# Annual Report 2017

(Translation from the Italian original, which remains the definitive version)

openjobmetis
AGENZIA PER IL LAVORO

# CONTENTS

# Corporate Information

**Openjobmetis S.p.A.**
Employment Agency
Aut. Prot. N.1111-SG dated
26/11/2004
*Registered Office*
Via G. Fara 35 – 20124 Milan

Headquarters and Offices
Via Marsala 40/C Centro Direzionale Le Torri, 21013 Gallarate (VA)

*Legal Information*
Approved and subscribed share capital: EUR 13.712.000
Registered in the Milan Register of Companies under tax code13343690155

*Website*
www.openjobmetis.it

Professional.
Personal.

# LETTER TO THE SHAREHOLDERS

Dear Shareholders,

The financial statements as at 31 December 2017 are the second from when the Company became listed on the Star segment of the Italian Stock Exchange. The year 2017 exceeded our expectations in terms of growth and profitability; Openjobmetis has been able to transform the opportunities provided by this favourable moment for the Italian economy and the sector in which we operate into concrete results. In terms of the economy, GDP rose by roughly 1.5 points with respect to 2016, the best result since 2010 according to International Monetary Fund statistics. It can be reasonably expected that this economic recovery will continue in Italy throughout 2018, and as a result we can look to the near future with a renewed sense of optimism.

In 2017, Openjobmetis achieved significant revenue growth, from EUR 461 million in 2016 to roughly EUR 584 million this year (EUR +123 million), marking an increase of 26.7%. EBITDA is just over EUR 22 million, growth of nearly 30% compared to the approximately EUR 17 million reached in 2016, with a profit margin of 3.8%, also up compared to 2016. Lastly, the Net profit, amounting to EUR 12.2 million, also rose by more than 32% compared to roughly EUR 9.3 million in 2016.

In the course of 2017, Openjobmetis consolidated its positioning amongst the most experienced and reliable employment agencies present in the Italian market. In addition, 2017 marked the Group's first considerable investment in the "Digital-Tech" sector, through the development of a new app named "Shakejob", a technological platform dedicated to the Ho.Re.Ca. sector, which provides a meeting point between work supply and demand in the restaurant field. In particular, customers can use this app to select one or more candidates and enter into a temporary work employment contract completely in digital form.

With this investment, the Company has reaffirmed its inclination and sensitivity to change, which is indispensable to take advantage of all future opportunities offered by new technologies. Indeed, aside from passion and commitment, which continue to distinguish each and every activity carried out by our Group, we should always keep in mind that we must never lose the courage to change and innovate to remain competitive and meet the continuously evolving needs of our customers.

Lastly, I would like to thank all of the investors who have supported us and who continue to trust in our capacity to create long-term value for all of our stakeholders.

The Chairman

Marco Vittorelli

# CORPORATE BODIES

The Board of Directors will remain in office until the Shareholders' Meeting called to approve the financial statements as at 31 December 2017.

## Board of Directors

| | |
|---|---|
| Chairman | Marco Vittorelli |
| Managing Director | Rosario Rasizza |
| Directors | Biagio La Porta |
| | Mario Artali[1] |
| | Alberica Brivio Sforza[1] |
| | Alberto Picciau[1] |
| | Alessandro Potestà |
| | Alberto Rosati[2] |
| | Corrado Vittorelli |

## Board of Statutory Auditors

| | |
|---|---|
| Chairman | Roberto Tribuno |
| Standing Auditors | Giovanni Rovetta |
| | Elena Marzi |
| Alternate Auditors | Marzia Erika Ferrara |
| | Stefania Bettoni |

| | |
|---|---|
| **Independent Auditor[3]** | KPMG S.p.A. |
| **Manager in charge of financial reporting** | Alessandro Esposti |

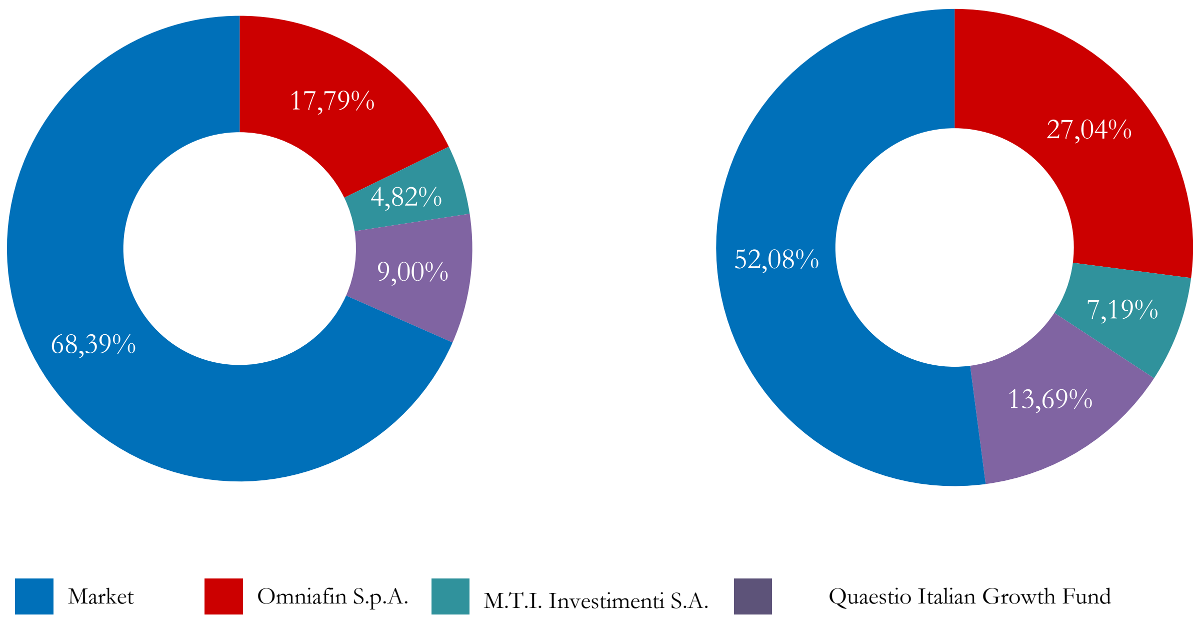
[1] Independent Director
[2] Director co-opted in replacement of Paolo Gambarini on 12/5/2017
[3] In office until the Shareholders' Meeting called to approve the financial statements as at 31/12/2023

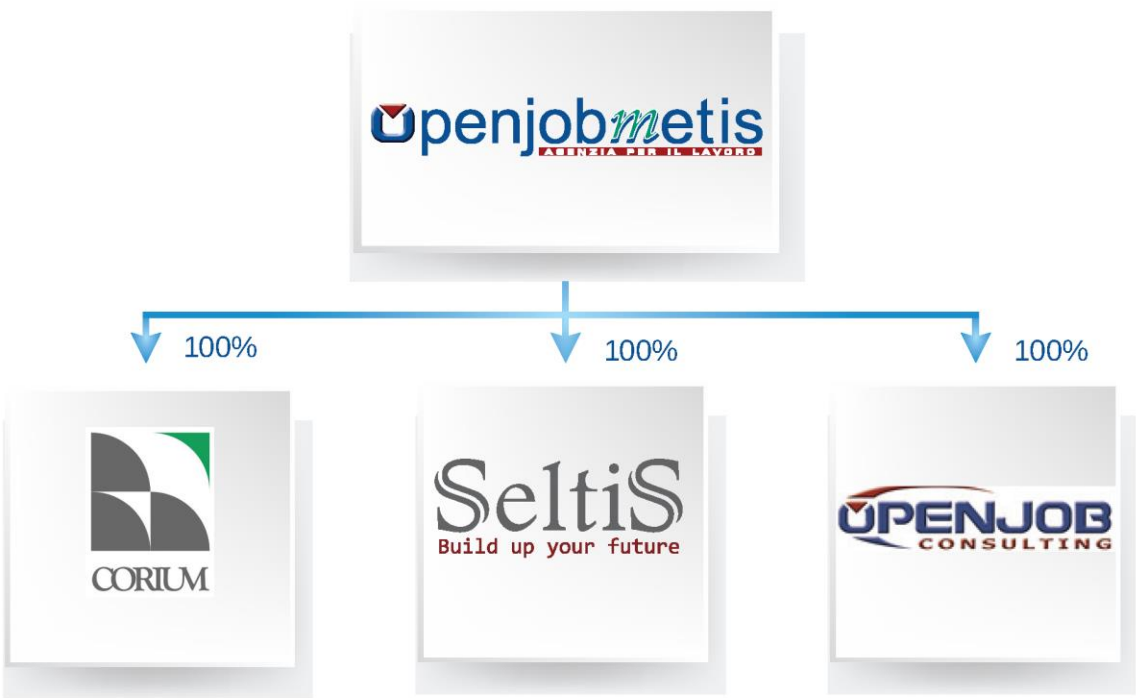
## Committees

| | |
|---|---|
| Control and Risks Committee | Mario Artali (Chairman) [1]<br>Alberto Picciau[1]<br>Corrado Vittorelli |
| Remuneration Committee | Mario Artali (Chairman) [1]<br>Alessandro Potestà<br>Alberica Brivio Sforza[1] |
| Related Parties Committee | Mario Artali (Chairman) [1]<br>Alberica Brivio Sforza[1]<br>Alberto Picciau[1] |

# STRUCTURE OF THE GROUP[4]

**Percentage of Share Capital** **Percentage of Voting Rights**



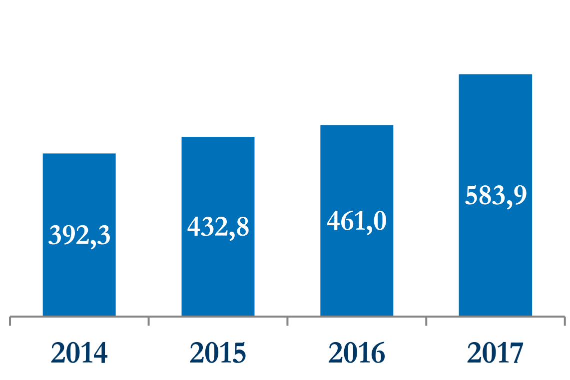




[4]Structure of the share capital and voting rights at 8 January 2018

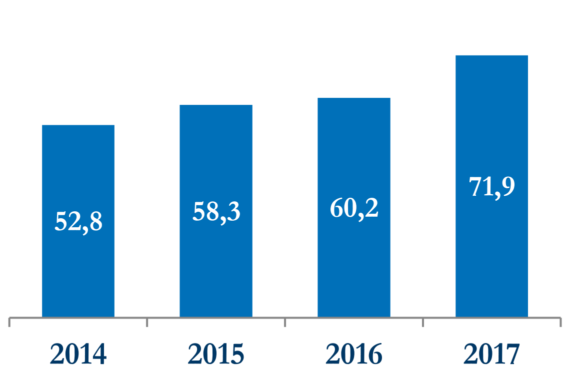
# REPORT ON OPERATIONS

## Highlights (in millions of EUR)

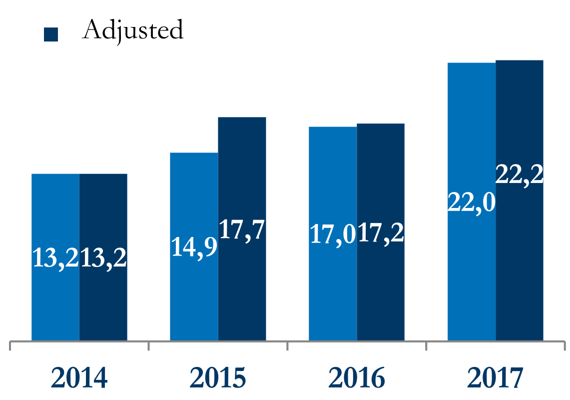
### Revenue



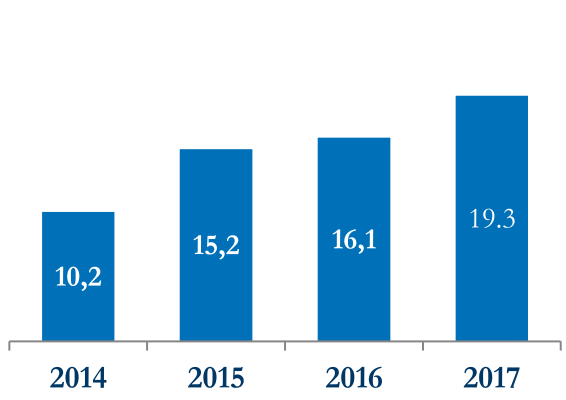

### First contribution margin



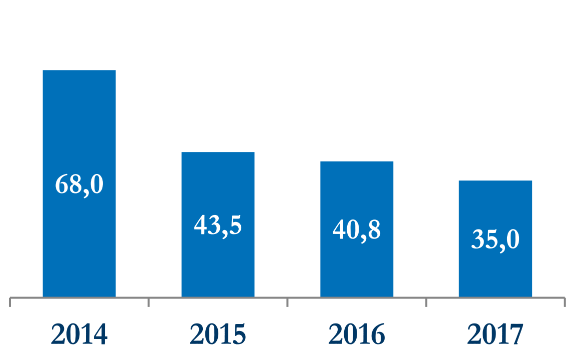

### EBITDA



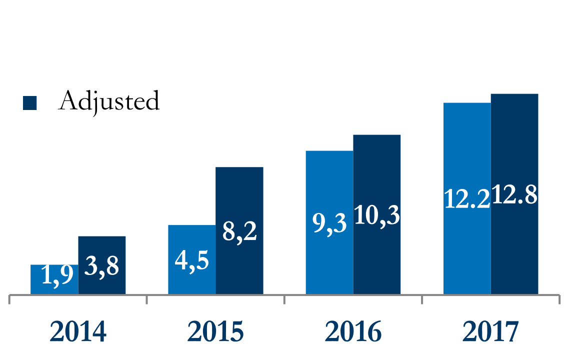

### Adjusted EBITA




### Net Financial Indebtedness (NFI)




### Profit (loss) for the year



# Trends in key income, financial and operating indicators

| Income statement indicators | 2017 | | 2016 | | 2015 | | 2014 | | Δ 17 vs. 16 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | EUR | % | EUR | % | EUR | % | EUR | % | EUR | % |
| First contribution margin (millions/margin) (1) | 71.9 | 12.3% | 60.2 | 13.1% | 58.3 | 13.5% | 52.8 | 13.5% | 11.6 | 19.3% |
| EBITDA (millions/margin) (2) | 22.0 | 3.8% | 17.0 | 3.7% | 14.9 | 3.4% | 13.2 | 3.4% | 5.0 | 29.8% |
| Adjusted EBITDA (millions/margin) (3) | 22.2 | 3.8% | 17.2 | 3.7% | 17.7 | 4.1% | 13.2 | 3.4% | 5.0 | 29.1% |
| Adjusted EBITDA II (millions/margin) (4) | 22.5 | 3.8% | 17.2 | 3.7% | 17.7 | 3.4% | 13.2 | 3.4% | 5.3 | 30.5% |
| EBITA (millions/margin) (5) | 19.1 | 3.3% | 15.9 | 3.4% | 11.0 | 2.6% | 8.8 | 2.2% | 3.2 | 20.2% |
| Adjusted EBITA (millions/margin) (6) | 19.3 | 3.3% | 16.1 | 3.5% | 15.2 | 3.5% | 10.2 | 2.6% | 3.2 | 19.7% |
| Profit (loss) for the year (millions/margin) | 12.2 | 2.1% | 9.3 | 2.0% | 4.5 | 1.0% | 1.9 | 0.5% | 2.9 | 32.2% |
| Adjusted profit (loss) for the year (millions/margin) (7) | 12.8 | 2.2% | 10.3 | 2.2% | 8.2 | 1.9% | 3.8 | 1.0% | 2.5 | 24.4% |

| Other indicators | 2017 | 2016 | 2015 | 2014 | Δ 17 vs. 16 | |
|---|---|---|---|---|---|---|
| | | | | | Value | % |
| Net financial indebtedness (EUR million) (8) | 35.0 | 40.8 | 43.5 | 68.0 | (5.8) | (14.1%) |
| Net financial indebtedness/EBITDA | 1.6 | 2.4 | 2.9 | 5.1 | (0.8) | (33.8%) |
| Number of shares (thousand) | 13,712 | 13,712 | 13,712 | 10,637 | 0 | 0.0% |
| Earnings (loss) per share (EUR) | 0.9 | 0.7 | 0.3 | 0.2 | 0.2 | 33.4% |
| Adjusted earnings (loss) per share (EUR) | 0.9 | 0.8 | 0.6 | 0.4 | 0.2 | 25.5% |
| ROE - Net profit (loss)/average equity (%) | 14.9% | 13.0 | 8.2 | 4.5 | 1.9 | 14.5% |
| Average no. of days to collect trade receivables (days) (9) | 76 | 81.0 | 71 | 77 | (5) | (6.2%) |

(1) The first contribution margin is calculated as the difference between Revenue and Personnel expense for temporary workers.

(2) EBITDA is calculated as Profit (loss) for the year before income taxes, net financial expense, amortisation/depreciation, provisions and impairment losses.

(3) Adjusted EBITDA is calculated as EBITDA before non-recurring income (charges) (as defined in the following pages of this report).

(4) Adjusted EBITDA II is calculated as adjusted EBITDA before estimated non-monetary costs relating to long-term incentive schemes.

(5) EBITA is calculated as Profit (loss) for the year before income taxes, net financial expense and amortisation of customer relations included in the value of Intangible assets and goodwill.

(6) Adjusted EBITA is calculated as EBITA before non-recurring income (charges) (as defined in the following pages of this report).

(7) Adjusted Profit (loss) for the year is calculated as Profit (loss) for the year before non-recurring income (charges) (as defined in the following pages of this report).

(8) Net financial position shows the company's financial exposure to lenders and is the difference between financial assets and the sum of current and non-current financial liabilities (see the section on "Operating performance and results of the Group" for its detail).

(9) Average number of days to collect trade receivables: trade receivables/revenue from sales * 360.

The above indicators are not identified as accounting measures under IFRS, therefore the quantitative determination thereof may not be unique. The determination criteria applied by the Group may not be consistent with those adopted by other groups, and therefore the balances obtained by the Group may not be comparable with those determined by the latter.

# General economic scenario[5]

### Real economy and financial market trends

Already in the first half of 2017, ISTAT increased the preliminary GDP estimate it had released previously. The latest revisions (ISTAT, Quarterly Income Statements 1 December 2017) demonstrate that in the first quarter of 2017 gross domestic product increased 0.5% compared to the final quarter of 2016 and 1.3% compared to the first quarter of 2016.

There was also growth in the Italian economy in the second quarter of the year, which in quarterly terms reached +0.3%, but in yearly terms a good +1.5%. In the spring, growth was driven by rising value added in services and industry.

Growth then continued to accelerate in the third quarter of the year, again driven by the services and industry sectors. Italian GDP marked quarterly growth of 0.4% and yearly growth of 1.7%.

According to preliminary estimates, in the fourth quarter of 2017 the Italian economy improved by 0.3% with respect to the previous quarter and 1.6% compared to the same period of 2016.

Therefore, Italian GDP rose in 2017 compared to 2016 by 1.5%: the highest figure since 2010. The European Commission also increased its estimates for 2018: from +1.3% expected in November 2017 to +1.5%. Business confidence indicators also showed signs of hope for the future in 2017, basically returning to the values observed before the start of the crisis that began in summer 2007.

However, a certain weakness remains in our country with respect to the growth recorded in the Eurozone, which reached roughly 2.5% on average in 2017 (+1.8% in 2016). Other European countries, like Germany first and foremost, France and Spain, have had a stronger economic recovery, returning to pre-crisis GDP levels. The acceleration in 2017 arouses hope for a rapid recovery in Italy as well.

The year 2017 was also very positive for the financial markets. During the year, the capitalisation of the 339 companies listed on the Italian Stock Exchange markets increased by more than 20% compared to the end of 2016. At 22 December, the FTSE MIB index rose by more than 15%, but it was the STAR segment, on which Openjobmetis is also listed, that recorded the best performance. Indeed, the FTSE STAR index recorded year over year growth of nearly 35%, reaching its all-time high on 6 November 2017. In general, the entire Italian SME segment achieved record growth: FTSE

[5] Sources: ISTAT, Bank of Italy and Italian Stock Exchange

Italia Mid Cap +32%, FTSE Italia Small Cap +27%, FTSE AIM Italia +23% compared to the end of 2016.

The Openjobmetis security, listed on the STAR segment of the Italian Stock Exchange, was a main player with strong growth throughout the year. On 2 January 2017 the security opened at EUR 6.14 per share; on 29 December 2017, the last trading date of the year, the security closed at EUR 12.88, recording growth of 110%. Thus, Openjobmetis's market capitalisation rose from roughly EUR 84 million at the start of the year to in excess of EUR 176.6 million at the end of 2017.

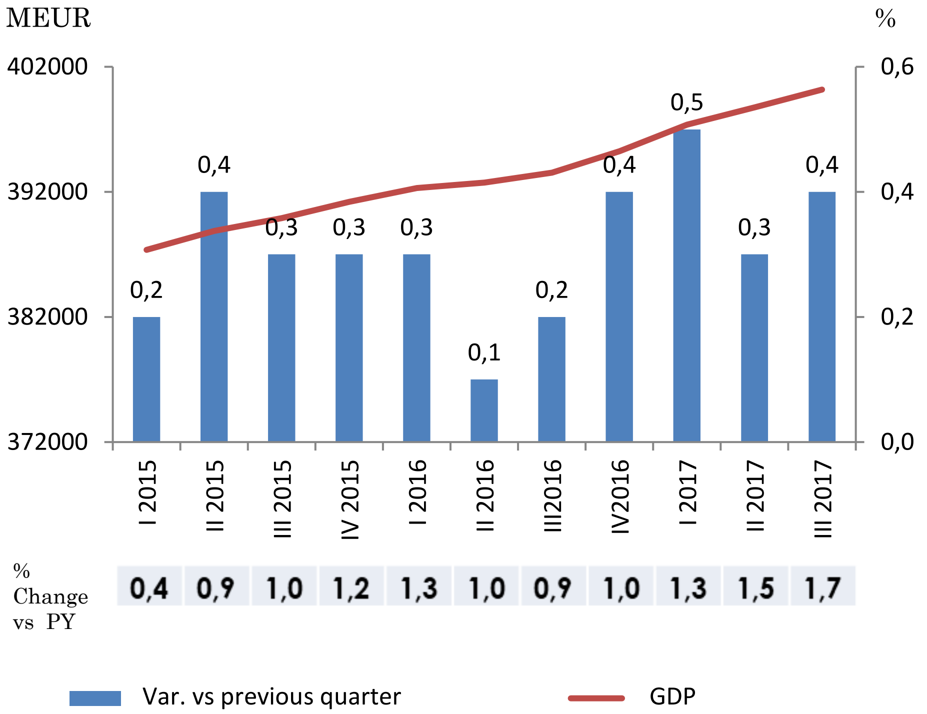



*Table 1: Italian GDP trend by quarter*

# Openjobmetis S.p.A. and the labour market

**Performance of the labour market**

The positive trend in the Italian economy in 2017 was accompanied by rising employment: in the first quarter of 2017, there was quarterly growth of 52,000 jobs, due especially to the increase in temporary employees. On an annual basis, employment rose by 1.5% compared to the first quarter of 2016. Quarterly employment growth in Italy was seen in the second and third quarters as well, which both marked growth of 0.3% compared to the respective quarters of the previous year. In the final quarter of the year, employment stabilised, growing only slightly compared to the third quarter (+0.1%); growth concerned primarily women and people over 50 years of age. Like in the previous quarters, growth was concentrated almost exclusively in temporary contracts.

At the end of 2017, the unemployment rate reached 10.8%, while the youth unemployment rate dropped to 32.2%. At the start of the year, the rates were: 11.9% for unemployment and 37.9% for youth unemployment.

The temporary work market also grew at a good pace, with growth reaching roughly 20% in the first 11 months of the year compared to the first 11 months of 2016. The penetration of temporary work has increased gradually over the years, reaching 2% in the final months of 2017.

The general trend that can be observed in the world of Italian employment is that temporary employment (direct and through employment agencies) is privileged over permanent employment; this trend demonstrates the value that Italian companies have been placing on flexibility over the years.

In the course of March 2017, the Italian government definitively abolished the voucher system, roughly 134 million of which were sold in 2016 alone. Through Bill S. 2853 approved by the Senate on 19 June 2017, a new remuneration system was subsequently introduced for occasional work, broken down into two different tools: the first one to be used by companies with fewer than 5 employees, the second one to be used by families. The new more stringent characteristics and a quite reduced user base compared to the "old vouchers", which could also be used by large companies, significantly reduced the dissemination of these work payment instruments. It is deemed that the main contractual instrument alternative to the "old vouchers" is represented by on-call work contracts. INPS reports that in the first 11 months of 2017, this contractual type has risen by almost 120% compared to the first 11 months of 2016.

At the end of the year, the Italian government approved the "2018 manoeuvre" (published in the Official Gazette on 29 December 2017) which provides for the "contribution exemption" to favour youth employment. This incentive has the objective of promoting the permanent employment of young workers, the exemption will be equal to 50% of the contribution up to a maximum of EUR 3,000 and it will be available for 36 months for companies that hire young people or convert temporary contracts into permanent contracts. The workers must be young, under 30 years of age (less than 35 years old only for 2018). At the date of hire, these parties must never have had a previous permanent employment relationship. This incentive is structural, unlike that introduced in 2015 with the Jobs Act, which benefitted any permanent hiring. A similar (but not structural) exemption was in place for 2017 only. This "youth employment incentive", equal to 100% of the contribution due, up to a maximum of EUR 8,060, was due for 12 months to companies that hired young people aged between 16 and 30 years with a permanent contract (and with a temporary contract for at least 6 months) during 2017. Openjobmetis does not believe that the 2017 youth employment incentive materially influenced the Group's activities.

Against this backdrop, Openjobmetis S.p.A. is one of the leading operators in the Italian temporary work market, out of approximately 100 agencies authorised by the Ministry. Openjobmetis S.p.A. also offers personnel recruitment and selection services, as well as outplacement and training services, through a network of 127 branches as at 31 December 2017, spread throughout the entire country, enabling it to serve customers located in all regions of Italy.

Breakdown by region shows a significant presence of agencies in the northern regions, as a result of a higher level of industrialisation. Several major international companies operate in Italy, including Adecco, Randstad and Manpower, in addition to the Italian GI Group.

