insurance guarantees for tenders and commercial agreements.

Guarantees provided by the parent company to foreign subsidiaries as at 31st December 2020 are reported below:

| Issuer | Type of guarantee | Beneficiary | Guaranteed company | Country | Amount | Currency | Value in euro |
|-----------------|---------------------|--|---|----------------|---------------|----------|---------------|
| Gi Group S.p.A. | Corporate Guarantee | American Express Italia S.r.l. | Intoo Ilc | USA | 50,000 | USD | 40,746 |
| Gi Group S.p.A. | Corporate Guarantee | Bank Polska Kasa Opieki S.a. | Gi Group Sp. Z.o.o. | Poland | 3,000,000.00 | PLN | 657,938 |
| Gi Group S.p.A. | Corporate Guarantee | Barclays Bank Plc | Gi Group Recruitment Ltd - Draefern Ltd | United Kingdom | 5,000,000.00 | GBP | 5,561,550 |
| Gi Group S.p.A. | Corporate Guarantee | Bnp Paribas | Gi Group Automotive | France | 1,900,000.00 | EUR | 1,900,000 |
| Gi Group S.p.A. | Corporate Guarantee | Bnp Paribas Brasil S.a. | Gi Group Recusos Humanos Ltd | Brazil | 8,800,000.00 | BRL | 1,380,717 |
| Gi Group S.p.A. | Corporate Guarantee | Bnpp Factor | Gi Group Spain | Spain | 4,000,000.00 | EUR | 4,000,000 |
| Gi Group S.p.A. | Comfort letter | Gi Group Spain | Banks Of Grupo Norte Recusos Empresa De Trabajo | Spain | 4,976,602 | EUR | 4,976,602 |
| Gi Group S.p.A. | Corporate Guarantee | Hsbc | Grafton Recruitment Sp. Z.o.o. | Poland | 8,000,000.00 | PLN | 1,754,501 |
| Gi Group S.p.A. | Corporate Guarantee | Hsbc France | Grafton Slovakia Sro | Slovakia | 283,440 | EUR | 283,440 |
| Gi Group S.p.A. | Corporate Guarantee | Hsbc France | Grafton Recruitment Sro | Czech Republic | 85,877,435 | CZK | 3,272,519 |
| Gi Group S.p.A. | Corporate Guarantee | Intesa San Paolo | Gi Group Deutschland | Germany | 2,000,000.00 | EUR | 2,000,000 |
| Gi Group S.p.A. | Corporate Guarantee | Intesa San Paolo | Gi Group Spain | Spain | 3,000,000.00 | EUR | 3,000,000 |
| Gi Group S.p.A. | Corporate Guarantee | Intesa San Paolo | Gi Group Sp Z.o.o. | Poland | 13,000,000.00 | PLN | 2,851,065 |
| Gi Group S.p.A. | Corporate Guarantee | Intesa San Paolo | Beijing E4u Human Resource Co. Ltd | China | 4,000,000.00 | CYN | 498,598 |
| Gi Group S.p.A. | Corporate Guarantee | Intesa San Paolo Romania | Barnett Mccall Recruitment | Romania | 3,500,000.00 | RON | 718,937 |
| Gi Group S.p.A. | Corporate Guarantee | Intesa San Paolo Romania | Gi Group Staffing Company | Romania | 3,000,000.00 | RON | 616,232 |
| Gi Group S.p.A. | Corporate Guarantee | Itau-Unibanco Sa | Gi Group Recusos Humanos Ltd | Brazil | 15,000,000 | BRL | 2,353,495 |
| Gi Group S.p.A. | Corporate Guarantee | Unicredit Bank Czech Republic And Slovakia | Gi Group Hr Services Slovakia Sro | Slovakia | 270,000.00 | EUR | 270,000 |
| Gi Group S.p.A. | Corporate Guarantee | Unicredit S.p.A. | Shanghai Gi Enterprise Management Co Ltd | China | 275,000.00 | EUR | 275,000 |
| Gi Group S.p.A. | Corporate Guarantee | Unicredit S.p.A. | Beijing E4u Human Resource Co. Ltd | China | 550,000.00 | EUR | 550,000 |
| Gi Group S.p.A. | Corporate Guarantee | Unicredit S.p.A. | Shanghai Gi Enterprise Management Co Ltd | China | 2,899,000.00 | CYN | 361,359 |
| Gi Group S.p.A. | Corporate Guarantee | Unicredit S.p.A. | Shanghai Gi Enterprise Management Co Ltd | China | 2,230,000.00 | CYN | 277,968 |
| Gi Group S.p.A. | Corporate Guarantee | Unicredit S.p.A. | Shanghai Gi Enterprise Management Co Ltd | China | 5,070,000.00 | CYN | 631,973 |

(continued on the next page)

| Issuer | Type of guarantee | Beneficiary | Guaranteed company | Country | Amount | Currency | Value in euro |
|-----------------|---------------------|-----------------------|--|----------|------------|----------|-------------------|
| Gi Group S.p.A. | Corporate Guarantee | Unicredit Tiriac Bank | Barnett Mccall Recruitment / Gi Group Staffing | Romania | 867,040.00 | RON | 178,099 |
| Gi Group S.p.A. | Corporate Guarantee | Unikredit Bulbank | Od&M-Gi Group-Wyser Eood | Bulgaria | 400,000.00 | BGN | 204,520 |
| TOTAL | | | | | | | 38,615,257 |

Guarantees issued by banks for Gi Group S.p.A. lending for the approval of credit lines for foreign subsidiaries are the following:

| Issuer | Type of guarantee | Beneficiary | Guaranteed company | Country | Amount | Currency | Value in euro |
|------------------------|---------------------------|-------------------------------|---|-----------|---------------|----------|------------------|
| Unicredit | Bank guarantee | Yapi Ve Kredi Bankasi As | Gi Group & Wyser Turkey Secme Ve Yerkestirme Anonim | Turkey | 511,680.00 | TRY | 56,148 |
| Unicredit | Bank guarantee | Yapi Ve Kredi Bankasi As | Gi Group & Wyser Turkey Secme Ve Yerkestirme Anonim | Turkey | 51,168.00 | TRY | 5,615 |
| Bnl Gruppo Bnp Paribas | Bank guarantee | Bnp Paribas Lisbon | Gi Gp Empresa De Trabalho Temporario | Portugal | 800,000.00 | EUR | 800,000 |
| Unicredit | Bank guarantee | Unicredit Bank Sa | Barnett Mccall Recruitment | Romania | 3,500,000.00 | RON | 718,937 |
| Unicredit | Bank guarantee | Unicredit Bank Zao | Gi Group Llc | Russia | 20,000,000 | RUB | 218,658 |
| Bnl Gruppo Bnp Paribas | Stand by letter of credit | Gi Group Automotive | Gi Group Automotive | France | 100,000.00 | EUR | 100,000 |
| Unicredit | Stand by letter of credit | Gi Group Temporary Staffing | Gi Group Temporary Staffing | Argentina | 2,500,000.00 | ARS | 24,213 |
| Unicredit | Stand by letter of credit | Gi Staffing Services Ltd | Gi Staffing Services Ltd | India | 51,000,000 | INR | 568,812 |
| Unicredit | Stand by letter of credit | Gi Human Resources & Services | Gi Human Resources & Services | India | 20,600,000.00 | INR | 229,756 |
| TOTAL | | | | | | | 2,722,138 |

Guarantees issued for Italian subsidiaries to banks for the approval of credit lines are as follows:

| Issuer | Type of guarantee | Beneficiary | Guaranteed company | Country | Amount | Currency | Amount used in euro |
|-----------------|---------------------|----------------------|--------------------|---------|--------------|----------|---------------------|
| Gi Group S.p.A. | Corporate Guarantee | Banco Bpm | Gi On Board | Italy | 1,363,000.00 | EUR | 999,463 |
| Gi Group S.p.A. | Corporate Guarantee | Banco Bpm | Intoo | Italy | 2,250,000.00 | EUR | - |
| Gi Group S.p.A. | Corporate Guarantee | Credito Valtellinese | Wyser | Italy | 1,650,000.00 | EUR | - |
| Gi Group S.p.A. | Corporate Guarantee | Credito Valtellinese | Gi Hr Services | Italy | 1,500,000.00 | EUR | - |
| TOTAL | | | | | | | 999,463 |

Trade guarantees for subsidiaries include:

| Issuer | Type of guarantee | Beneficiary | Guaranteed company | Country | Amount | Currency | Value in euro |
|-----------------|---------------------|--------------------------|---|---------|------------|----------|----------------|
| Gi Group S.p.A. | Corporate Guarantee | Gi Group Deutschland | Wilhelm Reuss | Germany | 42,000 | EUR | 42,000 |
| Unicredit | Bank Guarantee | Yapi Ve Kredi Bankasi As | Gi Group & Wyser Turkey Secme Ve Yerkestirme Anonim | Turkey | 352,000 | TRY | 38,626 |
| Unicredit | Bank Guarantee | Unicredit Bank Ag | Gi Group Deutschland | Germany | 158,190.95 | EUR | 158,191 |
| TOTAL | | | | | | | 238,817 |

INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH RELATED PARTIES (ARTICLE 2427, PARAGRAPH 1, NO. 22-BIS OF THE ITALIAN CIVIL CODE)

In order to ensure compliance with the law and, notably, with Legislative Decree 3/11/2008 n. 173 on corporate information regarding transactions with related parties the company, during the financial year ended on 31/12/2020, defined the criteria for the recognition of transactions carried out with the aforementioned related parties.

Said transactions were usually carried out at the same conditions as those applied for transactions made with independent third parties. The transactions were carried out on the basis of mutual economic benefits and fair contractual terms and conditions.

The types of related parties that are significant for the company, include:

- Subsidiaries;
- affiliated companies;
- parent companies.

| Receivables | | | | | |
|---|-------------------|-----------------------|--------------|-------------------|--|
| (in Euro) | Trade receivables | Invoices not yet sent | Cash pooling | Other receivables | 5) Receivables from companies controlled by parent companies |
| Subsidiaries | | | | | |
| Intoo Srl | 414,291 | 6,475 | | | |
| EXS | 106,646 | | | | |
| GI HR Services Srl | 237,686 | | | | |
| OD&M | 79,380 | 12,309 | | | |
| GI International S.r.l. | 38,890 | | 52,781,363 | 121,327 | |
| GI Formazione Srl | | | | | 329,934 |
| C2C S.r.L. | 156,594 | 715 | | | |
| Wyser S.r.l. | 455,323 | | | | |
| Tack & TMI Italy | 270,031 | | 261,363 | | |
| GI on Board | 985,843 | | 2,651 | | |
| IT Enginium S.r.l. | 425,351 | | 1,837,828 | 34 | |
| Gi Groupe Automotive S.a.s. | 30,055 | | | | |
| Gi Group Spain Empresa de Trabajo Temporal S.L. | 114,326 | 510 | | | |
| Gi Research S.L. | 66,648 | | | | |
| Gi Group Outsourcing | 26,382 | | | | |
| Barnett McCall Recruitment S.r.l. | 83,378 | | | | |
| Gi Group Staffing Company SRL | 25,840 | | | | |
| Gi Holding Deutschland GmbH | 5,000 | | | | |
| Gi Group Deutschland GmbH | 260,029 | | | | |
| Gi Group Sp.Z.o.o. | 261,011 | | | | |
| GI Polska Sp.Z.o.o. | 1,241 | | | | |
| Wyser Sp.Z.o.o. | 36,270 | | | | |
| QiBit sp. z o.o. | 615 | | | | |
| Gi Group Recruitment Ltd | 1,819,187 | | | | |
| Draefern Ltd | 405,625 | | | | |

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| Receivables | | | | | |
|-----------------------------------|-------------------|-----------------------|--------------|-------------------|--|
| (in Euro) | Trade receivables | Invoices not yet sent | Cash pooling | Other receivables | 5) Receivables from companies controlled by parent companies |
| Tack International Limited | 205,576 | | | | |
| Intoo (UK) Limited | 1,528 | | | | |
| Marks Sattin | 198,393 | | | | |
| Gi Group Czech Republic s.r.o. | 9,700 | | | | |
| Gi Group Netherlands | 38,918 | | | | |
| Gi Group Holding Bv | | | | | |
| Gi Group Portugal | 38,334 | 40 | | | |
| GIWYSER | 19,801 | | | | |
| GIIT | 5,262 | | | | |
| Swiss Profile Intermate SA | 10,568 | 1,407 | | | |
| DK Time Manager International A S | 1,102 | | | | |
| Gi Group Brasil RH Ltda | 56,064 | | | | |
| Gi Group Temporary Staffing | 20,256 | | | | |
| Gi Group Colombia | 2,168 | | | | |
| Elixir | 10,890 | | | | |
| GI Staffing Services | 36,545 | | | | |
| Hitech Ltd. | 1,905 | | | | |
| E4U | 9,369 | | | | |
| GI Ningbo - GuangYe | 579,552 | | | | |
| Shanghai Consulting | 2,048 | | | | |
| Wyser EOOD | 4,065 | | | | |
| Tack & TMI Bulgaria EOOD | 752 | | | | |
| Gi Group EOOD | 20,026 | | | | |
| Gi Group HR Solutions DOO Beograd | 14,152 | | | | |
| Career Team d.o.o. HR | 4,017 | | | | |
| Gi Group d.o.o. | 7,767 | | | | |
| Gi Group Outsourcing | 2,693 | | | | |

(continued on the next page)

| Receivables | | | | | |
|---|-------------------|-----------------------|-------------------|-------------------|--|
| (in Euro) | Trade receivables | Invoices not yet sent | Cash pooling | Other receivables | 5) Receivables from companies controlled by parent companies |
| WYSER S&S Personel | 19,123 | | | | |
| Gi Group Turkey | 16,732 | | | | |
| Wyser Russia | 3,600 | | | | |
| Gi Group LLC | 3,569 | | | | |
| UAB Gi Group Lithuania | 4,112 | | | | |
| Grafton Recruitment Polska Sp.zoo | 102,231 | | | | |
| Grafton Recruitment s.r.o. | 123,009 | | | | |
| Grafton Slovakia s.r.o. | 50,420 | | | | |
| Grafton Recr Személyzeti Tanácsadó Kft. | 59,305 | | | | |
| TOTAL | 7,989,195 | 21,456 | 54,883,204 | 121,361 | 329,934 |
| Parent companies | | | | | |
| Gi Group Holding Srl | 169,256 | | 3,232,197 | 5,400 | |
| SCL Holding SpA | | | | 34 | |
| TOTAL | 169,256 | | 3,232,197 | 5,434 | |

| Payables | | | | | | |
|---|----------------|--------------------|----------------|--|---------------|---------------------|
| (in Euro) | Trade payables | Cash Pooling Debit | Other payables | 11-bis) Payables to companies controlled by parent companies | Loans payable | Income tax payables |
| Subsidiaries | | | | | | |
| Intoo Srl | 59,725 | 2,551,333 | 136 | | | |
| EXS | 2,672 | 243,237 | 30 | | | |
| GI HR Services Srl | 375,664 | 367,998 | | | | |
| OD&M | 171366 | 983,847 | | | | |
| GI International S.r.l. | | | | | | |
| GI Formazione Srl | | | | 6,662,571 | | |
| C2C S.r.L. | 18,823 | 1,272,891 | | | | |
| Wyser S.r.l. | 190,530 | 1,341,685 | 129 | | | |
| Tack & TMI Italy | 361,103 | | | | | |
| GI on Board | 13,304 | 132,849 | 353 | | | |
| IT Enginium S.r.l. | 1,289,515 | 224 | | | | |
| Gi Groupe Automotive S.a.s. | 210,811 | | | | | |
| Gi Group Spain Empresa de Trabajo Temporal S.L. | 515,603 | | | | | |
| Gi Research S.L. | | | | | | |
| Gi Group Outsourcing | 145,948 | | | | | |
| Barnett McCall Recruitment S.r.l. | 490,351 | | | | | |
| Gi Group Staffing Company SRL | 9,811 | | | | | |
| Gi Holding Deutschland GmbH | | | | | | |
| Gi Group Deutschland GmbH | 108,155 | | | | | |
| Gi Group Sp.Z.o.o. | 8,464 | | | | | |
| GI Polska Sp.Z.o.o | | | | | | |
| Wyser Sp.Z.o.o. | 3,290 | | | | | |
| QiBit sp. z o.o. | | | | | | |
| Gi Group Recruitment Ltd | 729,632 | | | | | |
| Draefern Ltd | | | | | | |

(continued on the next page)

| Payables | | | | | | |
|-----------------------------------|----------------|--------------------|----------------|--|---------------|---------------------|
| (in Euro) | Trade payables | Cash Pooling Debit | Other payables | 11-bis) Payables to companies controlled by parent companies | Loans payable | Income tax payables |
| Tack International Limited | 13,775 | | | | | |
| Intoo (UK) Limited | | | | | | |
| Marks Sattin | | | | | | |
| Gi Group Czech Republic s.r.o. | 150,673 | | | | | |
| Gi Group Netherlands | 4,283 | | | | | |
| Gi Group Holding Bv | 43,826 | | | | | |
| Gi Group Portugal | 277,941 | | | | | |
| GIWYSER | | | | | | |
| GIIT | | | | | | |
| Swiss Profile Intermate SA | 35,120 | | | | | |
| DK Time Manager International A S | 65,450 | | | | | |
| Gi Group Brasil RH Ltda | 59,813 | | | | | |
| Gi Group Temporary Staffing | 0 | | | | | |
| Gi Group Colombia | | | | | | |
| Elixir | | | | | | |
| GI Staffing Services | | | | | | |
| Hitech Ltd. | 10,450 | | | | | |
| E4U | 11,025 | | | | | |
| GI Ningbo - GuangYe | | | | | | |
| Shanghai Consulting | | | | | | |
| Wyser EOOD | 43,736 | | | | | |
| Tack & TMI Bulgaria EOOD | 400 | | | | | |
| Gi Group EOOD | 36,459 | | | | | |
| Gi Group HR Solutions DOO Beograd | | | | | | |
| Career Team d.o.o. HR | | | | | | |
| Gi Group d.o.o. | | | | | | |

(continued on the next page)

| Payables | | | | | | |
|---|------------------|--------------------|----------------|--|------------------|---------------------|
| (in Euro) | Trade payables | Cash Pooling Debit | Other payables | 11-bis) Payables to companies controlled by parent companies | Loans payable | Income tax payables |
| Gi Group Outsourcing | | | | | | |
| WYSER S&S Personel | | | | | | |
| GI GROUP Turkey | | | | | | |
| Wyser Russia | | | | | | |
| Gi Group LLC | | | | | | |
| UAB Gi Group Lithuania | | | | | | |
| Grafton Recruitment Polska Sp.zoo | | | | | | |
| Grafton Recruitment s.r.o. | 330,916 | | | | | |
| Grafton Slovakia s.r.o. | | | | | | |
| Grafton Recr Személyzeti Tanácsadó Kft. | | | | | | |
| TOTAL | 5,788,634 | 6,894,063 | 648 | 6,662,571 | | |
| Parent companies | | | | | | |
| Gi Group Holding Srl | 455,792 | | | | | |
| SCL Holding SpA | 4,637 | | | | 5,265,376 | 1,922,551 |
| TOTAL | 460,429 | | | | 5,265,376 | 1,922,551 |

On the 2020 company tax form, Gi Group has operated a consolidated tax regime as a subsidiary company. The parent company is SCL HOLDING S.r.l. The companies making up the consolidated tax regime are:

- CSC Srl
- Wyser Srl
- Tack&Tmi Srl
- Gi On Board Srl
- Enginium Srl
- Gi Hr Services Srl
- Exs Srl
- Gi Group Holding Srl
- Intoo Srl
- Od&M Srl
- Gi International Srl
- Gi Formazione Srl

SIGNIFICANT EVENTS THAT OCCURRED AFTER THE FINANCIAL YEAR-END

SIGNIFICANT EVENTS OCCURRED AFTER THE CLOSING DATE (ARTICLE 2427, PARAGRAPH 1, NO. 22-QUATER OF THE ITALIAN CIVIL CODE)

In view of the indications of accounting standard OIC 29, relevant events, different from the ones required by art. 2427 par. 1 no.6-bis of the Italian Civil Code, which occurred after the end of the financial year, are described.