In addition to performing the activities they are authorised to carry out (supply of temporary work, intermediation, recruitment and selection, and professional outplacement support, depending on the specific authorisation), employment agencies may also request and obtain regional accreditation for labour services. Through these accreditations, the regions recognise a public or private operator's ability to provide labour services within reference regional domains, also through the use of public resources. Accredited entities are enrolled in the relevant regional list and can provide the services established by the Region, by actively participating in the network of services for the labour market with particular reference to services that act as links between supply and demand. The regional network of services for the labour market is therefore composed of public employment services and private operators or other public players, with the aim of improving the functioning of the labour market, providing workers seeking jobs and employers with a set of qualified operators, and optimising the public and private resources available in the region. Accredited entities may also implement labour policy measures for the labour market integration or re-integration of unemployed workers and/or particular categories of workers, as set out in the regional plan. The involvement of the accredited entities occurs through contractual relationships with the public player (the service client) or other economic incentive tools for the implementation of public policies.

It should also be pointed out that Openjobmetis S.p.A. places particular emphasis on training its own temporary work resources, providing 4 types of training: basic, professional, on-the-job and training for open-ended contract employees. During 2017, the Company organised around 1,500 training courses for a total of approximately 9,000 participants and provided around 80,000 hours of training.

# Operating performance and results of the Group

**Analysis of the operating performance of the Openjobmetis S.p.A. Group for the year 2017**

Revenue from sales for the 2017 came to EUR 583.9 million, compared to EUR 461.0 million in the previous year. The growth of 26.7% (EUR 123 million), compared to 2016, is mainly due to an increase in revenues relating to the core activity, i.e. “temporary work” (+26.9% compared to 2016) and to “recruitment and selection” (+9.7% compared to 2016). In addition, please note that in 2017 the operating result (or EBIT, earnings before interest and tax) increased from EUR 15.5 million in the previous year to EUR 19.0 million.

The Group’s consolidated financial figures for the years ended 31 December 2017, 2016, 2015 and 2014 are shown in the table below.

| *(Amounts in thousands of EUR)* | **Financial statements for the year ended 31 December** | | | | | | **2017/2016 Change** | |
|---|---|---|---|---|---|---|---|---|
| | **2017** | **% of Revenue** | **2016** | **% of Revenue** | **2015** | **2014** | **value** | **%** |
| Revenue | 583,897 | 100.0% | 460,952 | 100.0% | 432,763 | 392,310 | 122,945 | 26.7% |
| Costs of temporary work | (512,038) | (87.7%) | (400,724) | (86.9%) | (374,503) | (339,486) | (111,314) | 27.8% |
| **First contribution margin** | **71,858** | **12.3%** | **60,228** | **13.1%** | **58,260** | **52,824** | **11,631** | **19.3%** |
| Other income | 12,958 | 2.2% | 11,957 | 2.6% | 10,514 | 9,119 | 1,001 | 8.4% |
| Employee costs | (31,538) | (5.4%) | (28,012) | (6.1%) | (27,705) | (25,805) | (3,526) | 12.6% |
| Cost of raw materials and consumables | (257) | (0.0%) | (233) | (0.1%) | (229) | (186) | (24) | 9.8% |
| Costs for services | (30,172)* | (5.2%) | (26,164)* | (5.7%) | (25,386) | (22,134) | (4,008) | 15.3% |
| Other operating expenses | (823) | (0.1%) | (803) | (0.2%) | (532) | (579) | (20) | 2.4% |
| **EBITDA** | **22,027** | **3.8%** | **16,973** | **3.7%** | **14,922** | **13,239** | **5,054** | **29.8%** |
| Provisions and impairment losses | (2,158) | (0.4%) | (469) | (0.1%) | (3,197) | (3,739) | (1,689) | 360.4% |
| Amortisation/depreciation | (795) | (0.1%) | (638) | (0.1%) | (677) | (678) | (157) | 24.6% |
| **EBITA** | **19,074** | **3.3%** | **15,866** | **3.4%** | **11,048** | **8,822** | **3,208** | **20.2%** |
| Amortisation of intangible assets | (44)* | (0.0%) | (408)* | (0.1%) | (606) | (1,212) | 364 | (89.1%) |
| **EBIT** | **19,030** | **3.3%** | **15,458** | **3.4%** | **10,442** | **7,610** | **3,572** | **23.1%** |
| Financial income | 80 | 0.0% | 157 | 0.0% | 110 | 112 | (77) | (49.2%) |
| Financial expense | (944) | (0.2%) | (1,606) | (0.3%) | (3,330) | (3,745) | 662 | (41.2%) |
| **Profit (loss) before taxes** | **18,166** | **3.1%** | **14,009** | **3.0%** | **7,222** | **3,977** | **4,157** | **29.7%** |

| *(Amounts in thousands of EUR)* | **Financial statements for the year ended 31 December** | | | | | | **2017/2016 Change** | |
|---|---|---|---|---|---|---|---|---|
| | **2017** | **% of Revenue** | **2016** | **% of Revenue** | **2015** | **2014** | **value** | **%** |
| Income taxes | (5,926)* | (1.0%) | (4,748)* | (1.0%) | (2,721) | (2,038) | (1,178) | 24.8% |
| **Profit (loss) for the period** | **12,240** | **2.1%** | **9,261** | **2.0%** | **4,501** | **1,939** | **2,979** | **32.2%** |

* For further details please refer to the table below

The table below shows details of non-recurring costs and their impact on the income statement in 2017 and 2016, respectively:

| | **Brief description** | **2016** | | **2017** | |
|---|---|---|---|---|---|
| | | **Amount in thousands of EUR** | **% weight on income statement item** | **Amount in thousands of EUR** | **% weight on income statement item** |
| Costs for services | Costs related to due diligence activities | 237 | 0.9% | 196 | 0.6% |
| **Total** | | **237** | **-** | **196** | |
| Amortisation/depreciation | Amortisation of customer relations included in the amount of intangible assets and goodwill | 408 | 39.0% | 44 | 5.2% |
| **Total non-recurring costs** | | **645** | **-** | **240** | |
| Tax effect | | (203) | - | (67) | |
| Income taxes | Provision for risks relating to fiscal disputes | 600 | 12.6% | 400 | 6.7% |
| **Total impact on the income statement** | | **1,042** | **-** | **573** | |

In 2017, non-recurring costs related to due diligence activities amounted to EUR 196 thousand and amortisation of customer relations included in the value of intangible assets and goodwill amounted to EUR 44 thousand. The Group also set aside EUR 400 thousand for risks relating to fiscal disputes (for further details, please refer to point 29 of the Notes to the Separate and Consolidated Financial Statements). This resulted in an adjusted net profit of EUR 12,813 thousand, taking into account a negative tax effect of EUR 67 thousand.

*Revenues from sales and services*

Group revenues went from EUR 460,952 thousand in 2016 to EUR 583,897 thousand in 2017. The overall increase amounts to EUR 122,945 thousand (+26.7%), mostly in connection with an increase in the volume of activities in terms of temporary worker hours sold to customers, and an increase in revenue from recruitment and selection, as mentioned above.

*Costs of temporary work*

Personnel expense relating to temporary workers shows an increase of EUR 111,314 thousand, from EUR 400,724 thousand in 2016 to EUR 512,038 thousand in 2017, with incidence on revenue at 87.7%.

The change was due to an increase in revenue from the temporary employment agency business as a result of an increase in business volume in terms of temporary worker hours sold to customers.

*First contribution margin*

In 2017, the Group's first contribution margin amounted to EUR 71,858 thousand, up by EUR 11,631 thousand from 2016. The incidence on revenue totalled 12.3% (in 2016 it was equal to 13.1%).

*Other income*

'Other income' for 2017 amounted to EUR 12,958 thousand, a EUR 1,001 thousand increase compared to 2016 (EUR 11,957 thousand).

The item mostly includes contributions from the entities Forma.Temp and Ebiref (EUR 12,016 thousand in 2017 from EUR 10,085 thousand in 2016) for costs incurred by the Group to deliver training courses for temporary workers through qualified trainers, and other miscellaneous income (EUR 942 thousand, from EUR 1,872 thousand in 2016). These contributions are granted by the entities Forma.Temp and Ebiref on the basis of the specific reporting of costs of equal amounts for organising and carrying out training activities, at the level of the individual initiative.

*Employee costs*

The average number of employees in 2017 was 611, compared to 577 in 2016, and includes staff employed at the headquarters and at the Group's subsidiaries (149 employees in 2017 for the Group) and at the branch offices located throughout the country (462 in 2017 for the Group).

Personnel expense grew from EUR 28,012 thousand in 2016 to EUR 31,538 thousand in 2017. Please note that personnel expense accounted for in the year 2017 include the cost of the Phantom Stock Options (EUR 239 thousand), which corresponds to the valuation made at the reporting date, by a third-party consultant, regarding the applicable amount that may be paid according to the plan and the current regulations.

The incidence on revenue decreased from 6.1% in 2016 to 5.4% in 2017; this reduction confirms the presence of economies of scale in the Company's business model.

*Costs for services*

For 2017, the item 'Costs for services' reached EUR 30,172 thousand, a EUR 4,008 thousand increase (+15.3%) compared to 2016 (EUR 26,164 thousand). The figure from 2017 includes non-recurring costs of EUR 196 thousand, connected to due diligence activities on possible targets of M&A operations, while in 2016 non-recurring costs (also attributable to due diligence) totalled EUR 237 thousand.

Costs for services mainly include the costs incurred for the organisation of training courses for temporary workers, amounting to EUR 12,020 thousand for 2017, compared to EUR 10,085 thousand in 2016.

The remaining costs for services, the incidence of which on revenue decreased and was 3.1% (3.5% in 2016) refer mainly to the costs for tax, legal, IT and business consultancy, rental costs and fees to sources and professional advisors. The Group receives grants from Forma.Temp and from other entities to fully cover the costs incurred for training, following accurate and timely reporting of said costs.

In 2017, Openjobmetis was confirmed as the main sponsor of Pallacanestro Varese, a professional basketball club that plays at national level in the first division of the Italian basketball league.

*EBITDA, EBITA and the respective adjusted values*

In 2017, EBITDA amounted to EUR 22,027 thousand, a 29.8% increase from EUR 16,973 thousand in 2016, while in 2017, adjusted EBITDA[6] stood at EUR 22,223 thousand, in relation to that already mentioned in costs for services. In 2017, adjusted EBITDA rose by EUR 5,013 thousand (equal to 29.1%) compared to 2016 (EUR 17,210 thousand). In addition, taking into account that the cost of the Phantom Stock Options assigned to key management personnel was recognised in 2017, adjusted EBITDA II[7] reached EUR 22,462 thousand.

In 2017, EBITA went from EUR 15,866 thousand in 2016 to EUR 19,074 thousand (+20.2%). Adjusted EBITA[8] for 2017 was EUR 19,270 thousand, +19.7% compared to EUR 16,103 thousand in 2016.

*Amortisation/depreciation*

Amortisation/depreciation was EUR 839 thousand in 2017, down by EUR 207 thousand with respect to 2016 (EUR 1,046 thousand), mainly due to a decrease in the value of the amortisation of intangible assets for EUR 364 thousand. The amortisation portion of the value of customer relations capitalised among intangible assets and goodwill, included in the amortisation value of intangible assets, amounted to EUR 44 thousand in 2017 (EUR 408 thousand in 2016).

*Provisions and impairment losses*

Total impairment in 2017, equal to EUR 2,158 thousand, shows an increase of EUR 1,689 thousand compared to 2016 (EUR 469 thousand). The incidence of impairment losses on total turnover reached 0.37% in 2017; the group considers this to be a natural ratio.

*EBIT*

As a result of the above, the Group's operating profit (loss) for 2017 was EUR 19,030 thousand, up by EUR 3,572 thousand compared to 2016 (EUR 15,458 thousand).

[6] Calculated as EBITDA before non-recurring income (charges)
[7] Calculated as adjusted EBITDA before estimated non-monetary costs relating to long-term incentive schemes
[8] Calculated as EBITA before non-recurring income (charges)

*Financial income and financial expense*

The item "Net financial income and expense" shows a negative net balance of EUR 864 thousand in 2017, an improvement of EUR 585 thousand compared to 2016 (EUR 1,449 thousand). The improvement is mainly attributable to the decrease in the item "Interest expense on loans" following a reduction in average debt in 2017 compared to 2016.

The expected cash flows associated with hedging derivative financial instruments are exclusively related to interest rate swaps that were in place to partially hedge the Senior Loan. No future cash flows are expected relating to these instruments: indeed, as at 31 December 2017, the balance was equal to EUR 0, compared to EUR 51 thousand as at 31 December 2016. Indeed, please note that as at 31 December 2017, there were no longer hedging instruments in place.

*Income taxes*

In 2017, income taxes totalled EUR 5,926 thousand, a EUR 1,178 thousand increase compared to 2016 (EUR 4,748 thousand). The item includes current taxes of EUR 4,787 thousand, compared to EUR 1,813 thousand in the previous year, and total deferred taxes of EUR 739 thousand, compared with EUR 2,335 thousand in the previous year. In addition, the 2017 figure includes the provision of EUR 400 thousand for risks relating to fiscal disputes (in 2016 a provision of EUR 600 thousand was recognised); for further details, please refer to point 29 of the Notes to the Separate and Consolidated Financial Statements. Effective from the 2017 tax period, IRES is proportionate to the total net income with the new rate of 24.0% instead of 27.5%.

*Profit/(Loss) for the year and adjusted Profit/(Loss) for the year*

As a result of the above, the result for the year shows, in 2017, a profit of EUR 12,240 thousand, compared to a profit of EUR 9,261 thousand in the previous year.

Adjusted profit (calculated as profit (loss) before non-recurring items - see the following table) in 2017 totalled EUR 12,813 thousand, compared to an adjusted net profit of EUR 10,303 thousand in 2016 (+24.4%).

| **Adjusted Profit** *(in thousands of EUR)* | **2017** | **2016** |
|---|---|---|
| Profit for the year | 12,240 | 9,261 |
| Costs for services (costs related to due diligence activities) | 196 | 237 |
| Amortisation (client relations included in intangible assets and goodwill) | 44 | 408 |
| Tax effect | (67) | (203) |
| Income taxes (provision for risk of a fiscal nature) | 400 | 600 |
| **Adjusted profit for the year** | **12,813** | **10,303** |

## Statement of financial position

The table below shows the Group's consolidated statement of financial position reclassified on a financial bases as at 31 December 2017, 2016, 2015 and 2014.

| *(Amounts in thousands of EUR)* | Financial statements as at 31 December | | | | | | 2017/2016 Change | |
|---|---|---|---|---|---|---|---|---|
| | **2017** | % on NIC* / Total sources | **2016** | % on NIC* / Total sources | **2015** | **2014** | **Value** | **%** |
| Intangible assets and goodwill | 74,472 | 59.8% | 74,563 | 63.3% | 74,661 | 75,256 | (91) | (0.1%) |
| Property, plant and equipment | 2,300 | 1.8% | 2,096 | 1.8% | 2,173 | 2,084 | 204 | 9.8% |
| Other net non-current assets and liabilities | 2,163 | 1.7% | 2,911 | 2.5% | 5,264 | 4,555 | (748) | (25.7%) |
| **Total non-current assets/liabilities** | **78,935** | **63.5%** | **79,570** | **67.5%** | **82,098** | **81,895** | **(635)** | **(0.8%)** |
| Trade receivables | 123,312 | 99.1% | 104,175 | 88.4% | 85,359 | 84,084 | 19,137 | 18.4% |
| Other receivables | 7,209 | 5.8% | 6,061 | 5.1% | 6,357 | 4,220 | 1,148 | 19.0% |
| Current tax assets | 23 | 0.0% | 336 | 0.3% | 414 | - | (313) | (93.0%) |
| Trade payables | (6,946) | (5.6%) | (8,224) | (7.0%) | (8,943) | (6,003) | 1,278 | (15.5%) |
| Current employee benefits | (39,835) | (32.0%) | (33,376) | (28.3%) | (27,459) | (26,050) | (6,459) | 19.4% |
| Other payables | (32,696) | (26.3%) | (27,881) | (23.7%) | (23,372) | (22,040) | (4,815) | 17.3% |
| Current tax liabilities | (2,662) | (2.1%) | (190) | (0.2%) | (834) | (790) | (2,472) | 1297.5% |
| Provisions for risks and current charges | (2,948) | (2.4%) | (2,644) | (2.2%) | (2,459) | (2,339) | (304) | 11.5% |
| **Net working capital** | **45,458** | **36.5%** | **38,257** | **32.5%** | **29,063** | **31,082** | **7,201** | **18.8%** |
| **Total loans - net invested capital** | **124,393** | **100.0%** | **117,827** | **100.0%** | **111,161** | **112,977** | **6,566** | **5.6%** |
| Equity | 88,308 | 71.0% | 75,978 | 64.5% | 66,506 | 43,927 | 12,330 | 16.2% |
| Net Financial Indebtedness (NFI) | 35,021 | 28.1% | 40,771 | 34.6% | 43,539 | 67,976 | (5,750) | (14.1%) |
| Employee benefits | 1,064 | 0.9% | 1,078 | 0.9% | 1,116 | 1,074 | (14) | (1.3%) |
| **Total sources** | **124,393** | **100.0%** | **117,827** | **100.0%** | **111,161** | **112,977** | **6,566** | **5.6%** |

* Net Invested Capital

*Intangible assets and goodwill*

Intangible assets and goodwill totalled EUR 74,472 thousand as at 31 December 2017, down by EUR 91 thousand from 31 December 2016. They consist primarily of goodwill, customer relations and software.

Goodwill is attributable for EUR 45,999 thousand to acquisitions carried out before 2011 and the merger with WM S.r.l carried out in 2007, for EUR 27,164 thousand to the acquisition and subsequent merger of Metis S.p.A. carried out in 2011, and for EUR 383 thousand to the acquisition of the subsidiary Corium S.r.l. carried out in 2013.

Customer relations as at 31 December 2017 are attributable to the value assigned to these relations in 2009 and 2010 as part of the acquisition of a business unit of J.O.B. S.p.A., and in 2011 following the acquisition of Metis S.p.A., net of the respective accumulated amortisation.

The item Software refers to the operational and management programs acquired by the Group and costs incurred for the development of software to support the operating processes and exchanges of information inherent to Agenzia per il Lavoro's activities. The plan to develop the above mentioned software, amortised from 2017, was completed at the end of 2016 and the costs have consequently been reclassified to software.

*Trade receivables*

Trade receivables amount to EUR 123,312 thousand as at 31 December 2017 compared to EUR 104,175 thousand as at 31 December 2016, and include trade receivables from related parties for EUR 17 thousand (EUR 1 thousand as at 31 December 2016). The item is recorded in the consolidated financial statements net of an allowance for impairment of EUR 5,162 thousand (EUR 4,072 thousand as at 31 December 2016). It should also be noted that no transfers of receivables without recourse had been carried out as at 31 December 2017 and 31 December 2016.

The increase in trade receivables recorded as at 31 December 2017 is essentially due to the higher level of turnover achieved during 2017. The average collection period (DSO - Days Sales Outstanding) granted to customers appears to have decreased compared to the previous year, from 81 days to 76 days. Indeed, by calculating the DSO only on the fourth quarter of 2017, i.e. receivables/quarterly revenues * 90 days, a DSO of 72 days is achieved, equal to the same period of the previous year.

There are no receivables with insurance coverage.

There are no credit risk profiles with related parties.

*Other receivables*

As at 31 December 2017, Other receivables totalled EUR 7,209 thousand, compared to EUR 6,061 thousand as at 31 December 2016; they primarily relate to a credit for VAT refund and an IRES credit for IRAP deduction for the years 2007-2011 for EUR 1,293 thousand (EUR 1,272 thousand as at 31 December 2016), receivables from the INPS (Italian Social Security Institution) for post-employment benefits for EUR 1,813 thousand (EUR 1,416 thousand as at 31 December 2016), other prepayments for EUR 622 thousand (EUR 564 thousand as at 31 December 2016), receivables from the tax authorities for disputes of EUR 1,594 thousand (EUR 1,328 thousand as at 31 December 2016), other disputed receivables for EUR 1,095 thousand relating to a receivable from a former director of Metis S.p.A. for unjustified expenses (unchanged from 31 December 2016), and receivables from Forma.Temp for EUR 760 thousand (EUR 308 thousand as at 31 December 2016).

The item Receivables from INPS (Italian Social Security Institutions) for post-employment benefits relates to the amount of post-employment benefits of terminated temporary workers, which is advanced by Openjobmetis S.p.A. to the worker and requested as a reimbursement from the INPS treasury, to which it had been previously paid.

The item Other prepayments mainly refers to advanced costs for sponsorships, bank fees and sundry rentals.

The item Receivables from Tax Authorities for disputes refers to the amount paid following assessment notices. For further information, please refer to point 29 of the Notes to the Separate and Consolidated Financial Statements.

*Trade payables*

As at 31 December 2017, Trade payables totalled EUR 6,946 thousand, compared with EUR 8,224 thousand as at 31 December 2016, EUR 103 thousand of which is to related parties (EUR 49 thousand as at 31 December 2016). At the reporting date, there were no concentrations of payables to a limited number of suppliers.

Payables to related parties as at 31 December 2017 derive mainly from the sponsorship contract with a sports company, as described in point 32 of the Notes to the Consolidated Financial Statements.

*Employee benefits*

As at 31 December 2017, payables for current employee benefits totalled EUR 39,835 thousand, compared to EUR 33,376 thousand as at 31 December 2016, a EUR 6,459 thousand increase (+19.4%). The item mainly refers to payables for salaries and compensation due to temporary workers and company employees, in addition to the payables for post-employment benefits due to temporary workers. The increase recorded as at 31 December 2017 compared to 31 December 2016 is attributable to the greater number of tasks for temporary workers and to greater turnover in the last quarter of 2017 compared to the same period of 2016.

Given the nature of the business carried out by the Group and the average duration of employment contracts with temporary workers, employee benefits represented by the post-employment benefits of temporary workers are paid on average during the first months of the following year and were consequently regarded as current liabilities. Therefore, the liability was not discounted and corresponds to the obligation due to temporary workers at the end of the contract, without application of the projected unit credit method.

*Current tax liabilities*

The current tax payable as at 31 December 2017 of EUR 2,662 thousand refers to tax liabilities for IRAP of EUR 296 thousand and to tax liabilities for the domestic tax consolidation scheme (IRES) of EUR 2,366 thousand.

As at 31 December 2016, current tax liabilities referred to the amount due to the tax authorities for IRAP for EUR 190 thousand.

*Other payables*

As at 31 December 2017, other payables amounted to a total of EUR 32,696 thousand, from EUR 27,881 thousand as at 31 December 2016, with a EUR 4,815 thousand increase (+17.3%). The item refers mainly to social security charges payable for EUR 19,723 thousand as at 31 December 2017 (EUR 16,686 thousand as at 31 December 2016), tax payables principally related to withholdings on employees' remuneration for EUR 12,257 thousand (EUR 10,562 thousand as at 31 December 2016), payables to Forma.Temp of EUR 616 thousand (EUR 537 thousand as at 31 December 2016) and other payables mainly including deferred income and salary/pension backed loans for a total of EUR 100 thousand (EUR 96 thousand as at 31 December 2016).

*Equity*

As at 31 December 2017, equity amounted to EUR 88,308 thousand, up from EUR 75,978 thousand as at 31 December 2016.

The change in equity recorded between 31 December 2016 and 31 December 2017 is mainly attributable to the net profit for financial year 2017.

*Net Financial Indebtedness (NFI)*

Net financial indebtedness shows a negative balance of EUR 35,021 thousand as at 31 December 2017, against a negative balance of EUR 40,771 thousand as at 31 December 2016.

The Group's net financial indebtedness as at 31 December 2017, 2016, 2015 and 2014, calculated in accordance with the provisions of the Recommendation ESMA/2013/319, is shown below.

| | *(Amounts in thousands of EUR)* | **Financial statements for the year ended 31 December** | | | | **Change 2017 vs. 2016** | |
|---|---|---|---|---|---|---|---|
| | | **2017** | **2016** | **2015** | **2014** | **Value** | **%** |
| A | Cash | 24 | 22 | 24 | 23 | 2 | 9.1% |
| B | Other cash and cash equivalents | 4,638 | 8,788 | 22,388 | 3,837 | (4,150) | (47.2%) |
| C | Securities held for trading | - | - | - | - | - | - |
| **D** | **Cash and cash equivalents (A+B+C)** | **4,662** | **8,810** | **22,412** | **3,860** | **(4,148)** | **47.1%)** |
| E | Current financial receivables | - | - | - | - | - | - |
| F | Current bank loans and borrowings | (17,455) | (17,887) | (31,283) | (38,346) | 432 | (2.4%) |
| G | Current portion of non-current debt | (8,607) | (14,669) | (6,000) | (6,600) | 6,062 | (41.3%) |
| H | Other current financial payables | (12) | (62) | (258) | (566) | 50 | 80.6%) |
| **I** | **Current financial indebtedness (F+G+H)** | **(26,074)** | **(32,618)** | **(37,541)** | **(45,512)** | **6,544** | **(20.1%)** |
| **J** | **Net current financial indebtedness (D+E+I)** | **(21,412)** | **(23,808)** | **(15,129)** | **(41,652)** | **2,396** | **(10.1%)** |
| K | Non-current bank loans and borrowings | (13,559) | (16,902) | (28,337) | (25,072) | 3,343 | (19.8%) |
| L | Bonds issued | - | - | - | (1,168) | - | - |
| M | Other non-current payables | (50) | (61) | (73) | (84) | 11 | (18.0%) |
| **N** | **Non-current financial indebtedness (K+L+M)** | **(13,609)** | **(16,963)** | **(28,410)** | **(26,324)** | **3,354** | **(19.8%)** |
| **O** | **Net Financial Indebtedness (J+N)** | **(35,021)** | **(40,771)** | **(43,539)** | **(67,976)** | **5,750** | **(14.1%)** |

# Operating performance and results of the Parent Openjobmetis S.p.A.

**Analysis of the operating performance of Openjobmetis S.p.A. for the year 2017**

Revenue from sales for the entire year 2017 came to EUR 578.1 million, compared to EUR 456.0 million in the previous year. The growth of 26.8% (EUR 122.1 million) on 2016 is due to an increase in temporary work volumes. The operating profit (or EBIT, earnings before interest and tax) went from EUR 11.9 million in the previous year to EUR 14.9 million, after amortisation/depreciation, provisions and impairment losses totalling EUR 3.1 million (2016: EUR 1.5 million).

The Parent's income statements for the years 2017 and 2016 are shown in the table below.

| *(Amounts in thousands of EUR)* | **Financial statements for the year ended 31 December** | | | | **2017/2016 Change** | |
|---|---|---|---|---|---|---|
| | **2017** | **% of Revenue** | **2016** | **% of Revenue** | **value** | **%** |
| Revenue | 578,083 | 100.0% | 455,991 | 100.0% | 122,092 | 26.8% |
| Costs of temporary work | (512,038) | (88.6%) | (400,724) | (87.9%) | (111,314) | 27.8% |
| **First contribution margin** | **66,045** | **11.4%** | **55,267** | **12.1%** | **10,778** | **19.5%** |
| Other income | 13,064 | 2.3% | 12,052 | 2.6% | 1,012 | 8.4% |
| Employee costs | (29,073) | (5.0%) | (25,910) | (5.7%) | (3,163) | 12.2% |
| Cost of raw materials and consumables | (227) | (0.0%) | (218) | (0.0%) | (9) | 4.0% |
| Costs for services | (30,990)* | (5.4%) | (27,093)* | (5.9%) | (3,897) | 14.4% |
| Other operating expenses | (808) | (0.1%) | (758) | (0.2%) | (50) | 6.6% |
| **EBITDA** | **18,011** | **3.1%** | **13,340** | **2.9%** | **4,671** | **35.0%** |
| Provisions and impairment losses | (2,462) | (0.4%) | (459) | (0.1%) | (2,003) | 435.9% |
| Amortisation/depreciation | (776) | (0.1%) | (623) | (0.1%) | (153) | 24.5% |
| **EBITA** | **14,773** | **2.6%** | **12,258** | **2.7%** | **2,515** | **20.5%** |
| Amortisation of intangible assets | (44)* | (0.0%) | (408)* | (0.1%) | 364 | (89.1%) |
| **EBIT** | **14,729** | **2.5%** | **11,850** | **2.6%** | **2,879** | **24.3%** |
| Financial income | 2,264 | 0.4% | 2,245 | 0.5% | 19 | 0.9% |
| Financial expense | (930) | (0.2%) | (1,599) | (0.4%) | 669 | (41.8%) |
| **Profit (loss) before taxes** | **16,063** | **2.8%** | **12,496** | **2.7%** | **3,567** | **28.5%** |

| *(Amounts in thousands of EUR)* | **Financial statements for the year ended 31 December** | | | | **2017/2016 Change** | |
|---|---|---|---|---|---|---|
| | **2017** | **% of Revenue** | **2016** | **% of Revenue** | **value** | **%** |
| Income taxes | (4,784)* | (0.8%) | (3,582)* | (0.8%) | (1,202) | 33.6% |
| **Profit (loss) for the period** | **11,279** | **2.0%** | **8,914** | **2.0%** | **2,365** | **26.5%** |

* For further details please refer to the table below

The table below shows details of non-recurring costs and their impact on the income statement in 2016 and 2017, respectively:

| | **Brief description** | **2016** | | **2017** | |
|---|---|---|---|---|---|
| | | **Amount in thousands of EUR** | **% weight on income statement item** | **Amount in thousands of EUR** | **% weight on income statement item** |
| Costs for services | Costs related to due diligence activities | 237 | 0.9% | 196 | 0.6% |
| **Total** | | **237** | **-** | **196** | |
| Amortisation/depreciation | Amortisation of customer relations included in the amount of intangible assets and goodwill | 408 | 39.6% | 44 | 5.4% |
| **Total non-recurring costs** | | **645** | **-** | **240** | |
| Tax effect | | (203) | - | (67) | |
| Income taxes | Provision for fiscal risks | 600 | 16.8% | 400 | 8.3% |
| **Total impact on the income statement** | | **1,042** | **-** | **573** | |

*Revenues from sales and services*

Parent revenues went from EUR 455,991 thousand in 2016 to EUR 578,083 thousand in 2017. The overall increase amounts to EUR 122,092 thousand (+26.8%), mostly in connection with an increase in the volume of activities in terms of temporary worker hours sold to customers.

*Costs of temporary work*

Personnel expense relating to temporary workers shows an increase of EUR 111,314 thousand, from EUR 400,724 thousand in 2016 to EUR 512,038 thousand in 2017, with incidence on revenue at 88.6%.

The change in these costs was due to an increase in revenue from the temporary employment agency business as a result of an increase in business volume in terms of temporary worker hours sold to customers.

*First contribution margin*

In 2017, the Parent company's first contribution margin amounted to EUR 66,045 thousand, up by EUR 10,778 thousand from 2016 (EUR 55,267 thousand), compared with an increase in business volume in terms of temporary worker hours sold to customers. The incidence on revenue appears to be down in 2017 compared to 2016, at 11.4%.

*Other income*

'Other income' for 2017 amounted to EUR 13,064 thousand, a EUR 1,012 thousand increase compared to 2016 (EUR 12,052 thousand).

The item mainly includes grants from Forma.Temp (EUR 12,016 thousand for 2017, against EUR 10,085 thousand in 2016) for costs incurred by the Group to deliver training courses for temporary workers through qualified trainers, and other sundry income (EUR 1,048 thousand, against EUR 1,967 thousand in 2016).

These grants are issued by Forma.Temp on the basis of the specific cost reports of equal amounts - recorded for the organising and performance of training activities – carried out for each individual initiative.

*Employee costs*

Personnel expense grew by EUR 3,163 thousand, from EUR 25,910 thousand in 2016 to EUR 29,073 thousand in 2017.

The change is primarily attributable to the increase in the average number of employees in FY 2017 compared with the previous year, mainly due to the opening of new branches.

Please note that personnel expense accounted for in the year 2017 includes the cost of the Phantom Stock Options (EUR 239 thousand), which corresponds to the valuation made at the reporting date, by a third-party consultant, regarding the applicable amount that may be paid according to the plan and the current regulations.

Despite the slight increase in the absolute value for employee costs, the incidence on revenue decreased from 5.7% in 2016 to 5.0% in 2017; this reduction confirms the presence of economies of scale.

*Costs for services*

In 2017, the item 'Costs for services' reached EUR 30,990 thousand, a EUR 3,897 thousand increase (+14.4%) compared to 2016 (EUR 27,093 thousand). The figure from 2017 includes non-recurring costs of EUR 196 thousand, connected to due diligence activities on possible targets of M&A operations, while in 2016 non-recurring costs (also attributable to due diligence) totalled EUR 237 thousand.

Costs for services mainly include the costs incurred for the organisation of training courses for temporary workers, amounting to EUR 12,020 thousand for 2017, compared to EUR 10,085 thousand in 2016.

The remaining costs for services, the incidence of which on revenue decreased to 3.3% (3.7% in 2016), refer mainly to the costs for tax, legal, IT and business consultancy, rental costs and fees to sources and professional advisors. The Group receives grants from Forma.Temp and from other entities to fully cover the costs incurred for training, following accurate and timely reporting of said costs.

Again in 2017, Openjobmetis was confirmed as the main sponsor of Pallacanestro Varese, a professional basketball club that plays at national level in the first division of the Italian basketball league.

*EBITDA, EBITA and the respective adjusted values*

In 2017, EBITDA amounted to EUR 18,011 thousand, a 35.0% increase from EUR 13,340 thousand in 2016, while in 2017, adjusted EBITDA[9] stood at EUR 18,207 thousand (EUR 13,577 thousand in 2016). In addition, taking into account that the cost of the Phantom Stock Options assigned to key

[9] Calculated as EBITDA before non-recurring income (charges)

management personnel was recognised in 2017, adjusted EBITDA II[10] of the Parent reached EUR 18,446 thousand.

EBITA in 2017 was EUR 14,773 thousand, compared to EUR 12,258 thousand in 2016. Adjusted EBITA[11] in 2017 was EUR 14,969 thousand, compared to EUR 12,495 thousand in 2016.

*Amortisation/depreciation*

Amortisation/depreciation was EUR 820 thousand in 2017, down by EUR 211 thousand with respect to 2016 (EUR 1,031 thousand). This trend is mainly due to a decrease in the value of the amortisation of intangible assets of EUR 364 thousand. The amortisation portion of the value of customer relations capitalised among intangible assets and goodwill, included in the amortisation value of intangible assets, amounted to EUR 44 thousand in 2017 (EUR 408 thousand in 2016).

*Provisions and impairment losses*

Total impairment in 2017, equal to EUR 2,462 thousand, shows an increase of EUR 2,003 thousand compared to 2016 (EUR 459 thousand). The amount for 2017 relates to the allowance for impairment of EUR 2,150 thousand and the impairment loss of the investee Corium S.p.A. of EUR 312 thousand.

*EBIT*

As a result of the above, the operating profit (loss) of Openjobmetis S.p.A. for 2017 was EUR 14,729 thousand, up by EUR 2,879 thousand compared to 2016 (EUR 11,850 thousand).

*Financial income and financial expense*

The item "Net financial income and expense" shows a positive net balance of EUR 1,334 thousand in 2017, an improvement of EUR 688 thousand compared to 2016 (EUR 646 thousand). The improvement is mainly attributable to the decrease in the item "Interest expense on loans" as a result of a reduction in average medium/long-term indebtedness in the course of 2017 compared to 2016, in addition to the decrease in the item "Interest expense on current accounts" as a result of lower current average debt with banks in relation to the uses made during the period.

[10] Calculated as adjusted EBITDA before estimated non-monetary costs relating to long-term incentive schemes
[11] Calculated as EBITA before non-recurring income (charges)

The expected cash flows associated with hedging derivative financial instruments are exclusively related to interest rate swaps that were in place to partially hedge the Senior Loan. No future cash flows are expected relating to these instruments: indeed, as at 31 December 2017, the balance was equal to EUR 0, compared to EUR 51 thousand as at 31 December 2016. Indeed, please note that as at 31 December 2017, there were no longer hedging instruments in place.

*Income taxes*

In financial year 2017, income taxes totalled EUR 4,784 thousand, a EUR 1,202 thousand increase compared to 2016 (EUR 3,582 thousand). The item includes current taxes in the amount of EUR 3,649 thousand, compared to EUR 654 thousand in the previous year, and total deferred taxes in the amount of EUR 735 thousand, compared with EUR 2,328 thousand in the previous financial year. In addition, the 2017 figure includes the provision of EUR 400 thousand for risks relating to fiscal disputes (in 2016 a provision of EUR 600 thousand was recognised); for further details, please refer to point 29 of the Notes to the Separate and Consolidated Financial Statements.

Effective from the 2017 tax period, IRES is proportionate to the total net income with the new rate of 24.0% instead of 27.5%.

*Profit/(Loss) for the period and adjusted Profit/(Loss) for the period*

As a result of the above, the result for the year shows a profit of EUR 11,279 thousand in 2017, compared to a profit of EUR 8,914 thousand in the previous year.

Adjusted operating profit (calculated as profit (loss) before non-recurring items - see the table below) in 2017 totalled EUR 11,852 thousand, compared to an adjusted profit of EUR 9,956 thousand in financial year 2016, marking an increase of 19.0%.

| **Adjusted Profit** *(in thousands of EUR)* | **2016** | **2017** |
|---|---|---|
| Profit for the year | 8,914 | 11,279 |
| Costs for services (for 2016 portion related to the IPO and the medium-term loan, for 2017 costs related to due diligence activities) | 237 | 196 |
| Amortisation (client relations included in intangible assets and goodwill) | 408 | 44 |
| Tax effect | (203) | (67) |
| Income taxes (provision for risk of a fiscal nature) | 600 | 400 |
| **Adjusted profit for the year** | **9,956** | **11,852** |

## Statement of financial position

The table below shows the Parent's consolidated statement of financial position reclassified on a financial basis for the years ended 31 December 2017 and 31 December 2016.

| (Amounts in thousands of EUR) | Financial statements for the year ended 31 December | | | | 2017/2016 Change | |
|---|---|---|---|---|---|---|
| | **2017** | % on NIC* / Total sources | **2016** | % on NIC* / Total sources | **Value** | **%** |
| Intangible assets and goodwill | 72,662 | 58.8% | 72,753 | 62.4% | (91) | (0.1%) |
| Property, plant and equipment | 2,265 | 1.8% | 2,042 | 1.8% | 223 | 10.9% |
| Other net non-current assets and liabilities | 3,500 | 2.8% | 4,404 | 3.8% | (904) | (20.5%) |
| **Total non-current assets/liabilities** | **78,427** | **63.5%** | **79,199** | **68.0%** | **(772)** | **(1.0%)** |
| Trade receivables | 122,446 | 99.1% | 102,311 | 87.8% | 20,135 | 19.7% |
| Other receivables | 7,163 | 5.8% | 6,307 | 5.4% | 856 | 13.6% |
| Current tax assets | 0 | 0.0% | 316 | 0.3% | (316) | (100.0%) |
| Trade payables | (6,800) | (5.5%) | (8,117) | (7.0%) | 1,317 | (16.2%) |
| Current employee benefits | (39,677) | (32.1%) | (33,235) | (28.5%) | (6,442) | 19.4% |
| Other payables | (32,639) | (26.4%) | (27,647) | (23.7%) | (4,992) | 18.1% |
| Current tax liabilities | (2,644) | (2.1%) | (154) | (0.1%) | (2,490) | 1618.8% |
| Provisions for risks and current charges | (2,740) | (2.2%) | (2,444) | (2.1%) | (296) | 12.1% |
| **Net working capital** | **45,109** | **36.5%** | **37,337** | **32.0%** | **7,772** | **20.8%** |
| **Total loans - net invested capital** | **123,535** | **100.0%** | **116,536** | **100.0%** | **6,999** | **6.0%** |
| Equity | 83,998 | 68.0% | 72,646 | 62.3% | 11,352 | 15.6% |
| Net Financial Indebtedness (NFI) | 38,836 | 31.4% | 43,164 | 37.0% | (4,328) | (10.0%) |
| Employee benefits | 701 | 0.6% | 726 | 0.6% | (25) | (3.5%) |
| **Total sources** | **123,535** | **100.0%** | **116,536** | **100.0%** | **6,999** | **6.0%** |

* Net Invested Capital

*Intangible assets and goodwill*

Intangible assets and goodwill totalled EUR 72,662 thousand as at 31 December 2017, down by EUR 91 thousand from 31 December 2016. They consist primarily of goodwill, customer relations and software.

The value of goodwill is attributable for EUR 44,572 thousand to acquisitions carried out before 2011 and the merger with WM S.r.l carried out in 2007, and for EUR 27,164 thousand to the acquisition and subsequent merger of Metis S.p.A. carried out in 2011.

The value of customer relations as at 31 December 2017 is attributable to the value assigned to these relations in 2009 and 2010 as part of the acquisition of a business unit of the company J.O.B. S.p.A., and in 2011 following the acquisition of Metis S.p.A., net of the respective accumulated amortisation.

The item software and the item assets under development and payments on account refer to the operational and management programs acquired mainly by the Company and costs incurred for the development of software to support the operating processes and exchanges of information inherent to Agenzia per il Lavoro's activities. The plan to develop the above mentioned software, amortised from 2017, was completed at the end of 2016 and the costs have consequently been reclassified to software.

*Trade receivables*

Trade receivables amount to EUR 122,446 thousand, compared to EUR 102,311 thousand as at 31 December 2016, and include trade receivables from related parties for EUR 44 thousand (EUR 20 thousand as at 31 December 2016). The item is recorded in the separate financial statements net of an allowance for impairment of EUR 5,095 thousand (EUR 4,005 thousand as at 31 December 2016). It should also be noted that no transfers of receivables without recourse had been carried out as at 31 December 2017 and 31 December 2016.

The increase in trade receivables recorded as at 31 December 2017 is essentially due to the higher level of turnover achieved during 2017 compared to the previous year. The average collection period (DSO - Days Sales Outstanding) granted to customers appears to have increased compared to the same period of the previous year, from 81 days to 76 days, for the same reason. By calculating the DSO only on the fourth quarter of 2017, i.e. receivables/quarterly revenues * 90 days, a DSO of 72 days is achieved, basically in line with 2016 (71 days).

There are no receivables with insurance coverage.

There are no credit risk profiles for related parties.

*Other receivables*

As at 31 December 2017, Other receivables totalled EUR 7,163 thousand, compared to EUR 6,307 thousand as at 31 December 2016; they primarily relate to a credit for VAT refund and an IRES credit for IRAP deduction for the years 2007-2011 for EUR 1,263 thousand (EUR 1,272 thousand as at 31 December 2016), receivables from the INPS (Italian Social Security Institution) for post-employment benefits for EUR 1,813 thousand (EUR 1,416 thousand as at 31 December 2016), other prepayments for EUR 599 thousand (EUR 536 thousand as at 31 December 2016), receivables from the tax authorities for disputes of EUR 1,594 thousand (EUR 1,328 thousand in 2016), other disputed receivables for EUR 1,095 thousand relating to a receivable from a former director of Metis S.p.A. (unchanged compared to 31 December 2016), and receivables from Forma.Temp for EUR 760 thousand (EUR 308 thousand as at 31 December 2016).

The item Receivables from INPS (Italian Social Security Institutions) for post-employment benefits relates to the amount of post-employment benefits of terminated temporary workers, which is advanced by Openjobmetis S.p.A. to the worker and requested as a reimbursement from the INPS treasury, to which it had been previously paid.

The item Other prepayments mainly refers to advanced costs for sponsorships, bank fees and sundry rentals.

The item Receivables from Tax Authorities for disputes refers to the amount paid following assessment notices. For further information, please refer to point 29 of the Notes to the Separate and Consolidated Financial Statements.

*Trade payables*

As at 31 December 2017, trade payables totalled EUR 6,800 thousand, compared to EUR 8,117 thousand as at 31 December 2016, EUR 103 thousand of which to related parties primarily for the sponsorship contract with a sports company, as described in point 32 of the Notes to the Separate and Consolidated Financial Statements (EUR 49 thousand as at 31 December 2016).

*Employee benefits*

As at 31 December 2017, payables for current employee benefits totalled EUR 39,677 thousand, compared to EUR 33,235 thousand as at 31 December 2016, a EUR 6,442 thousand increase (+19.4%). The item mainly refers to payables for salaries and compensation due to temporary workers and company employees, in addition to the payables for post-employment benefits due to temporary workers. The increase recorded as at 31 December 2017 compared to 31 December 2016 is attributable to the greater number of tasks for temporary workers and to greater turnover in the last quarter of 2017 compared to the same period of 2016.

Given the nature of business carried out by the company and the average duration of employment contracts with temporary workers, employee benefits represented by the post-employment benefits of temporary workers are paid on average during the first months of the following year and were consequently regarded as current liabilities. Therefore, the liability was not discounted and corresponds to the obligation due to temporary workers at the end of the contract, without application of the projected unit credit method.

*Other payables*

As at 31 December 2017, other payables amounted to a total of EUR 32,639 thousand, from EUR 27,647 thousand as at 31 December 2016, with a EUR 4,992 thousand increase (+18.1%). The item refers mainly to social security charges payable for EUR 19,597 thousand as at 31 December 2017 (EUR 16,583 thousand as at 31 December 2016), tax payables principally related to withholdings on employees' salaries for EUR 12,253 thousand (EUR 10,386 thousand as at 31 December 2016), payables to subsidiaries for tax consolidation and other payables amounting to EUR 174 thousand (EUR 141 thousand as at 31 December 2016).

*Equity*

As at 31 December 2017, equity amounted to EUR 83,998 thousand, up from EUR 72,646 thousand as at 31 December 2016.

The increase in equity recorded between 31 December 2016 and 31 December 2017 is mainly attributable to the net profit for 2017.

*Net Financial Indebtedness (NFI)*

Net financial indebtedness shows a negative balance of EUR 38,836 thousand as at 31 December 2017, against a negative balance of EUR 43,164 thousand as at 31 December 2016.

The table below shows the net financial indebtedness of the Parent as at 31 December 2017 and 2016, calculated in accordance with the provisions of the Recommendation ESMA/2013/319.

| | *(Amounts in thousands of EUR)* | **Financial statements for the year ended 31 December** | | **2017/2016 Change** | |
|---|---|---|---|---|---|
| | | **2017** | **2016** | **Value** | **%** |
| A | Cash | 20 | 20 | - | 0.0% |
| B | Other cash and cash equivalents | 787 | 6,391 | (5,604) | (87.7%) |
| C | Securities held for trading | - | - | - | - |
| D | **Cash and cash equivalents (A+B+C)** | **807** | **6,411** | **(5,604)** | (87.4%) |
| E | Current financial receivables | - | - | - | - |
| F | Current bank loans and borrowings | (17,416) | (17,881) | 465 | (2.6%) |
| G | Current portion of non-current debt | (8,606) | (14,669) | 6,063 | (41.3%) |
| H | Other current financial payables | (12) | (62) | 50 | (80.6%) |
| **I** | **Current financial indebtedness (F+G+H)** | **(26,034)** | **(32,612)** | **6,578** | (20.2%) |
| **J** | **Net current financial indebtedness (D+E+I)** | **(25,227)** | **(26,201)** | **974** | (3.7%) |
| K | Non-current bank loans and borrowings | (13,559) | (16,902) | 3,343 | (19.8%) |
| L | Bonds issued | - | - | - | - |
| M | Other non-current payables | (50) | (61) | 11 | (18.0%) |
| **N** | **Non-current financial indebtedness (K+L+M)** | **(13,609)** | **(16,963)** | **3,354** | (19.8%) |
| **O** | **Net Financial Indebtedness (J+N)** | **(38,836)** | **(43,164)** | **4,328** | 10.0%) |

## Risks related to operations

*Risks related to the general operating performance*

The general trend in the temporary work market is affected by a number of factors beyond the Group's control, including the general economic environment and the employment level. Demand for temporary workers is correlated with the GDP trend.

Negative economic conditions in Italy could adversely affect the demand for temporary workers and lead to a proliferation of unlawful arrangements on the labour market, with consequent negative effects on the Group's business and expected results.

*Risks relating to market competition*

The staffing industry is highly competitive and some of the competitors are large multinationals that are able to adapt quickly to market changes and to offer services at competitive prices, thanks to their financial strength, the marketing tools they can deploy and the economies of scale they can take advantage of.

Therefore, it cannot be excluded that the current structure of Openjobmetis S.p.A. will prove inadequate in this competitive environment, and that in order to maintain its competitiveness it may have to take certain initiatives that other market players have resorted to, and consequently may incur out-of-budget costs, with possible impacts on the Company's and the Group's financial position, results of operations and cash flows.

*Risks associated with changes in the national regulatory framework*

Since its introduction in 2003, the temporary work contract has been the subject of subsequent legislative amendments that have progressively expanded the scope of application. Additionally, the legislators have recently reduced the number of cases where quasi-subordinate employment contracts can be used, thus potentially expanding the audience of temporary work users.

Within the framework of these constantly evolving regulations, it cannot be ruled out that future legislative measures may reduce the number of cases where the use of the temporary work contract, whether open ended or fixed-term, is allowed, or the possible future introduction of types of contracts alternative to employment.

Any changes in the legislation and/or collective bargaining schemes regarding training services may adversely affect the possibility for the Group to manage professional training courses for temporary workers, and ultimately the ability to provide companies that use temporary workers with adequate and competitive training under the same conditions as apply today, and the Group's financial position, results of operations and cash flow.

*Risks to reputation and to the maintenance of Ministerial authorisations*

The Group could in the future suffer negative consequences from possible damage to its reputation.

Openjobmetis S.p.A. and the Group companies Corium S.r.l. and Seltis S.r.l. conduct their business on the basis of authorisations issued by the Ministry of Labour and Social Affairs, which are mandatory for the performance of their activities.

Specifically: Openjobmetis S.p.A. conducts its business as a provider of temporary work by virtue of a ministerial authorisation pursuant to Article 4, paragraph 1(a) of Italian Legislative Decree no. 276/2003; Seltis S.r.l. holds a ministerial authorisation pursuant to Article 2, paragraph 1(c) of Italian Legislative Decree no. 276/2003, to provide personnel recruitment and selection services; Corium S.r.l. holds a ministerial authorisation pursuant to Article 2, paragraph 1(d) of Italian Legislative Decree no. 276/2003 to provide professional outplacement support.

In the course of 2017 and previous years and to date, the ministerial authorisations granted to Group companies have not been subject to revocation or suspension. In addition, during the same period, Group companies have not received any remarks from the competent authorities, nor were they involved in proceedings in connection with the ministerial authorisations.

Although to date there is no reason to believe that the above authorisations held by Openjobmetis S.p.A., Seltis S.r.l. and Corium S.r.l. may be suspended or revoked, it cannot be excluded that this may happen in the future, including as a result of any developments in the applicable regulatory requirements, with the possible consequence that the Company's and the Group's continuing operation would be compromised.

*Liquidity risk*

The Group uses bank loans to finance its working capital to meet its cash requirements and obligations to pay the salaries of its employees and temporary workers.

This means that any withdrawal by banks of the credit lines or facilities in place could negatively affect the Group's financial position, with the risk that, to honour its commitments, the Group may be forced to find other sources of funding - possibly at less advantageous conditions.

On 31 December 2017, the Group had a debt exposure to banks amounting to approximately EUR 39,620 thousand and to other lenders (leases) for EUR 62 thousand, gross of cash and cash equivalents. With reference to the previous year, the Group's debt exposure (including banks and other financial institutions) as at 31 December 2016 amounted to EUR 49,581 thousand.

This indebtedness could have a negative impact on the Group's financial position, results of operations and cash flows, particularly in cases of financial stress and reduction in turnover. In particular, if Openjobmetis S.p.A. were to be faced with a decrease in turnover, the need to comply with the obligations arising from the existing debt could subtract liquidity from the achievement of the Group's growth objectives and strategies, and limit the possibility for Openjobmetis S.p.A. to obtain any additional loans required to continue its business activities.

With particular reference to the senior loan existing as at 31 December 2017, it should be noted that it provides for: (a) the obligation for the Company to comply with specific financial parameters, to be calculated every six months on the items of the Group's consolidated financial statements. The banks have the right to request the termination of the loan agreement only if two covenants – even if not the same – were not met for two measurement periods in succession. As has happened before in the past, at the balance sheet date the DSCR (Debt Service Cover Ratio) had not been met because of the significant increase in revenues which impacted working capital. There is no impact on the outstanding loan; (b) certain non-performance events involving the right for the lenders to terminate the Loan Contract, or to withdraw therefrom and declare the Company's benefit of postponed payment to be forfeited, as the case may be; this contract also provided for specific early repayment requirements in some cases, including the requirement of early repayment of 30% of the proceeds from own funds arising from the capital increase carried out within the context of the IPO unless the Company completed, by 31 December 2016 (subsequently extended to 31 March 2017), the acquisition of a company and/or a business unit and/or an equity investment in the share capital of a company using all or part of the proceeds from own funds raised through the IPO; please note that on 24 July 2017, the banks disbursed the medium-term loan that allowed for the elimination of that clause.

*Risks associated with court and/or arbitration proceedings and the possible inadequacy of provisions for risks*

As at 31 December 2017, the Group companies are parties in certain proceedings, arising from the conduct of business and from events of a civil and tax nature involving the companies.

In addition, in view of the sector in which they operate, they are exposed to the risk of being involved in legal and/or arbitration proceedings of a labour law nature, both with reference to temporary workers and to Group employees and in relation to contracts with independent collaborators, including commercial advisors, sourcers and professional consulting firms.

In 2017, the Group set aside EUR 400 thousand for risks relating to fiscal disputes (in the previous year, EUR 600 thousand was set aside for the same fiscal risk); for further details, please refer to point 29 of the Notes to the Separate and Consolidated Financial Statements.