On 29/09/2020, the Company exercised the option to operate a group VAT scheme which will take effect on 01/01/2021.

This decision was taken for the entire group, and its individual member companies, to enjoy future tax benefits, and to rationalise the resulting tax obligations.

The members of the new group VAT scheme are:

Name: GI GROUP HOLDING
VAT no.: 11412450964

Being part of a group VAT scheme has no significant legal effect on the existing implied and explicit relations with third parties.

INFORMATION ON DERIVATIVE FINANCIAL INSTRUMENTS ACCORDING TO ARTICLE 2427-BIS OF THE ITALIAN CIVIL CODE

INFORMATION ON FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS (ART. 2427-BIS PAR.1 N.1 OF THE ITALIAN CIVIL CODE)

Upon closing date, some hedging derivative financial instruments were used. The relevant information is included in item B.3). Derivative financial liabilities under liabilities of the Statement of assets and liabilities (please see the document).

SUMMARY OF THE COMPANY'S FINANCIAL STATEMENTS OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION

INFORMATION ON THE COMPANY OR ENTITY CONDUCTING MANAGEMENT AND COORDINATION ACTIVITIES (ART. 2497-BIS OF THE ITALIAN CIVIL CODE)

The summary statements of core data of the latest approved financial statements of the company GI GROUP HOLDING S.R.L. for the 2019 FY are given below for higher transparency on the equity managed on behalf of creditor and other shareholders of the company, in case management and coordination activities lead to a decrease in the company's equity, its profitability and the value of the shareholders' investments.

SUMMARY OF THE COMPANY'S STATEMENT OF ASSETS AND LIABILITIES OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION

| | Latest FY | Previous FY |
|--|------------------|------------------|
| Date of the last approved financial statements | 31.12.2019 | 31.12.2018 |
| B) Non-current assets | 5,962,360 | 5,962,360 |
| C) Current assets | 1,905,072 | 2,182,143 |
| D) Accruals and prepayments | 17,993 | 17,890 |
| TOTAL ASSETS | 7,885,425 | 8,162,393 |
| A) Shareholders' Equity | | |
| Share capital | 102,768 | 102,768 |
| Reserves | 1,110,740 | 617,466 |
| Profit (loss) for the period | 266,839 | 493,275 |
| Total net equity | 1480347 | 1,213,509 |
| C) Severance pay for employed staff | 125,606 | 144,032 |
| D) Payables | 6,279,422 | 6,804,802 |
| E) Accrued payables and deferred income | 50 | 50 |
| TOTAL LIABILITIES | 7,885,425 | 8,162,393 |

SUMMARY OF THE COMPANY'S INCOME STATEMENT OF THE COMPANY EXERCISING MANAGEMENT AND COORDINATION

| | Latest FY | Previous FY |
|--|------------|-------------|
| Date of the last approved financial statements | 31.12.2019 | 31.12.2018 |
| A) Value of production | 3,967,139 | 3,670,140 |
| B) Costs of production | 3,577,717 | 2,989,326 |
| C) Financial income and charges | (11,133) | (3,905) |
| Current and deferred income taxes | 111,450 | 183,634 |
| Profit (loss) for the period | 266,839 | 493,275 |

It is hereby declared that the company GI GROUP HOLDING S.R.L. which conducts management and coordination activities, prepared the consolidated financial statements for the 2019 financial year.

From the 2017 financial year, GI GROUP HOLDING S.R.L. consolidated its management and coordination role for Group companies, by creating a structure made up of the Directors of the various companies affected, including GI GROUP S.R.L., which has the role of managing and administering the structure. Each company contributes to the costs and expenses incurred for management and control, based on objective parameters.

INFORMATION PROVIDED PURSUANT TO ARTICLE 1, PARAGRAPH 125, ITALIAN LAW NO. 124 OF 4TH AUGUST 2017.

In order to comply with the provisions of Article 1, paragraph 125 of Italian Law 124/2017, the company states that, during the financial year, it has received contributions that qualify as Active Policies ("PAL"), that is, initiative implemented by regions and authorised bodies aimed at allowing people from disadvantaged backgrounds and others to enter or return to training or into the labour market.

These contributions fall under the scope of the activities of Gi Group S.p.A and are paid once services have been performed that are regulated by rules set out in individual competitions/tenders.

In particular, "Active Policies" include:

- "Dote unica lavoro"
- "Garanzia Giovani"

"Dote unica lavoro" is a structured initiative to support the needs of people in different phases in their professional life by offering integrated and personalised services.

"Garanzia Giovani" is a provision in Italian law implementing an EU plan to support young people entering the labour market. This support is based on individual needs and targets 16 to 29-year olds.

Although these contributions fall under the scope of the company's activities, detailed information on their nature and origin is set out below:

| Paying entities | The project | Amount |
|--|--------------------|--------------|
| Municipality of turin | Projects | 153,610.92 |
| Lombardy region - skills | Department | 36,706.00 |
| | Garanzia giovani | 14,879.00 |
| Veneto region | Projects | 2,967,203.90 |
| Regional council-abruzzo region | Garanzia giovani | 23,600.00 |
| Veneto employment | Projects | 1,200.00 |
| Lazio region - regional management | Public competition | 117,000.00 |
| | Garanzia giovani | 22,152.00 |
| | Projects | 1,250.00 |
| Piedmont region | Public competition | 215,569.00 |
| Tuscany regional council | Garanzia giovani | 43,600.00 |
| Campania region - education dept. Fo | Garanzia giovani | 289,415.50 |
| Anpal - italian national agency for active employment policies | Projects | 90,474.99 |
| Emilia romagna region training and | Public competition | 252,732.00 |

PROPOSAL FOR ALLOCATION OF PROFITS OR LOSS COVERAGE

PROPOSAL FOR ALLOCATION OF THE PROFIT FOR THE PERIOD

In view of the above, we propose to allocate of the profit for the period, amounting to Euro 18,021,903.79, as retained earnings.

In addition to the information as per art. 2427 of the Italian Civil Code, further information, complementary or required by law aimed at giving a true and fair view of the equity, financial and economic results of the company, is shown below.

LIST OF REMEASUREMENTS

Upon closing date of the financial year analysed in these financial statements, the company's assets were subject to write-ups summarised in the following statements:

TANGIBLE ASSETS

| | Land and buildings | Investment property | Plants and machinery | Equipment | Other tangible assets |
|-----------------|--------------------|---------------------|----------------------|-----------|-----------------------|
| Historical cost | 0 | 0 | 0 | 0 | 5,765,796 |
| L. 126/2020 | 0 | 0 | 0 | 0 | 1,739,848 |

INTANGIBLE ASSETS AND EQUITY INVESTMENTS

| | Patents | Concessions, licences, trademarks | Other non-current intangible assets | Equity investments |
|-----------------|---------|-----------------------------------|-------------------------------------|--------------------|
| Historical cost | 0 | 12.811.139 | 0 | 7.346.456 |
| L. 126/2020 | 0 | 29,646,051 | 0 | 16,253,544 |

EFFECTS OF THE REMEASUREMENT CARRIED OUT PURSUANT TO ITALIAN LAW 126/2020

The company took advantage of the opportunity offered by Article 110, Italian Law 126/2020 to remeasure intangible and tangible assets recognised in the financial statements to 31/12/2019 and to remeasure equity investments with regard to values in the financial statements to 31/12/2020.

The Classes of asset affected are:

- Software
- Trademarks
- Fittings
- Office machines
- Furniture
- Equity investments

These remeasurements were made by reducing the accumulated amortisation/depreciation of all assets in these categories except for "trademarks", which were remeasured in historical costs and with a 100% reduction in accumulated amortisation.

A remeasurement reserve and a balancing entry as tax liabilities for substitute taxes owed have been recognised in these financial statements, except for equity investments.

Pursuant to law, the statement below contains data divided into individual category of asset:

| Description of fixed asset | Historical cost | Accumulated amortisation/depreciation pre-measurement | Residual value before remeasurement | Remeasurement amount | Substitute tax | Revaluation reserve ex-Italian Law 126/2020 |
|----------------------------|-----------------|---|-------------------------------------|----------------------|----------------|---|
| Software | 11,560,622 | 10,387,877 | 1,172,745 | 9,961,273 | 298,838 | 9,662,435 |
| Trademarks | 1,250,517 | 875,222 | 375,295 | 19,684,778 | 590,543 | 19,094,235 |
| Fittings | 2,978,837 | 1,850,159 | 1,128,678 | 1,126,966 | 33,809 | 1,093,157 |
| Office machines | 1,462,542 | 903,420 | 559,122 | 304,844 | 9,145 | 295,699 |
| Furniture | 1,324,417 | 686,966 | 637,451 | 308,038 | 9,241 | 298,797 |
| Equity | 7,346,456 | - | 7,346,456 | 16,253,544 | | 16,253,544 |

RESERVES AND FUNDS (TAXABLE IF DISTRIBUTED)**STATEMENT OF RESERVES AND OTHER PROVISIONS IN EXISTENCE AT 31.12.2020**

Nel patrimonio netto sono presenti le seguenti poste:

| Reserves | Value |
|---|------------|
| Remeasurement reserve ex-Italian Law 126/2020 | 46,697,867 |

5

**MANAGEMENT
REPORT**



INTRODUCTION

DEAR SHAREHOLDERS,

Gi Group is the Italy's largest employment multinationals, and one of the world's leading businesses that is dedicated to developing the labour market through a wide range of solutions. The Group's product line is highly specialised and diversified, designed to respond to the ever more complex needs of businesses and people and, subsequently, to create value, with the aim of being the leader provider of sustainable labour.

2020 was a very complex year, with the COVID-19 pandemic affecting all global markets. Markets were overtaken by uncertainty and greatly influenced by periods of lockdown, which had an enormous impact on people's lives and welfare, as well as on the labour market and the Group's financial results.

The Group reacted dynamically and responsively, focusing mainly on protecting internal and external workers, on meeting the new needs of customers, and carefully and flexibly managing its operations and financial variables. It redesigned the organisational model of work, focusing more towards the digital, and concentrating its efforts on getting through this critical phase, which hit the various countries in which the Group operates in different ways and at different times.

Right from the first signs of the oncoming pandemic, the Group implemented measures to contain operating costs and strategies aimed at conserving cash and obtaining further liquidity, in order to mitigate the impact of the drop in turnover.

The chapter relating to management performance specifies the actions taken and the economic and financial effects identified.

Despite this period of international economic recession, the Group has been able to develop commercial initiatives, mainly concentrated in the Temporary Staffing and Outsourcing sectors, and has reinforced its position through major acquisitions.

Currently, Gi Group is the Europe's sixth largest HR services provider, one of the few able to meet the needs of large multinationals, thanks to its international acquisitions, made through its subsidiary GI International.

Its main investments include the acquisition of a majority stake of one of the market-listed Polish group, Work Service, which has subsidiaries in other European countries. This will allow Gi Group to operate in the central-eastern European market with ample opportunity for growth.

The company has expanded in the US market with the acquisition of the outplacement arm of the Californian company CareerArc, and has increased its presence in Spain with the acquisition of Grupo Norte, and in Brazil through Kelly Services Brazil (KSB).

These operations underline the Group's objective of focusing on the post-pandemic rebound.

Gi Group, in its role as labour market intermediary, aims to play its part in this recovery by providing an important boost to the markets in which it operates, responding to businesses' need for greater flexibility and to people's needs for more training and professionalism, in order to guarantee employment following the pandemic.

The Group has medium- and long-term strategic objectives and believes that structural growth will be supported by new market trends, which will allow it to fully exploit the potential of its new investments, in order to achieve profitable and sustained growth.

The Group's economic performance in 2020 shows an overall 2.3% reduction in revenues, compared with the +13.7% average growth recorded over the previous five years. This translated in a 16.5% reduction in the Group's EBITDA, although this was mitigated by actions taken to contain operating costs, while particular emphasis was placed on managing and preserving credit and sources of financing.

In performing its activities, the Group makes a positive contribution to society and the economy, through dialogue with parties affected by the evolution of the labour market and actively cooperating with national, European, and global institutions.

Gi Group is a member of the World Employment Confederation (WEC), the international confederation of employment agencies, and of its European branch, WEC - Europe.

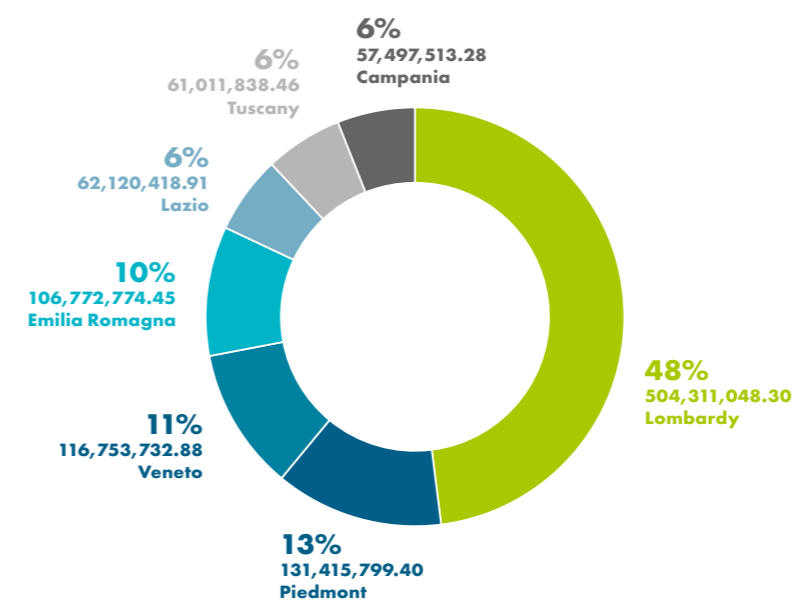
Globally, WEC is constantly discussing with the ILO (International Labour Office), the UN body dedicated to the promotion of good working conditions in the world, the OECD, the WORLD BANK and Unions in order to promote adequate national legislation allowing private staffing companies to operate and for the triangular relationship of the staffing industry to be regulated in a proper manner.

Also, with regard to youth training aimed at preparing them for entering the labour market, since 2015, Gi Group has been a partner in the European Alliance for Apprenticeships, the network of businesses and training formed by the European Commission to promote apprenticeships in schools and businesses and to young people and families.

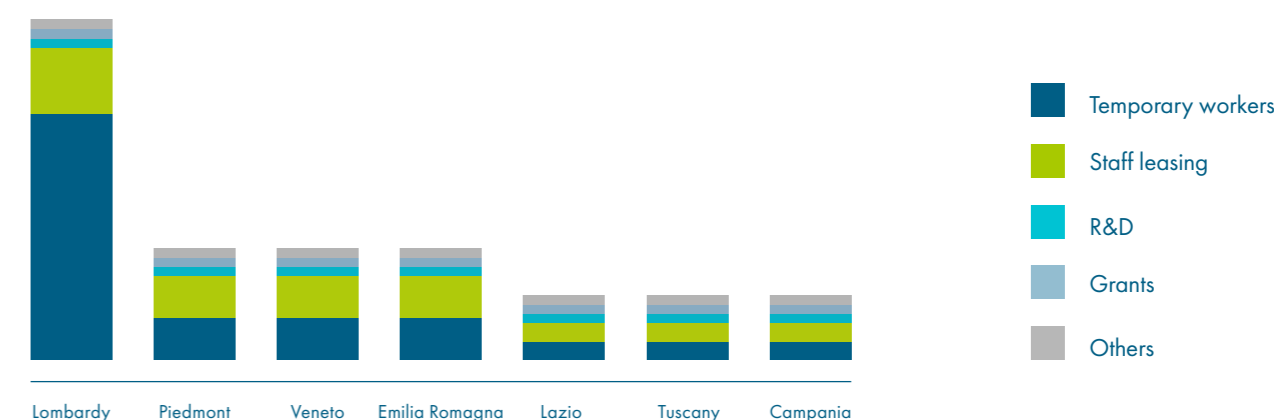
In 2020, Gi Group consolidated its position in its target market. Temporary staffing, its core business, represents 67% of revenues realised during 2020, followed by staff leasing turnover, which accounts for 32% of the total.

At territorial level, six regions made significant contributions to the year's performance, realizing turnover greater than EUR 50 million as a benchmark, as shown in the graphic below:

REGIONS WITH TURNOVER > 50 MILLION EURO



REGIONS: TYPE OF REVENUE



THE MACROECONOMIC SCENARIO

COVID-19 was spread in Italy in February 2020, in a phase of the economic cycle that was already difficult and showing evident signs of stagnation. The spread of the virus had a notable impact on Italy's economy and society.

The effects of the pandemic were amplified by different factors occurring at the same time:

- the adoption of measures to contain the spread of COVID-19, implemented by the Italian Government, which limited the potential for production and consumption;
- a fall in foreign demand, which was a consequence of the measures taken by governments around the world to combat the virus;
- a collapse in the numbers of foreign tourists, caused by the limited movement of people;
- a significant increase in the level of uncertainty which led to lower business investment.

This caused uncertain and fluctuating economic performance in the Italian economy throughout 2020.

In the first quarter of the year, there were signs of a certain amount of business confidence; industrial output grew slightly compared to 2019, despite the negative private consumption and investment figures. The suspension of economic activity, except for essential sectors, such as agrifoods, large-scale retail distribution, pharmaceuticals, logistics, and communications, led to an initial 5.4% drop in GDP, spread across all the main production sectors, from industry to services and agriculture.

The recovery of production and consumer activity at the beginning of May and during the summer had a positive effect on GDP. However, this was only felt in the third quarter of 2020 with a 15.9% increase, despite a negative trend of 5% since the beginning of the year.

However, the reintroduction of a partial block on production activity in autumn, due to the second wave of the virus, meant that the Italian economy's gradual recovery could not continue, leading to an overall fall in GDP for 2020 of 8.9% compared with the previous year.

This significant drop in GDP was mitigated by the adoption of welfare measures during the year, structured at regional level, which allowed some key sectors, like the manufacturing industry and construction, to continue operations. Political and economic measures totalling EUR 108 billion, or 6.5% of GDP, were also implemented in support of businesses and families, along with further measures in support of providing credit to the economy.

There was an immediate effect on the budget deficit, which grew by 9.5% of GDP, and debt-to-GDP ratio worsened as a conse-

quence, growing to 155.8%. Debt-to-GDP ratio is forecasted to increase further in 2022 and then decrease in the following years.

In addition, the rate of inflation fell by 0.1% and the labour market was also affected, with the introduction of measures like furlough payments and a moratorium on redundancies, which reduced the effects of the state of the economy. These measures led to a 2.8% fall in employment and affected the rate of unemployment, which was measured at 9.3%, compared to 10% in 2019.

Government action in support of the economy did not end in 2020, but will also continue into 2021. The Government's main objective was to quickly identify the type of action required to recover from the crisis, from both a healthcare and an economical point of view.

Healthcare measures primarily include a strong push for the vaccine campaign, medical research, restructuring of the healthcare system, at national and local level.

The Government's economic programme was based on three types of action:

- a wide spectrum of measures for workers, including:
 - relief and support for disadvantaged segments of the population, incentives for young people and women, and seasonal workers, and extending some existing measures like the moratorium on redundancy and the adoption of homeworking policies;
 - support for businesses through the introduction or renewal of tax reliefs and credits and provision of credit guarantees.

These actions were aimed at stimulating consumption, the export of goods and services, industrial output and, especially, business and domestic confidence, at least in the second part of the year.

- preparation of a National Recovery and Resilience Plan (NRRP), financed by European Next Generation funds and aimed at:
 - supporting economic, social and regional cohesion;
 - strengthen social and economic resilience;
 - mitigating the economic and social impact of the crisis;
 - supporting environmental and digital transition.

This was a relaunch plan capable of guiding public investment and providing an incentive for private investment, stimulating research and development, making a significant start on the country's digitalisation and innovation process, enhancing the potential for growth in employment, creating new professionalisms. The document does not just cover economic issues, but also proposed structural reforms, such as public services, legal reforms, competition reforms and changes to tax assessments and collection.

- Amendments to the public service net debt reduction process, with an extension of timescales due to the longer duration of

the pandemic. This suspends the current Stability and Growth Pact which requires that debt-to-GDP ratio is maintained below 3% per year. The scenario accepted by institutions is that the goal will be postponed to 2025, in order to support the push for regeneration which the country will have to address in the coming years and could be achieved with a rationalisation of current costs with a crackdown on tax evasion.

In view of these support measures, economic estimates show a positive effect on GDP, growing by 4.5% in 2021 and 4.8% in 2022, then growing more slowly, 2.6% in 2023 and 1.8% in 2024, as shown in the table below (source: Italian Ministry of Economy and Finance's 2021 Economy and Finance Document):

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------|------|------|------|------|
| GDP | -8.9 | 4.1 | 4.3 | 2.5 | 2.0 |
| GDP deflator | 1.2 | 1.1 | 1.2 | 1.3 | 1.2 |
| Consumption deflator | -0.2 | 1.0 | 1.2 | 1.3 | 1.2 |
| Nominal GDP | -7.8 | 5.2 | 5.6 | 3.8 | 3.2 |
| Employment (ULA) (2) | -10.3 | 3.5 | 3.9 | 2.2 | 1.7 |
| Employment (FL) (3) | -2.8 | -1.2 | 2.9 | 2.1 | 1.6 |
| Unemployment rate | 9.3 | 9.9 | 9.5 | 8.8 | 8.2 |
| Current account balance (balance in% of GDP) | 3.6 | 2.6 | 2.8 | 2.8 | 2.8 |
| (1) Any inaccuracies derive from rounding | | | | | |
| (2) Employment expressed in terms of standard labor units (AWU) | | | | | |
| (3) Number of employees basing on the sample survey made by "rilevazione Continua della Forza Lavoro" (RCFL) | | | | | |

MARKET SCENARIOS AND EVOLUTION IN THE REGULATORY FRAMEWORK

Employment trends in Italy have felt the effects of the various phases of the measures implemented to combat the pandemic.

After an initial period of stagnation, the beginning and worsening of the crisis during March and April coincided with a significant fall in labour demand in terms of numbers of people employed and in terms of total hours worked. Efforts to contain employment losses include the adoption of measures like reduction in working hours, disposal of holidays, but mostly through the use of wage supplementation tools, like the CIG scheme introduced by the Italian Government.

The return of economic activity in the third quarter was accompanied by similarly positive trends in terms of people employed, supported by the extension of the CIG scheme,

despite being implemented differently compared with the early part of the year, and the extended moratorium on redundancies.

The further suspension of activities in the fourth quarter, which was less generalised than previous suspensions, led to a recovery in the level of employment.

The categories of workers who suffered a greater increase in unemployment are young people, women, and residents in the central and southern regions of Italy, as shown in the table below (source: INPS 2020 annual report)

| Characteristics of the population | Employment rate 15-64 years | | | | Unemployment rate | | | | Inactivity rate 15-64 years | | | |
|-----------------------------------|-----------------------------|--------------------|-------------|------------|-------------------|--------------------|-------------|------------|-----------------------------|--------------------|------------|-------------|
| | Values T3 2020 | Short-term changes | | | Values T3 2020 | Short-term changes | | | Values T3 2020 | Short-term changes | | |
| | | T1 - 2020 | T2 - 2020 | T3 - 2020 | | T1 - 2020 | T2 - 2020 | T3 - 2020 | | T1 - 2020 | T2 - 2020 | T3 - 2020 |
| TOTAL | 57.9 | -0.2 | -1.1 | 0.2 | 9.8 | -0.3 | -0.7 | 1.4 | 35.7 | 0.5 | 1.8 | -1.2 |
| Age class | | | | | | | | | | | | |
| 15-34 years | 39.6 | -0.4 | -2.0 | 0.3 | 19.1 | -0.5 | -0.7 | 2.8 | 51.1 | 0.7 | 2.8 | -2.0 |
| 35-49 years | 73.0 | -0.2 | -1.4 | 0.7 | 8.2 | -0.3 | -0.5 | 0.9 | 20.5 | 0.4 | 2.0 | -1.5 |
| 50 years and over (a) | 60.6 | -0.1 | 0.0 | -0.3 | 5.5 | -0.2 | -0.8 | 0.9 | 35.6 | 0.2 | 0.6 | -0.3 |
| Gender | | | | | | | | | | | | |
| Males | 67.0 | -0.2 | -1.1 | 0.2 | 9.0 | -0.3 | -0.5 | 1.2 | 26.2 | 0.5 | 2.0 | -1.3 |
| Females | 48.8 | -0.2 | -1.2 | 0.2 | 11.0 | -0.3 | -1.1 | 1.7 | 45.1 | 0.5 | 1.6 | -1.2 |
| Geographical breakdown | | | | | | | | | | | | |
| North | 66.5 | -0.4 | -1.1 | 0.2 | 6.2 | -0.1 | 0.0 | 0.5 | 29.0 | 0.5 | 1.1 | -0.6 |
| Center | 62.2 | -0.1 | -1.0 | -0.3 | 9.0 | -0.1 | -1.7 | 2.6 | 31.5 | 0.2 | 2.3 | -1.7 |
| South | 44.0 | -0.1 | -1.4 | 0.6 | 16.9 | -0.7 | -1.2 | 1.9 | 46.8 | 0.6 | 2.4 | -1.9 |

In terms of yearly average, 2% of jobs – 456,000 – were lost. The fall in employment was felt mainly by fixed-term employees (-319,000 year on year, equal to -12.8%) and, to a lesser extent, self-employed contract workers (-154,000, -2.9%); however, the number of employees on open-ended contracts grew (+89,000, or +6%). The reduction hit full-time workers hardest (-251,000, -1.3%) although, in percentage terms, part-time workers were especially affected (-205,000, -4.6%).

In terms of economic sectors, significant downsizing and falls in productivity were felt in every sector, except for the public sector, which did not record any significant variation, the chemical and pharmaceutical sectors, which recorded a growth in employment, and construction, where despite an increase in jobs, the number of hours worked actually fell (-6.3%).

More notable effects were recorded in the communications, information services, agriculture, forestry and fishing (-6.0%), and manufacturing (-11.1%) sectors, where the greater fall was felt in terms of hours worked.

The sectors in which employment fell most were commercial services (-10.04%), hospitality (-16%), family, recreation and property services (-14.6), and textile and clothing. The greater impact on these sectors is due to the fact that they employ a high number of temporary-contract workers for whom home working is not an option.

Home-working practices, adopted by only a small number of businesses pre-COVID, became a key tool in the early phase of the pandemic. According to an ISTAT report, 77% of businesses adopted home-working practices in 2020, a notable rise on the 15% recorded in 2019.

Agile working, which transformed the labour market last year, caused businesses to rethink their future plans for workspace, technology and alternative methods of working.

During 2020, the temporary staffing industry inevitably felt the effects of the spread of COVID-19. Despite this, the industry showed notable resilience during the year, especially when compared with other forms of fixed-term employment. In fact, the monthly data show that the yearly average number of temporary jobs fell by just 6.7% in 2020 compared with 2019, against an 11.9% fall in the annual monthly average of all fixed-term jobs recorded in 2020. These figures reflect the double effect on the sector in question which, on the one hand, saw the number of fixed-term temporary staffing jobs fall by 15.7% in 2020, compared with 2019, whilst, on the other hand, the number of open-ended temporary staffing contracts continued the growth trend from 2019, rising by 33.7% in 2020 compared with the previous year (taking the annual monthly average as reference).

One positive sign is the fact that, in the last two months of the year, the number of temporary staffing jobs recovered to the previous year's levels, showing a surprisingly positive trend. (December 2020 saw a year-on-year increase of 4.8% in the number of temporary staffing jobs, the best performance since January).

From a technical and legal perspective, several parts of legislation were enacted that affected the temporary staffing industry, particularly the fixed-term temporary staffing sector. These pieces of legislation, included in the "Cure Italy" Decrees, the "Relaunch" Decree and the "August" Decree, affected the more restrictive provisions governing the temporary staffing industry that were introduced by the "Dignity Decree", in particular in terms of "causalities". The new measures, all aimed at enabling greater use of this industry through the temporary suppression of some restrictive provisions, have certainly highlighted how the resilience of this industry can benefit the defence of jobs but, mostly, how the data

recorded in the last two months of the year show how the temporary staffing industry can relaunch employment.

CORPORATE GOVERNANCE

SCL Group is aware of the importance of an adequate Corporate Governance system in order to achieve strategic objectives and create sustainable value in the long-term, ensuring effective leadership of the Group in compliance with the laws and regulations and correct conduct with all the Group's stakeholders.

In line with the Group's guidelines, Gi Group developed, and constantly keeps, its Corporate Governance system updated in line with recommendations and Italian regulations on the subject, applying national best practices.

The Group bases its actions on strong ethical principles, supported by a clear, individual commitment to act responsibly. The company sees the opportunity to help people operating in the Group to be completely aware of the consequences of their professional decisions, for their sake and the organisation's health, but also for all other stakeholders: workers, candidates, client companies, institutions, local communities, suppliers, competitors and any other economic, social and labour market stakeholder.

Moreover, the Group set principles, rules and procedures organising and guiding business activities, in all its organisational and operating functions, to guarantee effective implementation in the company's activities, in compliance with the principle of transparency.

THE CORPORATE GOVERNANCE MODEL

Gi Group's Governance System is based on the central role of the Board of Directors, which at executive level is supported in its managerial activities by some corporate bodies.

CORPORATE BODIES

BOARD OF DIRECTORS

(appointed on December 2020)

President CHIARA VIOLINI
Chief Executive Officer FRANCESCO BARONI
Chief Executive Officer ZOLTAN DAGHERO
Board member DAVIDE TOSO

BOARD OF STATUTORY AUDITORS

(for the three-year period 2018 / 2020)

Chairman FRANCESCO CARNEVALI
Statutory Auditor CORRADO COLOMBO
Statutory Auditor PIERGIORGIO GUSSO

Alternate Statutory Auditor SILVIO FORMENTI
Alternate Statutory Auditor MARCO GIRELLI

AUDITING BODY IN COMPLIANCE WITH LEGISLATIVE DECREE 231/2001

(for the three-year period 2018 / 2020)

Chairman FRANCESCO CARNEVALI
Member MARCELLO TRABUCCHI
Member ANNA RITA MARRA
(appointed on December 2019)

INDEPENDENT AUDITORS

(for the three-year period 2019 / 2021)

PricewaterhouseCoopers S.p.A.

The Board of Directors plays a central role as the highest entity in charge of managing the company in the interest of shareholders, in guiding its strategy, in guaranteeing corporate decision-making transparency and the definition of an effective internal risk control and management system, including in-house and market-directed decision-making processes.

Gi Group S.p.A. is at present led by a Board of Directors with five Directors appointed until the date of the BoD meeting which will be called for the approval of the financial statements of FY 2020.

The Board of Statutory Auditors is in charge of supervising compliance with the Law the principle of correct administration of corporate activities. The Board is also in charge of controlling the adequacy of the organisational structure, risk management and internal control system and the corporate administrative and accounting system.

The Supervisory Board (SB) is made up of three members whose roles have been renewed for the three-year period 2018-2020. The SB has its own programme and Internal Regulation, pursuant to Italian Legislative Decree 231/2001.

The SB ensures that the Corporate Governance model is applied correctly.

Based on periodic checks, the Supervisory Board is responsible for highlighting any problems encountered and identifying the corrective actions to be implemented.

The company's accounts are audited, in accordance with current regulations, by an audit company registered in the special list maintained by Consob [Italian Financial Markets Regulator].

INTERNAL COMMITTEES

The Directors, in order to organise activities and design action plans, are supported by:

- *the Italian Board*: a committee which includes all the General Managers of the Italian businesses and central function managers. This committee analyses business results, presents processes and projects, and supports integrated communication at Group level, and places particular focus on decisions on credit status and new customers.

That is why SCL Group adopted a CRS (Corporate Social Responsibility) model, whose guidelines are laid down below:

CODE OF ETHICS AND ORGANIZATIONAL MODEL

Gi Group's growth – both in terms of territorial presence and organisational complexity, in particular in the last few years, has been simultaneously enriched thanks to contributions of its people and their experiences, culture and levels of organisation, highlighting the need to maintain a **strong sense of belonging** which will improve the company in terms of **common values and objectives**.

Its Code of Ethics is the most effective means of strengthening, sharing and spreading the values and principles which must guide the business operations, basing it on a set of **values** (*Attention, Passion, Continuous Learning and Innovation, Partnership, Sustainability, Responsibility*) which standardises Gi Group's approach to the labour market and the wider society in which it operates.

Recognising the values in which we believe will help everybody to apply **corporate social responsibility**. Making this public will increase its effectiveness, by committing ourselves to operating it, as a business and as individuals, in relation to all Stakeholders.

The Recipients of the Gi Group's Code of Ethics are its Employees, its primary stakeholders, and the members of its Management and Supervisory Bodies, the Executives and Employees who work in its operational department, and the external workers and consultants who work on behalf of the company; temporary workers will also receive a copy of the Code.

Where expressly stated, the provisions contained in the Code of Ethics are also directed at external partners with whom the business has relationships (Candidates, Suppliers, Customers, Institutions, etc.), which are Gi Group's other primary stakeholders.

Gi Group's relations with all its Stakeholders are conducted in line with strong ethical **principles** (Legality, Impartiality, Confidentiality, Honesty, Transparency, Health & Safety, and Environmental Sustainability), supported by a clear delineation of responsibilities.

It is in the interests of Gi Group that its Code of Ethics circulates widely to its Recipients and to third-party entities and that the principles and value contained in it are shared. This is how the Group can create an ethical network that is capable of having a positive impact on the communities in which it operates.

The Code of Ethics is published on the Group's websites and its contents are integrated into the contractual clauses that govern relationships with its various Stakeholders.

The Code is published internally via the company intranet and senior managers and departmental managers must make sure that their teams are fully aware of the principles and values contained in the Code of Ethics.

The Group requires to all new employees to undergo dedicated training on the Code and, during 2020, it was also offered again to all staff, regardless the length of period of employment in the Group, in order to focus everybody's attention on renewing the Group's values.

The Corporate Social Responsibility Team (CSRT) is responsible for auditing compliance with, interpreting, and verifying the principles contained in the Code of Ethics. The Team is fully autonomous and is expressly required to:

- oversee the application and functioning of the Code;
- ensure that Recipients of the Code are informed and trained;
- propose and validate updates in respect of legislative changes and the evolution of the Group's activities and organisation;
- receive and investigate reports of breaches of the Code, treating them with the utmost confidentiality, guaranteeing that anyone making a report (whistleblowers) maintain their anonymity and ensuring that whistleblowers are not subjected to retaliation or discrimination.

A seconda delle tematiche, il CSR Team può reindirizzare poi la Dipendente on the issue, the CSR team may redirect reports to different levels of the business.

Gi Group has an organisational model pursuant to Italian Legislative Decree 231/2001 and a related Code of Conduct, which is integrated within the Code of Ethics, forming a single document that is made up of two distinct, but coherent sections.

Gi Group's Supervisory board carried out its audit activities on the main areas at risk and relevant processes both via interviews with the people in charge of the main corporate functions and by examining the quarterly reports.

The Supervisory Board has also audited internal staff training. In FY 2020, an exercise was approved to review the Organisational Model after the introduction of new offences to Italian Decree Law 26th October 2019 - converted with amendments by Italian Law no. 157 of 19th December 2019 ("tax offences").

DATA PROTECTION MODEL PURSUANT TO REGULATION (EU) 679/2016 GDPR

In order to ensure the business is compliant with GDPR, an internal Privacy Organisational Model has been prepared.

An appropriate and proportionate Privacy Organisational Model is one of the tools that a Data Controller uses to demonstrate accountability and provide evidence that suitable technical and organisational measure have been adopted pursuant to Article 24, GDPR.

GDPR requires that Data Controllers maintain their Models through the following activities:

- Managing Data Processors
- Auditing the management of requests from Data Subjects
- Periodic on-site audit
- Updating internal procedures
- Training

The training process is an important aspect of correctly creating and managing a Privacy Organisational Model. Therefore:

- firstly, the Group ensures that there is a wide and solid base of online training, which provides knowledge of general data protection principles and provides a space for practical application of the processes and the role that each individual plays within the Model.
- secondly, the Data Protection and Privacy Policy and Procedures are circulated internally and/or published on the Group's intranet, along with all documentation developed so that it can be seen and used by all employees.

Also, the Group's DPO, when performing their role and fulfilling the duties set out in Regulation (EU) 679/2016 ("GDPR"), has performed the following activities:

- provide information on personal data protection, in periodic newsletters and update notes;
 - ensures that the Group conforms to GDPR by performing audits on foreign companies, on websites belonging to the Gi Group, and on the correct preparation and use of legal documentation for information on Data Subjects and the appointment of external processing managers.
- Supervisory activities were also carried out through dedicated audit sessions, together with the company's working group made up of managers from the Legal, Business Innovation & Technology Management and Compliance departments, organising periodic meetings to provide updates on the activities performed.

SOCIAL RESPONSIBILITY

As set out above, the main message contained in the Code of Ethics, which was renewed during 2019, is revolves around the **ethical principles** of Legality, Impartiality, Confidentiality, Honesty, Transparency, Health and Safety, and Environmental Sustainability, and the **Founding Values**, aimed at communicating a company approach that transcends business, setting out the concepts of sustainability and circular economy in the HR sector.

The Group's CSR strategy has been to maintain its system, but it also consolidated its desire to renew its **Materiality Matrix**, a new starting point from which to define the priority areas on which to concentrate development in 2021.

In fact, the Materiality Matrix is useful for:

- recognising the distinctive traits of its environment;
- understanding the expectations of its Stakeholders and the role it should play in meeting them;
- identifying its ESG (Environmental, Social and Governance) priorities, defining where it should focus its strategies and actions;
- increase its capacity to create lasting value, for the business itself and for its principal Stakeholders.

Despite having started at the end of 2019, given the extraordinary circumstances faced by the world from February 2020, the Group decided to extend the preliminary stage of the Materiality Assessment, so that it could focus on the COVID-19 pandemic and its impacts on the key issues identified.

Basing on the guidelines contained in the international Global Reporting Initiative (GRI) standard, Gi Group has conducted a materiality analysis in order to identify the key sustainability issues for its sector and for its Stakeholders.

Set against this context of redeveloping and upgrading the Group's CSR strategy, the Italian division has undertaken a study of Sustainable Work, which is one of the Group's strategic assets for developing its CSR culture worldwide.

Studying the principal changes in the labour market as part of the "Next20" initiative, the concept of "Sustainable Work" was identified as a central theme which can inspire and guide its attempts to "contribute to the evolution of the labour market and emphasise the personal and social value of work".

SUSTAINABLE WORK MEANS CREATING THE CONDITIONS THAT ALLOW PEOPLE TO GROW AND REMAIN ACTIVE THROUGHOUT THEIR LIFE, WITH A VIEW TO ENSURING CONSTANT EMPLOYABILITY.

In order to do this, eliminating all factors that discourage or hinder people from entering or remaining in the world of work is necessary. This is an evolution, even culturally, of the labour market which is aimed at translating into effective behaviour and valuable policies and solutions that stress the three dimensions identified: People Organisations, Institutions and Society.

The SA8000 policy formed part of the first version. The company's SA8000 management system certification was renewed during 2020.

The audit, initially planned to be conducted in the traditional manner in March 2020, was postponed in light of the Italian Prime Ministerial Decree of 8th March which "contains further measures to contain and combat the spread of the COVID-19 virus throughout national territory", in application of SAAS Notification 2020:2.

Therefore, a temporary certificate was issued, valid for six months, and then renewed following the successful audit conducted in September 2020, which led to a new certificate being issued on 11/10/2020 by TÜV Italia S.r.l.

The new certificate was issued on 11/10/2020 by TÜV Italia S.r.l.