It cannot be excluded that the amounts set aside in the provisions for risks and charges are not adequate to cover the possible monetary outlay that the Group would face if the outcome of these proceedings were negative.

*Interest rate risk*

100% of the Group's financial indebtedness has variable interest rates, therefore the Group could be exposed to the risks associated with fluctuations in these rates; given the current market situation, the Group did not deem it appropriate to adopt instruments to hedge potential interest rate fluctuations.

It cannot be excluded that any unpredictable fluctuations in interest rates may have adverse effects on the Group's financial position.

*Credit risk*

The Group keeps the customer base diversified, and consequently it reduces the risks associated with debt recovery; the consolidated financial statements for the year ended 31 December 2017 show that the Group has receivables from customers amounting to EUR 128,457 thousand, gross of the allowance for impairment of EUR 5,162 thousand. As at 31 December 2016, these gross receivables totalled EUR 108,246 thousand.

It cannot be excluded that any breach of customers' payment obligations, or the mere delay in the execution of such payments, may reduce the liquidity available to the Parent and the Group, increasing the need for additional sources of funding.

Additionally, any deterioration in the economic environment or negative market developments could have adverse effects on customer relations, compromising the possibility for the Group to recover its trade receivables, with possible negative impacts on the Group's business and on its financial position, results of operations and cash flows.

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Lastly, please note that financial risk management objectives and policies are described in the dedicated paragraphs of the Notes to the Separate and Consolidated Financial Statements.

## Relations with subsidiaries and related parties

The relationships entertained between Group companies and of the Group with related parties, as identified on the basis of the criteria defined in IAS 24 - Related Party disclosures - and Consob (the Italian Commission for listed companies and the stock exchange) provisions issued in this regard, are mainly commercial in nature and relate to transactions carried out at arm's length.

During the meeting of 12 October 2015, the Board of Directors approved the related party transactions policy and procedure, in accordance with Article 2391-bis of the Italian Civil Code and with the "Related party transactions regulations" adopted by Consob with resolution No. 17221 of 12 March 2010 and subsequent amendments. The aforementioned procedure can be downloaded from the Group's website.

*Relationships with subsidiaries*

Openjobmetis S.p.A., whose core business is the provision of temporary workers, owns 100% of:

- Seltis S.r.l.: focused on personnel recruitment and selection for third parties;
- Corium S.r.l.: focused on professional outplacement support;
- Openjob Consulting S.r.l.: focused on supporting the parent with payroll management tasks and training activities.

Openjobmetis S.p.A. maintains relations with the other Group companies in matters of commercial transactions. The revenue invoiced by Openjobmetis S.p.A. to the subsidiaries relate primarily to a range of general management, accounting and administrative support, operational control, personnel management, sales management, debt collection, EDP and data processing, call centre and procurement services provided by the Parent to the other Group companies, as well as the supply of temporary workers. The revenue invoiced by Openjob Consulting S.r.l. to Openjobmetis S.p.A. pertains to the processing of temporary workers' payroll, including the calculation and preparation of taxes and social security contributions and the processing of required periodic and annual reporting. Openjobmetis S.p.A. believes that the terms and conditions of these operations are in line with normal market conditions.

It should be noted that for the three-year period 2016-2018, Openjobmetis S.p.A. and its subsidiaries Openjob Consulting S.r.l. and Seltis S.r.l. renewed, in the Unico 2016 form, the option for the domestic tax consolidation scheme pursuant to Articles 117/129 of the Consolidated income tax act, to which the subsidiary Corium S.r.l. was already added for the three-year period 2014-2016, thus benefiting from the possibility of offsetting the taxable profit with tax losses in a single tax return. At the end of the three-year period, the option is tacitly renewed for another three years unless it is revoked.

The following table shows the economic and equity relationships between the various Group companies in the course of 2017 and 2016.

**Intra-group revenue/costs between Openjobmetis S.p.A. Group companies**

*(Amounts in thousands of EUR)*

| | 2017 | 2016 |
|---|---|---|
| Revenue | | |
| Openjobmetis vs Openjob Consulting | 221 | 206 |
| Openjobmetis vs Corium | 55 | 45 |
| Openjobmetis vs Seltis | 98 | 123 |
| Seltis vs Openjobmetis | 13 | 28 |
| Corium vs Openjobmetis | 0 | 221 |
| Openjob Consulting vs Openjobmetis | 1,447 | 1,239 |
| **Total revenue/costs** | **1,834** | **1,862** |

**Intercompany receivables / payables between Openjobmetis S.p.A. Group companies**

*(Amounts in thousands of EUR)*

| | 2017 | 2016 |
|---|---|---|
| Receivables | | |
| Openjobmetis vs Openjob Consulting | 24 | 282 |
| Openjobmetis vs Corium | 14 | 11 |
| Openjobmetis vs Seltis | 0 | 0 |
| Seltis vs Openjobmetis | 23 | 26 |
| Corium vs Openjobmetis | 42 | 18 |
| **Total receivables/payables** | **103** | **337** |

*Remuneration of key management personnel*

The total remuneration to key management personnel amounted to EUR 2,118 thousand as at 31 December 2017 and EUR 1,829 thousand as at 31 December 2016.

In addition to salaries, the Group also offers certain key management personnel benefits in kind according to the ordinary contractual practice for company managers, such as company cars, company mobiles, health and injury insurance coverage.

It should also be noted that the Board Member Rosario Rasizza, the Director Biagio La Porta and the HR Director Marina Schejola indirectly hold 4.8% through MTI Investimenti SA, of which they are shareholders respectively with 60%, 20% and 20% of the related share capital. Also, Chairman Marco Vittorelli and Director Corrado Vittorelli indirectly hold a 17.8% interest, through Omniafin (of which they are members with equal stakes), which holds this equity investment.

*Other related party transactions*

For details on related party transactions, please refer to section 32 of the Notes to the Separate and Consolidated Financial Statements.

In the course of normal business, the Group has provided staff supply services to other related parties for insignificant amounts and under market conditions.

## Research, Development & Investments

In 2017, the new “Shakejob” app was launched, a technological platform dedicated to the Ho.Re.Ca. area, which aims to provide a meeting point between work supply and demand in the restaurant field, placing a high value on qualified work and at the same time helping to combat unlawful employment.

# Outlook

In 2018 the Group expects growth in sales and an increase in profitability, also thanks to the positive outlook with regard to the Italian economy.

# Information relating to employees

For Openjobmetis, people constitute the fulcrum of all company activities. They promote a modus operandi that distinguishes the Group which is characterised by constant growth and specialisation, a high degree of professionalism and creativity in the search for the best solutions for its customers and for its temporary workers.

Currently, there is no formalised Group policy relating to the different matters inherent in human resource management, such as selection, training, career development and incentivising payment systems. Indeed, considering the number of employees, the Group did not consider the adoption of a formalised policy necessary. However, in the coming years, also in light of growth in the number of employees, Openjobmetis does not exclude making a commitment in this sense and adopting a policy that addresses the necessary principles of ethics, transparency and meritocracy, which are moreover already applied in all Group Companies.

For additional information on employees, please refer to the Consolidated Non-Financial Statement as at 31 December 2017 prepared pursuant to Legislative Decree n. 254/2016, which is filed with the financial statements and will be made available to the public at the registered office and at Borsa Italiana S.p.A. within the time limits prescribed by law, it will also be made available on the company's website at the address: http://www.openjobmetis.it.

# Information on environmental matters

All organisations should reflect on topics such as emissions, climate change and the consumption of natural resources. Specifically, it is necessary to evaluate the impacts that business activities have on the external environment in detail. Considering the type of services offered, the activities of Openjobmetis have limited environmental impacts in terms of energy consumption, greenhouse gas emissions and the consumption of natural resources. However, the Group makes efforts every day in carrying out its activities to ensure that energy consumption is reduced and that rules to protect the environment are continuously respected.

Some initiatives aimed at reducing environmental impact and developing employee and temporary worker awareness with respect to these matters are listed below:

- Safeguarding of the environment as topics laid out within the Code of Ethics;
- Initiatives aimed at minimising environmental impact:
    - installation of new LED lamps in all newly opened branches, when possible;
    - introduction of operating instructions that make it possible for customers to choose to enter into digital contracts with temporary personnel. The same procedure may also be used to send payslips to temporary workers, who can decide to receive them via email instead of picking up the hard copy at the branch;
    - the Group's paper supplier has the "ecological responsibility" certification that bears witness to its commitment and rigour with respect to environmental matters.

For additional information on employees, please refer to the Consolidated Non-Financial Statement as at 31 December 2017 prepared pursuant to Legislative Decree n. 254/2016, which is filed with the financial statements and will be made available to the public at the registered office and at Borsa Italiana S.p.A. within the time limits prescribed by law, and will also be made available on the company's website at the address: http://www.openjobmetis.it.

# Reconciliation between the Parent's financial statements and the consolidated financial statements

The following table shows the reconciliation between the net profit for the year and equity in the separate financial statements of the Parent Openjobmetis S.p.A. and the net profit for the year and equity in the consolidated financial statements of the Openjobmetis Group for financial years 2017 and 2016.

| EUR thousand | Net profit for 2017 | Equity as at 31.12.2017 |
|---|---|---|
| **Openjobmetis S.p.A. Financial Statements** | **11,279** | **83,998** |
| Profit for the year and reserves of the consolidated companies net of elimination of equity investments | 2,760 | 2,610 |
| Derecognition of dividends for the year | (2,200) | - |
| Recognition of goodwill related to subsidiaries | 91 | 1,200 |
| Derecognition equity investment impairment loss | 312 | - |
| Other consolidation adjustments | (2) | 500 |
| **Group consolidated financial statements** | **12,240** | **88,308** |

| EUR thousand | Net profit for 2016 | Equity as at 31.12.2016 |
|---|---|---|
| **Openjobmetis S.p.A. Financial Statements** | **8,914** | **72,646** |
| Profit for the year and reserves of the consolidated companies net of elimination of equity investments | 2,352 | 1,736 |
| Derecognition of dividends for the year | (2,100) | - |
| Recognition of goodwill related to subsidiaries | 91 | 1,109 |
| Other consolidation adjustments | 4 | 487 |
| **Group consolidated financial statements** | **9,261** | **75,978** |

# Other information

*Treasury shares*

The Parent and its subsidiaries do not hold treasury shares, directly and/or indirectly. The subsidiaries do not hold shares of the Parent, directly and/or indirectly.

*Management and coordination*

In accordance with Art. 2497-bis of the Italian Civil Code, the Parent is not managed or coordinated by other corporate structures, as all business decisions are taken independently by the Board of Directors.

*Atypical or unusual transactions*

The 2017 financial statements do not show any income components or capital and financial items, either positive and/or negative, arising from atypical and/or unusual events and transactions.

*Annual report on Corporate Governance, compliance with the Corporate Governance Code and information on the ownership structure*

The annual report on corporate governance and compliance with the Corporate Governance Code, which also provides information on the capital structure, is filed with the financial statements and will be made available to the public at the registered office and at Borsa Italiana S.p.A. within the time limits prescribed by law. The documentation will also be available on the company's website at: http://www.openjobmetis.it.

*Consolidated Non-Financial Statement as at 31 December 2017 pursuant to Legislative Decree n. 254/2016*

The Consolidated Non-Financial Statement as at 31 December 2017 pursuant to Legislative Decree 254/2016 is filed with the financial statements and will be made available to the public at the registered office and at Borsa Italiana S.p.A. within the time limits prescribed by law. The documentation will also be available on the company's website at: http://www.openjobmetis.it. Please note that making use of the exemption laid out in Art. 6 of Legislative Decree n. 254/2016, the Non-Financial Statement was prepared only on a consolidated basis.

*Procedure adopted to ensure the transparency and fairness of related party transactions*

The Board of Directors has appointed the Related Parties Committee and approved the procedure for the identification and management of related party transactions, and has subsequently identified all the individuals and companies that, should they enter into business relations with the Group, could potentially give rise to significant transactions for the purposes of the above. The Committee has commenced its activities and reviews the transactions that are brought to its attention.

*National tax consolidation scheme*

It should be noted that for the three-year period 2016-2018, Openjobmetis S.p.A. and its subsidiaries Openjob Consulting S.r.l. and Seltis S.r.l. renewed the option for the domestic tax consolidation scheme pursuant to Articles 117/129 of the Consolidated income tax act, to which the subsidiary Corium S.r.l. had been added for the three-year period 2014-2016, thus benefiting from the possibility of offsetting the taxable profit with tax losses in a single tax return. At the end of the three-year period, the option is tacitly renewed for another three years unless it is revoked.

*Amount paid to directors, statutory auditors and key management personnel*

The table contained in point 33 of the notes to the consolidated financial statements shows the compensation paid in 2017 by Openjobmetis S.p.A. and its subsidiaries to members of the governing and control bodies and other key management personnel. This includes all the individuals who have held these positions even for a part of the year.

*Information pursuant to Articles 70 and 71 of the Issuers' Regulation approved by Consob Resolution No. 11971 of 14.5.1999 and subsequent amendments*

The company relies on the faculty, introduced by Consob with Resolution No. 18079 of 20 January 2012, to waive the obligation to make available to the public an information document on the occasion of significant transactions related to mergers, demergers, share capital increases by way of contributions in kind, acquisitions and sales.

*Proposed allocation of the Parent's profit for the year*

The Board of Directors, taking into account the parent's and the Group's development projects, proposes to resolve as follows with respect to profit for the year 2017:

- Allocation to the legal reserve: EUR 563,927.42
- Allocation to other reserves: EUR 10,714,625.75

Milan, 9 March 2018

On behalf of the Board of Directors

The Chairman

Marco Vittorelli

(Signed on the original)

# CONSOLIDATED FINANCIAL STATEMENTS



# Consolidated Statement of Financial Position

| *(In thousands of EUR)* | Notes | 2017 | 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *4* | 2,300 | 2,096 |
| Intangible assets and goodwill | *5* | 74,472 | 74,563 |
| Financial assets | *6* | 7 | 16 |
| Deferred tax assets | *7* | 2,156 | 2,895 |
| **Total non-current assets** | | **78,935** | **79,570** |
| **Current assets** | | | |
| Cash and cash equivalents | *8* | 4,662 | 8,810 |
| Trade receivables | *10* | 123,312 | 104,175 |
| Other receivables | *11* | 7,209 | 6,061 |
| Current tax assets | *12* | 23 | 336 |
| **Total current assets** | | **135,206** | **119,382** |
| **Total assets** | | **214,141** | **198,952** |
| **LIABILITIES AND EQUITY** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | *13* | 13,609 | 16,963 |
| Employee benefits | *14* | 1,064 | 1,078 |
| **Total non-current liabilities** | | **14,673** | **18,041** |
| Current liabilities | | | |
| Bank loans and borrowings and other financial liabilities | *13* | 26,073 | 32,567 |
| Derivative instruments | *30-13* | 0 | 51 |
| Trade payables | *15* | 6,946 | 8,224 |
| Employee benefits | *14* | 39,835 | 33,376 |
| Other payables | *16* | 32,696 | 27,881 |
| Current tax liabilities | *17* | 2,662 | 190 |
| Provisions | *18* | 2,948 | 2,644 |
| **Total current liabilities** | | **111,160** | **104,933** |
| **Total liabilities** | | **125,833** | **122,974** |
| **EQUITY** | | | |
| Share capital | | 13,712 | 13,712 |
| Legal reserve | | 1,112 | 666 |
| Share premium reserve | | 31,553 | 31,553 |
| Other reserves | | 29,691 | 20,786 |
| Profit (loss) for the year | | 12,240 | 9,261 |
| Equity attributable to: | | | |
| Shareholders of the Parent | | 88,308 | 75,978 |
| Non-controlling interests | | 0 | 0 |
| **Total equity** | ***19*** | **88,308** | **75,978** |
| **Total liabilities and equity** | | **214,141** | **198,952** |

# Consolidated Statement of Comprehensive Income

| *(In thousands of EUR)* | Notes | 2017 | 2016 |
|---|---|---|---|
| Revenue | *20* | 583,897 | 460,952 |
| Costs of temporary work | *22* | (512,038) | (400,724) |
| **First contribution margin** | | **71,859** | **60,228** |
| Other income | *21* | 12,958 | 11,957 |
| Personnel expense | *22* | (31,538) | (28,012) |
| Cost of raw materials and consumables | *23* | (257) | (233) |
| Costs for services | *24* | (30,172) | (26,164) |
| Amortisation/depreciation | *4.5* | (839) | (1,046) |
| Provisions and impairment losses | *26* | (2,158) | (469) |
| Other operating expenses | *25* | (823) | (803) |
| **Operating profit (loss)** | | **19,030** | **15,458** |
| Financial income | *27* | 80 | 157 |
| Financial expense | *27* | (944) | (1,606) |
| **Pre-tax profit (loss)** | | **18,166** | **14,009** |
| Income taxes | *28* | (5,926) | (4,748) |
| **Profit (loss) for the year** | | **12,240** | **9,261** |
| **Other comprehensive income (expense)** | | | |
| Components that are or may subsequently be reclassified to profit/loss | | | |
| Effective portion of changes in fair value of cash flow hedges | | 51 | 197 |
| Components that will not be reclassified to profit/loss | | | |
| Actuarial gain (loss) on defined benefit plans | | 38 | 15 |
| Taxes on other comprehensive income (expense) | | 0 | 0 |
| **Total other comprehensive income (expense) for the year** | | **89** | **212** |
| **Total comprehensive income (expense) for the year** | | **12,329** | **9,473** |
| Net profit (loss) for the year attributable to: | | | |
| Shareholders of the Parent | | 12,240 | 9,261 |
| Non-controlling interests | | 0 | 0 |
| **Profit (loss) for the year** | | **12,240** | **9,261** |
| Total comprehensive income (expense) attributable to: | | | |
| Shareholders of the Parent | | 12,329 | 9,473 |
| Non-controlling interests | | 0 | 0 |
| **Total comprehensive income (expense) for the year** | | **12,329** | **9,473** |
| *Earnings (loss) per share (in EUR):* | | | |
| *Basic* | *36* | *0.89* | *0.68* |
| *Diluted* | *36* | *0.89* | *0.68* |

# Consolidated Statement of Changes in Equity

| *(In thousands of EUR)* | Note | Share capital | Legal reserve | Share premium reserve | Other reserves | Hedging reserve and actuarial reserve | Profit (loss) for the year | Equity Shareholders of the Parent | Equity attributable to non-controlling interests | Total Net Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balances as at 31.12.2014** | 19 | **10,637** | **346** | **16,821** | **14,873** | **(689)** | **1,939** | **43,927** | **0** | **43,927** |
| Allocation of profit (loss) for the year | | | 80 | | 1,859 | | (1,939) | | | |
| Effective portion of changes in fair value of cash flow hedges | 19 | | | | | **308** | | **308** | | **308** |
| Actuarial gain (loss) on defined benefit plans | | | | | | **(37)** | | **(37)** | | **(37)** |
| Profit (loss) for the year | 19 | | | | | | **4,501** | **4,501** | | **4,501** |
| **Total comprehensive income (expense)** | **19** | | | | | **271** | **4,501** | **4,772** | **0** | **4,772** |
| Bond conversion | | 175 | | 700 | | | | 875 | | 875 |
| Share capital increase | | 2,900 | | 14,032 | | | | 16,932 | | 16,932 |
| **Transactions with shareholders - Total contributions and distributions** | **19** | **3,075** | | **14,732** | | | | **17,807** | **0** | **17,807** |
| **Balances as at 31.12.2015** | **19** | **13,712** | **426** | **31,553** | **16,732** | **(418)** | **4,501** | **66,506** | **0** | **66,506** |
| Allocation of profit (loss) for the year | | | 240 | | 4,261 | | (4,501) | | | |
| Effective portion of changes in fair value of cash flow hedges | 19 | | | | | **197** | | **197** | | **197** |
| Actuarial gain (loss) on defined benefit plans | | | | | | **15** | | **15** | | **15** |
| Rounding | | | | | **(1)** | | | **(1)** | | **(1)** |
| Profit (loss) for the year | 19 | | | | | | **9,261** | **9,261** | | **9,261** |
| **Total comprehensive income (expense)** | 19 | | | | | **212** | **9,261** | **9,473** | **0** | **9,473** |
| **Balances as at 31.12.2016** | 19 | **13,712** | **666** | **31,553** | **20,992** | **(206)** | **9,261** | **75,978** | **0** | **75,978** |
| Allocation of profit (loss) for the year | | | 446 | | 8,815 | | (9,261) | | | |
| Effective portion of changes in fair value of cash flow hedges | 19 | | | | | 51 | | 51 | | 51 |
| Actuarial gain (loss) on defined benefit plans | | | | | | 38 | | 38 | | 38 |
| Rounding | | | | | 1 | | | 1 | | 1 |
| Profit (loss) for the year | 19 | | | | | | 12,240 | 12,240 | | 12,240 |
| **Total comprehensive income (expense)** | 19 | | | | | **89** | **12,240** | **12,330** | **0** | **12,330** |
| **Balances as at 31.12.2017** | 19 | **13,712** | **1,112** | **31,553** | **29,808** | **(117)** | **12,240** | **88,308** | **0** | **88,308** |

# Consolidated Statement of Cash Flows

| *(In thousands of EUR)* | Note | 2017 | 2016 |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Profit (loss) for the year | | 12,240 | 9,261 |
| *Adjustments for:* | | | |
| Depreciation of property, plant and equipment | *4* | 564 | 540 |
| Amortisation of intangible assets | *5* | 275 | 506 |
| Capital losses (gains) on sales of property, plant and equipment | | 17 | 34 |
| Impairment loss on trade receivables | *10 , 26* | 2,150 | 434 |
| Current and deferred taxes | *28* | 5,926 | 4,748 |
| Net financial income (expenses) | *27* | 864 | 1,449 |
| **Cash flows before changes in working capital and provisions** | | **22,036** | **16,972** |
| Change in trade and other receivables gross of impairment loss | *10,11,26* | (22,435) | (18,954) |
| Change in trade and other payables | *15.16* | 3,537 | 3,790 |
| Change in employee benefits | *14* | 6,459 | 5,893 |
| Change in current and deferred tax assets and liabilities net of paid taxes for the year and current and deferred taxes for the year | *7,12,17,28* | 775 | (464) |
| Change in provisions | *18* | 304 | 185 |
| Paid income taxes | | (3,152) | (2,515) |
| **Cash and cash equivalents generated/(absorbed) by operating activities (a)** | | **7,524** | **4,907** |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | *4* | (839) | (563) |
| Proceeds from sales of property, plant and equipment | | 53 | 66 |
| Other net increases in intangible assets | *5* | (184) | (408) |
| Change in other financial assets | *9* | 9 | 18 |
| **Cash and cash equivalents generated/(absorbed) by investing activities (b)** | | **(961)** | **(887)** |
| Interest paid | | (893) | (1,373) |
| Interest received | | 80 | 157 |
| New loan disbursement | *13* | 0 | 3,000 |
| Repayment of loan instalments | *13* | (9,594) | (8,016) |
| Change in short-term bank loans and repayment of loan instalments | *13* | (305) | (11,390) |
| **Cash and cash equivalents generated/(absorbed) by financing activities (c)** | | **(10,712)** | **(17,622)** |
| **Cash flow for the year (a) + (b) + (c) + (d)** | | **(4,149)** | **(13,602)** |
| **Net cash and cash equivalents as at 1 January** | ***8*** | **8,810** | **22,412** |
| **Net cash and cash equivalents as at 31 December** | ***8*** | **4,661** | **8,810** |

# Notes to the Consolidated Financial Statements

## General information

Openjobmetis S.p.A. (hereinafter also the "Company") is based in Italy, Via G. Fara 35, Milan.

The Group works in the sector of temporary work i.e. the professional supply of permanent or temporary labour, pursuant to Article 20 of Italian Legislative Decree no. 276/2003 as amended and supplemented, pursuant to Article 4, paragraph 1, letter 9 of the same Italian Legislative Decree.

As from 3 December 2015 Openjobmetis S.p.A. has been listed on the STAR segment of the online stock exchange (MTA) organised and operated by Borsa Italiana S.p.A..

At the present date, the Company is not a subsidiary in accordance with Article 93 of the Consolidated Finance Act (TUF).

## 1. Accounting standards and basis of presentation adopted in preparing the financial statements

### 1. (a) Accounting standards and statement of compliance

These consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and interpretations thereof in force as at 31 December 2017, as well as measures issued in implementation of Article 9 of Legislative Decree 38/05. The rules of national legislation implementing directive 2013/34 EU also apply, insofar as they are compatible, to companies that prepare IFRS financial statements. Therefore, the financial statements incorporate what is laid out in the articles of the Italian Civil Code and the corresponding rules of the TUF for listed companies on the matter of the report on operations, auditing and the publication of financial statements. The consolidated financial statements and the relative notes also provide the details and supplementary information required by other rules and provisions of Consob on the financial statements. The consolidated financial statements contain the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the relevant explanatory notes.

In preparing these consolidated financial statements, the following formats, selected from the various options allowed by IAS 1, were used:

- the consolidated statement of financial position was prepared by classifying the values according to the format of current/non-current assets/liabilities;
- the consolidated statement of comprehensive income was prepared by classifying the items by nature;
- the consolidated statement of cash flows was prepared using the indirect method.

The purpose of the notes is to illustrate the preparation principles adopted and to provide the information required by IAS/IFRS and not contained in other parts of the financial statements, as well as any additional information that is not shown in the financial statements but is necessary for a reliable representation of the Group's activities.

The consolidated financial statements were prepared on the basis of the accounting records as at 31 December 2017 on a going concern basis and are accompanied by the report on operations.

The Group's consolidated financial statements for the year ended as at 31 December 2017 were approved by the Board of Directors of the Parent at the meeting held on 9 March 2018, when the distribution of the results through a press release dated 9 March 2018 containing the main elements of the financial statements was authorised. The Parent's Board of Directors has the authority to amend the consolidated financial statements until the date of the Shareholders' Meeting called to approve the Parent's financial statements. The Shareholders' Meeting has the authority to request changes to these consolidated financial statements.

The consolidated financial statements and related notes were prepared with amounts rounded to the nearest thousand euro, the functional currency of the Group. Moreover, for clarity of reading, the mandatory items pursuant to IAS 1 with zero balances were omitted in the formats and tables, in both periods presented for comparison.

In the preparation of these financial statements, the same accounting principles and preparation criteria were applied as were used in the preparation of the consolidated financial statements as at 31 December 2016

The most important accounting policies and standards used by the Group to prepare the consolidated financial statements are described below.

**2. Significant accounting policies**

**(a) General**

The accounting policies described below were applied consistently to the years included in these consolidated financial statements and by all entities of the Group.

The consolidated financial statements were prepared using the measurement basis at cost except for financial statement items that according to IAS/IFRS are compulsorily recognised at fair value as indicated in the accounting policies shown below.

While preparing the financial statements, company management had to formulate valuations, estimates and assumptions that affect the application of the accounting policies and the amounts of assets, liabilities, costs and revenue recognised in the financial statements; however, it should be noted that, since these are estimates, the results achieved will not necessarily be the same as the results shown in the financial statements.

These estimates and assumptions are regularly revised; any changes resulting from the revision of accounting estimates are recognised in the period in which the revision is carried out and in future periods.

In particular, information on the areas of greater uncertainty in the formulation of estimates and valuations during the process of application of IAS/IFRS that have a significant effect on the amounts recognised in the financial statements together with aspects of particular significance are provided below:

- *Impairment test on goodwill*

  Goodwill is subject to impairment tests at least annually or more often if there are indicators of an impairment loss.

  Impairment testing is carried out using the discounted cash flow method: this method is highly sensitive to the assumptions contained in the estimate of future cash flows and interest rates used.

  For this assessment, the Group uses plans approved by the administrative body and financial parameters in line with those resulting from the current performance of the reference markets.

  Details regarding the procedures for preparing the goodwill impairment test are provided in note 5.

- *Measurement of receivables*

  The Group sets aside an allowance for impairment that reflects the estimate of losses on trade receivables, whose main components are the individual impairment losses on significant exposures or those subject to disputes and collective impairment losses on homogeneous groups of by nature and maturity of receivables against losses that have not yet been identified. The collective impairment loss is calculated on the basis of historical losses. Therefore, the allowance for impairment is calculated based on estimates of losses on receivables that the Group expects to incur and takes into account multiple elements, including:

- receivable ageing;
- customer solvency;
- prior historical experience.

When there is certainty that it will not be possible to recover the amount due, the amount considered irrecoverable is written off directly from the relative value of the financial asset.

The above requires the management to make significant estimates with regard to general economic conditions and any possible negative trends in the credit markets that could negatively impact on customer relations.

- *Provisions*

The Group companies are parties in certain proceedings, arising from the conduct of business and from events of a civil and tax nature involving the companies.

In addition, in view of the sector in which they operate, they are exposed to the risk of being involved in legal and/or arbitration proceedings of a labour law nature, both with reference to temporary workers and to the organisational structure of the Group and in relation to contracts with independent collaborators.

In the event that it is considered probable that as a result of the dispute a disbursement of resources - the amount of which can be reliably estimated - will be required, this amount, discounted to take account of the time horizon along which the disbursement will take place, is included in the provisions for risks. Disputes for which the occurrence of a liability is considered only possible but not probable are indicated in the relevant disclosure section on commitments and risks and, as a result, no allocations are made with respect thereto.

Assessing the development of such disputes can be complicated and requires the management to make significant estimates.

## (b) Consolidation criteria and scope

*(i) Business combinations*

The Group records business combinations by applying the acquisition method on the date on which it actually obtains control of the acquiree. The transferred consideration and the identifiable net assets acquired are usually recognised at fair value. The carrying amount of goodwill is tested for impairment on an annual basis to identify any impairment losses. Any gain arising from a bargain purchase is recognised immediately in profit (loss) for the year, whereas costs related to the business combination, other than those related to the issue of debt or equity instruments, are recognised as expense in profit (loss) for the year when incurred.

The amounts related to the termination of a pre-existing relationship are excluded from the transferred consideration. Normally, these amounts are recognised in profit (loss) for the year.

The contingent consideration is recognised at fair value at the date of acquisition. If the contingent consideration is classified as equity, it is not recalculated and its subsequent settlement is directly accounted for in equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit (loss) for the year.

If the incentives recognised in share-based payments (replacement awards) are exchanged with awards held by employees of the acquiree (acquiree awards), the value of these replacement awards of the acquiree is fully or partially included in the measurement of the transferred consideration for the business combination. This measurement considers the difference of the market value of the replacement awards compared to that of the acquiree awards and the proportion of replacement awards that refers to services rendered before the business combination.

*(ii) Non-controlling interests*

Non-controlling interests are measured in proportion to the relevant share of identifiable net assets of the acquiree on the date of acquisition.

The changes in the equity investment of the Group in a subsidiary that do not imply the loss of control are accounted for as transactions between owners.

*(iii) Subsidiaries*

Subsidiaries are companies controlled by the Group, or for which the Group is exposed to variable returns deriving from its relationship with the entity, or has claims over those returns, while having the ability to affect them by exercising its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the time when the parent starts to exercise control until the time when this control ends. Where necessary, the accounting policies of subsidiaries were changed to align them with the Group's accounting policies.

The subsidiaries included in the scope of consolidation as at 31 December 2017 and 2016 are shown below:

| **Company Name** | **% held as at 31/12/2017** | **Registered Office** | **Share capital** |
|---|---|---|---|
| Openjob Consulting S.r.l. | 100% | Gallarate, Via Marsala 40/c | EUR 100,000 |
| Seltis S.r.l. | 100% | Milan, Via G. Fara 35 | EUR 110,000 |
| Corium S.r.l. | 100% | Milan, Via G. Fara 35 | EUR 32,000 |

| **Company Name** | **% held as at 31/12/2016** | **Registered Office** | **Share capital** |
|---|---|---|---|
| Openjob Consulting S.r.l. | 100% | Gallarate, Via Marsala 40/c | EUR 100,000 |
| Seltis S.r.l. | 100% | Milan, Via G. Fara 35 | EUR 110,000 |
| Corium S.r.l. | 100% | Milan, Via G. Fara 35 | EUR 32,000 |

*(iv) Loss of control*

In the case of loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other equity components related to the subsidiaries. Any profit or loss deriving from the loss of control is recognised in profit (loss) for the year. Any equity investment retained in the former subsidiary is measured at fair value at the date of loss of control.

*(v) Transactions derecognised during the consolidation*

During the preparation of the consolidated financial statements, the balances of intragroup transactions as well as intragroup unrealised revenue and costs are derecognised. Unrealised gains deriving from transactions with equity-accounted investees are derecognised in proportion to the Group's interest in the entity. Unrealised losses are derecognised in the same way as unrealised gains to the extent that there are no indicators showing impairment.

**(c) Cash and cash equivalents**

Cash and cash equivalents include cash balances and sight deposits and are recognised at their nominal amount, which corresponds to their fair value.

**(d) Non-derivative financial instruments**

Non-derivative financial instruments include investments in equities and debt instruments, trade and other receivables, financial liabilities, trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus - for instruments not measured at fair value through profit or loss - any directly attributable transaction costs. After initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Group is "party" to the terms of contract of the instrument. A financial asset is derecognised when the Group's contractual rights to the cash flows deriving from the financial assets expire or the Group transfers the financial asset to third parties without retaining control or substantially all risks and benefits of the ownership of the financial asset. A purchase or sale of financial assets is recognised on the date it is traded, i.e., the date on which the Group undertakes to purchase or sell the asset. A financial liability is considered discharged when the obligations specified in the contract are fulfilled, derecognised or discharged.

Accounting policy *(p) Financial income and expense* describes the accounting treatment of financial income and expense.

Non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

*Trade and other receivables*

Receivables from customers and other receivables, whose due date falls within normal current commercial terms, are initially recorded at fair value, which generally corresponds to their nominal amount, and subsequently measured at amortised cost net of any impairment losses identified. The impairment test of receivables is based on the present value of expected cash flows.

Factored receivables are derecognised from the assets of the statement of financial position only if the risks and benefits related to their legal ownership are substantially transferred to the assignee. Receivables factored with recourse and receivables factored without recourse that do not meet this requirement continue to be recognised in the financial statements of the Group, even if they have been legally assigned; in this case, a financial liability of an equal amount is recorded under liabilities for the advance received.

*Loans and borrowings*

Advance accounts and loans and borrowings are initially recognised at the fair value of the amount received, net of directly attributable additional charges. Subsequently, they are measured at amortised cost using the effective interest rate method. They are classified as current liabilities or non-current liabilities according to their settlement date.

*Trade payables and other payables*

Trade payables and other payables, the due date of which falls within normal current commercial terms, are initially recognised at fair value and subsequently recorded at amortised cost.

**(e) Derivative financial instruments**

The Group uses derivative financial instruments to hedge its exposure to risks of changes in interest rates. Derivatives are initially recognised at fair value; attributable transaction costs are recognised in profit or loss when incurred. After initial recognition, derivatives are measured at fair value. Their changes are accounted for as described below. At the initial designation of the hedge, the Group documents the relationship between the hedging instruments and the hedged item, including the risk management objectives, the strategy for undertaking the hedge, together with the methods that will be used to assess the effectiveness of the hedging instrument. Both at the beginning of the hedge and during its period of validity, the Group assesses whether the hedge is expected to be highly effective in offsetting the changes in fair value or cash flows attributable to their hedged items during the period for which the hedge is designated and if the actual results of each hedging range from 80% to 125%. In cash flow hedging transactions of a forecast transaction, the transaction must have a high probability of occurring and must present an exposure to changes in cash flows that could have an effect on profit or loss.

*Cash flow hedges*

Changes in the fair value of the instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. For the ineffective portion, changes in fair value are recognised in profit or loss.

Hedge accounting, as indicated above, is discontinued prospectively if the instrument designated as a hedge no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised. The gain or loss is kept in equity until the envisaged transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount at the time at which it is recognised. In other cases, the amount recognised in equity is transferred to profit or loss in the same year in which the hedged item affects profit or loss.

**(f) Property, plant and equipment**

An item of property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

The historical cost includes any costs directly attributable to the acquisition of the asset.

If significant components have different useful lives, these components are recorded separately.

The cost of an asset produced on a time and materials basis includes the cost of materials used and of direct labour as well as other directly attributable costs for taking the asset to the location and under the conditions required for working as intended by company management.

Costs incurred after initial recognition of an item of property, plant and equipment are added to the carrying amount of the asset to which they refer if it is probable that the related future benefits will flow to the Group if the cost of the item can be reliably measured. Ordinary maintenance costs of property, plant and equipment are recognised in profit or loss during the year in which they are incurred.

The gains and losses generated by the sale of any property, plant or equipment are determined as the difference between the net proceeds on the sale and the carrying amount of the asset, and are recognised in profit or loss at the time of the disposal.

Depreciation is charged to profit or loss on a straight-line basis over the expected useful life of each item of property, plant and equipment estimated by the Group, which is reviewed every year and changes, where necessary, are applied prospectively.

The estimated useful lives in the years under review are as follows:

| Asset | Depreciation |
|---|---|
| Property | 33.3 years |
| Telephone systems | 4 years |
| Electric installations | 6.6 years |
| Furniture and fixtures | 8.3 years |
| Electronic office machines | 5 years |
| Signs | 6.6 years |
| Sundry equipment | 6.6 years |
| Motor vehicles | 4 years |
| Alarm systems | 3.3 years |

Leasehold improvements are depreciated in the shorter period of time between the useful life and the term of the contract to which they refer.

*Leased assets*

At the beginning of an agreement, the Group checks if the agreement is or contains a lease. At the beginning of the agreement or upon revising it, the Group separates the lease payments and the other considerations required by the agreement classifying them as payments for the lease and payments for other elements on the basis of their fair values. If, in case of a finance lease, the Group concludes that splitting the lease payments reliably is not feasible, an asset and a liability of an amount equal to the fair value of the underlying asset is recognised. Subsequently, the liability is reduced as payments are made and a financial cost is recognised on the liability using the Group's incremental borrowing rate of interest.

Lease agreements that substantially transfer all the risks and benefits deriving from the ownership of the asset are classified as finance leases. Assets used by the Group acquired under finance leases are recognised at fair value of the leased asset or, if lower, at the present value of the minimum payments due for the lease. After initial recognition, the asset is measured in accordance with the accounting standard applicable to property, plant and equipment. Leased assets are depreciated in the shorter period of time between the term of the lease and its useful life unless it is reasonably certain that the Group will acquire its ownership at the end of the lease. Land is not depreciated.

Other leased assets fall within operating leases and are not recognised in the statement of financial position of the Group; the cost is recognised on a straight-line basis over the lease term.

The payments relating to operating leases are recognised as costs on a straight-line basis over the lease term. The incentives granted to the lessee are recognised as an integral part of the total cost of the lease over the lease term. The minimum payments due for finance leases are divided between interest expense and reduction of the residual liability. Interest expense is spread over the duration of the lease agreement so as to obtain a constant interest rate on the residual liability.

**(g) Intangible assets and goodwill**

*(g.1) Goodwill*

Goodwill is recognised at cost, net of accumulated impairment losses, calculated as indicated below.

Goodwill is tested for impairment based on expected future cash flows on an annual basis or more frequently if events or changes in circumstances that may give rise to any impairment losses occur. The impairment loss is not reversed if the reasons that generated it no longer exist. Please see section *h) Impairment losses* below.

*(g.2) Customer relations*

The value of customer relations was recorded based on the fair value identified on 30 June 2007, the business combination date between Wm S.r.l. and the former Openjob S.p.A.. The historical cost increased due to the acquisition of the business unit of "J.O.B. S.p.A." in 2009, the business combination with "Metis S.p.A" in 2011 and, lastly, the acquisition of the "Noi per Voi S.r.l" customer database on 1 July 2016. The value of customer relations was amortised based on the economic useful life estimated by the appraisals prepared by independent experts: 7.5 years for the business combination between "Wm S.r.l." and the former "Openjob S.p.A." and the acquisition of the business unit "J.O.B. S.p.A.", and 4.5 years for the business combination with Metis S.p.A, and, lastly, 4.5 years for the purchase of the "Noi per Voi S.r.l." customer database.

*(g.3) Other intangible assets*

Other intangible assets acquired by the Group, which have a finite useful life, are stated at cost, less accumulated amortisation and accumulated impairment losses and mainly include the software purchased from third parties and amortised over 3 years and the value of the Databook software developed internally, in use from 2017 and amortised over 5 years.

**(h) Impairment losses**

*(h.1) Financial assets*

A financial asset is impaired if there is any objective evidence that one or more events have had a negative effect on the expected estimated cash flows of that asset.

An impairment loss on a financial asset measured at amortised cost is the difference between the carrying amount and the present value of the estimated cash flows, discounted at the original effective interest rate. An impairment loss on an available-for-sale financial asset is calculated based on the current fair value of the asset.

Individually significant financial assets are tested separately to determine whether they have been impaired. The other financial assets are tested collectively for groups with similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any accumulated impairment loss on an available-for-sale financial asset previously recognised in equity is transferred to profit or loss.

Impairment losses are reversed if the subsequent increase in value can be objectively related to an event that occurred after the impairment. In the case of financial assets measured at amortised cost and available-for-sale financial assets corresponding to debt securities, the reversal is recognised in profit or loss. In the case of available-for-sale financial assets represented by equities, the reversal is recognised directly in equity.

*(h.1.1) Trade receivables*

The Group accrues a provision for impairment that reflects the estimate of losses on trade receivables, whose main components are the individual impairment of significant exposures or those subject to disputes and collective impairment of homogeneous groups by nature and maturity of receivables against losses that have not yet been identified. The collective impairment is calculated on the basis of historical losses. Therefore, the allowance for impairment is calculated based on estimates of losses on receivables that the Group expects to incur and takes into account multiple elements, including:

- receivable ageing;
- customer solvency;
- prior historical experience.

When there is certainty that it will not be possible to recover the amount due from the customer, the amount considered irrecoverable is written off directly from the relative value of the financial asset.

*(h.2) Non-financial assets*

At the end of each reporting period, the Group tests the carrying amounts of its financial assets for impairment. If this test shows that the assets have actually been impaired, the Group estimates their recoverable amount. The recoverable amount of goodwill and of the intangible assets that are not yet available for use is estimated at each reporting date.

When the carrying amount of an asset or of a cash-generating unit exceeds its recoverable amount, the Group recognises the related impairment loss. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognised in profit or loss. Impairment losses of cash-generating units are charged first of all as a reduction of the carrying amount of the goodwill assigned to the cash-generating unit and, secondly, as a reduction of the other assets of the unit (group of units) proportionally to the carrying amount.

The recoverable amount of an asset or of a cash-generating unit is the higher of its value in use and its fair value less costs of disposal. To determine the value in use, the Group uses the estimated expected cash flow discounting method. The cash flows are discounted by using a discount rate that reflects the current market evaluations of the time value of money and of the asset's specific risks (WACC- weighted average cost of capital). Expected cash flows are inferred from plans approved by the competent Board of Directors.

Impairment losses of goodwill cannot be reversed. In the case of other assets, at each reporting date, impairment losses recognised in previous years are measured in order to recognise the existence of any indication suggesting the possible reduction or non-existence of the loss. The impairment of an asset is reversed when a change occurs in the valuations used for calculating the recoverable amount. The carrying amount resulting after the reversal of the impairment loss must not exceed the carrying amount that would have been determined (net of amortisation) if the impairment loss on the asset had never been recorded.

**(i) Taxes**

Taxes for the year include current taxes and deferred taxes. Income taxes are recognised in profit or loss, except those related to transactions recognised directly in equity that are accounted for in it.

Current taxes represent the estimate of the amount of the income taxes due, calculated on the taxable profit for the year, determined by applying the tax rates in force or essentially in force at the end of the reporting period and any adjustment to the amount related to the previous years.

Deferred taxes are allocated in compliance with the equity method, calculating the temporary differences between the carrying amounts of assets and liabilities recorded in the financial statements and the corresponding values recognised for tax purposes. Deferred taxes are not allocated for the following temporary differences: initial recognition of goodwill, initial recognition of assets or liabilities in a transaction other than a business combination that does not affect the accounting profit or the taxable profit, as well as in the case of differences relating to investments in subsidiaries and companies subject to joint control for which it is possible to control the cancellation time and it is likely that in the foreseeable future the temporary difference will not be reversed. Deferred tax assets and liabilities are measured using the tax rates that are expected to be applicable in the year in which the asset or the liability to which they refer will be realised or discharged, respectively, on the basis of tax rates established by the measures in force or essentially in force at the reporting date.

Deferred tax assets are recognised to the extent that a future taxable profit against which these assets can be used may be available. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be achieved.

Additional income taxes resulting from the distribution of dividends are accounted for when the liability for the dividend payment is recognised. There are no reserves that will be taxed when distributed.

**(l) Provisions**

The Group recognises a provision when it has assumed a (legal or constructive) obligation, which can be reliably estimated and is the result of a past event, and it is also likely that the utilisation of resources that can produce economic benefits will be necessary to fulfil the obligation. The amount of the provision is represented by the present value of expected estimated cash flows discounted at a pre-tax rate that reflects current market evaluations of the present value of money and the risks specific to the liability.

The Group recognises a provision for restructuring when the detailed and formal programme for restructuring has been approved and the restructuring has either started or been publicly announced. No provisions have been set aside for future operating costs.

**(m) Employee benefits**

*Defined contribution plans*

Contributions to defined contribution plans are recognised as a cost in profit or loss in the year in which they are incurred. Contributions paid in advance are recognised under Assets to the extent that the advance payment will result in a reduction of future payments or a refund.

*Defined benefit plans*

The Group's net liability deriving from defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that the employees accrued in exchange for their services carried out in the current year and in prior years; this benefit is discounted and the fair value of plan assets is deducted from the liabilities.

The calculation is carried out by a third-party consultant using the projected unit credit method. If the calculation generates a benefit for the Group, the amount of the asset recognised is limited to the present value of the economic benefits available in the form of repayments from the plan or of reductions in future contributions of the plan. In order to determine the present value of the economic benefits, minimum funding requirements that apply to any plan in the Group are considered.

Actuarial gains and losses, returns on plan assets (excluding interest) and the effect of the ceiling of the asset (excluding any interest) that arise as a result of revaluations of the net liability for defined benefit plans are immediately recognised in other comprehensive income (expense). Net interests for the year on the net liability/(asset) for defined benefits are calculated by applying to the net liability/(asset) the discount rate used for discounting the defined-benefit obligation, calculated at the beginning of the year, considering any changes in the net liability/(asset) for defined benefits occurred during the year following the payment of contributions and benefits. Net interest and other costs relating to defined benefit plans are recognised in the profit (loss) for the year.

When changes are made to the benefits of a plan or when the plan is curtailed, the portion of the economic benefit related to past services or the profit or loss deriving from the curtailment of the plan are recognised in profit (loss) for the year when the adjustment or the reduction occurs.

The post-employment benefits due to the employees pursuant to Article 2120 of the Italian Civil Code fall within defined benefit pension plans, plans based on the working life of employees and on the remuneration received by the employee during a previously established service period.

In particular, the liability for post-employment benefits is recorded in the financial statements based on its actuarial value, as it qualifies as an employee benefit payable under a defined benefit plan.

Recognition in the financial statements requires estimating with actuarial techniques the amount of employee benefits accrued in exchange for the work carried out in the current and prior years and the discounting of these benefits in order to determine the present value of the commitments of the Group.

Italian law no. 296 of 27 December 2006 (2007 Finance Act) introduced new rules for post-employment benefits accruing from 1 January 2007.

Following the supplementary pension reform:

- the portions of post-employment benefits accrued up until 31 December 2006 remain in the company;

- the portions of post-employment benefits accruing since 1 January 2007 must, at the employee's option, according to explicit or tacit acceptance:

a) be allocated to supplementary pension plans;

b) be held within the company, which will transfer the portions of post-employment benefits to the treasury fund managed by INPS (the Italian Social Security Institution).

In both cases, the portions of post-employment benefits accrued after 1 January 2007 (or on the date the choice is made in the case of allocation to supplementary pension plans) are considered as a defined contribution plan.

The 2007 Finance Act did not involve any amendment in the accrued post-employment benefits as at 31 December 2006, which therefore falls within the defined benefit pension plans. Moreover, as a result of the new regulations introduced by the 2007 Finance Act, the post-employment benefits "accrued" before 1 January 2007 (or on the date the choice is made in the case of allocation to supplementary pension plans) undergo a significant change in calculation since the actuarial assumptions previously linked to salary increases no longer exist. More specifically, the liability related to the "accrued post-employment benefits" is measured using actuarial techniques as at 1 January 2007 (or on the date the choice is made in the case of allocation to supplementary pension plans) without applying the pro-rata (years of service already rendered/total years of service), in that the employee benefits up until 31 December 2006 (or on the date the choice is made in the case of allocation to supplementary pension plans) can be considered almost entirely accrued (with the sole exception of revaluation). It follows that, for the purposes of this calculation, "current costs for services" related to future employee work must be considered null in that they are represented by payments of contributions to supplementary pension funds or to the INPS treasury fund.

*Short-term benefits*

Short-term employee benefits are recognised as a cost on an undiscounted basis when the service giving rise to such benefits is supplied.

The Group recognises a liability for the amount expected to be paid in the form of profit sharing and incentive schemes when it has an actual, legal or constructive obligation to make such payments as a result of past events and the obligation can be reliably estimated.

*Long-term employee benefits*

The Group's net liability as a result of long-term employee benefits corresponds to the amount of the future benefit that the employees have earned for work done in the current year and in previous years. This benefit is discounted. Revaluations are recognised in profit (loss) for the year when they emerge.

*Benefits due to employees for termination of employment*

The benefits due to employees for termination of employment are recognised as an expense when the Group has committed without possibility of withdrawal to provide such benefits, or when the Group recognises restructuring costs, whichever is earlier. Benefits that are entirely payable more than twelve months after the end of the financial year are discounted.

*Share-Based Payments*

The fair value of the amount payable to employees with regard to share revaluation rights, settled in cash, is recognised as a cost with a corresponding increase in liabilities over the period during which employees become entitled to the unconditional right to receive the payment. The liability is measured at the end of each reporting period and at the settlement date on the basis of the fair value of the rights of share revaluation. Any changes in the fair value of the liability are recognised in profit or loss as personnel costs.

**(n) Revenue**

Revenue from services rendered is recognised in profit or loss based on the progress of the service at the reporting date. The progress is measured on the basis of work measurements. With reference to the supply of temporary work, this measurement is related to the physical presence of the worker at the customer's company.

Revenue is recognised when the recoverability of the consideration is probable and the costs of providing the service can be reliably estimated.

**(o) Grants**

Capital contributions and grants related to income are recognised when there is a reasonable certainty that the Group will meet the conditions for obtaining the grants and that the grants will be received. Capital contributions are recorded in the statement of financial position as deferred revenue under "Other payables" and systematically recognised in profit or loss against depreciation of the assets for which the grant was received. Grants related to income are recognised in profit or loss under the item "Other income".

**(p) Financial income and expense**

Financial income includes interest income on invested cash, dividends, income from the sale of available-for-sale financial assets, changes in fair value of financial assets recognised through profit or loss, exchange rate gains and gains on hedging instruments through profit or loss. Interest income is recognised in profit or loss on an accruals basis using the effective interest method. Dividends are recognised when the right of the Group to receive payment is established.

Financial expense includes interest expense on loans and finance leases, exchange rate losses, changes in fair value of financial assets designated at fair value through profit or loss, impairment losses on financial assets and losses on hedging instruments recognised in profit or loss. Costs related to loans and finance leases are recognised in profit or loss using the effective interest method.

**(q) Payments relating to leases**

Operating lease payables are recognised as a cost throughout the period of validity of the agreements and on an accruals basis of the lease payments envisaged in them.

The minimum payments due for finance leases are divided between interest expense and reduction in the residual payable. Interest expense is spread over the duration of the lease agreement so as to obtain a constant interest rate on the residual liability. Contingent lease payments are accounted for by revising the minimum payments due over the residual duration of the lease when the lease adjustment is notified.

**(r) New standards published but not yet adopted**

Several new standards or amendments to the standards and interpretations have been endorsed by the European Union and the relevant application is mandatory for years beginning after 1 January 2017; these standards have not been adopted in the preparation of these consolidated financial statements. Standards that could have an impact on the Group are indicated below.

*IFRS 9 Financial instruments*

Published in July 2014, IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new provisions for the recognition and measurement of financial assets, financial liabilities and some contracts for the purchase and sale of non-financial elements for the classification and measurement of financial assets, including a new model for expected losses for the purposes of calculating impairment losses on financial assets, and new general provisions for hedge accounting. It also includes provisions for the recognition and derecognition of financial instruments in line with current IAS 39.

The Group will apply IFRS 9 as of 1 January 2018.

IFRS 9 replaces the "incurred loss" model laid out in IAS 39 with a model forecasting "expected credit losses".

The new model of impairment losses will apply to financial assets measured at amortised cost, and in particular trade receivables, taking into account all possible events of default throughout their expected life.

Impairment losses on cash and cash equivalents will be measured in accordance with the expected loss approach in the 12 subsequent months, on the basis of the external credit ratings of the counterparties. Based on Group's assessment, the application of the provisions of IFRS 9 on impairment losses on financial assets will not generate significant effects. The Group has no financial assets designated at fair value, it did not designate financial liabilities at fair value and it has no hedge accounting, and therefore the application of the provisions of IFRS 9 is not expected to have significant effects for those aspects. IFRS 9 will require a new adequate financial statements disclosure, in particular on credit risk and expected credit losses. The amendments to accounting standards deriving from the adoption of IFRS 9 will be applied retroactively.