Despite being conducted in a different manner than in the previous three-year period, due to the COVID-19 containment measures, the third-party audits carried out showed that the SA8000 Management System was constantly growing and up-to-date, also characterised this year by a firm commitment by the Social Performance Team (SPT), which enabled the system of tools to be agreed widely and to find ways to effectively engage employees.

To describe the business performance in relation to each aspect of the standard, an SA8000® Audit Report has been prepared, in line with the requirements set out in 9.1.7 of the standard and attached to the Group's CSR Report. Please see the CSR Report for more information.

Gi Group S.p.A.'s Social Performance team and the Group's CSR Team base their activities on the common CSR Framework and the standardisation of corporate practices carried out by the Parent Company is a guide and support for the other companies in the Network.

ACCREDITATION FOR EMPLOYMENT SERVICES

In Italy, the company is accredited for Employment Services with more than 113 branches, performing the activities required to maintain accreditation, in the following regions:

- Abruzzo,
- Calabria,
- Campania,
- Emilia Romagna,
- Friuli Venezia Giulia,
- Lazio,
- Liguria,
- Lombardy,
- The Marches,
- Piedmont,
- Apulia,
- Sardinia,
- Sicily,
- Tuscany,
- Trentino Alto Adige,
- Valle D'Aosta,
- Veneto.

The Company plans to increase the number of accredited branches in the regions listed above and in the other regions in which it applies for accreditation in FY 2021.

The forecasted increase in 2021 means around 10% more accredited branches throughout Italy, compared with current coverage. Following the institution of the new ANPAL [National Agency for Operational Employment Policies] agency — Italian Law no. 183 of 10th December 2014 and subsequent implementing decrees —, the Company also has 98 accredited "ANPAL" branches nationally. It has operated the Assegno di Ricollocazione [Outplacement Voucher] scheme and, for some of these, also the Reddito di Cittadinanza [Italian Basic Universal Income].

CURRENT SITUATION - FOCUS ON THE IMPACT OF THE PANDEMIC ON THE GROUP'S BUSINESS CONTINUITY

The company is subject to the general economic risk of the Italian system, which is in turn closely connected to the European and global economic scenario, aggravated by the perpetuation of the COVID-19 pandemic which has spread in February 2020.

The uncertainty caused by the pandemic has meant continuous changes to the economy and to society, modifying market trends and, consequently, business operating conditions.

As a result, during 2020, the company has implemented several measures aimed at maintaining its financial and capital stability, in line with the business continuity principles set out in Article 2423-bis, Italian Civil Code.

The actions implemented are set out below, divided by type:

PROTECTING WORKERS AND WORKSPACES

- **Recovery Committee:** The company has adopted all workplace health and safety measures, in accordance not only with specific legislation, but also with the protocols set out by the business's Recovery Committee, which published regulations regarding the set of protection and prevention measures adopted to combat the spread of the virus.

- **Sanitisation and PPE:** The company has provided its employees with all necessary PPE and distancing tools to allow them to work on company premises. The company invested EUR 121,706, and obtained a tax credit of EUR 28,297.

PERSONNEL COSTS

- **Government support:** the Group applied to use the Italian Government's wage supplement fund for a period of nine weeks, from April to August, in line with the provisions of the Italian Decree Law no. 18/2020 "Cure Italy", for an average of 25% of ordinary working time.)

The "Decontribuzione Sud" tax incentives set out in the Relaunch Decree were applied for in the final quarter of the year and generated a tax credit of EUR 66,110.

- **Reduction in direct and indirect costs:** brought about through excellent staff management, with a reduction in holidays, the postponement/cancellation of internships, suspended recruitment of back office staff, a reduction in bonuses and a postponement of salary incremental increases.

- **Agile working or working from home:** the company extended this method of working to all staff, taking account of Government

guidance. This new method allowed the Group to reduce travel and car parking costs. Training costs fell significantly in economic terms, although the use of videoconferencing software enabled the company to take advantage of new learning opportunities.

GENERAL COSTS

- *Renegotiation of leases:* this measure was taken as a result of reduced and/or enjoy failure to the use of commercial space due to the limits placed on personal movement introduced by the government to combat the spread of COVID. This led to a fall in lease costs for commercial space of EUR 733,964 in 2020, which is expected to continue into 2021 for EUR 109,998. Also, in line with Italian Decree Law 18/2020 "Cure Italy", the company received tax incentives of EUR 97,034 for leases paid in the month of March.

Along with these measures, the company deemed it necessary to postpone until 2021 the opening and/or transfer of some branches, which were initially planned for 2020.

- *Reduction in general costs, marketing costs and ancillary business costs (consultancy):* marketing costs fell markedly, also as a result of the suspension of promotional activity and activity in sectors deemed not to be essential to the protection of the health of citizens; the drop in general costs is the result of limited access to commercial spaces in favour of working from home; finally, ancillary business costs reflect the performance of the principal activity, which did not require the continuation of contracts with third-party consultants and for services that are complementary to the core business.

TECHNOLOGICAL INVESTMENT

- The main effect of adopting agile working methods was a change to the work tools made available to employees and subsequently ensuring that devices were up-to-date, which the company managed efficiently, given that agile working was a business objective for the year.

CREDIT MANAGEMENT

- *Credit management:* The financial difficulty felt by manufacturers was mitigated by specific financial and support measures put in place by the Government. Faced with initial uncertainty and the fear of a higher number of customers becoming insolvent, the company constantly monitored how its credit risk is managed and covered, keeping DSO at a sustainable level at year end. However, fears for the medium-to-long term remain regarding existing credits that may deteriorate if the pandemic and weakened economic situation will continue.

FINANCIAL ASPECTS

Debt moratoria: The "Cure Italy" Decree introduced a moratorium on debts and mortgages for contract-holders, allowing the suspension of payments to be extended in 2021. The company did not make use of this facility, based on its positive financial position.

"Guarantee Italy" Financing:

Benefiting from the new instrument created by the Italian Government, i.e. "Guarantee Italy", which was instituted to grant businesses the chance to obtain necessary liquidity, the company entered into loan agreements for EUR 50 million with a pool of banks in November 2020, and for a further EUR 10 million in December 2020. Both loans

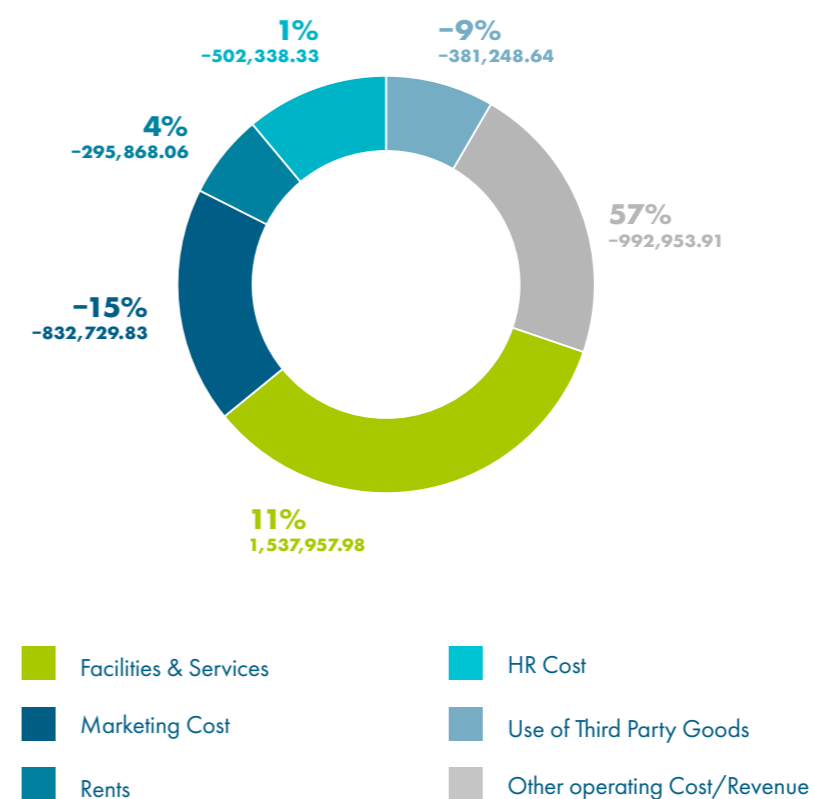
are guaranteed by SACE and counter-guaranteed by the Italian Government and were obtained to maintain business continuity in the medium term.

In line with its values and sense of social responsibility, the company recognises the commitment and efforts of healthcare workers, and has made a EUR 100,000 contribution to AREU, the Lombardy Regional Emergency Healthcare Agency.

During 2020, the company has revised its budget estimates, in view of the evolving pandemic.

All cost headings reflect the planned decisions to contain costs. The only exception is the "facility" heading, following new investment in spaces that are suited to agile working, and to anti-COVID safety measures.

SAVING COST 2020



REMEASUREMENT OF ASSETS

As per the provisions of Italian Law no. 126 of 13th October 2020, the company sees the remeasurement of business assets as a way of aligning carrying amounts with the current size of the businesses and to support business capitalisation.

The company has taken advantage of the provisions of Article 110, Italian Decree Law 104/2020 converted into Italian Law 126/2020, to remeasure some types of assets or individual assets belonging to them, recognised in the financial statements at 31/12/2029 and 31/12/2020 for equity investments.

The categories of asset affected are:

- Intangible assets:
 - Software
 - Trademarks
- Tangible assets
 - Furniture
 - Fittings
 - Office machines
- Non-current equity investments in subsidiaries

The remeasurement values satisfy the **consistency test**, as expressly set out in Article 11, paragraph 3, Italian Law no. 342/2000, which allows the recognition of values greater than those resulting from the application of accounting rules (historical cost), provided that they are not greater than the value attributable based on current value, calculated on the basis of the value quoted on regulated markets and/or the internal value, as calculated basing on the asset's productive capacity and its current possible economic use within the business.

The information below describes the criteria used for the individual types of asset remeasured:

Intangible assets

- Estimate the residual useful life of the software, following an analysis of its functionality and technical characteristics;
- Measure the cost of replacement
- Check current market cost of licenses;
- Check their economic sustainability;
- Remeasurement method used: reduction in accumulated amortisation, to generate portions of future amortisation that are more in line with the value of the software;
- For trademarks, a comparability check was conducted on market royalties, by comparing the corresponding practice's profit margin with the profit margin of some competitors;
- Remeasurement method used: simultaneous remeasurement of historical cost and reduction in accumulated amortisation

Tangible assets

- Identify the classes of asset with significant remeasurement margins;
- Construct a mathematical remeasurement model based on average useful life;
- Exclude assets which may be excluded from the production process;
- For electronic machinery, identify significant assets to be remeasured based on a specific useful life;





- Measure the cost of replacement and check economic sustainability;
- Remeasurement method used: reduction in accumulated amortisation.

Equity investments





- Identify a measurement method based on historical data and more possible objectives;
- Define an audit method that is more in line with the group's acquisition practices and market practices in general;
- Exclude values that may expose the Parent Company to impairment losses and revisions of high values;
- Compare the measurement results with the businesses' forecasts for the future.
- Remeasurement method used: profit-based, with an increase in the value recognised in the financial statements.



Trademarks subject to remeasurements are set out below, with their pre-and post-remeasurement values:

| Asset | Historical cost before revaluation | Pre-revaluation amortization fund | Revaluation | Historical cost after revaluation | Provision for amortization after revaluation | Revaluation reserve | Indirect tax |
|--|------------------------------------|-----------------------------------|----------------------|-----------------------------------|--|----------------------|-------------------|
|  grafon recruitment | 1,250,000.000 | -375,000.00 | 3,515,000.00 | 4,390,000.00 | 0 | 3,409,550.00 | 105,450.00 |
|  G1 Group | 317.20 | -95.16 | 15,479,777.96 | 15,480,000.00 | 0 | 15,015,384.62 | 464,393.34 |
|  INTOO | 100.00 | -100.00 | 290,000.00 | 290,000.00 | 0 | 281,300.00 | 8,700.00 |
|  wyser | 100.00 | -100.00 | 400,000.00 | 400,000.00 | 0 | 388,000.00 | 12,000.00 |
| TOTAL | 1,250,517.20 | -375,295.16 | 19,684,777.96 | 20,560,000.00 | 0.00 | 19,094,234.62 | 590,543.34 |

Details of the equity investments subject to remeasurement are set out below:

| Asset | Historical cost before revaluation | Revaluation | Historical cost after revaluation | Revaluation reserve |
|--|------------------------------------|----------------------|-----------------------------------|----------------------|
|  C2C | 645,000.00 | 2,005,000.00 | 2,650,000.00 | 2,005,000.00 |
|  wyser | 1,804,668.79 | 4,605,331.21 | 6,410,000.00 | 4,605,331.21 |
|  On Board | 350,000.00 | 390,000.00 | 740,000.00 | 390,000.00 |
|  Enginium | 1,770,000.00 | 3,430,000.00 | 5,200,000.00 | 3,430,000.00 |
|  INTOO | 2,776,787.00 | 5,823,213.00 | 8,600,000.00 | 5,823,213.00 |
| TOTAL | 7,346,455.79 | 16,253,544.21 | 23,600,000.00 | 16,253,544.21 |

The pre-and post-remeasurement values per class of asset are set out below:

| Category | Asset class | Historical cost before revaluation | Provision for pre-revaluation amortization | Revaluation | Historical cost after revaluation | Provision for amortization after revaluation | Revaluation reserve | Indirect tax |
|--------------------|--------------------|------------------------------------|--|----------------------|-----------------------------------|--|----------------------|-------------------|
| Intangible assets | Software | 11,560,621.96 | 10,387,877.33 | 9,961,273.38 | 11,560,621.96 | 426,603.95 | 9,662,435.18 | 298,838.20 |
| | Trademarks | 1,250,517.20 | 875,222.04 | 19,684,777.96 | 20,560,000.00 | - | 19,094,234.62 | 590,543.34 |
| Tangible assets | Fittings | 2,978,837.23 | 1,850,158.99 | 1,126,965.91 | 2,978,837.23 | 723,193.08 | 1,093,156.93 | 33,808.98 |
| | Office machines | 1,462,541.73 | 903,419.61 | 304,844.31 | 1,462,541.73 | 598,575.30 | 295,698.98 | 9,145.33 |
| | Furniture | 1,324,416.93 | 686,966.13 | 308,037.92 | 1,324,416.93 | 329,412.88 | 298,796.78 | 9,241.14 |
| Equity investments | Equity investments | 7,346,455.79 | - | 16,253,544.21 | 23,600,000.00 | - | 16,253,544.21 | - |
| TOTAL | | 25,923,390.84 | 14,703,644.10 | 47,639,443.69 | 61,486,417.85 | 2,077,785.21 | 46,697,866.70 | 941,576.99 |

The estimation used to support the remeasurement of trademarks was made by the consultant FieldFisher; the estimates relating to equity investments and to tangible and intangible assets were prepared by the company with support of Mr. Bergamasco (Accountant and Auditor).

Pursuant to Article 2428, paragraph 2, Italian Civil Code, the effects of remeasurement on the principal result indicators are set out below:

| Comparison of Profitability Indicators | | | |
|--|-----------------------|-----------|---|
| (in percentage) | | Year 2020 | Year 2020 excluding revaluation reserve |
| Net ROE | Net Result / Equity | 82.70% | 102.02% |
| Gross ROE | Gross Result / Equity | 193.12% | 238.23% |

| Comparison of Index on the structure of Loans | | | |
|---|---|-----------|---|
| (in absolute value) | | Year 2020 | Year 2020 excluding revaluation reserve |
| Financial debt ratio | Financing Liabilities / Net equity | 0.83 | 1.02 |
| Total debt ratio | (Non-current Liabilities + Current Liabilities) / Own Means | 1.93 | 2.38 |

| Comparison of Fixed Asset Financing Indicators | | | | |
|--|--|--------------|---|------------|
| (in euro units and as a percentage) | | Year 2020 | Year 2020 excluding revaluation reserve | Difference |
| Primary structure margin | Equity - Non current assets | (37,923,233) | (84,621,100) | 46,697,867 |
| Primary structure quotient | Equity / Non current assets | 86.7% | 70.3% | 16.4% |
| Secondary structure margin | (Equity + Consolidated Liabilities) - Non current assets | 72,007,663 | 25,309,796 | 46,697,867 |
| Secondary structure quotient | (Equity + Consolidated Liabilities) / Non current assets | 125.3% | 108.9% | 16.4% |

| Impact of Revaluation on Shareholders' Equity | |
|--|--------------------|
| Net equity | Year 2020 |
| Share capital | 12,000,000 |
| Reserves | 216,589,378 |
| Net income | 18,021,904 |
| NET EQUITY | 246,611,282 |
| Revaluation reserve (included in the item Reserves) | 46,697,867 |
| % incidence Revaluation reserve / own resources | 18.94% |

NATIONAL SCENARIO AND COMMERCIAL STRATEGY

Gi Group's activities in Italy during 2020 were considerably affected by the effects of the COVID-19 pandemic and were performed considering the following factors:

A) SITUATION IN THE TARGET MARKET

The impact on the Temp & Perm business was moderate: prior to the onset of COVID-19, it recorded a slight increase in 2019; the first few months of the pandemic (March – May) saw a large fall in volumes, with progressive recovery following in the subsequent months; the year closed with strong growth compared with the previous year.

Regarding the other businesses, similar performance was recorded by the outsourcing business, the outplacement business was resilient, whilst search and selection and the Forma.Temp training businesses felt the impact more keenly.

B) IMPACT OF GOVERNMENT MEASURES

The Government's measures in support of business contributed to the stability of the Group's financial results and to the ability to maintain its commercial capacity and its capability to deliver and manage support processes.

In particular, the option to use the Wage Supplement Fund for temporary staffing workers allowed our customers to keep their organisations operative, with a swift recovery in

activity following the loosening of healthcare measures. Therefore, the measures put in place in support of business liquidity had a certain effect on the management of credit risk.

Internally, we had to resort to using the wage supplementation funds for our sector for very short periods, and agreed two loan contracts with SACE guarantees.

C) COMMERCIAL ACTION

The Group's business and commercial drive during 2020 was also geared towards growth and development.

With the impact of the crisis being felt most by SMEs and the Retail – Hospitality – Tourism sectors, the Group recorded strong growth in activities relating to:

- Corporate Customers
- Logistics and Pharmaceutical Sector

This growth allowed Gi Group to record largely stable revenues compared with the previous year, matched with an increase of around 1% in market share, which places it 3rd amongst Italy's HR service providers.

In particular, revenues grew by around 10% in the final quarter of 2020 compared with the previous year.

This performance allowed the Group to begin 2021 with further significant improvements in results.

BUSINESS OUTLOOK: COMMERCIAL LINES BUSINESS DEVELOPMENT AND MAJOR INITIATIVES

The strategic plan, begun in previous years, was amended in light of 2020's pandemic, in order to achieve the objectives established by the Group's Italian companies, in line with the guidelines put in place for the entire Group, through:

- **Growth and sustainability**, particularly in relation to Temp & Perm's business model, concentrating on:
 - Volumes
 - Making processes more efficient
 - Improvement in productivity
 - Business segmentation and introducing new specialisations
- **Focusing on the candidate**, through:
 - Personalised offers
 - Creating a task force to focus on digitalisation and enhancing the user experience
- **Focusing on the customer**, with emphasis on:
 - Sector diversification
 - Diversifying customer type, particularly corporate customers

- Consolidating relationships using a Solution Design approach
- Strengthening Candidate Management, to anticipate and meet needs with suitable professionals

■ Diversifying business lines,

- Develop the value of currently minor commercial segments, particularly the Permanent segment.

The pandemic has highlighted the need for the business to be flexible and to quickly convert its resources to support production segments boosted by the spread of the virus, in order to meet the market needs.

DEVELOPMENT STRATEGY FOR THE TEMPORARY AND PERMANENT BUSINESS

COVID-19 had a relevant effect on 2020. The impact of the health and financial emergency is translated in a significant loss in volumes for our core business, especially from the end of February/beginning of March due to the national lockdowns. This trend reversed from the middle of May, resulting in a growth of FTEs and turnover that even exceeded those of the previous year in the last two months.