*IFRS 15 Revenue from Contracts with Customers and clarifications to IFRS 15*

IFRS 15 redefines the procedures for the recognition of revenue from contracts with customers. The standard replaces the recognition criteria set out in IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group will apply IFRS 15 as of 1 January 2018.

The Group operates primarily in the provision of services relating to the supply of temporary workers, so a single performance obligation can be identified and it is deemed that the customer simultaneously receives and consumes the benefits of the services provided by the Group. The measurement of the degree of progress in fulfilling the contractual obligation is related to the physical presence of the worker at the customer's company and the service rendered is invoiced on a monthly basis. In the determination of the contractual consideration, there are no significant variable amounts, significant advance or deferred payment conditions with respect to sector practices or amounts paid to customers that are not considered a reduction of the contractual consideration. Based on Group's assessment, no significant effects are expected from the application of the provisions of IFRS 15.

IFRS 15 will require a new adequate financial statements disclosure from both a qualitative and quantitative point of view. The amendments to accounting standards deriving from the adoption of IFRS 15 will be applied retroactively.

*IFRS 16 Leasing*

IFRS 16 redefines the procedures for the recognition of lease agreements. The standard replaces IAS 17 Leasing, as well as IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases—Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single model for the recognition of lease agreements in the financial statements for the lessee, requiring, as a general rule, the recognition under assets of the right to use the asset and in the balance sheet liabilities of the financial liability that represents the obligation to pay the principal amount of the lease payments. Except in the case of limited exceptions (short-term and low value leases), the adoption of the accounting treatment currently laid out in IAS 17 for operating leases will no longer be permitted.

IFRS 16 is effective for years beginning on or after 1 January 2019. Early application is permitted. The Group is considering the potential effect of the application of IFRS 16 on the financial statements.

**(s) Financial risk management**

The Group is exposed to the following risks arising from the use of financial instruments:

- credit risk;

- liquidity risk;
- interest rate risk.

This section provides information on the Group's exposure to each of the above risks, the objectives, policies and processes for managing those risks and the methods used to measure them, as well as the management of the Group's capital.

The Board of Directors of Openjobmetis S.p.A. is responsible for creating and overseeing the Group's risk management system.

The purpose of the risk management policies of the Group is to identify and analyse the risks to which it is exposed, establish proper limits, and control and monitor the risks and the observance of such limits. These policies and related systems are revised regularly to reflect any changes in the market conditions and the Group's activities. Through training, standards and management procedures, the Group aims to create a regulated and constructive control environment in which its employees are aware of their roles and responsibilities.

*(i) Credit risk*

The credit risk is the risk that a customer or counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation, and mainly derives from the Group's trade receivables.

The Group's exposure to credit risk mainly depends on the specific characteristics of each customer. The Group's customer portfolio consists of many customers, and does not show significant levels of concentration vis-à-vis few customers. The main type of customer consists of medium-small sized companies, operating in almost all sectors. There is no strong geographic concentration of credit; part of it is mainly located in the regions of central and northern Italy. Any deterioration in the general economic environment or negative credit market developments could have adverse effects on customer relations, compromising the possibility for the Group to recover its trade receivables and influencing the management of working capital.

The Group keeps the customer base diversified, and consequently it reduces the risks associated with debt recovery.

Before supplying temporary workers, a proper evaluation procedure is carried out envisaging that the creditworthiness of each new customer must be analysed individually before offering the standard conditions in terms of payment and supply. This analysis also includes external assessments, where available, and, in some cases, banking information. Supply limits, representing the maximum credit line beyond which the direct approval of the Management is required, are established for each customer.

The overall amount due from customers mainly consists of the total expense of the temporary worker's remuneration, which in addition to the elements of normal remuneration as per the National labour agreement of reference, also includes remuneration accrued but not paid (thirteenth month and fourteenth month pay, holidays plus any other element), the margin and VAT calculated only on the margin of the Group.

Splitting the macro items that determine the value of the trade receivable offers a different degree of legal protection of the receivable. In fact, in case of customer bankruptcy, only the portion of receivable representing the remuneration of the temporary worker is secured during repayment.

For the measurement, please see section *h) Impairment losses (h.1) Financial assets.*

*(ii) Liquidity risk*

The liquidity risk is the risk that the Group has difficulty in meeting the obligations related to financial liabilities. The approach of the Group in the management of liquidity is to ensure, as much as possible, that there are always sufficient funds to fulfil its obligations when due, both in normal conditions and during financial tension, without having to bear excessive costs or running the risk of damaging its reputation.

The Group monitors the economic and financial performance of each Branch thus facilitating the monitoring of liquidity requirements and optimising the return on investment. Generally, the Group makes sure that there are cash and cash equivalents on demand sufficient for covering expected operating costs for a period of 60 days, including those relating to liabilities represented by "Contract Employee Benefits" and to related social security contribution liabilities.

Moreover, the Group has had the following credit lines over the years:

*2017*

- EUR 7 million of cash revolving credit lines, at an average interest rate equal to the 3-month Euribor plus 2.5%, subject to compliance with financial covenant as described below;
- EUR 98 million of credit lines that can be used against presentation of short-term trade receivables, generally at a variable rate linked to the Euribor.

*2016*

- EUR 7 million of cash revolving credit lines, at an average interest rate equal to the 3-month Euribor plus 2.5%, subject to compliance with financial covenant as described below;
- EUR 84 million of credit lines that can be used against presentation of short-term trade receivables, generally at a variable rate linked to the Euribor.

As described below, the Group is subject to compliance with financial covenants included in the loan agreement calculated on the Group's consolidated financial statements.

With particular reference to the senior loan existing as at 31 December 2017, it should be noted that it provides for specific early repayment obligations in certain cases.

Moreover, the Group has the following financial guarantees in place:

| (In thousands of EUR) | | | | |
|---|---|---|---|---|
| ***Beneficiary*** | ***Type*** | **2017** | **2016** | **Change** |
| Ministry of Labour | Authorisation pursuant to Italian Legislative Decree no. 276 | 23,048 | 21,281 | 1,767 |
| Third Parties | Sureties for participating in tenders | 112 | 34 | 78 |
| Third Parties | Sureties for leases | 633 | 509 | 124 |
| Third Parties | Other | 211 | 549 | (338) |
| **Total** | | **24,004** | **22,373** | **1,631** |

Guarantees given in favour of the Ministry of Labour refer to the legal requirement to issue appropriate guarantees for the amount due to workers employed on temporary employment contract.

Sureties for leases refer to guarantees given in favour of various owners of the buildings in which the head office of the Group and some Branches are located.

*(iii) Interest rate risk*

The Group's financial indebtedness has variable interest rates, therefore, the Group could be exposed to the risks associated with fluctuations in interest rates, but given the current market situation, the Group did not deem it appropriate to adopt instruments to hedge potential interest rate fluctuations.

## (t) Segment Reporting

For the purposes of IFRS 8 Operating Segments, the Group only has one operating segment. For a more detailed analysis of the outlook and the operating indicators, please refer to the Report on Operations.

## 3. Acquisitions of subsidiaries and non-controlling interests

The original goodwill of EUR 45,999 thousand generated as from 1 July 2007 mainly refers to the skills and technological knowledge of the personnel of the Openjob S.p.A. group (with particular reference to Openjob S.p.A., In Time S.p.A. and Quandoccorre S.p.A.) acquired in June 2007 by WM S.r.l., which was subsequently the subject of a reverse merger into Openjob S.p.A.

Moreover, during this business combination, the value of customer relations of Openjob S.p.A. and of the subsidiary Intime S.p.A. was reported for EUR 2,472 thousand and EUR 1,390 thousand, respectively, on the basis of an appraisal drawn up by an independent expert.

Following the acquisition and subsequent merger of Metis S.p.A. on 31 December 2011, due to the elimination of the carrying amount of the equity investment of EUR 34.9 million, against the related equity on the date of acquisition of 31 March 2011, amounting to EUR 7,795 thousand (IFRS carrying amount before the acquisition EUR 6,835 thousand) expressed in present values (i.e. after recognising customer relations of EUR 1,400 thousand and related deferred tax liabilities), a merger deficit was generated, entirely allocated to goodwill, of EUR 27,164 thousand.

Finally, following the acquisition, in January 2013, of Corium S.r.l. for EUR 477 thousand (adjusted equity on the date of acquisition of approximately EUR 94 thousand), goodwill of EUR 383 thousand was recognised.

## 4. Property, plant and equipment

The following tables show the changes occurred in this item.

| (In thousands of EUR) | Land and buildings | Plant and equipment | Other items of property, plant and equipment | Tangible assets under construction | Assets under finance lease | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|
| *Cost:* | | | | | | | |
| **Balances as at 1 January 2017** | **1,862** | **723** | **3,214** | **0** | **109** | **186** | **6,094** |
| Increases | 0 | 174 | 665 | -- | 0 | 0 | 839 |
| Decreases | 0 | 46 | 249 | 0 | 0 | 4 | 299 |
| Reclassification | 0 | 0 | -- | -- | 0 | 0 | 0 |
| **Balances as at 31 December 2017** | **1,862** | **851** | **3,630** | **0** | **109** | **182** | **6,634** |
| *Depreciation and impairment:* | | | | | | | |
| **Balances as at 1 January 2017** | **697** | **474** | **2,532** | **0** | **109** | **186** | **3,998** |
| Increases | 54 | 113 | 397 | 0 | 0 | 0 | 564 |
| Decreases | 0 | 38 | 186 | 0 | 0 | 4 | 228 |
| **Balances as at 31 December 2017** | **751** | **549** | **2,743** | **0** | **109** | **182** | **4,334** |
| *Carrying amounts:* | | | | | | | |
| **As at 1 January 2017** | **1,165** | **249** | **682** | **0** | **0** | **0** | **2,096** |
| **As at 31 December 2017** | **1,111** | **302** | **887** | **0** | **0** | **0** | **2,300** |

| (In thousands of EUR) | Land and buildings | Plant and equipment | Other items of property, plant and equipment | Tangible assets under construction | Assets under finance lease | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|
| *Cost:* | | | | | | | |
| **Balances as at 1 January 2016** | **1,862** | **652** | **3,134** | **35** | **109** | **188** | **5,980** |
| Increases | 0 | 107 | 456 | 0 | 0 | 0 | 563 |
| Decreases | 0 | 36 | 411 | 0 | 0 | 2 | 449 |
| Reclassification | 0 | 0 | 35 | (35) | 0 | 0 | 0 |
| **Balances as at 31 December 2016** | **1,862** | **723** | **3,214** | **0** | **109** | **186** | **6,094** |
| *Depreciation and impairment:* | | | | | | | |
| **Balances as at 1 January 2016** | **642** | **422** | **2,446** | **0** | **109** | **188** | **3,807** |
| Increases | 55 | 74 | 411 | 0 | 0 | 0 | 540 |
| Decreases | 0 | 22 | 325 | 0 | 0 | 2 | 349 |
| **Balances as at 31 December 2016** | **697** | **474** | **2,532** | **0** | **109** | **186** | **3,998** |
| *Carrying amounts:* | | | | | | | |
| **As at 1 January 2016** | **1,220** | **230** | **688** | **35** | **0** | **0** | **2,173** |
| **As at 31 December 2016** | **1,165** | **249** | **682** | **0** | **0** | **0** | **2,096** |

## *Land and buildings*

The item includes buildings in the provinces of Udine, Brescia and in Rodengo Saiano (BS) plus one in Aprilia, held by means of a specific finance lease agreement; at the end of the lease agreement, the Group will be able to purchase the building at a previously established redemption price.

In 2008, following the business combination, the amount of EUR 501 thousand was recognised related to the greater value of the buildings based on the appraisal provided by an independent expert; this greater value, mainly related to the building of Rodengo Saiano (BS), has not undergone significant changes since the last time the appraisal was updated.

*Plant and equipment*

The Group has some non-current assets mainly related to equipment, plant and furniture at the Branches.

*Other items of property, plant and equipment*

The item mainly includes electronic office machines, furniture and fittings, illuminated signs and motor vehicles.

## 5. Intangible assets and goodwill

The following tables show the changes occurred in this item.

| *(In thousands of EUR)* | **Goodwill** | **Customer relations** | **Software** | **Assets under development and payments on account** | **Total** |
|---|---|---|---|---|---|
| *Cost:* | | | | | |
| **Balances as at 1 January 2017** | **73,546** | **8,152** | **2,222** | **0** | **83,920** |
| Increases | 0 | 0 | 184 | 0 | 184 |
| Decreases | 0 | 0 | 0 | 0 | 0 |
| Reclassification | 0 | 0 | 0 | 0 | 0 |
| **Balances as at 31 December 2017** | **73,546** | **8,152** | **2,406** | **0** | **84,104** |
| *Amortisation and impairment:* | | | | | |
| **Balances as at 1 January 2017** | **0** | **7,974** | **1,383** | **0** | **9,357** |
| Increases | 0 | 45 | 230 | 0 | 275 |
| Decreases | 0 | 0 | 0 | 0 | 0 |
| **Balances as at 31 December 2017** | **0** | **8,019** | **1,613** | **0** | **9,632** |
| *Carrying amounts:* | | | | | |
| **As at 1 January 2017** | **73,546** | **178** | **839** | **0** | **74,563** |
| **As at 31 December 2017** | **73,546** | **133** | **793** | **0** | **74,472** |

| *(In thousands of EUR)* | Goodwill | Customer relations | Software | Assets under development and payments on account | Total |
|---|---|---|---|---|---|
| *Cost:* | | | | | |
| **Balances as at 1 January 2016** | **73,546** | **7,952** | **1,383** | **632** | **83,513** |
| Increases | 0 | 200 | 3 | 205 | 408 |
| Decreases | 0 | 0 | 1 | 0 | 1 |
| Reclassification | 0 | 0 | 837 | (837) | 0 |
| **Balances as at 31 December 2016** | **73,546** | **8,152** | **2,222** | **0** | **83,920** |
| *Amortisation and impairment:* | | | | | |
| **Balances as at 1 January 2016** | **0** | **7,566** | **1,286** | **0** | **8,852** |
| Increases | 0 | 408 | 98 | 0 | 506 |
| Decreases | 0 | 0 | 1 | 0 | 1 |
| **Balances as at 31 December 2016** | **0** | **7,974** | **1,383** | **0** | **9,357** |
| *Carrying amounts:* | | | | | |
| **As at 1 January 2016** | **73,546** | **386** | **97** | **632** | **74,661** |
| **As at 31 December 2016** | **73,546** | **178** | **839** | **0** | **74,563** |

*Goodwill*

At the end of each year, the Group tests goodwill for impairment. The impairment test on goodwill is carried out on the basis of the value in use through calculations based on projected cash flows taken from the five-year business plan.

The impairment test as at 31 December 2017 was made considering the cash generating unit consisting of all the operating assets and liabilities of the Group as a reference; the recoverable amount of the cash generating unit was tested by calculating the value in use, i.e. the present value of expected cash flows (discounted cash flow) using a rate that reflects the specific risks on the measurement date (WACC).

The measurement was carried out on the basis of the 2018-2022 business plan, approved by the Board of Directors of Openjobmetis S.p.A. on 30 January 2018, prepared by management on the basis of both the historical economic and financial performances of the Group and the expected future trend (the OECD forecasts GDP growth of 1.5% in 2018, which should be confirmed in 2019 as well), and considering the strategy of the Group, the expected trend of the market of reference and the general macroeconomic situation. Provisional cash flows were estimated according to the following assumptions:

- Revenue from temporary work: in the assumption of a growth of Italy's GDP and by virtue of the fact that in past years there has always been a very strong positive relation between changes in GDP and changes in the domestic market of temporary work services, the assumption as regards revenue for the Company is of a growth, on a like-for-like basis, of 6.5% in 2018; the forecast then drops to around 4.2% from 2019 to 2021, further reduced to 2.5% in 2022;
- Revenue from Training and Personnel Recruitment and Selection: expected to grow by between 1% and 2% more than revenue from services.

These assumptions are based on the following growth drivers: Italian economic recovery and expected developments in the reference market and the opportunities provided by changes in the regulatory framework.

To calculate the terminal value, a prudential assumption was adopted of a steady state scenario (g-rate equal to zero), in which, given a zero growth, the obtainable cash flow on a like-for-like basis and from the year following the year related to the analytical forecasts, was estimated according to the following main assumptions:

- EBITDA, normal average equal to the last year of analytical forecast;
- maintenance apital expenditures, equal to EUR 1 million;
- costant working capital;
- costant provisions.

These projections reflect the current conditions of all the operating assets and liabilities of the Group being measured and the values used are consistent with the historical performance of the Group, and partially diverging from the expectations of management in relation to the mentioned expected trends in the market of reference.

Due to their nature, forecasts are subject to unforeseen elements that could still affect them, such as failure by GDP to increase as expected, changes in interest rates and inflation rates, changes in revenue, margins and collection terms from customers because of the macroeconomic trend.

Projected cash flows were discounted taking into account a cost of unlevered risk capital, calculated on the basis of the Capital Asset Pricing Model (CAPM), of 10.5% (previous year equal to 10.0%) gross of the related tax effect. This rate reflects the current market evaluation of the time value of money for the period in question and the specific risks of the sector and country, Italy, where the

Group operates. The WACC as at 31 December 2017 was estimated on the basis of the following assumptions:

– the risk-free rate used (3.5%) is equal to the sum of the real interest rate (1.5%) and expected inflation rate in the long term (2%);

– the estimated beta coefficient (unlevered) was 1.1 on the basis of the characteristics of the sector concerned and of the betas recognised with reference to a sample of listed companies belonging to the sector concerned;

– the equity risk premium used is 5.5%;

– the country risk premium was assumed to be equal, by approximation, to the difference between the yield on Italian and German long-term government bonds registered at the end of 2017 (approximately 1.5%).

The present value of the tax shield of the debt - i.e. of the tax benefits related to the deductibility of financial expense - was added to the present value of expected cash flows.

The value in use as at 31 December 2017 calculated in this way was greater than the carrying amount of the cash generating unit. Therefore, no impairment losses were recognised as at 31 December 2017, as in previous years.

The carrying amount and the recoverable amount of the CGU, as recognised at the end

*(In thousands of EUR)*

| **Years** | **Carrying amount** | **Recoverable amount** | **Amount in excess, recoverable with respect to the carrying amount** |
|---|---|---|---|
| 2015 | 111,337 | 125,062 | 13,725 |
| 2016 | 118,218 | 161,350 | 43,132 |
| 2017 | 124,369 | 163,880 | 39,511 |

Even though the assumptions on the macroeconomic scenario, the developments in the sector in which the Group operates and the estimates of future cash flows are deemed appropriate, changes in the assumptions or circumstances can require that the analysis described above be modified. The sensitivity analysis as at 31 December 2017 shows that the value in use is equal to the carrying amount of the Cash Generating Unit in the event of an increase in the discount rate of 2.9 percentage points, all the other conditions being equal; similarly, in the case of a reduction in the cash flows by 24.2% throughout the plan period, the value in use would equal the carrying amount of the Cash Generating Unit.

It should also be noted that the impairment test as at 31 December 2017, approved by the Board of Directors of the Company on 09 March 2018, was not subject to a fairness opinion by independent experts. Finally, appraisals drawn up by an independent advisor were used for preparing it. Finally, it should be noted that at 31 December 2017 the Company, whose shares are traded on the STAR segment of the online stock exchange (MTA) managed by Borsa Italiana S.p.A., capitalised approximately EUR 176,610 thousand.

*Customer relations*

The item Customer relations includes the value attributed to customer relations of the former Openjob S.p.A. (historical cost of EUR 2,472 thousand) and of Intime S.p.A. (historical cost of EUR 1,390 thousand), as identified by the appraisal prepared by an independent third-party. The customer relations were considered representative of the intangible asset that makes a significant as well as specifically identifiable contribution to the creation of the Group's result. In particular, the "excess earning method" was used to calculate it on the basis of which the income attributed to customer relations was obtained by deducting from the expected cash flows over the time horizon that defines the economic life of the intangible asset itself, defined below, the remuneration for the use of other items of property, plant and equipment and intangible assets that form the Group's result. Therefore, these cash flows were discounted at a rate of 9.97% deemed consistent with the risk profile attributable to the intangible asset in question. Its remaining useful economic life was identified as 7.5 years starting from the date of the estimate with reference to 30 June 2007. The item increased in 2009 and 2010 (a total of EUR 2,690 thousand) due to the acquisition of the business unit of J.O.B. S.p.A. consisting mainly of contracts in progress on the date of acquisition. Consequently, the amount paid was considered mainly due to customer relations at the date of acquisition, and was therefore recognised under Customer Relations. The useful life is deemed to be similar to the Customer Relations identified previously and therefore it is amortised over 7.5 years. The item increased again (EUR 1,400 thousand) in 2011 due to the acquisition of Metis S.p.A.: in this specific case, the value identified by the appraisal prepared by an independent third-party professional, with the same criteria previously used, is amortised over 4.5 years. Lastly, on 1 July 2016, the historic cost was increased by EUR 200 thousand following the purchase of the "Noi per Voi S.r.l" customer database, and is amortised over 4.5 years.

*Software*

The item Software refers to the operational and management programs acquired from the Group. The project to develop the Databook software, dedicated to supporting operational processes and exchanges of information regarding the activities of the Agenzia per il Lavoro, was completed towards the end of 2016 and the costs have subsequently been reclassified to software. The application is amortised from 2017.

*Assets under development*

As at 31 December 2017 there were no assets under development.

## 6. Non-current financial assets

This item consists of guarantee deposits paid for utilities of the registered office and the Branches.

## 7. Deferred tax assets and liabilities

Deferred tax assets and liabilities refer to the following items:

| *(In thousands of EUR)* | **Assets** | | **Liabilities** | | **Net** | |
|---|---|---|---|---|---|---|
| | **31/12/17** | **31/12/16** | **31/12/17** | **31/12/16** | **31/12/17** | **31/12/16** |
| Property, plant and equipment | 0 | 0 | 183 | 189 | (183) | (189) |
| Intangible assets | 21 | 36 | 0 | 0 | 21 | 36 |
| Employee benefits | 4 | 9 | 0 | 0 | 4 | 9 |
| Provisions | 372 | 395 | 0 | 0 | 372 | 395 |
| Trade and other receivables | 1,076 | 863 | 0 | 0 | 1,076 | 863 |
| Costs with deferred deductibility | 503 | 512 | 0 | 0 | 503 | 512 |
| Interest expense that can be carried forward (Gross operating profit (loss)) | 0 | 725 | 0 | 0 | 0 | 725 |
| Listing costs | 363 | 544 | 0 | 0 | 363 | 544 |
| **Total** | **2,339** | **3,084** | **183** | **189** | **2,156** | **2,895** |

Temporary differences between the tax base of assets and liabilities and their carrying amounts were not excluded from the calculation of deferred taxes.

There are no tax losses that can be carried forward for which deferred tax assets can be recognised.

Tax assets and liabilities are measured using the tax rates that are expected to be applicable in the period in which the asset or the liability to which they refer will be realised or discharged, respectively, on the basis of tax rates established by measures in force.

Changes in net deferred tax assets and liabilities were as follows:

| *(In thousands of EUR)* | **Balance 1 January 2017** | **Changes in profit or loss** | **Balance 31 December 2017** |
|---|---|---|---|
| Property, plant and equipment | (189) | 6 | (183) |
| Intangible assets | 36 | (15) | 21 |
| Employee benefits | 9 | (5) | 4 |
| Provisions | 395 | (23) | 372 |
| Trade and other receivables | 863 | 177 | 1,076 |
| Costs with deferred deductibility | 512 | (9) | 503 |
| Interest expense that can be carried forward (Gross operating profit (loss)) | 725 | (725) | 0 |
| Listing costs | 544 | (181) | 363 |
| **Total** | **2,895** | **(739)** | **2,156** |

## 8. Cash and cash equivalents

The item includes the credit balance of bank and postal deposits and cash-in-hand.

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Bank and postal deposits | 4,638 | 8,788 | (4,150) |
| Cash in hand and cash equivalents | 24 | 22 | 2 |
| **Total cash and cash equivalents** | **4,662** | **8,810** | **(4,148)** |

With reference to the net financial indebtedness, as defined in Consob Communication no. 6064293, please refer to note 13 below.

## 9. Other short-term financial assets

There are no short-term financial assets.

## 10. Trade receivables

The item is made up as follows:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| From third-party customers | 128,457 | 108,246 | 20,211 |
| From related parties | 17 | 1 | 16 |
| Allowance for impairment | (5,162) | (4,072) | (1,090) |
| **Total trade receivables** | **123,312** | **104,175** | **19,137** |

As at 31 December 2017 and 2016, there were no trade receivables arising from factoring with recourse. Total receivables are exclusively related to Italian customers; therefore, there are no receivables in currencies other than the Euro. At the reporting dates, there were no concentrations of receivables from a limited number of customers.

As at 31 December 2017 and 2016, the Group had no outstanding factoring transactions without recourse.

Trade receivables from related parties refer to receivables for services related to staff supply, as described in greater detail in note 32.

The item is recorded in the consolidated financial statements net of an allowance for impairment of EUR 5,162 thousand. The increase in receivables is essentially due to the higher level of turnover achieved in 2017.

An analysis of the DSO shows that the extension days granted on average to customers appear to have decreased, compared with the same period of last year, from 81 to 76 days. Indeed, by calculating the DSO only in the fourth quarter, i.e. receivables/quarterly revenue * 90 days, a DSO of 72 days is achieved, equal to the same period of the previous year.

Reference is made to section 30(a) "Impairment losses" for further information about the analysis of the exposure to trade receivables exposure at the reporting date.

### 11. Other receivables

The item is made up as follows:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Receivable for refunding of VAT and IRES receivable on 2007-2011 IRAP | 1,293 | 1,272 | 21 |
| Receivable from the INPS treasury funds for post-employment benefits | 1,813 | 1,416 | 397 |
| Prepayments for insurance costs | 17 | 19 | (2) |
| Other prepayments | 622 | 564 | 58 |
| Other disputed receivables | 1,095 | 1,095 | 0 |
| Receivables from Forma.Temp | 760 | 308 | 452 |
| Receivable from tax authorities for disputes | 1,594 | 1,328 | 266 |
| Other sundry receivables | 15 | 59 | (44) |
| **Total other receivables** | **7,209** | **6,061** | **1,148** |

The item Other disputed receivables refers to the receivable from a former Director of Metis who left office in 2009; the Provisions for risks reflect the considerations made for this litigation.

Other prepayments at 31 December 2017 of EUR 622 thousand and at 31 December 2016 of EUR 564 thousand mainly refer to advance costs entirely recognised during the current year, relating to sponsorships, bank fees and sundry rentals.

The item Receivables from tax authorities for disputes refers to the amounts paid following the assessment notices, as described in detail in note 29.

## 12. Current tax assets

As at 31 December 2017, the receivable for current income taxes amounts to EUR 23 thousand and refers to a receivable from tax authorities for IRAP. At 31 December 2016, the receivable from tax authorities for IRAP amounted to EUR 21 thousand and for the domestic tax consolidation scheme (IRES) it totalled EUR 315 thousand.

## 13. Bank loans and borrowings and other financial liabilities

This note illustrates the contractual conditions that regulate the Group's financial liabilities. For further information on the exposure of the Group to the interest rate risk, reference is made to note 30.

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| **Non-current liabilities** | | | |
| ICCREA BCC Loan | 0 | 1,006 | (1,006) |
| Tranche A Senior Loan | 13,559 | 15,896 | (2,337) |
| Finance lease payables | 50 | 61 | (11) |
| **Total non-current liabilities** | **13,609** | **16,963** | **(3,354)** |
| **Current liabilities** | | | - |
| Tranche A Senior Loan | 7,600 | 12,675 | (5,075) |
| Non-guaranteed bank loans and borrowings | 17,455 | 17,887 | (432) |
| Derivative instruments | 0 | 51 | (51) |
| ICCREA BCC Loan | 1,006 | 1,994 | (988) |
| Finance lease payables | 12 | 11 | 1 |
| **Total current liabilities** | **26,073** | **32,618** | **(6,545)** |
| **Total current and non-current liabilities** | **39,682** | **49,581** | **(9,899)** |

On 26 June 2015, a medium to long-term amortising loan of EUR 35 million was subscribed and issued, which envisages a revolving credit line of EUR 7 million not used on the date of approval of the consolidated financial statements.

On 23 December 2016, a loan with a bank syndicate (BCC and ICCREA BANCA) was granted for EUR 3,000 thousand maturing 22 June 2018, to be repaid in 6 deferred quarterly instalments.

As of 31 December 2017, a portion of EUR 5,075 thousand of the senior loan was reclassified from current liabilities to non-current liabilities, as on 24 July 2017 the banks that granted the loan agreed to eliminate the clause providing for early repayment in the absence of acquisitions.

The contractual conditions of bank loans and borrowings and other financial liabilities, excluding derivatives, are set below:

| *(In thousands of EUR)* | | | | **31 December 2017** | | **31 December 2016** | |
|---|---|---|---|---|---|---|---|
| | **Curr.** | **Nominal interest rate** | **Year of maturity** | **Nominal amount** | **Carrying amount** | **Nominal amount** | **Carrying amount** |
| Tranche A Senior Loan | EUR | Euribor* | 2020 | 21,400 | 21,159 | 29,000 | 28,571 |
| ICCREA BCC Loan | EUR | Euribor** | 2018 | 1,006 | 1,006 | 3,000 | 3,000 |
| Non-guaranteed bank loans and borrowings | EUR | 0.40% *** | | 17,455 | 17,455 | 17,887 | 17,887 |
| Finance lease liabilities | EUR | 5.00% *** | 2021 | 62 | 62 | 72 | 72 |
| **Total interest-bearing liabilities** | | | | **39,923** | **39,682** | **49,959** | **49,530** |

* 1-month Euribor plus a spread ranging from a minimum of 2.15% to a maximum of 3.35% also in relation to compliance with certain financial constraints

** 3-month Euribor plus a 1.20% spread

*** These are approximate average rates

The new outstanding medium to long-term loan outstanding requires compliance with the economic and financial covenants normally applied on the market. The banks have the right to request the termination of the loan agreement only if two covenants – even if not the same – were not met for two measurement periods in succession. As has happened before in the past, at the reporting date the DSCR had not been met because of the significant increase in revenues which impacted working capital. There is no impact on the outstanding loan.

The covenants that must be complied with on a consolidated basis are shown below:

| **Calculation Dates** | **NFI / EBITDA ≤** | **NFI / E ≤** | **DSCR ≥** |
|---|---|---|---|
| 31 December 2017 | 2.75x | 1.2x | 1.0x |
| 30 June 2018 | 2.3x | 1.1x | 1.0x |
| 31 December 2018 | 2.0x | 1.0x | 1.0x |

NFI = Net Financial Indebtedness

EBITDA = Profit (loss) for the year before income taxes, net financial expense, amortisation/depreciation, provisions and write-downs

E = Equity

DSCR = Debt Service Cover Ratio, ratio between Free cash flow and Debt Service calculated with respect to the same Reference Period, on a Group consolidated basis.

Finance lease payables are made up as follows:

| *(In thousands of EUR)* | Minimum finance lease payments due | Interest | Capital | Minimum finance lease payments due | Interest | Capital |
|---|---|---|---|---|---|---|
| **Non-current liabilities** | **2017** | **2017** | **2017** | **2016** | **2016** | **2016** |
| Due within one year | 15 | 3 | 12 | 14 | 3 | 11 |
| Due after one year | 54 | 4 | 50 | 67 | 6 | 61 |
| **Total** | **69** | **7** | **62** | **81** | **9** | **72** |

The Group's net financial indebtedness as at 31 December 2017, 2016, 2015 and 2014, calculated in accordance with the provisions in the Recommendation ESMA/2013/319, is shown below.

| | *(Amounts in thousands of EUR)* | Financial statements for the year ended 31 December | | | | Change 2017 vs. 2016 | |
|---|---|---|---|---|---|---|---|
| | | **2017** | **2016** | **2015** | **2014** | **Value** | **%** |
| A | Cash | 24 | 22 | 24 | 23 | 2 | 9.1% |
| B | Other cash and cash equivalents | 4,638 | 8,788 | 22,388 | 3,837 | (4,150 ) | (47.2%) |
| C | Securities held for trading | | - | - | - | - | - |
| D | **Cash and cash equivalents (A+B+C)** | **4,662** | **8,810** | **22,412** | **3,860** | **(4,148 )** | (47.1%) |
| E | Current financial receivables | | - | - | - | - | - |
| F | Current bank loans and borrowings | (17,455 ) | (17,887 ) | (31,283 ) | (38,346 ) | 432 | (2.4%) |
| G | Current portion of non-current debt | (8,607 ) | (14,669 ) | (6,000 ) | (6,600 ) | 6,062 | (41.3%) |
| H | Other current financial payables | (12 ) | (62 ) | (258 ) | (566 ) | 50 | (80.6%) |
| **I** | **Current financial indebtedness (F+G+H)** | **(26,074 )** | **(32,618 )** | **(37,541 )** | **(45,512 )** | **6,544** | (20.1%) |
| **J** | **Net current financial indebtedness (D+E+I)** | **(21,412 )** | **(23,808 )** | **(15,129 )** | **(41,652 )** | **2,396** | (10.1%) |
| K | Non-current bank loans and borrowings | (13,559 ) | (16,902 ) | (28,337 ) | (25,072 ) | 3,343 | (19.8%) |
| L | Bonds issued | | - | - | **(1,168 )** | - | - |
| M | Other non-current payables | (50 ) | (61 ) | (73 ) | (84 ) | 11 | (18.0%) |
| **N** | **Non-current financial indebtedness (K+L+M)** | **(13,609 )** | **(16,963 )** | **(28,410 )** | **(26,324 )** | **3,354** | (19.8%) |
| **O** | **Net Financial Indebtedness (J+N)** | **(35,021 )** | **(40,771 )** | **(43,539 )** | **(67,976 )** | **5,750** | (14.1%) |

## 14. Employee benefits

### (a) current

The balance of the item current employee benefits includes:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Salaries payable to temporary workers | 28,860 | 24,996 | 3,864 |
| Emoluments payable to temporary workers | 6,988 | 5,546 | 1,442 |
| Post-employment benefits of temporary workers | 1,065 | 612 | 453 |
| Remuneration payable to employees | 2,922 | 2,222 | 700 |
| **Total payables for employee benefits** | **39,835** | **33,376** | **6,459** |

Given the nature of the business carried out by the Group and the average duration of employment contracts with temporary workers, employee benefits represented by the post-employment benefits of temporary workers are paid on average during the first months of the following year and were consequently regarded as current liabilities. Therefore, the liability was not discounted and corresponds to the obligation due to temporary workers at the end of the contract.

The increase recorded at 31 December 2017 compared to 31 December 2016 is attributable to the greater number of tasks for temporary workers and to greater turnover in the last quarter of 2017 compared to 2016.

### (b) non-current

The balance of the item Employee benefits relates to post-employment benefits to employees. The change in the payable related to employee benefits in the different years is summarised as follows:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Payables for employee benefits as at 1 January | 1,078 | 1,116 | (38) |
| Cost recognised in profit or loss | 89 | 77 | 12 |
| Payments during the year | (65) | (100) | 35 |
| Actuarial valuation | (38) | (15) | (23) |
| **Total payables for employee benefits** | **1,064** | **1,078** | **(14)** |

The amount is recognised in profit or loss as per the following table:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Current service cost | 69 | 60 | 9 |
| Interest expense on the obligation | 20 | 17 | 3 |
| **Total** | **89** | **77** | **12** |

The liability related to the post-employment benefits is based on the actuarial valuation made by external expert consultants according to the following main parameters:

| | 2017 | 2016 |
|---|---|---|
| Projected future salary increases (average value) | 1.0% | 1.0% |
| Projected staff turnover | 9.0% | 9.0% |
| Discount rate | 1.9% | 1.7% |
| Average inflation rate | 1.5% | 1.5% |

## 15. Trade payables

The item includes trade payables for the provision of services and consultancy.

Total payables at the reporting date are exclusively due to Italian suppliers. Moreover, there are no payables in currencies other than the Euro. At the reporting date, there were no concentrations of payables to a limited number of suppliers.

The item is broken down as follows:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Trade payables to third parties | 6,843 | 8,175 | (1,332) |
| Trade payables to related parties | 103 | 49 | 54 |
| **Total trade payables** | **6,946** | **8,224** | **(1,278)** |

Payables to related parties at 31 December 2017 derive mainly from the sponsorship contract with a sports company, as described in more detail in note 32.

## 16. Other payables

The item is broken down as follows:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Social security charges payable | 19,723 | 16,686 | 3,037 |
| Tax payables | 12,257 | 10,562 | 1,695 |
| Payables to Forma.Temp | 616 | 537 | 79 |
| Other payables | 100 | 96 | 4 |
| **Total other payables** | **32,696** | **27,881** | **4,815** |

Social security charges payable mainly refers to payables to INPS (the Italian Social Security Institution), INAIL (the Italian National Institute for Insurance against Accidents at Work) and other social security institutions referring to wages and salaries to temporary workers and employees.

Payables to Forma.Temp refer to the management contribution and the contribution for the training of permanent personnel hired in December.

The item Tax payables is broken down as follows:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Withholding taxes - Employees | 12,090 | 9,904 | 2,186 |
| VAT and other minor payables | 167 | 658 | (491) |
| **Total tax payables** | **12,257** | **10,562** | **1,695** |

## 17. Current tax liabilities

The current tax payable as at 31 December 2017 of EUR 2,662 thousand refers to tax liabilities for IRAP of EUR 296 thousand and to tax liabilities for the domestic tax consolidation scheme (IRES) of EUR 2,366 thousand.

As at 31 December 2016, current tax liabilities refer to the amount due to the tax authorities for IRAP for EUR 190 thousand.

## 18. Provisions

Provisions were broken down as follows:

| *(In thousands of EUR)* | **Balance as at 01/01/2017** | **Increases** | **Uses** | **Balance as at 31/12/2017** |
|---|---|---|---|---|
| Disputes | 2,644 | 408 | 104 | 2,948 |

The item refers to possible future charges related to disputes with personnel, a dispute related to a non-trade receivable, a dispute with the Italian tax authorities and some disputes related to a Group company, for which reference is made to note 29 for further details, in addition to other minor risks. The increases during the year relate mainly to a fiscal risk with regard to which reference is made to note 29.

## 19. Equity

### (a) Share capital

| *(In thousands of shares)* | **2017** | **2016** |
|---|---|---|
| **Ordinary shares** | | |
| Issued as at 1 January | 13,712 | 13,712 |
| Issued as at 31 December | 13,712 | 13,712 |

As at 31 December 2017, the approved share capital consists of 13,712,000 ordinary shares held by Omniafin S.p.A. (17.8%), by MTI Investimenti S.A. (Luxembourg) (4.8%) and by Quaestio Italian Growth Fund (9.0%) while the rest (68.4%) is held by the market.

The Company did not issue any preference shares.

The share capital has been fully paid up.

### (b) Share premium reserve

The Share premium reserve includes the share premium paid as a result of the share capital increase made during the extraordinary Shareholders' Meeting of 18 March 2005 (of EUR 3,899 thousand), the share premium recognised as a result of the share capital increase made on 11 June 2007 (of EUR 51 thousand), the share premium recognised as a result of the share capital increase made by injection on 14 March 2011 (of EUR 5,030 thousand), the share premium paid as a result of the share capital increase on 14 March 2011 (of EUR 7,833 thousand), the share premium recognised as a result of the conversion of the bond issue on 26 June 2015 (of EUR 700 thousand), and the share premium recognised as a result of the Public Offering of Sale and Subscription made on 3 December 2015 (of EUR 16,240 thousand). Lastly, the reserve was reduced by an amount of EUR 2,208 thousand for the portion of the listing costs related to the public subscription offering (i.e. costs directly attributable to the latter and portion pro rata of the other listing costs, in proportion to the number of shares related to the public subscription offering, relative to the total number of shares of the initial public offering, including the greenshoe option).

### (c) Other Reserves

The item Other Reserves includes the residual portion of EUR 15,602 thousand of the equity-related reserve of WM S.r.l. originally of EUR 25,959 thousand. This reserve was used in part to cover losses for 2007, and increased following the negative goodwill arising on the merger with Quandoccorre S.p.A.; subsequently, it decreased to cover the 2009 losses carried forward.

As at 31 December 2017, in accordance with IAS 19, the net actuarial gain of EUR 38 thousand - resulting from the difference between the value of expected benefits calculated for the period of reference and the actual benefit resulting from the new valuation assumptions at the end of the period - was accounted for in equity.

## 20. Revenue

A breakdown of revenue by type of temporary work, all in Euro and from Italian customers, is summarised in the following tables:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Revenue from temporary work | 576,153 | 454,040 | 122,113 |
| Revenue from personnel recruitment and selection | 1,904 | 1,735 | 169 |
| Revenue from outplacement | 444 | 255 | 189 |
| Revenue from other activities | 5,396 | 4,922 | 474 |
| **Total Revenue** | **583,897** | **460,952** | **122,945** |

The item Revenue from other activities mainly refers to consultancy on bureaucratic, administration and organisational matters as part of the training activities developed in the various years, revenue from Dote Lavoro, “Garanzia Giovani” (state-sponsored project for unemployed young people) and the sale of ad hoc training on assignment and other minor revenue.

## 21. Other income

The item includes:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Recognition of grants from Forma.Temp | 12,016 | 10,085 | 1,931 |
| Other sundry income | 942 | 1,872 | (930) |
| **Total other income** | **12,958** | **11,957** | **1,001** |

The recognition of grants from Forma.Temp refers to contributions received from said Body for the repayment of the costs incurred for training courses for temporary workers, included in the item Costs for services.

The contributions are recognised by the Body on the basis of the specific reporting of costs for organising and carrying out the training activities. The relevant revenue recognition occurs in a timely manner on the basis of the reporting of costs incurred for each course.

The item Other sundry income mainly includes income relating to the collection of previously impaired receivables, to adjustments to the allocations of costs related to previous years and to other minor income.

## 22. Personnel expense

The item includes:

### Cost of temporary work

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Wages and salaries of temporary workers | 365,438 | 287,157 | 78,281 |
| Social security charges of temporary workers | 111,089 | 86,403 | 24,686 |
| Post-employment benefits of temporary workers | 18,829 | 14,054 | 4,775 |
| Forma.Temp contributions for temporary workers | 14,052 | 11,130 | 2,922 |
| Other costs of temporary workers | 2,630 | 1,980 | 650 |
| **Total personnel expense** | **512,038** | **400,724** | **111,314** |

Forma.Temp contributions refer to the compulsory payment to the Bilateral body of approximately 4% of some elements of gross salaries of temporary workers, to be allocated to the promotion of qualification courses of the workers themselves.

Other costs of temporary workers mainly refer to additional charges such as luncheon vouchers and various refunds.

### Employee costs

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Salaries and wages of employees | 21,015 | 18,801 | 2,214 |
| Social security costs of employees | 6,194 | 5,567 | 627 |
| Post-employment benefits of employees | 1,364 | 1,267 | 97 |
| Remuneration to the Board of Directors and committees | 1,420 | 1,287 | 133 |
| Social security costs of the Board of Directors | 64 | 63 | 1 |
| Other employee costs | 1,242 | 1,027 | 215 |
| Phantom Stock Option | 239 | 0 | 239 |
| **Total personnel expense** | **31,538** | **28,012** | **3,526** |

Other costs for personnel mainly refer to additional charges such as luncheon vouchers and various refunds.

The remuneration of key management personnel is indicated in note 33.

The average number of employees is set out below:

| **Average number of employees** | **2017** | **2016** | **Change** |
|---|---|---|---|
| Executives - employees | 2 | 2 | 0 |
| White-collar staff - employees | 609 | 577 | 32 |
| **Total** | **611** | **579** | **32** |

- *Share-based payments*

On 12 May 2017, the Board of Directors assigned to some Directors and key management personnel the option, i.e. the right to receive a sum of money corresponding to the increase in the value of the stock of Openjobmetis S.p.A. at the end of the three-year vesting period and subject to the occurrence of the conditions contained in the "Informational document relating to the incentive plan" based on the attribution of Phantom Stock Options available on the company website (to which explicit reference is made).

The estimated cost of the Phantom Stock Options (EUR 239 thousand) corresponds to the valuation made at the reporting date, by an external consultant, regarding the amount that may be paid on the basis of the single tranche attributed at 31 December 2017 in accordance with the Plan and current Regulations. The relative liability is included in employee benefits at the reporting date.

The fair value of the rights of share revaluation was determined in accordance with the Black-Scholes model. The conditions of remaining employed and achieving specific results were considered in the fair value measurement.

The parameters used in the fair value measurement at the dates of assignment and valuation of the plans with share-based payment are: the price of the shares at the assignment date is equal to EUR 9.3033 and the price at the valuation date is equal to EUR 12.88, option duration of 3 years, expected dividend rate of 0%, expected exit rate of 0%, annual volatility of 30%, applying a risk-free rate curve inferred from the Interest Rate Swap rates on the market at the valuation date.

Expected volatility was estimated on the basis of the valuation of historical volatility of the Company's share prices.

The option's fair value was EUR 4.9171 at the reporting date.

### 23. Cost of raw materials and consumables

The item mainly includes costs for consumables, stationery and other minor expenses.

### 24. Costs for services

The item includes:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Costs for organising courses for temporary workers | 12,020 | 10,085 | 1,935 |
| Costs for tax, legal, IT, business consultancy | 3,040 | 2,713 | 327 |
| Costs for marketing consultancy | 2,664 | 1,932 | 732 |
| Costs for non-recurring services | 196 | 237 | (41) |
| Fees to sourcers and professional advisors | 2,165 | 1,984 | 181 |
| Rental expenditure | 2,500 | 2,386 | 114 |
| Costs for advertising and sponsorships | 1,845 | 1,463 | 382 |
| Costs for car rentals | 1,309 | 1,299 | 10 |
| Costs for utilities | 852 | 934 | (82) |
| Remuneration of the Board of Statutory Auditors | 88 | 88 | 0 |
| Other | 3,493 | 3,043 | 450 |
| **Total costs for services** | **30,172** | **26,164** | **4,008** |

Costs for organising courses for temporary workers mainly refer to the costs charged by training companies, for organising training activities carried out in favour of temporary workers, in addition to additional charges. The costs borne by the organisational bodies mainly consist of services invoiced by professional third parties. Against the precise and timely reporting of the costs incurred for the courses, Openjobmetis S.p.A. receives a specific refund from Forma.Temp and other bodies.

The item marketing consultancy includes the costs incurred for commercial development projects in some geographical areas.

The item fees to sourcers and professional advisors refers to costs incurred to promote the meeting with possible customers.

Rental expenditure is related both to costs incurred for the rentals of Branches located all over the country and for the rental of the operating office at Gallarate.

Costs for advertising and sponsorship refer to ads, to costs for the dissemination of the corporate image and to the contribution as the main sponsor of a sports company.

Non-recurring costs for services relate to due diligence activities on possible M&A targets.

Other costs mainly include costs incurred for insurance, information on customer solvency, the remuneration of the independent auditors, published notices and sundry rentals.

## 25. Other operating expenses

The item includes:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Other expenses | 823 | 803 | 20 |
| **Total other operating expenses** | **823** | **803** | **20** |

Other expense includes expense for stamps, membership fees, other taxes such as waste taxes and advertising, minor taxes and penalties, and capital losses on the disposal of assets.

## 26. Provisions and impairment of assets

The item includes the following entries:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Allowance for impairment | 2,150 | 435 | 1,715 |
| Provisions for risks | 8 | 34 | (26) |
| **Total provisions and impairment** | **2,158** | **469** | **1,689** |

For further details on the allowance for impairment, reference is made to the Report on Operations and the subsequent note 30.

## 27. Net financial income (expenses)

Financial income and expenses are shown in the following table:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Bank interest income | 25 | 65 | (40) |
| Interest income on trade receivables | 55 | 92 | (37) |
| **Total financial income** | **80** | **157** | **(77)** |
| Interest expense on loans | (594) | (851) | 257 |
| Interest expense on current accounts | (43) | (247) | 204 |
| Other interest expense | (307) | (508) | 201 |
| **Total financial expense** | **(944)** | **(1,606)** | **662** |
| **Total financial income (expenses)** | **(864)** | **(1,449)** | **585** |

Other interest expense refers to regular payments of differentials on derivative contracts hedging the interest rate risks, and to the portion of costs attributable to each year deriving from the application of the amortised cost method to the outstanding loan in accordance with IAS 39.

## 28. Income taxes

Income taxes recognised in profit or loss are broken down as follows:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Current taxes | 4,787 | 1,813 | 2,974 |
| Deferred tax assets | 745 | 2,342 | (1,597) |
| Deferred tax liabilities | (6) | (7) | 1 |
| Allocation to tax reserve | 400 | 600 | (200) |
| **Total Income taxes** | **5,926** | **4,748** | **1,178** |

Current taxes at 31 December 2017 totalling EUR 4,787 thousand refer to IRAP of EUR 1,032 thousand and charges from the domestic tax consolidation scheme (IRES) of EUR 3,755 thousand.

Current taxes at 31 December 2016 totalling EUR 1,813 thousand refer to IRAP of EUR 739 thousand and charges from the domestic tax consolidation scheme (IRES) of EUR 1,074 thousand.

In addition, the Group set aside an additional EUR 400 thousand for 2017 for risks relating to fiscal disputes; for further details, see note 29.

The following table shows the items that reconcile the difference between the theoretical tax burden at Italian rate and taxes actually charged to the year:

| *(In thousands of EUR)* | 2017 | Rate | 2016 | Rate |
|---|---|---|---|---|
| Pre-tax profit (loss) | 18,167 | | 14,009 | |
| Theoretical income taxes (a) | 4,360 | 24.00% | 3,853 | 27.50% |
| Tax effect of permanent differences including: | | | | |
| - cars | 189 | | 205 | |
| - telephony | 41 | | 56 | |
| - prior year items and charges | 72 | | 52 | |
| - board and lodging | 40 | | 31 | |
| - other changes | 10 | | 31 | |
| - ACE (Aiuto alla crescita economica, Aid to economic growth) | (178) | | (490) | |
| - 10% IRAP deduction | (49) | | (27) | |
| **Subtotal (b)** | **125** | | **(142)** | |
| **Adjustment to change in rate c)** | **0** | | **(292)** | |
| **Income taxes recorded in the Financial Statements** | | | | |
| (current and deferred) excluding IRAP (a + b + c) | 4,485 | 24.69% | 3,419 | 24.41% |
| IRAP (current and deferred) | 1,041 | 5.73% | 729 | 5.20% |
| **Income taxes recorded in the Financial Statements (current and deferred)** | **5,526** | **30.42%** | **4,148** | **29.61%** |
| Tax from previous years (allocation to tax reserve) | 400 | 2.20% | 600 | 4.28% |
| **Total taxes** | **5,926** | **32.62%** | **4,748** | **33.89%** |

It should be noted that for the three-year period 2016-2018, Openjobmetis S.p.A. and its subsidiaries Openjob Consulting S.r.l. and Seltis S.r.l. renewed, in the Unico 2016 form, the option for the domestic tax consolidation scheme pursuant to Articles 117/129 of the Consolidated income tax act, to which the subsidiary Corium S.r.l. was already added for the three-year period 2014-2016, thus benefiting from the possibility of offsetting the taxable profit with tax losses in a single tax return. At the end of the three-year period, the option is tacitly renewed for another three years unless it is revoked.

## 29. Potential liabilities

The Group is a party to pending litigation and legal disputes. Based on the opinion of legal and tax advisors, the Directors do not expect that the outcome of these ongoing actions will have a significant effect on the financial position of the Group, in addition to that already allocated in the financial statements.

Specifically:

- In 2013, Openjobmetis S.p.A. received two tax assessment notices on 2007 and 2008, respectively; in 2014, it received a tax assessment notice on 2009; in September 2015, it received a tax assessment notice on 2010; in December 2016 it received a tax assessment notice on 2011; in November 2017, it received a tax assessment notice on 2012. All these notices related to the alleged non-deductibility of part of the financial expense. The possibility of further notices of assessment in relation to subsequent periods cannot be ruled out since similar assumptions can exist in the reconstruction carried out by the Italian tax authorities. On 23 September 2015, the Provincial Tax Court of Milan issued its sentence on the aggregate appeals, filed against the tax assessment notices for the years 2007 and 2008 and accepted only partially the objections filed. Non-deductible interest for 2007 was recalculated. On 29 December 2015, the Company filed the appeal. On 4 November 2016, an unfavourable judgement was filed against the Company that confirmed the outcome before the first instance court. Openjobmetis S.p.A. subsequently received a payment order for a total amount of EUR 1,053 thousand, of which it paid EUR 788 thousand in 2015 and EUR 265 thousand in 2017.

With respect to the said second-instance judgement, Openjobmetis S.p.A. filed an appeal before the Court of Cassation within the terms of the law.

Regarding the litigation for 2009 and 2010, the first-instance judgements are unfavourable with different reasons from time to time. Openjobmetis S.p.A. received a payment order for a total amount of EUR 549 thousand, which it paid in 2016. In early 2017, the related appeals were filed and, while for the year 2009 the summons was sent for the month of April of this year, for the year 2010 a favourable ruling was received in November 2017. The Regional Commission fully recognised the grounds of the appeal and as a result cancelled the challenged ruling.