In terms of turnover in the Temp & Perm business, performance was at 2019 levels, thanks to continuously monitoring the various economic phases, from periods of suspension of activity to the subsequent recovery, through its key elements of success:

- **Focusing on its key service:** thanks to its capacity to quickly propose flexible solutions to meet the needs of customers, particularly during the rebound phase, using core services like Temporary Staffing / Staff Leasing.
- **Changing the operating model from analogue to virtual:** the company developed a model, the "virtual branch", which allowed it to:
 - a. develop a digital selling and digital onboarding approach,
 - b. maintain, even at distance, relationships with all partners, whether they are candidates or workers
 - c. simplify the activities of "physical" branches by virtualising and sharing formal documents with workers and businesses
- **Analysing market trends:** by anticipating the signs of economic fluctuation, the company was able to refocus its resources on growth sectors, such as e-commerce, logistics, large-scale retail and pharmaceuticals, from other sectors suffering a large slowdown and towards manufacturers that were able to convert their businesses in other areas. In this way, the company was able to increase its business opportunities, which also grew from the expansion of consultancy services offered, thanks to its newly-acquired know-how regarding new legislation.

▪ **Effective and efficient management of internal resources:** in line with values of placing attention on its own staff, in a delicate situation like that experienced in 2020, the business deemed it appropriate to adopt actions aimed at preserving its staff level, through:

- a. the use of government support programmes, thus avoiding the need to reduce staff,
- b. continuous training to keep engagement levels high and optimising the periods of lower business activity,
- c. moving resources between the various operating teams, wherever they are required to meet the needs of different business areas.

The pandemic has not distracted the business from the medium-to-long-term objectives set out in the previous paragraph. It still believes it appropriate to further enhance the position of its brands in the local market and further improve the efficiency of the existing operating processes, increasing its productivity.

OUTLOOK ON OPERATIONS - DEVELOPMENT STRATEGIES FOR SPECIALISED FUNCTIONS

Gi Group is a constantly growing organisation where new projects and initiatives are implemented on a daily basis and the headquarters represent a central support hub for the evolution of its sales activities.

Below there is a brief summary of the activities, initiatives, and strategies connected to functional structures:

FINANCE

The role of this office has evolved over time to accompany the growth and new needs of the company: the purpose of Finance today is representing a reliable and responsible strategic partner for the business, to contribute to achieving strategic objectives, in a setting of sustainable growth and in compliance with corporate governance.

The three key words that guide the Finance activities in the Group are: *Partnership, Challenge, Excellence*.

The priorities of the Function are therefore oriented toward:

- provide financial information and accurate, reliable and timely intelligence,
- contribute to the generation of profits and liquid assets for the Group through initiatives that optimise costs and working capital,
- optimise the financial resources to effectively sustain the growth of the business,
- preserve the company from economic and financial risks, both internal and external, guaranteeing adequate fiscal and accounting governance,

▪ facilitate the simplification of internal processes and the integration of new Group enterprises.

HUMAN RESOURCES

Despite 2020 being the year of the pandemic, Gi Group has profited from the opportunity to consolidate its business processes and has worked on how its work is organised. Its leadership style has changed, becoming inclusive and working hard to support collaboration between colleagues, a fundamental element of distance working.

INTERNAL COMMUNICATION is the key in terms of prioritising the health and safety of its workers.

The business has faced the pandemic since February when Codogno was closed and organised constant, precise communication to provide updates issued via the Italian Prime Ministerial Decrees, to keep its employees safe.

The company introduced **WORKING FROM HOME** for all its workers which enabled them to continue to work safely. Work equipment was despatched daily to workers (laptops and, in some cases, business mobiles). By the end of the first quarter, all employees were able to continue working thanks to this equipment.

For the first time, the business took advantage of the FIS Wage Supplement Fund to deal with the reduction in financial results following the crisis facing its customers.

So that employees did not lose out, the company decided to spread it out over 5 months (from April to the end of August), applying a percentage reduction (up to 30%).

In April and June 2020, bonuses were paid for 2019 results. Employees were also told that the salary review process forecasted for April would be postponed. The review took place, even if in reduced form in terms of percentages eligible, in September and October.

This allowed the company to engage those employees who responded to the new way of working with great energy, a sense of belonging and responsibility.

Employees were also immediately told that restaurant tickets would be provided for each working day, regardless of workplace. This decision brought great confidence in the organisation. Gi Group values are a fundamental element that guides the activities of most of its employees and characterises our businesses. Everybody is included and participates in the growth of the organisation with determination and commitment.



WARNING

We pay the utmost attention and are proud of what we do, because we believe that our work must always be performed to the best of our ability, to create value for people, companies, and ourselves, by providing prompt and satisfactory solutions.



PASSION

We love the work we do and each of us is fully dedicated to guaranteeing that the needs, the aspirations, and the objectives of our Colleagues, Candidates, and Clients are met;



CONTINUOUS LEARNING AND INNOVATION

In a world that is evolving so rapidly, we are driven by curiosity and a sincere desire to learn, sharing our professional and personal knowledge to support the growth and evolution of our organisation and of all our Stakeholders;



COLLABORATION

We believe that working as a team, promoting a culture of collaboration independently of roles, is the best way to achieve our ambitious objectives and feel satisfied with what we have accomplished;



SUSTAINABILITY

We grow while always developing our human, financial, and environmental resources, always bearing in mind the future of generations to come;



RESPONSIBILITY

We promote respect for human rights, diversity, and inclusion; we sustain all the legislation that provides greater protection and the utmost safeguarding to workers, and also plays an active role in the elimination of corruption and any form of abuse or illegal behaviour.

TALENT ACQUISITION AND EMPLOYER BRANDING ACTIVITIES

The **INDUCTION** process has been modified to “welcome” new Gi Group’s employees and to share general information about the Group, its organizational culture, its corporate values and its internal organizational structure.

It was important to provide to new employees as much information as possible, since they did not have the chance to fully “experience” the business.

The company decided to make considerable investments in Employer Branding activities at universities.

For Gi Group, focusing on young people has always been a priority. By doing this, we have enhanced our brand reputation and created value for 15 interns who have been able to gain direct business experience.

In 2020, we took part in the following initiatives:

- **4 editions of CV Point** training 80 young people
- From April to October, we held **12 Webinars** for a total of 560 young people registered
- From 5th to 9th October, we took part in the **Training Point (Career Day)** performing CV Checks in Italian and English and holding individual simulated interviews for the 29 young people who registered.

LEARNING & DEVELOPMENT

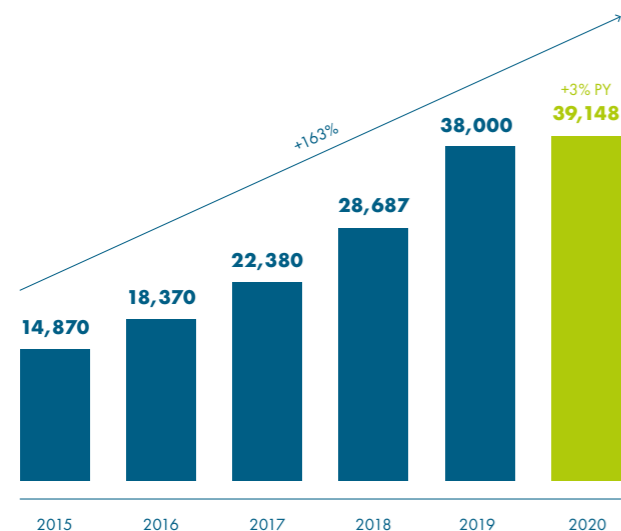
2020 was a year of notable change for training: the rise of the pandemic and the national lockdown led to a substantial revision of tools, methodologies and KPIs, opening new opportunities and giving renewed momentum to activities.

The transition to remote working and digitalisation of activities brought with it the need to introduce new tools and to review training methods to further stimulate comparison and feedback, and a renewed focus on the planning aspects of micro-learning, which is, the capacity to explain the essential contents and optimise the duration of distance training.

Employees were supported in this transition through webinars and guidance tutorials, and the positive responses from business allowed us to provide the courses planned for the year, and to begin new training and employer engagement activities and initiatives, with the aim of stimulating participation and bringing people and business closer together in this period of unprecedented uncertainty.

In summary, in 2020, we provided:

- 39,148 hours of training, an increase of 3% on the previous year
- 337 courses, most of which were virtual or e-learning courses
- an average of 16.96 hours of training per person, including people with apprenticeship contracts.



Contents were mainly focused on: technical training, with activity concentrated mostly during April and May to align the skills of around 600 colleagues in the move to a new ATS; compliance training with the introduction of content to enhance the knowledge of anti-COVID and safety protocols; soft-skills training with the launch of a timetable of free remote courses for all employees, to stimulate the acquisition of skills as a key element of effective recovery.

A summary of the largest projects and initiatives is set out below:

SPINNER

2020 was a turning point in the process to digitise activities with the introduction of a new proprietary ATS, Spinner, the Temp & Perm search and selection management system. The training, aimed at the acquisition of the skills required to operate the new system, and initially planned and organised for in-presence training, was completely revised to allow training to be effectively and quickly provided at a distance through a mix of webinars, e-learning content and virtual classes.

After the content and organisation of training was revised to be provided in around 50 virtual classrooms, more than 600 colleagues were trained over four weeks. This involved the daily use of the management system, and a task force of over 30 qualified internal trainers.

REMOTE TOOLKIT (DELIVERY AND SALES)

Training for the Remote Delivery Toolkit and Remote Sales Toolkit was planned and provided together, immediately after the onset of the pandemic, to groups of colleagues from different departments and companies within the Group, with the aim of providing support to employees regarding the new way of managing their daily work. Both courses were made up of video-lessons, handbooks and other useful resources, and were focused on the sharing of: strategies and advices on effective management of remote relationships with partners; opportunities and advantages of the main video-conferencing platforms; suggestions on how to manage the technical aspects of a remote meeting. The version for commercial staff was focused mainly on relationships with customers, whilst the version dedicated to recruitment roles was focused on managing candidates and conducting remote interviews.

#ADISTANZAMAINSIEME [APART, BUT TOGETHER]

This project was launched during the lockdown as an extended bi-weekly timetable of remote activities to be carried out together to reduce the distance between different people and between people and the business. The activities open to all Group employees included: the launch of a contest to create collaborative videos with colleagues; the use of a company app to share photos and thoughts during moments of celebration; the organisation of a webinar on parenthood; the creation of a workgroup on the company intranet to exchange advice on free-time activities and games to play at home with children.

B*RIGHT ON AIR

A programme open to all Group employees to promote knowledge sharing and improve skills, encouraging a culture of sharing and continuous learning. The programme comprises short thematic webinars and is based on the principle of voluntary action: anyone within the Group can offer to present a webinar on a subject that may be of interest to everyone, and anyone can join in with any webinar offered. The Training & Development department plays a “director’s” role, supporting presenters to plan and organise their webinars, then present and monitor them. All webinars are kept in a digital library for future use.

More than 40 webinars were organised during 2020, and they had hundreds of viewers, involving a total of 84% of the company’s staff.

B*RIGHT UPSKILL

The reduction in travel costs and time, and the removal of prejudices and resistance to distance training, has opened the way for even more widespread training. This is why we created B*Right UpSkill, a line of soft-skill courses delivered virtually. All Group employees could choose from the training offered and register for courses on a voluntary basis, under an internal policy which regulates the method of participation and access criteria.

The courses were planned in collaboration with a qualified partner training group and organised into 4 subject areas. Energy Management, Leading People, Communication Skills and Building Solutions. The classes were made up of a maximum of 15 people to enable the best interaction between tutor and participant, and involved colleagues from different departments and companies, simultaneously meeting the objective of enhancing knowledge and improving infra-group relations. Between June and December 2020, more than 30 courses were realised, with more than 400 participants.

ENGAGEMENT WITH CORE VALUES

In September, we organised a digital treasure hunt to celebrate and reinforce on the business Core Values, Continuous Learning. The initiative was designed to be staged over five days, including themed challenges to be overcome and daily clues circulated on various company media (GiNet, App, workgroup, Docebo), with daily updates on the number of competitors remaining. Around 200 employees from all departments, companies and levels of seniority took part in the initiative, and the top 30 competitors were awarded gadget prizes. As well as placing a focus on values, the initiative was useful in promoting employee engagement and knowledge of the different corporate communication and training channels.

#DIGITALWELLBEINGPILLS

#DigitalWellbeingPills is an initiative that provided little snippets of information on a weekly basis on the GiNet Social app during December. The aim was to provide colleagues with practical guidance, advices, and suggestions to raise awareness and promote

digital wellbeing following a year of intense, prolonged (and at times inappropriate) use of technology. To promote reflection and interaction between readers, each snippet was accompanied by a little challenge which users could respond to by posting photos or leaving comments.

PERFORMANCE APPRAISAL

The Group proposes to actively support personal growth through an annual Performance Appraisal process, aimed at providing incentives for people to have periodic meetings and feedback sessions with managers, to define and agree an action plan in support of skills development and individual performance, and to guarantee career paths based on merit.

At the beginning of the 2020-2021 Performance Appraisal process, with the aim of supporting, guiding and engaging managers, the Training & Development Team provided training via virtual classrooms in order to agree the main aims of this time, the process, the tools to be used, but also some practical indications on assessing skills and managing feedback interviews with workers. In 2020, we held five virtual classrooms where more than 100 managers from all of the Group's departments and companies were trained, with classes divided by seniority and profiled content for newly-appointed managers who were taking part in the process for the first time.

INFORMATION TECHNOLOGIES

During 2020, the Business Innovation and Technology Management department dealt with multiple technological and organisational investment projects to contribute to business evolution and growth and to support the development and adoption of business IT systems.

Alongside the many projects, the department also managed the impacts of an unprecedented event like the COVID-19 pandemic, whose principle effect was the need to quickly ensure that all colleagues were able to work remotely, in terms of managing internal processes, sales processes and managing candidates and workers.

Major investment was made in Team Collaboration and the Digitalisation of interaction processes with all business counterparts (candidates, workers, customers, suppliers and colleagues) and internal counterparts, making available distance technology architecture, in both functional and infrastructure terms.

The major push for digitalisation made it necessary for Gi Group to complete its ISO27001 certification process and to reinforce the security system and data privacy measures.

Finally, major projects were started to support the changes to the business organisation and the Temp & Perm, Search & Selection, Training, Outsourcing, Outplacement and Specialist business models.

In the final quarter, the Business Innovation and Technology Management department was divided into two distinct organisational units (Business Innovation and Technology Management), beginning an enhancement process at local level, with the aim of creating the conditions for better central and country controls over digital innovation activities.

The main projects undertaken are set out below, split into each Practice:

TEMP & PERM

- During 2020, activities were focused on three lines of development:
 - the evolution of the specific Applicant Tracking System platform used for Temp & Perm processes, making processes and architecture more efficient to be well managed by the IT team. This evolution allowed the ATS to be fully adopted across Italy, the Group's biggest market in terms of complexity and volumes.
 - the extension of the use of the centralized system in countries where Gi Group operates: such an activity was organised in function of the different degrees of business development at local levels and concerns, in particular, the CRM, the Applicant Tracking System (Spinner), the Enterprise Service Bus (GIREX), the Candidate management portal, and Business Intelligence.
 - the introduction of new technologies and applications to improve productivity in terms of sales processes and administrative and delivery processes; in particular, a new version of the app was introduced (on iOS and Android) and made available to candidates with some of the functionality already found on the website. A new CV "Parsing" platform was introduced for candidates, laying the foundations for new JobPosting architecture.

In addition to the priorities set out above, the Group further enhanced its support tools used to analyse the market and to identify business opportunities (GIRM and BI); tools are used to make proposals to customers (internal portals, particularly the Value Proposition component) and to manage workers (WORKY and the worker management portal).

SEARCH & SELECTION

- During 2020, the Group completed and extended the main systems used by the Practice, including the Spinner applicant tracking system and the Data Warehouse/BI system.

SPECIALIST

- Some improvements were made to the platform used by the Specialist business (Gbase).
- A feasibility study was conducted regarding the possibility of replacing the Gbase platform with a more modern system.

OUTSOURCING

- A project to redefine the outsourcing business model was sketched out.

TRAINING

- Activities in support of Training were concentrated on the evolution of the platform used to support the provision of on-line courses, in order to comply with new legislation and to support the growing need for "distance training".
- The CRM platform (GiRM) was rolled out in support of the Group's Training companies (Tack & TMI).

OUTPLACEMENT

- Outplacement activities were focused on consolidating the online B2C service sales platform and on integrating the newly-acquired US company with a specific focus on the Digital Outplacement business.

In addition to projects in support of the various business units, the practice was involved in activities to align systems and processes. The Group's Italian companies joined the Group VAT regime from 1st January 2021.

It also completed and extended the functionality of its central systems in support of accounts receivable and payable, financial reporting, internal communication (intranet), the HR (HRPro) platform and the platform used to manage customer campaigns.

MARKETING AND COMMUNICATION

2020 was a very challenging year for all of the Group companies. The COVID pandemic had a notable impact on business results, working methods and relationships with customers and candidates.

The Italian marketing department worked constantly to keep pace with changing market conditions, adapting its communication tools to the new situation.

The impact of COVID-19, which began in March, led us to reconsider and redirect many of our activities that were planned for 2020. The office focused its attention on being there for candidates, customers and internal staff. We undertook a knowledge sharing process through internal and external training and webinars to help people to navigate the changing situation in terms of skills, legislation and support. The launch of the "Restart" initiative (dedicated to customers) and "GIGroupwithyou" (dedicated to candidates) allowed us to meet virtually thousands of customers and candidates, integrating the skills of the entire Group.

GI GROUP T&P AND HIREVO

In partnership with businesses and candidates, the focus for 2020 was on Gi Group T&P's positioning as a "Simple, Human and Expert Brand", in order to simplify and direct workforce management and the search for working opportunities.

The main positioning projects were the launch of a new app for candidates and the evolution and relaunch of sales materials for permanent and specialist businesses.

At the same time, the "story angles", communication strategies and the way of using the social media channels were completely redefined, greatly increasing all KPIs.

The attention on young people dominated doing activities carried out in schools, thanks to the sporting partnership with AC Milan, Virtus Segafredo Bologna and the VR46 Riders Academy, which enabled us to involve more than 10,000 students in virtual events.

WYSER - EXS

The search and selection brands were the most impacted by the effects of the economic and social situation and, as a result, were the quietest during the year.

In the latter part of 2020, the department collaborated with Global Marketing to reposition the Wyser brand. The goal of offering this brand as a partner of search for middle and senior managers, translated into the creation of a new logo, a new tone of voice and visual guidelines.

Both brands began working to acquire lead customers through SEM (Google) and LinkedIn sponsorships.

OUTSOURCING

The Outsourcing business changed considerably during the year, also supported by appropriate internal and external communication.

GI On Board proactively took advantage of the business opportunities opened by the pandemic, exploring and expanding new market areas, offering itself as a provider of sanitisation and health control products.

C2C saw its business suffer, as was expected, given the strong link with promotional activities connected with the area.

Enginium increased its role as technological hub able to compete with large international businesses in strategic sectors, thanks to extraordinary operations such as the merger by incorporation of Asset Data and the acquisition of one of Infosolution's business branches.

GIHR helped support business customers in terms of employment law consultancy throughout the pandemic, following the numerous measures implemented by the Italian Government in support of employment.

In the last two months of the year, GIHR, in support of the Marketing department, began a process of brand repositioning, working together to renew the value proposition and to create new visual guidelines, to strengthen its digital presence and the business opportunities resulting from it.

TACK&TMI

Tack&TMI's business fell considerably in the first part of the year, following the business community's decision to reduce investments in training and to simultaneously move to distance training.

However, it was able to recalibrate itself quickly, investing in the development of an e-commerce section and in remote training. In the final part of the year, investment in marketing was aimed at supporting "new skills" and at promoting the brand's digital positioning, generating leads.

INTOO

In a difficult year like 2020, which led to a reduction in core business activity, also caused by the moratorium on redundancies, the company believed it was important to implement some marketing projects, including a new digital service called Latitude, and to integrate new automated marketing skills, thanks to its collaboration with CareerArc USA.

In the final quarter of the year, INTOO concentrated its efforts on launching Latitude and on consolidating its new approach to automated marketing, also continuing the personal branding of its managers, via LinkedIn.

It also began working to acquire lead customers through SEM (Google) and LinkedIn sponsorships.

OD&M

OD&M proved to be a very important ally to the marketing office. Thanks to its study centres, it was able to improve the editorial plan for content that would be useful for office communication.

We would also like to highlight the great interest shown in the Star Matrix, again carried out in partnership with ODM.

Its various reports (despite the slowdown owing to the situation) were vital support from media perspective, in order to maintain its presence and relevance.

GI GROUP HOLDING

With regard to Group activity, during 2020, the Marketing department was involved in projects relating to:

- the Group's integrated value proposition: life-science, logistics, etc.
- the Star Matrix, i.e. our sector employability monitors
- as part of CSR work, with ongoing multi-partnership collaborations and with the Destination Work project.

THE GI GROUP FOUNDATION

Over the year, we implemented two projects on important themes, in line with the foundation's aims of spreading the culture of work. The first one, regarding apprenticeships, finished in November 2020. The second one, on sustainable work, will be completed in 2021 through several events and activities, highlighting the foundation and the Group's commitment and attention to the critical issues in the world of work.

MANAGEMENT DISCUSSION & 2020 ANALYSIS OF ECONOMIC, EQUITY AND FINANCIAL CONDITIONS

REVENUES

As at 31 December 2020 Gi Group S.p.A.'s revenues totalled Euro 1,206 million, compared to Euro 1,235 million in the previous financial year, with a decrease of Euro 29.1 million or 2.36%. This confirms the focus of the company on results, despite the difficult scenario caused by the pandemic.

| Financial Indicators | | |
|----------------------|---------------|---------------|
| (in Euro) | FY 2020 | FY 2019 |
| Revenues from sales | 1,206,201,263 | 1,235,317,027 |
| Net Profit (Loss) | 18,021,904 | 34,259,410 |

The Value of Production was Euro 1,241.3 million, mainly consisting of sales revenues in the amount of Euro 1,206.2 million and other Income and Proceeds of Euro 34.9 million, which mainly include grants approved and paid by the Forma.Temp body for the costs incurred by the company to organize and delivery courses for temporary workers.

| Financial Result Indicators | | |
|-----------------------------|------------|------------|
| (in Euro) | FY 2020 | FY 2019 |
| Ebit | 38,436,764 | 39,060,278 |
| Normalized Ebit | 30,563,827 | 47,649,733 |
| Earning Before Taxes – Ebt | 28,349,555 | 45,533,544 |

The company had an EBIT equal to 38.4 million Euro, sustaining financial fixed asset writedowns amounting to 10 million Euro and current taxes for 10.3 million Euro.

The earnings before taxes – EBT represents the economic profitability of the company before paying current taxes due for the fiscal year.

In the table below, the economic indicator that measures the incidence of the cost of financial debt (= total financial costs - area C.17 of the Consolidated Income Statement) on the volume of activity (Production Value - area A of the Consolidated Income Statement):

| Indicator of the incidence of Group finance costs | | | |
|---|--------------------------------|---------|---------|
| | | FY 2020 | FY 2019 |
| Incidence of finance costs | Finance Costs/Production Value | 0.18% | 0.17% |

The following table represents the reclassification of the Consolidated Income Statement basing on management accounting data, with the following items:

- Operating area, concerning the core business of the company, which mainly includes revenues from temporary staffing and labour costs;
- Non-core income, including positive and negative revenue items of secondary activities vis-a-vis the core business; the figure is mainly related to raining activities of temporary staff, for Euro 25.2 million;
- Financial income, which includes financial proceeds and payables for financial debts to credit institutions;
- Operating tax results, including current taxes and pre-paid and deferred taxes.

| Income Statement Reformulation for the Group | | | | | |
|--|----------------------|--------------|----------------------|--------------|---------------------|
| (in Euro) | 31.12.2020 | % | 31.12.2019 | % | Changes |
| Revenues from sales | 1,206,201,263 | 100% | 1,235,317,027 | 100% | (29,115,764) |
| Internal production | 218,713 | 0.0% | 0 | 0.0% | 218,713 |
| VALUE OF PRODUCTION | 1,206,419,976 | 100% | 1,235,317,027 | 100% | (28,897,051) |
| Personnel costs | 1,106,365,184 | 91.7% | 1,126,836,683 | 91.2% | (20,471,499) |
| ADDED VALUE based on | 100,054,792 | 8.3% | 108,480,344 | 8.8% | (8,425,552) |
| Costs for goods, services, leases and rents | 58,493,248 | 4.8% | 72,095,465 | 5.8% | (13,602,218) |
| PROFIT (LOSS) FROM OPERATIONS | 41,561,544 | 3.4% | 36,384,879 | 2.9% | 5,176,666 |
| Revenues from ancillary activities | 34,861,021 | 2.9% | 35,613,520 | 2.9% | (752,499) |
| Costs of ancillary activities | 28,767,505 | 2.4% | 22,625,387 | 1.8% | 6,142,119 |
| EBITDA | 47,655,060 | 4.0% | 49,373,012 | 4.0% | (1,717,952) |
| Amortizations, depreciations and provisions | 9,218,296 | 0.8% | 10,312,734 | 0.8% | (1,094,438) |
| EBIT | 38,436,764 | 3.2% | 39,060,278 | 3.2% | (623,514) |
| Financial income (excluding finance costs) | (7,872,937) | -0.7% | 8,589,455 | 0.7% | (16,462,392) |
| NORMALIZED EBIT | 30,563,827 | 2.5% | 47,649,733 | 3.9% | (17,085,906) |
| Financial expenses | 2,214,272 | 0.2% | 2,116,189 | 0.2% | 98,083 |
| EARNING BEFORE TAXES – EBT | 28,349,555 | 2.3% | 45,533,544 | 3.7% | (17,183,989) |
| Income taxes | 10,327,651 | 0.9% | 11,274,134 | 0.9% | (946,483) |
| NET PROFIT (LOSS) | 18,021,904 | 1.5% | 34,259,410 | 2.8% | (16,237,506) |
| EARNING BEFORE INTERESTS AND TAXES – EBIT | 38,437 | 3.2% | 39,060 | 3.2% | (624) |
| Amortizations, depreciations and provisions | 9,218 | 0.8% | 10,313 | 0.8% | (1,094) |
| Extraordinary cost and revenue components | 0 | 0.0% | 1,575 | 0.1% | (1,575) |
| EBITDA | 47,655 | 3.95% | 50,948 | 4.12% | (3,293) |



The main financial ratios or the financial results of the company are listed below:

ROE (Return On Equity) represents the resources generated by the overall operations of the company, by comparing profitability with equity.

ROI (Return On Investment) expresses the maximum remuneration that operations may produce with the financial assets grouped in terms of debt or risk capital, whatever the financing method and tax policies.

ROS (Return On Sales) is the profitability rate of sales.

| Profitability Indicators | | | |
|------------------------------------|--------------------------------------|---------|---------|
| (in %) | | FY 2020 | FY 2019 |
| ROE net | Net income / Shareholders' equity | 7.31% | 18.94% |
| ROE gross | Gross income / Shareholders' equity | 11.50% | 25.17% |
| ROI | EBIT / (CIO + Operating liabilities) | 18.30% | 36.60% |
| ROS | EBIT / Revenues from sales | 3.19% | 3.16% |
| Financial charges / Turnover ratio | Net financial charges / Turnover | 0.01% | 0.04% |

STATEMENT OF ASSETS AND LIABILITIES

In order to assess the company's creditworthiness, its financial standing will be evaluated. Assets, including Fixed assets and cash & cash equivalents, in the short-, medium- and long-term are therefore compared to equity (Shareholder's Equity) and consolidated and current liabilities.

Following the reclassification of Statement of assets and liabilities according to financial criteria:

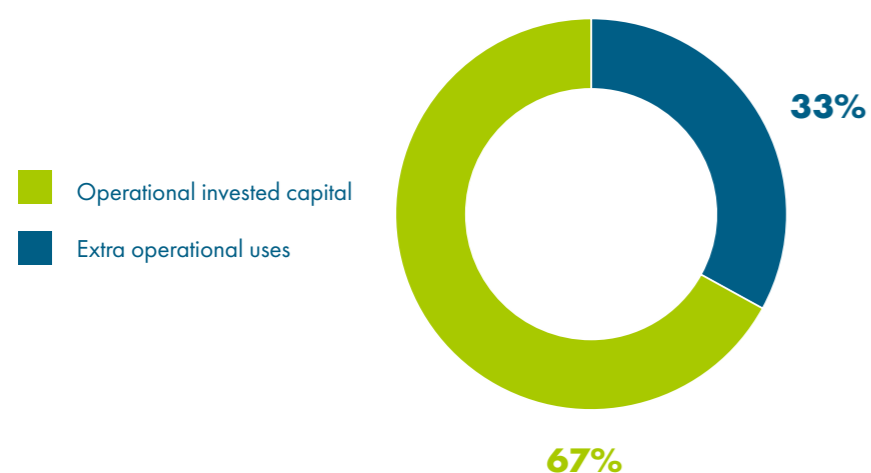
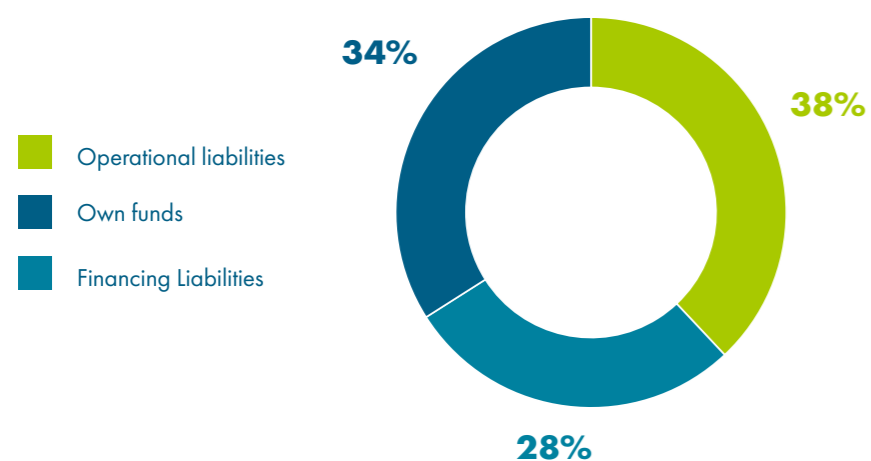
BALANCE SHEET (BASED ON CURRENT AND LIQUIDITY ASSETS)

| Assets | | |
|---------------------------------|--------------------|--------------------|
| (in Euro) | FY 2020 | FY 2019 |
| NON-CURRENT ASSETS | | |
| Intangible non-current assets | 38,334,535 | 9,822,426 |
| Tangible non-current assets | 5,691,679 | 4,527,357 |
| Financial non-current assets | 240,508,301 | 185,073,525 |
| TOTAL NON-CURRENT ASSETS | 284,534,515 | 199,423,308 |
| Accrued income | 1,203,954 | 818,668 |
| Trade and other receivables | 308,085,180 | 274,753,832 |
| Cash & cash equivalents | 129,041,432 | 56,781,683 |
| TOTAL CURRENT ASSETS | 438,330,566 | 332,354,183 |
| TOTAL CAPITAL EMPLOYED | 722,865,081 | 531,777,491 |

| Liabilities | | |
|--------------------------------|--------------------|--------------------|
| (in Euro) | FY 2020 | FY 2019 |
| EQUITY | | |
| Share capital | 12,000,000 | 12,000,000 |
| Reserves | 216,589,378 | 134,659,068 |
| Net Profit (Loss) | 18,021,904 | 34,259,410 |
| EQUITY | 246,611,282 | 180,918,478 |
| NON CURRENT LIABILITIES | 109,930,896 | 37,859,836 |
| CURRENT LIABILITIES | 366,322,903 | 312,022,797 |
| FINANCING CAPITAL | 722,865,081 | 530,801,111 |

The Balance Sheet contains the values related to direct equity investments held in Italian subsidiaries and the financial receivables from cash pooling from Gi International S.r.l., related to investments made by the International Holding Company, recognised as financial non-current assets.

The capital structure set out in the table below, highlights the effect of various forms of concurrent financing on company management, with emphasis placed on self-financing, and the way in which they are used, as set out below:



Following some indicators show the Company's structural soundness in maintaining its medium-to-long term financial balance:

| Fixed assets financing ratios | | | |
|---|--|--------------|--------------|
| (in Euro and in percentage points) | | FY 2020 | FY 2019 |
| Non-current assets to equity capital margin | Equity / Non-current assets | (37,923,233) | (18,504,830) |
| Fixed assets to equity capital ratio | Equity / Non-current assets | 86.7% | 90.7% |
| Non-current assets to equity capital and medium-long term debt margin | (Equity + Consolidated liabilities) / Non-current assets | 72,007,663 | 19,355,006 |
| Non-current assets to equity capital and medium-long term debt margin | (Equity + Consolidated liabilities) / Non-current assets | 125.3% | 109.7% |



FINANCIAL STANDING

Regarding the position towards institutional investors and the banking system, the company has a good credit rating, thanks to careful management of its Financial Position which amounts to EUR 81.9 million (EUR 59.9 million in the previous financial year).

The data on net financial position, compared with the previous year, show an increase in company debt, in particular in the medium-to-long term, aimed to support investment in constant local business growth and to face the challenges of the changing economic scenario in the post-pandemic phase, as shown in the following table:

| Net Financial Debt | | |
|---|---------------|---------------|
| (in thousands of Euro) | FY 2020 | FY 2019 |
| Cash & cash equivalents | -129,041 | -56,782 |
| Short-term financial borrowings | 84,623 | 73,115 |
| Medium/long-term financial borrowings | 104,651 | 33,658 |
| NET BANKING DEBT | 60,233 | 49,991 |
| Financial credits for factoring reserves | 0 | 0 |
| Loan receivables from subsidiaries with Cash Pooling system | -3,615 | -1,602 |
| Loan receivables from Parent Companies with Cash Pooling system | -3,232 | -1,906 |
| LOAN RECEIVABLES | -6,847 | -3,509 |
| Financial debts for Factoring | 14,680 | 3,133 |
| Loan payables from subsidiaries with Cash Pooling system | 0 | 0 |
| Loan payables from subsidiaries with Cash Pooling system | 6,894 | 4,988 |
| Financial payables to Parent companies for financing | 5,250 | 5,250 |
| Accrued expenses from interests on loans | 154 | 34 |
| OTHER LOAN PAYABLES | 26,978 | 13,405 |
| NET FINANCIAL DEBT | 80,364 | 59,887 |

In order to determine the Net Financial Debt of Gi Group S.p.A., it is declared that the "Financial receivables from subsidiaries with Cash Pooling" does not include 52.793 million Euro held by Gi International S.r.l., for its role as financial vehicle of the Group to support the development of the business of subsidiaries abroad by means of loans. These receivables are classified in the Statement of Assets and Liabilities as financial activities for the treasury management - Section C.III of the Assets - based on their contractual nature.

The liquidity or solvency analysis represents the company's ability to maintain a financial equilibrium in the short term and therefore pay expected expenses in the short term with existing liquid assets and short-term expected revenues.

The following table shows the solvency indicators' values.

| Solvency indicators | | | |
|---------------------|---|------------|------------|
| (in Euro) | | FY 2020 | FY 2019 |
| Current margin | Current assets - Current liabilities | 72,007,663 | 20,331,386 |
| Current ratio | Current assets / Current liabilities | 119.66% | 106.52% |
| Cash margin | (Trade and other receivables + Cash & cash equivalents) - Current liabilities | 70,803,709 | 19,512,718 |
| Cash ratio | (Trade and other receivables + Cash & cash equivalents) / Current liabilities | 119.33% | 106.25% |

The value of ratios of average duration of receivables and average duration of payables are expressed in days, to represent the average rate of disinvestment and provide information on the average time necessary to liquidate the production cycle:

| Indicators of average duration of the Group's receivables and payables | | | |
|--|--|---------|---------|
| | | FY 2020 | FY 2019 |
| Average duration of receivables | Management receivables * 365 / Production Value | 73.38 | 62.72 |
| Average duration of payables | Management payables * 365 / Production Cost | 79.32 | 68.28 |
| Current availability ratio | (Current assets within + Accrued income and deferred income) / (Total payables within + Accrued liabilities and deferred income) | 1.21 | 1.08 |

"Management credits" includes all the receivables of current assets (short-term), with inventories and deduction of the advances received, which are compared to the production value.

"Management payables" includes all liabilities (short-term) - financial payables (banks and shareholder loans) - Advances received, which are related to the Production Costs

Finally, below some financial indicators are shown on the solidity of the company to evaluate the incidence of the debts contracted to meet the financial needs and the overall debt in relation to the company's own means:

| Debt ratios and leverage indicators | | | |
|-------------------------------------|---|---------|---------|
| (Absolute value) | | FY 2020 | FY 2019 |
| Financial debt to equity ratio | Financial liabilities/ Equity | 0.83 | 0.61 |
| Debt to equity ratio | (Consolidated liabilities + Current Liabilities) / Equity | 1.93 | 1.93 |

RISKS AND UNCERTAINTIES

GENERAL RISK MANAGEMENT PRINCIPLES

The inherent risk of the business, linked to the strategy of strong business development in an uncertain economic context, with the notable changes in the social and productive business, exposes it to several risks that may affect the financial and capital stability in the short and long term.

Risk management plays an essential role in managing the business and requires that it establishes and maintains an internal audit system that can identify, measure and monitor the main risks.

The set of procedures, rules and organisational structures used allows the Group to circulate knowledge about the risks and corporate values, making decisions easier and adopting corrective actions, if necessary.

The main types of risk identified are:

FINANCIAL RISKS

The potential financial risks are:

- **LIQUIDITY RISK:** the business capacity to convert an asset into cash quickly and to find financial resources equally quickly and at sustainable cost.

The Group's department that deals with this constantly monitors cash flows, by assessing the opportunity costs of financing and the costs associated with it.

It also uses the "zero balance cash pooling" system which requires the current accounts of all Italian companies in the system to be reduced to zero each day and the balances of movements by currency to be transferred from the companies' current accounts to the account of the pooler, Gi Group, through netting transactions.

In 2020, the medium-to-long-term-debt to total-debt ratio grew, in order to develop the business and guarantee a balance between sources of financing and the use of resources, preventing the business from becoming insolvent in terms of obligations to third parties (suppliers, staff, tax authority, social security institutions, etc.)

■ MARKET RISK

This risk is connected to unforeseen effects on the value of assets and liabilities arising from variations in market conditions, i.e. from factors such as interest rates, prices, exchange rates, etc.

Taking on variable rate financing generates potential risk in the event of changes to the maturity structure of interest rates, i.e. when financial liabilities are due to be paid under agreed terms.

The company Gi Group S.p.A. monitors the exposure and the fluctuations of financial expenses affecting its economic results, thus minimising the risk of a potential increase of interest rates via the use of derivative contracts, like Interest Rate Swaps (IRS), which turn the variable rate into a fixed rate for the residual portion of the loan payable, equal to the notional amount of the derivative.

The parent company Gi Group S.p.A. has negotiated the following financial derivatives at the good market conditions aimed at hedging interest rate risks linked to floating rate loans:

| Company | Bank | Instrument | Signing date | Due date | Initial notional | Residual notional | Fair value 31.12.2020 |
|-----------------|-----------|--------------------|--------------|----------|------------------|-------------------|-----------------------|
| Gi Group S.p.A. | Intesa | Interest Rate Swap | 18/10/16 | 30/09/21 | 10,000 | 1,909 | -3.8 |
| Gi Group S.p.A. | Banco BPM | Interest Rate Swap | 18/09/17 | 31/12/22 | 3,409 | 1,364 | -13.5 |
| Gi Group S.p.A. | Unicredit | Interest Rate Swap | 18/09/17 | 30/12/22 | 3,409 | 1,364 | -13.8 |
| Gi Group S.p.A. | Intesa | Interest Rate Swap | 18/09/17 | 30/12/22 | 3,409 | 1,364 | -13.8 |
| Gi Group S.p.A. | Intesa | Interest Rate Swap | 25/02/20 | 31/12/24 | 10,000 | 8,000 | -44.8 |

For an in-depth analysis of derivative financial assets and liabilities, please see the Notes to the Financial Statements.

■ CREDIT RISK

This risk arises when a counterpart is unable to meet its financial obligations and/or is insolvent and translates into potential losses which may have an impact on the business financial results and financial structure.

Checking and monitoring the third-party financial stability, in particular as part of commercial contracts, is one of the tools used by a business to avoid exposing its cash flows to significant problems that may have an impact on its ability to continue trading.

In order to contain the effects of this type of risk, in a year of great uncertainty like 2020 due to the pandemic, the company continually monitored its credit position, and assigned a larger number of without-recourse credits to factoring companies.

The diversification of its customers, which operate in different sectors, have grown significantly despite the precarious economic situation. It is another element that allowed the company to control the impact of credit risk on its performance.

OPERATING RISK

The propensity for operating risk, meaning the risk of suffering losses due to deficiencies or dysfunction of procedures, staffing and internal systems, or due to external events, is closely linked to the size and complexity of the organisational structure.

The main types of operating risk are:

- Process Risk - HR Risk
- Integrity Risk - Legal Risk
- IT Risk - Data/Information Risk
- Compliance Risk

The information below describes the events, specific to each category, which may lead to the business being exposed to Operating Risk:

- Process Risk:
 - processes and procedures not yet completely computerised
 - IT systems not being integrated
 - suppliers not complying with processes
 - interruption to business activity as a result of provisions issued by the authorities
- Human Resources Risks
 - inadequate skills
 - strikes
 - succession plans
 - key staff
 - Accidents
- IT Risk
 - fragmented systems
 - non-standardised data processing
 - access to data not always guaranteed
 - unauthorised access
 - data tampering
 - damage to IT systems
 - locked IT systems
- Legal risks
 - Third-Party Liability
- Compliance Risk
 - Law 231
 - Law 81-2008 EX 626-94
 - Anti-Money Laundering Unit
- Data/Information Risk
 - Security
 - Compliance recognition
 - Accounting information

Knowing, detecting and monitoring the risk stemming from the inappropriate conduct of employees, systemic deficiencies or malfunctions, operating process errors or inefficient processes, as well as external factors which may generate financial losses or damage equity is essential for the company.

In particular, it has to manage its human resources appropriately. This is one of the key areas of an organisation, aligning business processes with established strategic objectives.

The business ability to select, upskill, motivate, involve, imbue a sense of belonging in, and enhance the professional attitudes of, its employees is a distinctive, attractive way of setting it apart from the rest of the market.

To this end, the company has begun a consolidated process to assess and map the skills of its staff, using a meritocracy system and, in line with its Code of Ethics and current legislation, offers its employees the same work opportunities and fair remuneration.

In relation to the pandemic, the health and safety of its workforce has assumed particular importance and requires appropriate cautionary measures to be taken by a business.

The productive and economic situation, which deeply changed because of the pandemic, puts management in a situation where it must assess new organisational models and new ways of conducting its activities, in terms of technological evolution and sustainability.

Another area of attention is business architecture, i.e. the interconnected set of processes, flows and procedures, based on the existing organisational structure.

In order to anticipate all elements and conditions that may lead to a potential operating risk, a business must increase the effectiveness of its processes, by improving its IT systems, the manner in which it manages data, and the way in which formalises its procedures and organisation, supported by appropriate internal communication.

A business ability to continuously evolve and adapt its architecture, in all its functions and methods, will allow it to respond efficiently and effectively to external and unforeseen challenges, which may change conditions in its target market significantly.

Also, the introduction of technological solutions and the digitalisation of standard business processes, underline the greater propensity for operating risk connected with the management and security of networks and data, whether company data or third-party data, such as sensitive data about candidates.

The adoption of an appropriate Cyber Risk Management process, allows Gi Group to identify the risks and threats to which it is exposed, defining an action plan and corrective measures, where necessary.

The Group data centre is now in a dedicated space at the Milan MIX (Milan Internet exchange) Irideos, which has all certifications and physical and environmental safety and security guarantees, in as well as state-of-the-art data protection systems and platforms.

In order to ensure continuous activity also in the event of severe disasters, solutions were implemented to rapidly use the infrastructure installed in the Group's head office of the in Milan, in the event of malfunctioning of the main data centre. The building in Piazza 4 Novembre, indeed contains a data centre with the same platforms and solutions used by the provider.

With a view to growing importance of digital channels through which business services can be made available, another control model based on the OWASP standard was introduced, with the objective of increasing the level of the Group's software security.

In 2019 the ISO27001 certification of Gi Group was perfected and the measures to support the security system and data privacy were further reinforced.

CERTIFICATIONS FOR QUALITY, ENVIRONMENT, AND SOCIAL RESPONSIBILITY MANAGEMENT SYSTEMS

The adoption of Management Systems in conformity with the regulations recognised at international level is, for Gi Group, an operational tool used to pursue their mission and reach its corporate goals, with the aim of constant improvement based on risk-based thinking.

According to this rationale, since 2001 the company defined and implemented the first Quality Management System in compliance with UNI EN ISO 9001 regulation, thus obtaining the first certification of the company that plans and delivers career advising, outplacement and consulting services.

In the following years, the company successfully completed other quality management system certifications for the companies that design and deliver training and advising programmes and training modules aimed at developing professional skills and management and organizational competencies with traditional, experiential methodologies, as well as those companies delivering search and selection services, temporary and permanent staffing services and those designing, implementing and delivering outsourced or software-as-a-service HR management and administration services.

In April 2017, Gi Group S.p.A. received a certification for its social accountability management system in compliance with the International Standard SA8000:2014®: in April 2017, this Management System was certified, recognised as being fully compliant with the requirements of the SA8000:2014® standard by C.I.S.E., the certification organisation of Social Accountability System accredited by SAAS (Social Accountability Accreditation Services) and Founder of the Network Lavoro Etico (Ethical Work Network). The activity of the Gi Group Social Performance Team, together with the operational Group on Corporate Social Responsibility, represents a guide and a support for the other Network companies.

During 2018 they also integrated the Gi Group, Intoo, Gi Formazione and OD&M QMS with the environmental requirements in compliance with ISO 14001, thereby obtaining the certification for the Palazzo del Lavoro in Milan, site of the Group's HQ, successively extended in 2019 to Tack&TMI, demonstrating the carrying out of its own activities in respect for the law and local, national, and international regulations in force to protect the Environment, operating to improve their own environmental performance by applying the SGA (Company Environment Management System) to support their own commitments.

In May 2019, Gi Group S.p.A. obtained ISO 27001 certification, an international regulation that defines the requirements for the Information Security Management System (SGSI), meeting the strict requirements established by the regulation by adopting a reliable, efficient, and secure system. Compliance with the ISO 27001 standard guarantees the safeguarding of the information and security of the systems in terms of technological, operational, and procedural aspects. The holding of this certification is strictly correlated with the pursuit of our Mission, defining new and better rules for the development of our market through an adequate risk management. This is a fundamental stage on the road to continuous improvement that involves different corporate offices, consolidating processes, improving awareness of resources, and bringing value to business.

These milestones show that Gi Group carries out its activities based on certified processes, which are monitored and tested on a first-, second- and third-level, with the aim of reaching:

- the satisfaction of our own clients and users of reference by controlling and mitigating corporate risks;
- compliance with regulations and proven corporate credentials;
- access to new Market areas and global recognition as a reliable supplier.

All these certifications issued by an independent, accredited external Body, show Gi Group's ability to supply products and services that meet the needs of customers and requirements of local regulations, in line with the interests of its stakeholders.

Following is the table with the certifications awarded to Gi Group S.p.A. and its Italian subsidiaries:

| Certification table | | | | | | | |
|-----------------------|-------------------------------|-------------------|---------------|--|--------------------|------------|-----------------|
| Company | Reference standard | N. of certificate | Sector | Field of application | Certification Body | Issue Date | Expiration date |
| Gi Group S.p.A. | UNI EN ISO 9001:2015 | N° 12236 | IAF 35 | Provision of search and selection and temporary and permanent staffing services | Certiquality | 09/05/2007 | 17/04/2022 |
| | SA8000:2014® | N° 683 | – | Temporary staffing and Search & selection services | Tuv Italia | 12/04/2017 | 12/04/2023 |
| | UNI EN ISO 14001:2015 | N° 26468 | IAF 35 | Provision of search and selection and temporary and permanent staffing services | Certiquality | 25/09/2018 | 24/09/2021 |
| | UNI CEI EN ISO/IEC 27001:2017 | N° 26899 | IAF 35, 33 | Ict services provided to support labour administration and personnel search & selection for Gi Group companies | Certiquality | 30/05/2019 | 29/05/2022 |
| Intoo S.r.l. | UNI EN ISO 9001:2015 | N° 25509 | IAF 35 IAF 38 | Design and delivery of outplacement, advising and corporate consultancy services | Certiquality | 31/10/2001 | 11/04/2021 |
| | UNI EN ISO 14001:2015 | N° 26468 | IAF 35 IAF38 | Design and delivery of outplacement, advising and corporate consultancy services | Certiquality | 25/09/2018 | 24/09/2021 |
| Gi HR Services S.r.l. | UNI EN ISO 9001:2015 | N° 16311 | IAF 35 | Design, implementation and delivery of outsourced hr management and administration services – Saas (software as a service) | Certiquality | 22/12/2010 | 04/12/2022 |
| Tack&Tmi S.r.l. | UNI EN ISO 9001:2015 | N° 17911 | IAF 37 | Design and delivery of training programmes aimed at developing professional skills and management and organizational competences with traditional and experience-based methodologies | Certiquality | 22/05/2006 | 05/08/2022 |
| | UNI EN ISO 14001:2015 | N° 26468 | IAF 37 | Design and delivery of training programmes aimed at developing professional skills and management and organizational competences with traditional and experience-based methodologies | Certiquality | 25/09/2018 | 24/09/2021 |
| | UNI ISO 45001:2018 | N° 27632 | IAF 37 | Design and delivery of training programmes aimed at developing professional skills and management and organizational competences with traditional and experience-based methodologies | Certiquality | 06/08/2019 | 05/08/2022 |

| Certification table | | | | | | | |
|---------------------|-----------------------|-------------------|--------------|--|--------------------|------------|-----------------|
| Company | Reference standard | N. of certificate | Sector | Field of application | Certification Body | Issue Date | Expiration date |
| Od&M S.r.l. | UNI EN ISO 9001:2015 | N° 25462 | EA 35 | Design and delivery of consultancy service for the improvement of Hr practices and organisation and development models | Certiquality | 15/02/2018 | 14/02/2021 |
| | UNI EN ISO 14001:2015 | N° 26468 | EA 35 | Design and delivery of consultancy service for the improvement of Hr practices and organisation and development models | Certiquality | 25/09/2018 | 24/09/2021 |
| Gi On Board S.r.l. | UNI EN ISO 9001:2015 | N° 73 100 6460 | EA 35 | Planning, sale, and supervision of optimised outsourcing services in the field of third-party logistics, production, and customer care | Tüv Proficert | 02/09/2019 | 01/09/2022 |
| Enginium S.r.l. | UNI EN ISO 9001:2015 | N° 73 100 6459 | EA: 33; 34/2 | Specialised information technology consultancy services and in technological and engineering innovation. Design of complex electronic and mechanical apparatus and systems design, development, implementation and providing support with applications and software systems. Design and development of new products, such as: displays, clusters and it apparatus for the automotive, aerospace and railway sectors. | Tüv Proficert | 15/08/2019 | 14/08/2022 |

(continued on the next page)

R&D ACTIVITIES

For Gi Group, technology sustains and supports both candidates and clients. Technology must be easy to use and accessible to all, contributing easily to the meeting of supply and demand, in order to effectively satisfy the needs of the individual and the market.

Research and development were oriented to create technological products and solutions for innovative processes and methodologies, in order to allow the business's structural dynamics to gradually improve a background of continued efficiency.

To this end, during the year, the company invested resources into the "Candidate 4.0" project. This involved the creation of an IT platform that is closely integrated with cloud services and aimed at supporting digital search and selection services. The project aims to promote the development of an innovative model of sustainable consumption of services offered by the platform, enabling the creation of a virtual community that can support continuous collaboration and sharing of information and know-how, whilst having a low environmental impact, thanks to the use of technology.

The work plan for the 2020-2023 period will also absorb resources in future financial years, with a total estimated value of EUR 7.4 million, EUR 0.64 million of which were incurred in the year just closed.

Due to the nature of the investment, the company has taken advantage of EUR 26.2 thousand of research and development tax incentives.

This digital and technological transformation, vital for achieving corporate objectives, not only includes investment in solutions, products and processes, but also expands the range of 4.0 technology training activities.

During 2020, the company invested in this type of training for the launch of the Spinner product, a technological solution which enables some basic and fundamental candidate search and selection processes to be digitalised and which improves operational effectiveness of teams.

Investments in training was made through the use of videoconferencing systems and involved a high number of the business area's internal employees for around a couple of days each.

The overall value of investment was EUR 188,451, which allowed the company to benefit from tax incentives of EUR 58,167.

RELATIONS WITHIN THE GROUP AND WITH RELATED PARTIES

The Gi Group Holding S.r.l. parent company acts as the Director and Coordinator, pursuant to Article 2497 and successive of the Italian Civil Code, of Gi Group S.p.A. and the other operative Italian companies.

The companies observe the Group regulations issued by the Board of Directors of the parent company, Gi Group Holding S.r.l.. The companies observe the Group regulations issued by the Board of Directors of the parent company, Gi Group Holding S.r.l.. The Regulation applies the current legislation concerning operations with related parties and is intended to:

- the integration and the interaction of the Group companies to maximize the value of the same and the attainment of the Group strategic objectives;
 - the synergies determined by belonging to the Group, enhancing the characteristics of the different companies of the Group.
- These objectives are expected to be attained in keeping with the respect for the principles of the correct management of the company and legal autonomy of the individual companies of the Group.

Gi Group S.p.A. holds 100% share capital in Italian companies with the legal form of Limited Liability Company, with quotas corresponding to the nominal value of the Share Capital.

The parent company and the Italian and foreign subsidiaries maintain relations with related parties in line with the principles of transparency and fairness.

The operations with correlated parties concern the performance of services, provision and lending of financial means with its own subsidiaries, associated company and other affiliates, as well as the Group's treasury management. These relations fall under routine management of the business and are concluded under normal market conditions, or in other words, under the conditions that would normally be established between independent parties.

The amount of the relations of a commercial, financial and other nature with the correlated parties, the description of the main types of operations, as well as the impact of such relations and equity and financial operations on the result for the year and cash flow are indicated in the Notes to the Consolidated Financial Statements and in the individual separate financial statements of the Gi Group S.p.A. and the Italian and foreign subsidiaries.

The law on "transfer price" plays a fundamental role for the Group, which operates on a global level.

The documentation prepared by Gi Group S.p.A. enables the financial Administration to rely on a valid support in the demonstrating compliance with fair market value of the transfer prices practised by the company and by the Group, compared to those adopted in the arm's length regime.

Gi Group S.p.A. prepares the following documentation on an annual basis:

- the Master file, which collects information regarding the entire Group;
- the National Document (Country file), which concerns information relative only to Gi Group S.p.A.

These Consolidated Financial Statements for the year reflect the equity/financial situation and its variations, including the profit/loss for FY 2020 of only one economic entity, Gi Group, which is distinctive from the several legal entities constituting the Group. As of 2020, Gi Group has prepared its Consolidated Financial Statements using the IFRS international accounting standards and this financial year is its First-Time Adoption period. For more details, please see the information contained in the Consolidated Financial Statements.

In accordance with this introduction, upon consolidation all intra-group transactions and mutual balances of companies with the scope of consolidation were eliminated, because they represented the transfer of resources within the Group.

In order to ensure a reliable internal control system for financial reporting purposes, Gi Group adopted administrative, accounting and operating procedures aimed at producing an effective information flow and implemented these in its companies. Group administrative procedures include the Group Accounting Manual (rules for the use and application of accounting standards) and the Consolidated Financial Statements Operation Manual.

TREASURY SHARES

The Parent Company Gi Group S.p.A. holds 60,000 treasury shares with a face value of 1 Euro, purchased for a total value of Euro 976 thousand in 2008.

It should be noted that, following the introduction of Articles 2357-b and c. 7 of 2424-bis (Lgs. Decree 139/2015), in the Economic and Financial Statements, Treasury shares are presented as a reduction of shareholders' equity, in a special negative reserve (item A.X of the liabilities).

For more information, please see the Notes to the Financial Statements for the Fiscal Year and the Consolidated Financial Statements of Gi Group.

SECONDARY OFFICES

The company has no secondary offices.

Milan, 18th May 2021

On behalf of the Board of Directors,
The Chairman, Francesco Baroni



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STATUTORY AUDITORS' REPORT

GI GROUP SPA - Relazione del Collegio Sindacale al bilancio chiuso al 31 dicembre 2020

GI GROUP S.P.A.
Agenzia per il lavoro
Piazza IV Novembre 5 - MILANO
Capitale sociale Euro 12.000.000 i.v.
Reg. imprese Milano 11629770154 - R.E.A. 1482329
Codice fiscale 11629770154

Direzione e coordinamento ex art. 2497 c.c.: GI GROUP HOLDING S.R.L.

RELAZIONE DEL COLLEGIO SINDACALE AI SENSI DELL'ART. 2429, c. 2 DEL CODICE CIVILE

Agli azionisti di GI Group s.p.a

Signori Azionisti,

nel corso dell'esercizio chiuso il 31 dicembre 2020 il collegio Sindacale di GI GROUP S.p.A. (la "Società" o "GI Group") ha svolto la propria attività di vigilanza in conformità alla legge, adeguando in ultimo la propria operatività alle Norme di comportamento del collegio sindacale di società non quotate emanate dal Consiglio Nazionale dei Dottori commercialisti e degli Esperti contabili, pubblicate a dicembre 2020 e vigenti dal 1° gennaio 2021. Vi portiamo a conoscenza con la presente relazione dell'attività svolta e dei risultati conseguiti.

È stato sottoposto al Vostro esame il bilancio d'esercizio della Gi Group S.p.A. al 31.12.2020, redatto in conformità alle norme italiane che ne disciplinano la redazione, che evidenzia un risultato d'esercizio di euro 18.021.904. Il bilancio è stato messo a disposizione con il nostro assenso in deroga al termine di cui all'art. 2429 c.c. e gli azionisti con PEC dell'11 giugno 2021 hanno espressamente rinunciato al termine previsto dall'art. 2429 del Codice Civile e dall'articolo 41 del DLgs 127/1991, per il deposito delle relazioni della società di revisione incaricata della Revisione Legale e del Collegio Sindacale sollevandoci da ogni contestazione.

Il soggetto incaricato della revisione legale dei conti PwC S.p.A. ci ha consegnato la propria relazione datata 28 Giugno 2021. La relazione della società di revisione indipendente emessa ai sensi dell'articolo 14 del D. Lgs. 27 Gennaio 2010 n.39 presenta al paragrafo Giudizio del capitolo "Relazione sulla revisione contabile del bilancio d'esercizio" un giudizio positivo circa la rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria, del risultato economico e dei flussi di cassa relativi al bilancio d'esercizio chiuso al 31 dicembre 2020 in conformità alle norme italiane che ne disciplinano i criteri di redazione nonché circa la coerenza della relazione sulla gestione con il bilancio d'esercizio stesso espressa con giudizio al paragrafo "Relazione su altre disposizioni di legge e regolamentari". La relazione del soggetto incaricato della revisione legale al paragrafo "Richiami d'informativa" segnala quanto segue: "La società nel proprio bilancio di esercizio chiuso al 31 dicembre 2020 ha esercitato l'opzione di rivalutazione dei beni di impresa e delle partecipazioni immobilizzate di controllo ai sensi della Legge 13 ottobre 2020, n.126 di conversione con modificazioni del D.L. 14 agosto 2020 n.104." Gli effetti di tale rivalutazione sul valore delle immobilizzazioni e delle partecipazioni nonché sul patrimonio netto e i debiti tributari sono riflessi in bilancio e descritti in nota integrativa al paragrafo "Effetti della rivalutazione prevista dalla L. 126/2020".

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Il Collegio sindacale, non essendo incaricato della revisione legale, ha svolto sul bilancio le attività di vigilanza previste Norma 3.8. delle "Norme di comportamento del collegio sindacale di società non quotate" consistenti in un controllo sintetico complessivo volto a verificare che il bilancio sia stato correttamente redatto. La verifica della rispondenza ai dati contabili spetta, infatti, all'incaricato della revisione legale.

Attività di vigilanza ai sensi degli artt. 2403 e ss. c.c.

1. Abbiamo vigilato sull'osservanza della legge e dell'atto costitutivo e sul rispetto dei principi di corretta amministrazione in particolare, sull'adeguatezza degli assetti organizzativi, del sistema amministrativo e contabile sul loro concreto funzionamento.
2. Abbiamo partecipato alle assemblee dei soci ed alle adunanze del Consiglio di Amministrazione dell'esercizio, svoltesi nel rispetto delle norme statutarie, legislative e regolamentari che ne disciplinano il funzionamento.
3. Abbiamo ottenuto dagli Amministratori durante le riunioni svolte informazioni sul generale andamento della gestione e sulla sua prevedibile evoluzione nonché sulle operazioni di maggiore rilievo, per le loro dimensioni o caratteristiche, effettuate dalla società e dalle sue controllate tenuto conto del perdurare degli impatti prodotti dall'emergenza sanitaria Covid-19 anche nei primi mesi dell'esercizio 2021 nonché dei fattori di rischio e le incertezze significative relative alla continuità aziendale. Abbiamo altresì acquisito i piani aziendali predisposti per far fronte a tali rischi ed incertezze nonché dettagli sulle operazioni di maggiore rilievo; possiamo ragionevolmente assicurare che le azioni poste in essere, sono conformi alla legge ed allo statuto sociale e non sono manifestamente imprudenti, azzardate, in potenziale conflitto di interesse o in contrasto con le delibere assunte dall'assemblea dei soci o tali da compromettere l'integrità del patrimonio sociale.
4. Abbiamo tenuto regolari contatti con il soggetto incaricato della revisione legale la società di revisione PwC S.p.A. che ha effettuato l'attività prevista dalle norme vigenti in materia e dalla quale non sono emersi dati o informazioni rilevanti che debbano essere evidenziati nella presente relazione. Il Collegio sindacale ai sensi dell'art. 2409 septies si è costantemente confrontato con la società di revisione al fine di valutare il piano di audit e i suoi esiti sia nella fase di impostazione, sia in quella di analisi delle verifiche effettuate e dei relativi follow up. In particolare il Collegio sindacale e la società di revisione hanno mantenuto scambi informativi con riferimento alle difficoltà operative che si sono manifestate in conseguenza dell'emergenza sanitaria da Covid 19; il Collegio ha altresì vigilato sugli impatti del lavoro a distanza del revisore con il supporto delle funzioni aziendali. Il Collegio sindacale ha provveduto tempestivamente a condividere con la società di revisione le informazioni rilevanti per l'espletamento dei rispettivi incarichi.
5. Abbiamo acquisito conoscenze e vigilato sull'adeguatezza dell'assetto organizzativo della società, anche tramite la raccolta di informazioni dai responsabili delle funzioni, periodici scambi di informazione con i soggetti incaricati della revisione legale delle controllate e a tale riguardo non abbiamo osservazioni particolari da riferire. In particolare il Collegio sindacale rileva che GI Group aggiorna periodicamente il modello organizzativo previsto dal D. Lgs.231/2001 finalizzato a prevenire la possibilità di commissione di illeciti

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rilevanti ai sensi del Decreto stesso e, conseguentemente, la responsabilità amministrativa della società. Abbiamo ricevuto informazioni dall'Organismo di Vigilanza e abbiamo preso visione delle relazioni periodiche redatte da quest'ultimo; non sono emerse criticità rispetto alla corretta attuazione del modello organizzativo che debbano essere evidenziate nella presente relazione.

6. Abbiamo valutato e vigilato sull'adeguatezza del sistema amministrativo e contabile nonché sull'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle funzioni amministrative e l'esame dei documenti aziendali e a tale riguardo non abbiamo osservazioni particolari da riferire.
7. Il Collegio Sindacale ha scambiato informazioni con i Collegi Sindacali delle società direttamente controllate senza ricevere evidenza di fatti di rilievo da segnalare specificatamente nella presente relazione.
8. Non sono pervenute denunce ex art. 2408 c.c.
9. Nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi ulteriori fatti significativi tali da richiederne la menzione nella presente relazione.

Osservazioni in ordine al bilancio d'esercizio

Per quanto attiene al bilancio d'esercizio chiuso al 31 dicembre 2020 che Vi viene sottoposto per l'approvazione dal Consiglio di Amministrazione, Vi informiamo che non essendo demandato al Collegio Sindacale il controllo analitico di merito sul contenuto del bilancio civilistico, abbiamo vigilato sull'impostazione generale data allo stesso e sulla sua generale conformità alla legge per quel che concerne la sua formazione e struttura, essendo il documento contabile accompagnato:

- dalla relazione sulla gestione predisposta dal Consiglio di Amministrazione ai sensi dell'art. 2428 C.C., che espone dati e notizie sull'andamento dell'esercizio e le prospettive per il corrente anno e che riteniamo esauriente ed esplicativa dell'andamento dello stesso;
- dal rendiconto finanziario;
- dalla nota integrativa redatta ai sensi dell'art. 2427 del C.C. che contiene le altre indicazioni utili al completamento del quadro informativo;
- dalla relazione della società di revisione indipendente, delle cui risultanze teniamo conto al fine dell'espressione del parere sull'approvazione del bilancio.

Il Collegio ha constatato che la valutazione del patrimonio sociale è stata attuata dagli Amministratori con l'applicazione dei criteri prescritti dall'art. 2426 C.C. così come modificato dal D.Lgs. 139/2015, che sono stati osservati i principi di redazione del bilancio indicati dall'art. 2423 bis C.C. e che nella redazione del bilancio civilistico, gli Amministratori non hanno derogato alla disposizione prevista dall'art. 2423 c. 4 C.C.

Quanto alla rivalutazione dei beni effettuata ai sensi e per gli effetti di cui all'art. 11, co. 3, della L. 21 novembre 2000, n. 342, richiamato dall'art. 110, co. 1-7 della L. 13 ottobre 2020, n. 126 di conversione con modificazioni del D.L. 14 agosto 2020, n. 104, attestiamo che la stessa non eccede il valore effettivamente attribuibile ai beni medesimi come determinato ai sensi dell'art. 11, co. 2, della stessa L. 21 novembre 2000, n. 342.

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Abbiamo verificato la rispondenza del bilancio ai fatti ed alle informazioni di cui abbiamo conoscenza a seguito dell'espletamento dei nostri doveri e non abbiamo osservazioni al riguardo.

In particolare il Collegio dà atto che:

- ✓ i criteri che presidono alla formazione del bilancio sono in coerenza e continuità con quelli utilizzati nel precedente esercizio;
- ✓ la valutazione delle voci di bilancio si ispira a criteri di prudenza e competenza nella prospettiva della continuità aziendale;
- ✓ le immobilizzazioni immateriali sono state iscritte al costo di acquisto comprensivo dei costi accessori;
- ✓ la società, nel corso dell'esercizio 2020, ha provveduto alla rivalutazione di alcuni beni immateriali e materiali iscritti in bilancio alla data del 31.12.2019, secondo quanto disposto dall'art. 110 della L. 126/2020. Sulla base delle perizie redatte per ogni singola categoria di beni, che hanno valutato la sussistenza di elementi fondati per la rivalutazione (stima della vita utile residua del software, verifica della sostenibilità economica e prezzo corrente di mercato per le licenze, comparabilità delle royalties di mercato per i marchi), la società ha adottato i seguenti criteri di rivalutazione:
Software e licenze mediante la riduzione del fondo ammortamento;
Marchi mediante sia l'incremento del cespite che la riduzione del fondo.
Mobili, arredamento e macchine d'ufficio mediante la riduzione del fondo ammortamento
- ✓ la società ha aderito alla rivalutazione facoltativa prevista dall'art. 110 L. 126/2020 per le partecipazioni in società controllate già iscritte in bilancio al 31.12.2019 e con riferimento ai valori alla data del 31.12.2020. Al fine di supportare la rivalutazione delle partecipazioni gli amministratori hanno conferito a professionista esperto specifico mandato per la redazione di una perizia di stima. Le partecipazioni oggetto di rivalutazione sono state.

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Per quanto riguarda la voce Partecipazioni pari a 84,1 milioni di euro, gli Amministratori di Gi Group S.p.A. nella nota integrativa segnalano che la strategia sviluppata nel corso del 2020, tenuto conto delle circostanze eccezionali indotte dalla pandemia, si è focalizzata sul mantenimento dei margini di tutte le linee di business mediante una incisiva azione di razionalizzazione dei costi di struttura, anche ricorrendo all'utilizzo degli ammortizzatori sociali.

Segnalano altresì che le differenze tra il valore di carico delle partecipazioni, anche tenuto conto della rivalutazione effettuata sopra descritta, e il valore di patrimonio netto delle stesse trova ragione sia nel valore specifico relativo all'avviamento della singola società, sia nella value proposition globale del gruppo, che mira all'offerta di servizi HR integrati alla clientela.

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Il piano strategico di Gi Group infatti declinato nelle attività delle sue partecipate, attribuisce al gruppo un ruolo di player globale sul mercato dei servizi al lavoro, con particolare riferimento al segmento della clientela Corporate.

Sulla base di quanto sopra specificato, gli amministratori ritengono complessivamente che non si siano verificate perdite durevoli di valore delle partecipazioni, con l'eccezione di alcuni specifici casi descritti nell'informativa.

Gli Amministratori nella nota integrativa segnalano inoltre che, per quanto riguarda le partecipate italiane, l'anno 2020 è stato caratterizzato a livello globale dalla crisi sanitaria legata al Covid-19, le cui ripercussioni di tale sono state evidenti in tutti i mercati Italia compresa.

Le modalità con cui le partecipate italiane hanno fronteggiato tale situazione si possono sintetizzare come segue:

Mantenimento della strategia di sviluppo nel lungo periodo per tutti i business nonostante il contesto di difficoltà esistente nei vari mercati;

valutazione immediata dei possibili rischi derivanti dalla situazione sanitaria (impatto su ricavi e margini; rischi sul credito; rischi sulle risorse umane);

valutazione dei possibili rischi relativi alla continuità dei servizi per i clienti e contestuale progettazione di soluzioni alternative di fornitura del servizio compatibili con le restrizioni alla mobilità;

Analisi ed immediata implementazione di strategie di controllo dei costi, anche tenendo conto delle misure di sostegno alle imprese che, di volta in volta, sono state deliberate dallo Stato.

Sul fronte internazionale, già dal 2019, il Gruppo ha introdotto una nuova organizzazione che delinea l'attività internazionale, adottando un modello Globale organizzato per Aree, per Practice e per Funzioni Centrali al fine di garantire il perseguimento di una strategia comune. La crescente consistenza degli investimenti internazionali rafforza il ruolo di Gi Group come Partner globale per i grandi clienti multinazionali e diversifica il rischio dell'attività attraverso una localizzazione geografica ad ampia copertura: tale strategia si è rivelata efficace nel 2020, riuscendo a compensare il rallentamento dell'attività in specifici settori (es. Industrial, Automotive) e servizi (es. Ricerca e Selezione), dovuto agli effetti della pandemia, con canali alternativi meno impattati dalla situazione contingente (es. Logistic, On line).

Nell'ambito della propria strategia di globalizzazione, nel 2020 Gi International e il Gruppo hanno investito in modo rilevante sul rafforzamento del proprio posizionamento e delle quote di mercato in alcuni Paesi esteri dove già vi era una presenza diretta, in modo da ampliare il portafoglio clienti. La controllata GI International S.r.l. in particolare opera come Holding e detiene tutte le partecipazioni relative agli investimenti e i finanziamenti esteri necessari per lo sviluppo del Gruppo sul mercato internazionale.

Per quanto attiene alla controllata Gi International gli amministratori nella nota integrativa segnalano che la partecipata ha rilevato nell'esercizio 2020 un risultato netto negativo di 5,7 milioni di euro, imputabile principalmente alle svalutazioni pari a 2,4 milioni di euro, per adeguare il valore di carico al patrimonio netto delle partecipazioni in Germania e Russia e alle perdite su cambi per attualizzare i finanziamenti infragruppo. Tenuto conto degli effetti dell'evento pandemico e dell'andamento del 2020, gli Amministratori di Gi Group

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S.p.A. hanno deliberato in data 3 Dicembre 2020 un incremento delle riserve di Gi International pari a 10 milioni di Euro, rettificando poi il valore della partecipazione per il medesimo importo. Gli Amministratori ritengono altresì che il ruolo di GI International Srl sia strategico nel coordinamento degli investimenti esteri del Gruppo e che tale funzione esprima la motivazione, in misura ragionevole nel rispetto del principio della prudenza, del differenziale tra il valore di carico della partecipazione e il valore del patrimonio netto 2020, in linea con il costante andamento in crescita della redditività e profittabilità degli investimenti esteri del Gruppo.

Per quanto riguarda la voce attività finanziarie che non costituiscono immobilizzazioni pari ad euro 58,1 milioni, gli stessi per 51,2 milioni sono vantati nei confronti di Gi International e sono costituiti da crediti finanziari per la gestione accentrata della tesoreria nonché dai flussi finanziari erogati a supporto dell'operatività economica e della crescita nei ricavi delle controllate estere dirette.

Abbiamo poi esaminato il bilancio consolidato chiuso al 31 dicembre 2020, in merito al quale riferiamo quanto segue:

la Società si è avvalsa della facoltà prevista dal Decreto Legislativo 28 febbraio 2005, n. 38, come successivamente modificato dal Decreto Legge n. 91 del 24 giugno 2014 e dalla Legge n. 145/2018, che disciplina l'esercizio delle opzioni previste dall'articolo 5 del Regolamento Europeo n. 1606/2002 in materia di principi contabili internazionali, e ha adottato in via volontaria, per il solo bilancio consolidato, gli International Financial Reporting Standards, emanati dall'International Accounting Standards Board, e adottati dall'Unione Europea (i "Principi Contabili Internazionali") per la predisposizione del proprio bilancio consolidato. Il bilancio consolidato relativo all'esercizio chiuso al 31 dicembre 2020 rappresenta il primo bilancio consolidato della Società predisposto in accordo con i Principi Contabili Internazionali in quanto, in precedenza, la Società predisponiva il proprio bilancio consolidato in accordo con le norme applicabili in Italia e i principi contabili emanati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, modificati dall'Organismo Italiano di Contabilità (i "Principi Contabili Italiani"). Si è reso pertanto necessario effettuare un processo di transizione da tali principi contabili agli EU-IFRS in conformità a quanto disciplinato dall'IFRS 1 - Prima Adozione degli International Financial Reporting Standards; a tal fine è stata identificata quale data di transizione agli EU-IFRS il 1° gennaio 2019 (la "Data di Transizione").

Non essendo a noi demandato il controllo analitico di merito sul contenuto del bilancio consolidato, abbiamo vigilato sull'impostazione generale data allo stesso, sulla sua generale conformità alla legge per quel che riguarda la sua formazione e struttura nonché la correttezza del contenuto della relazione sulla gestione. Per quanto a nostra conoscenza, gli Amministratori, nella redazione del bilancio consolidato, non hanno derogato alle norme di legge ai sensi dell'art. 2423, comma quattro, c.c. e ritengono che il bilancio consolidato completi l'informativa offerta ai terzi e quanto già comunicato con il bilancio d'esercizio.

Abbiamo pertanto verificato la rispondenza del bilancio consolidato ai fatti ed alle informazioni di cui abbiamo conoscenza a seguito dell'espletamento dei nostri doveri e non abbiamo osservazioni al riguardo. Le informazioni specifiche riguardanti il gruppo unitariamente considerato, così come espresso nei suoi aspetti economico finanziari attraverso i valori contenuti nel bilancio consolidato, sono ampiamente

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riportate nella relazione sulla gestione che illustra l'andamento della gestione complessiva delle imprese del gruppo, mettendo in evidenza le scelte strategiche intraprese. Le informazioni assunte dalla società PwC S.p.a., incaricata della revisione del bilancio consolidato, consentono di affermare che i valori espressi nel bilancio stesso corrispondono alle risultanze contabili della controllante e alle informazioni a questa formalmente trasmesse dalle sue controllate. La relazione sulla revisione contabile del bilancio consolidato della società di revisione indipendente presenta un giudizio positivo circa la rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria, del risultato economico e dei flussi di cassa relativi al bilancio consolidato chiuso al 31 dicembre 2020 in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché circa la coerenza della relazione sulla gestione con il bilancio consolidato stesso espressa con giudizio al paragrafo " Relazione su altre disposizioni di legge e regolamentari".

Osservazioni e proposte in ordine alla approvazione del bilancio

Considerando le risultanze dell'attività da noi svolta e il giudizio espresso nella relazione di revisione rilasciata dal soggetto incaricato della revisione legale dei conti, invitiamo gli azionisti ad approvare il bilancio d'esercizio chiuso al 31 dicembre 2020, così come redatto dagli amministratori.

Il Collegio sindacale concorda con la proposta di destinazione del risultato d'esercizio formulata dagli amministratori nella nota integrativa.

Milano, 28 giugno 2021
Il Collegio Sindacale



(dott. Francesco Carnevali)



(dott. Corrado Colombo)



(dott. Piergiorgio Gusso)



7

**INDEPENDENT
AUDITORS'
REPORT**



Relazione della società di revisione indipendente

ai sensi dell'articolo 14 del DLgs 27 gennaio 2010, n° 39

Agli azionisti di GI Group SpA

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della società GI Group SpA (la Società), costituito dallo stato patrimoniale al 31 dicembre 2020, dal conto economico, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Richiamo di informativa

La società nel proprio bilancio di esercizio chiuso al 31 dicembre 2020 ha esercitato l'opzione di rivalutazione dei beni di impresa e delle partecipazioni immobilizzate di controllo ai sensi della Legge 13 ottobre 2020, n.126 di conversione con modificazioni del D.L. 14 agosto 2020 n.104.

Gli effetti di tale rivalutazione sul valore delle immobilizzazioni e delle partecipazioni nonché sul patrimonio netto e i debiti tributari sono riflessi in bilancio e descritti in nota integrativa al paragrafo "Effetti della rivalutazione prevista dalla L. 126/2020".

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Il nostro giudizio non è espresso con rilievi in relazione a tale aspetto.

Altri aspetti

La società, come richiesto dalla legge, ha inserito nella nota integrativa i dati essenziali dell'ultimo bilancio disponibile della società che esercita su di essa l'attività di direzione e coordinamento. Il nostro giudizio sul bilancio di GI Group SpA non si estende a tali dati.

Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di



revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;

- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenta le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'articolo 14, comma 2, lettera e), del DLgs 39/10

Gli amministratori di GI Group SpA sono responsabili per la predisposizione della relazione sulla gestione di GI Group SpA al 31 dicembre 2020, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n° 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio di GI Group SpA al 31 dicembre 2020 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio di GI Group SpA al 31 dicembre 2020 ed è redatta in conformità alle norme di legge.



Con riferimento alla dichiarazione di cui all'articolo 14, comma 2, lettera e), del DLgs 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Milano, 28 giugno 2021

PricewaterhouseCoopers SpA

Andrea Alessandri
(Revisore legale)



Group
YOUR JOB, OUR WORK

Piazza IV Novembre, 5
20124 Milano
Tel +39 02.444111
Fax +39 02.66807343

www.gigroup.com