Regarding the litigation for 2011, in May 2017, Openjobmetis S.p.A. filed the related appeal and the hearing for the discussion of the case was scheduled for the month of May of this year.

Regarding the litigation for 2012, in December 2017, Openjobmetis S.p.A. filed the settlement request. If this has a negative outcome, Openjobmetis S.p.A. will submit an appeal within legal terms.

The Group, having referred to its consultant, believes that it has valid reasons to support its actions and the favourable outcome of the appeal for the year 2010 is comforting in this regard. However, as in the past, in consideration of the fact that the company may not fully be recognised its claims, it allocated an adequate provision for risks. This provision is equivalent to approximately 20% of the estimated potential liability.

- The subsidiary Openjob Consulting S.r.l., at an event held in Perugia, underwent a tax inspection by the competent Local labour office that led to the preparation of a report which challenged violations concerning forms of contract used on this occasion with consequent possible administrative sanctions not yet notified. Openjob Consulting S.r.l. appealed against the report and this appeal was rejected. Based on the opinion of its legal advisors, the Group deems to have appropriate arguments in its favour, and therefore the Directors do not expect that the outcome of these ongoing actions will have a significant effect on the financial position of the Group, over and above that already provided for the consolidated financial statements.

## 30. Financial instruments

### (a) Credit risk

- **<u>Exposure to credit risk</u>**

The carrying amount of the financial assets represents the Group's maximum exposure to credit risk. At the reporting date, this exposure is set below:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Held-to-maturity investments | 7 | 16 | (9) |
| Trade receivables | 123,312 | 104,175 | 19,137 |
| Cash and cash equivalents | 4,662 | 8,810 | (4,148) |
| **Total** | **127,981** | **113,001** | **14,980** |

All the receivables refer to Italian customers.

There are no particular concentrations of receivables in specific sectors.

Exposure to the top 10 customers accounts for approximately 17% in 2017 of total receivables and 13% in 2016.

- **<u>Impairment losses</u>**

The ageing of trade receivables at the end of the reporting period was as follows:

| (In thousands of EUR) | 2017 | 2016 | Change |
|---|---|---|---|
| Falling due | 101,003 | 85,094 | 15,909 |
| Past due from 0 to 90 days | 18,983 | 18,510 | 473 |
| Past due from 91 to 360 days | 4,747 | 1,162 | 3,585 |
| Past due 360 days or more | 3,741 | 3,481 | 260 |
| **Total trade receivables** | **128,474** | **108,247** | 20,227 |

The changes in the allowance for impairment of trade receivables during the years were as follows:

| (In thousands of EUR) | 2017 | 2016 | Change |
|---|---|---|---|
| **Opening balance** | **4,072** | **9,614** | **(5,542)** |
| Impairment loss for the year | 2,157 | 435 | 1,722 |
| Uses made during the year | (1,067) | (5,977) | 4,910 |
| **Balance as at 31 December** | **5,162** | **4,072** | **1,090** |

The Group accrues a provision for impairment that reflects the estimate of losses on trade receivables and on other receivables, whose main components are the impairment losses on significant individual exposures and the collective impairment loss on homogeneous groups of assets which have not yet been identified. The collective impairment loss is calculated on the basis of historical losses. The provision for impairment mainly relates to receivables that have been outstanding for more than 360 days.

The impairment loss for the period refers to the provision for estimated impairment losses on trade receivables as described above.

The Group did not recognise impairment losses on held-to-maturity investments in the course of the financial year.

The Group uses allowances for impairment to recognise the impairment losses on trade receivables and on held-to-maturity investments; however, when there is the certainty that the amount due cannot be recovered, the amount considered irrecoverable is written off directly from the related financial asset.

### (b) Liquidity risk

The contractual maturities of financial liabilities, including interest to be paid and excluding the effects of the offsetting agreements, are shown in the following table:

| Non-derivative financial liabilities | 31 December 2017 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands of EUR)* | **Carrying amount** | **Contractual cash flows** | **6 months or less** | **6-12 months** | **1-5 years** | **More than 5 years** |
| Tranche A Senior Loan | (21,159) | (22,107) | (4,021) | (3,983) | (14,103) | 0 |
| ICCREA BCC Loan | (1,006) | (1,010) | (1,010) | (0) | (0) | 0 |
| Non-guaranteed bank loans and borrowings | (17,455) | (17,455) | (17,455) | 0 | 0 | 0 |
| Finance lease liabilities | (62) | (69) | (7) | (7) | (55) | 0 |
| Trade payables | (6,946) | (6,946) | (6,946) | 0 | 0 | 0 |
| Other payables | (32,696) | (32,696) | (32,696) | 0 | 0 | 0 |
| Employee benefits * | (39,835) | (39,835) | (39,835) | 0 | 0 | 0 |
| **Total** | **(119,159)** | **(120,118)** | **(101,970)** | **(3,990)** | **(14,158)** | **(0)** |

| Non-derivative financial liabilities | 31 December 2016 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands of EUR)* | **Carrying amount** | **Contractual cash flows** | **6 months or less** | **6-12 months** | **1-5 years** | **More than 5 years** |
| Tranche A Senior Loan | (28,571) | (29,912) | (9,151) | (4,011) | (16,750) | 0 |
| ICCREA BCC Loan | (3,000) | (3,031) | (1,011) | (1,010) | (1,010) | 0 |
| Non-guaranteed bank loans and borrowings | (17,887) | (17,887) | (17,887) | 0 | 0 | 0 |
| Finance lease liabilities | (72) | (82) | (6) | (7) | (69) | 0 |
| Trade payables | (8,224) | (8224) | (8,224) | 0 | 0 | 0 |
| Other payables | (27,881) | (27,881) | (27,881) | 0 | 0 | 0 |
| Employee benefits * | (33,376) | (33,376) | (33,376) | 0 | 0 | 0 |
| **Total** | **(119,011)** | **(120,393)** | **(97,536)** | **(5,028)** | **(17,829)** | **(0)** |

* the item Employee benefits considers only short-term benefits that will be settled on average during the next year.

The cash flows included in the above-mentioned tables are not expected to occur significantly in advance or for considerably different amounts.

Please note that for Tranche B - Revolving of the senior loan outstanding as at 31 December 2017, unused to date, contractual cash flows will have a maximum duration of six months.

### (c) Interest rate risk

Floating rate financial liabilities are summarised below:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Non-guaranteed bank loans and borrowings | 17,455 | 17,887 | (432) |
| Tranche A Senior Loan | 21,159 | 28,571 | (7,412) |
| ICCREA BCC Loan | 1,006 | 3,000 | (1,994) |
| Finance lease liabilities | 62 | 72 | (10) |
| **Total financial liabilities** | **39,682** | **49,530** | **(9,848)** |

If the interest rates payable had increased by 1% at the end of the reporting period, the equity and the net profit (loss) for the period would have been negatively affected, gross of the related tax effect, by an approximate amount of EUR 400 thousand. However, the potential effect of extreme circumstances that cannot be reasonably foreseen remains excluded.

In the past, derivative contracts hedging the risk of interest rate change were put in place on part of the Senior Loan, which entailed the application of an average fixed rate of approximately 3.0% for the hedged part.

At 31 December 2017, the Group did not recognise any fixed-rate financial asset or liability designated at fair value through profit or loss and did not designate the derivative instruments (interest rate swap) as hedging instruments according to the fair value hedge method. Consequently, any changes in interest rates at the reporting date would have no effect on the profit or loss for the year, in addition to that indicated above.

**(d) Fair value**

- **<u>Fair value and carrying amount</u>**

The following table shows the carrying amount recorded in the statement of financial position and the fair value of each financial asset and liability:

| *(In thousands of EUR)* | **2017** | | **2016** | |
|---|---|---|---|---|
| | **Carrying amount** | **Fair Value** | **Carrying amount** | **Fair Value** |
| Held-to-maturity investments | 7 | 7 | 16 | 16 |
| Trade receivables, other receivables and tax assets | 130,544 | 130,544 | 110,572 | 110,572 |
| Cash and cash equivalents | 4,662 | 4,662 | 8,810 | 8,810 |
| Finance lease liabilities | (62) | (62) | (72) | (72) |
| Tranche A Senior Loan | (21,159) | (21,159) | (28,571) | (28,571) |
| ICCREA BCC Loan | (1,006) | (1,006) | (3,000) | (3,000) |

| (In thousands of EUR) | 2017 | | 2016 | |
|---|---|---|---|---|
| | Carrying amount | Fair Value | Carrying amount | Fair Value |
| Non-guaranteed bank loans and borrowings | (17,455) | (17,455) | (17,887) | (17,887) |
| Derivative instruments (IRS) | 0 | 0 | (51) | (51) |
| Trade payables, other payables and tax liabilities | (42,304) | (42,304) | (36,295) | (36,295) |
| Employee benefits | (39,835) | (39,835) | (33,376) | (33,376) |
| **Total** | **13,392** | **13,392** | **146** | **146** |

- **Methods for determining the fair value**

The methods and main assumptions used for measuring the fair value of the financial instruments are shown below:

- *Non-derivative financial liabilities*

Bank loans and borrowings and other financial liabilities bear interest at floating rate and therefore, also considering that they are indicated net of the related charges, no significant differences between the carrying amount and fair value were not identified.

- *Derivative financial liabilities*

The fair value of Interest Rate Swaps is determined by using the prices of the financial intermediary with whom the contract was signed.

- *Trade and other receivables*

The fair value of trade receivables and of other receivables is estimated based on future cash flows discounted using market interest rates at the reporting date. The fair value matches to the carrying amount as it already reflects impairment.

For the information concerning the interest rates used for discounting the expected cash flows, where applicable, to the elements listed in the above table, being mainly used for calculating the financial liabilities at amortised cost, see note 13.

- *Fair value hierarchy*

The following table shows the financial instruments recognised at fair value based on the valuation technique used. The different levels were defined as follows:

Level 1: (unadjusted) prices quoted in active markets for identical assets or liabilities

Level 2: inputs other than quoted market prices defined in Level 1, which are observable for the asset or the liability, either directly (as in the case of prices), or indirectly (derived from prices)

Level 3: inputs relating to the asset or liability which are not based on observable market data (data not observable)

| *(In thousands of EUR)* | **31 December 2017** | **31 December 2016** |
|---|---|---|
| Hedging IRS | | |
| Level 1 | 0 | 0 |
| Level 2 | 0 | (51) |
| Level 3 | 0 | 0 |
| **Total** | **0** | **(51)** |

## 31. Operating leases

The Group, for the purposes of its business, makes use of several operating leases, especially for car rental and building lease.

During the year ended 31 December 2017, costs of EUR 1,334 thousand (EUR 1,305 thousand in 2016) were recognised in profit or loss in relation to operating leases for cars.

To determine the classification of the lease, reference was made to the IFRS.

Future minimum payments resulting from irrevocable leases are as follows:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Due within one year | 3,332 | 3,266 | 66 |
| From one to five years | 8,102 | 7,955 | 147 |
| **Total** | **11,434** | **11,221** | **213** |

## 32. Related parties

Some members of the Board of Directors hold a position in other entities and may be in a position to exercise control or significant influence on the financial and management policies of such entities.

The relationships entertained between Group companies and by the Group with related parties, as identified on the basis of the criteria defined in IAS 24 Related Party disclosures, are mainly commercial in nature.

During the period, the Group carried out transactions with some of the above-mentioned entities as shown below. The general conditions that regulate said transactions have been carried out in accordance and in line with normal market conditions.

Pursuant to Article 2391-bis of the Italian Civil Code and the OPC Regulation laying down provisions for transactions with related parties, the Board of Directors approved on 12 October 2015 and subsequently amended on 6 November 2015, the procedure for transactions with related parties. The total value of the transactions and residual balances is as follows:

| **Description** *(in thousands of EUR)* | **Total 2017** | **Other related parties** | **Total related parties** | **% weight on financial statement items** |
|---|---|---|---|---|
| 1 Revenue | 583,897 | 27 | 27 | 0.00% |
| 2 Employee costs | 31,538 | 2,218 | 2,218 | 6.40% |
| 3 Costs for services | 30,172 | 240 | 240 | 0.80% |

| **Description** *(in thousands of EUR)* | **Total 2016** | **Other related parties** | **Total related parties** | **% weight on financial statement items** |
|---|---|---|---|---|
| 1 Revenue | 460,952 | 9 | 9 | 0.00% |
| 2 Employee costs | 28,012 | 1,942 | 1,942 | 6.93% |
| 3 Costs for services | 26,164 | 340 | 340 | 1.30% |

| **Description** *(in thousands of EUR)* | **Total 2017** | **Other related parties** | **Total related parties** | **% weight on financial statement items** |
|---|---|---|---|---|
| 1 Receivables | 123,312 | 17 | 17 | 0.00% |
| 2 Trade payables | 6,946 | 103 | 103 | 1.50% |

| **Description** *(in thousands of EUR)* | **Total 2016** | **Other related parties** | **Total related parties** | **% weight on financial statement items** |
|---|---|---|---|---|
| 1 Receivables | 104,175 | 1 | 1 | 0.00% |
| 2 Trade payables | 8,224 | 49 | 49 | 0.60% |

In May 2016, the Chairman Marco Vittorelli was appointed President of Pallacanestro Varese S.p.A. and although said entity is not formally defined as a related party, it was deemed appropriate to consider it as such.

During 2017, the Group invoiced the amount of EUR 27 thousand (EUR 9 thousand in 2016) for the supply of staff to the company Pallacanestro Varese S.p.A.; this amount is shown as revenue. The receivable from Pallacanestro Varese S.p.A. amounts to EUR 17 thousand at 31 December 2017 (EUR 1 thousand at 31 December 2016). Costs for services equal to EUR 240 thousand in 2017 (EUR 340 thousand in 2016) relate mainly to the share for the year of the sponsorship of this sports company for the sporting season. The payable to Pallacanestro Varese S.p.A. amounts to EUR 98 thousand at 31 December 2017 (EUR 49 thousand at 31 December 2016) in addition to EUR 5 thousand (EUR 0 thousand at 31 December 2016) payable to Quaestio Capital Management S.g.r. for the activity of a director, the cost of which is classified as employee costs from other related parties.

As shown in note 33 below, the item Employee costs from Other related parties includes costs equal to EUR 1,420 thousand in 2017 (EUR 1,286 thousand in 2016) for the Board of Directors, EUR 519 thousand in 2017 (EUR 455 thousand in 2016) for Key management personnel and EUR 279 thousand in 2017 (EUR 201 thousand in 2016) for salaries paid to close relatives of the latter.

In the course of normal business, the Group has provided staff supply services to other related parties not reported in the above table as irrelevant and/or concluded under normal market conditions.

## 33. Remuneration of members of the Board of Directors, key management personnel and members of the Board of Statutory Auditors.

The general conditions that regulate the transactions with key management personnel and their related parties were not more favourable than those applied, or that could reasonably be applied, in the case of similar transactions with non-key management personnel associated with the same entities at normal market conditions.

The total remuneration of key management personnel, recorded in the item Personnel expense and costs for services, amounted to EUR 1,939 thousand, of which EUR 1,420 thousand to members of the Board of Directors and EUR 519 thousand for key management personnel (EUR 1,741 thousand in 2016, of which EUR 1,286 thousand for the members of the Board of Directors and EUR 455 thousand to key management personnel). In addition to salaries, the Group also offers certain key management personnel benefits in kind according to the ordinary contractual practice for company managers. It should be noted that the Board of Directors has assigned to Directors and key management personnel the option, i.e. the right to receive a sum of money corresponding to the increase in the value of the stock of Openjobmetis S.p.A. at the end of the three-year vesting period and subject to the occurrence of the conditions contained in the "Informational document relating to the incentive plan" based on the attribution of Phantom Stock Options available on the company website and to which explicit reference is made. It should also be noted that the remuneration to certain Directors is paid to Wise S.g.r. and Quaestio Capital Management S.g.r. rather than to each beneficiary, according to an agreement among them and the aforesaid companies, for a total amount of EUR 167 thousand in 2017 (EUR 185 thousand in 2016).

For more information regarding fees of said managers, reference is made to the 2017 Remuneration Report published in the "Corporate Governance" section of the company website.

Remuneration to the Board of Statutory Auditors for 2017 amounted to EUR 88 thousand (EUR 88 thousand in 2016).

The total value of transactions and residual balances with said key management personnel and entities over which they exercise control or significant influence is as follows:

| **Remuneration** *(in thousands of EUR)* | **Remuneration for offices held** | **Non-monetary benefits** | **Bonuses and other incentives** | **Remuneration from subsidiaries of the Issuer** | **Total remuneration** |
|---|---|---|---|---|---|
| Members of the Board of Directors | 1,006 | None | 314 | 100 | 1,420 |
| Key management personnel | 380 | None | 139 | 0 | 519 |
| **Total** | **1,386** | **None** | **453** | **100** | **1,939** |

| **Remuneration** *(in thousands of EUR)* | **Remuneration for offices held** | **Non-monetary benefits** | **Bonuses and other incentives** | **Remuneration from subsidiaries of the Issuer** | **Total remuneration** |
|---|---|---|---|---|---|
| Board of Statutory Auditors | 88 | None | 0 | 0 | 88 |
| **Total** | **88** | **None** | **0** | **0** | **88** |

## 34. Compensation to the audit company

| **Type of services** | **Service provider** | **Recipient** | **Compensation and costs** *(in thousands of EUR)* |
|---|---|---|---|
| Audit | KPMG SPA | Openjobmetis SpA | 150 |
| Voluntary audit | KPMG SPA | Openjob Consulting Srl | 10 |
| Voluntary audit | KPMG SPA | Seltis Srl | 10 |
| **Total compensation for audit services** | | | **170** |
| Financial, tax and employment due diligence | KPMG SPA | Openjobmetis SpA | 99 |
| Non-financial statement | KPMG SPA | Openjobmetis SpA | 15 |
| **Total** | | | **284** |

Auditing services for Openjobmetis S.p.A. include the legally required audit of the financial statements at 31 December 2017 and the review of the interim consolidated financial statements as at 30 June 2017.

### 35. Atypical and/or unusual transactions

The consolidated financial statements as at 31 December 2017 do not show any income components or capital and financial items, whether positive or negative, arising from atypical or unusual events and transactions.

### 36. Earnings (Loss) per share

The calculation of earnings per share for the years ended 31 December 2017 and 31 December 2016 is shown in the following table and is based on the ratio of profit (loss) attributable to shareholders of the Company to the average number of issued outstanding shares.

| *(In thousands of EUR)* | **2017** | **2016** |
|---|---|---|
| Profit (loss) for the year | 12,240 | 9,261 |
| Average number of shares* | 13,712 | 13,712 |
| **Basic earnings (loss) per share (in EUR)** | **0.89** | **0.68** |
| **Diluted earnings (loss) per share (in EUR)** | **0.89** | **0.68** |

** The average number of shares is calculated as the weighted average of the shares actually issued in each period.*

### 37. Subsequent events

There were no significant events subsequent to 31 December 2017.

Milan, 9 March 2018

On behalf of the Board of Directors

The Chairman

Marco Vittorelli

(Signed on the original)

## STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98 AS AMENDED AND SUPPLEMENTED

1. We the undersigned Rosario Rasizza, Managing Director, and Alessandro Esposti, Manager in charge of financial reporting of Openjobmetis S.p.A., hereby confirm, taking into account, inter alia, the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy with respect to the characteristics of the business and
- the actual implementation of the administrative and accounting procedures for the preparation of the consolidated financial statements, as at and for the year ended 31 december 2017.

2. It should be noted, in this regard, that the adequacy of the administrative and accounting procedures used to prepare the consolidated financial statements as at and for the year ended 31 December 2017 was assessed on the basis of the assessment of the system of internal controls and for the audit of the processes directly or indirectly connected with the preparation of the accounting and financial statements data.

3. Moreover, we confirm that:

I. The consolidated financial statements as at 31 December 2017:

- accurately reflect the accounting books and records;
- have been prepared in accordance with the applicable international financial reporting endorsed by the European Union in compliance with Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002 and the provisions adopted in implementation of Legislative Decree no. 38/2005;
- are suitable to provide a true and fair view of the financial position, results of operations and cash flows of the issuer and all its consolidated companies.

II. The Report on Operations of the separate and consolidated financial statements includes a reliable analysis of the operating performance and results, as well as the situation of the issuer, the events that have occurred during the year and their impact on the financial statements, together with the description of the main risks and uncertainties to which the Group is exposed. The Report on Operations also contains information on significant transactions with related parties pursuant to the provisions of Art. 154 ter of Italian Legislative Decree 58/98.

Milan, 9 March 2018

| The Managing Director | The Manager in charge of financial reporting |
|---|---|
| Rosario Rasizza | Alessandro Esposti |
| (Signed on the original) | (Signed on the original) |

KPMG S.p.A.
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**(Translation from the Italian original which remains the definitive version)**

# Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of*
*Openjobmetis S.p.A.*

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of the Openjobmetis Group (the "group"), which comprise the statement of financial position as at 31 December 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Openjobmetis Group as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9of Legislative decree no. 38/05.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Openjobmetis S.p.A. (the "Company") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

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

## Measurement of goodwill

*Notes to the consolidated financial statements: 2 "Significant accounting policies" and 5 "Intangible assets and goodwill"*

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| The consolidated financial statements at 31 December 2017 include goodwill of €73,546 thousand (unchanged from 31 December 2016) arising from non-recurring transactions and acquisitions carried out in previous years. This goodwill is allocated to the cash-generating unit comprising the Group's operating assets and liabilities.<br><br>Like in previous years the directors, assisted by an external advisor, prepared an impairment test of goodwill, approved by the board of directors on 9 March 2018, in order to identify any impairment losses compared to its recoverable amount. The directors estimated the recoverable amount based on its value in use, calculated using the discounted cash flow model by discounting the expected cash flows included in the 2018-2022 business plan approved by the board of directors on 30 January 2018.<br><br>Impairment testing entails a high level of judgement, especially in relation to:<br>— the expected cash flows, calculated by taking into account the general economic performance and that of the Group's sector and the actual cash flows generated by the cash-generating unit in recent years;<br>— the financial parameters to be used to calculate the discount rate mentioned above.<br><br>For the above reasons and considering the materiality of the financial statements caption, we believe that the measurement of goodwill is a key audit matter. | Our audit procedures, which also involved our own valuation specialists, included:<br>- understanding the process adopted for impairment testing and to prepare the 2018-2022 business plan;<br>- checking any discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the estimation process;<br>- analysing the reasonableness of the expected cash flows and the key assumptions used by the directors to prepare the business plan used for impairment testing. We also compared the expected cash flows and key assumptions to the group's historical figures and external information, where available;<br>- assessing the reasonableness of the impairment testing model and related assumptions, especially in relation to the discount rate, based on the related components, and comparing them with external data and information;<br>- checking any discrepancies between the most recent financial information prepared and the data included in the business plan and understanding the reasons therefor;<br>- comparing the value in use arising from the impairment test to the market capitalisation;<br>- checking the sensitivity analysis presented in the notes in relation to the key assumptions used for impairment testing;<br>- assessing the appropriateness of the disclosures provided in the notes about the measurement of goodwill. |

### Measurement of trade receivables

*Notes to the consolidated financial statements: 2 "Significant accounting policies", 10 "Trade receivables" and 30 (a) "Financial instruments – credit risk"*

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| The consolidated financial statements at 31 December 2017 include trade receivables of €123,312 thousand, net of the allowance for impairment of €5,162 thousand (€104,175 thousand at 31 December 2016, net of the allowance of impairment of €4,072 thousand).<br><br>In Italy, the Group has a large number of customers operating in various sectors, especially small to medium sized companies. Accordingly, any worsening in the general market conditions or a negative performance of the credit market could have an adverse impact on the Group's transactions with these customers, affecting its ability to collect its trade receivables and affecting its working capital management. Considering the nature of existing trade receivables, the Group estimated the impairment losses on trade receivables based on a specific assessment of the exposures that were individually significant or under dispute. It also performed a collective assessment by groups of exposures with a similar nature and due date. The allowance for impairment is based on the estimated credit losses that the Group expects to incur considering many factors, including:<br>— the age of the receivable;<br>— the customer's solvency;<br>— historical figures.<br><br>Accordingly, calculating the allowance for impairment requires a high level of judgement.<br><br>For the above reasons and considering the materiality of the financial statements caption, we believe that the measurement of trade receivables is a key audit matter. | Our audit procedures included:<br>- understanding the process adopted to monitor and manage credit risk;<br>- assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls for the measurement of trade receivables, including the Group's checks of its customers' solvency and assignment of a credit rating to them, of the regular monitoring of past due exposures and of the implementation of the related recovery measures;<br>- assessing the reasonableness of the trade receivable measurement model adopted by the Group, in relation to the collective and individual assessments, through discussions with the relevant internal departments and considering the Group's past experience and our knowledge of its sector;<br>- sample-based analysis of collections from customers after the reporting date relating to trade receivables existing at the reporting date;<br>- on a sample basis and with reference to the main past due exposures, discussing the recoverability prospects with the relevant internal departments and checking their consistency, by assessing the reasonableness of estimates based on our understanding of the Group's business, its past experience, the reference environment and publicly-available information about its customers' financial position and performance;<br>- sending written requests for information to the legal advisors assisting the Group with credit recovery and checking the individual assessments made by the Group for consistency with the information obtained;<br>- assessing the appropriateness of the disclosures provided in the notes about the measurement of trade receivables. |

## Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Openjobmetis S.p.A. for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Group's financial reporting process.

## Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

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

— evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

### *Other information required by article 10 of Regulation (EU) no. 537/14*

On 12 October 2015, the shareholders of Openjobmetis S.p.A. appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2015 to 31 December 2023.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

## Report on other legal and regulatory requirements

### *Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98*

The directors of Openjobmetis S.p.A. are responsible for the preparation of the Group's directors' report and report on corporate governance and ownership structure at 31 December 2017 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the Group's consolidated financial statements at 31 December 2017 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the consolidated financial statements of the Openjobmetis Group at 31 December 2017 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

### *Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16*

The directors of Openjobmetis S.p.A. are responsible for the preparation of a consolidated non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such consolidated non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Milan, 22 March 2018

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit

# SEPARATE FINANCIAL STATEMENTS



# Statement of Financial Position

| *(In thousands of EUR)* | Notes | 2017 | 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | *4* | 2,265 | 2,042 |
| Intangible assets and goodwill | *5* | 72,662 | 72,753 |
| Equity investments in subsidiaries | *6* | 1,404 | 1,566 |
| Financial assets | *7* | 7 | 14 |
| Deferred tax assets | *8* | 2,088 | 2,824 |
| **Total non-current assets** | | **78,426** | **79,199** |
| **Current assets** | | | |
| Cash and cash equivalents | *9* | 807 | 6,411 |
| Trade receivables | *10* | 122,446 | 102,311 |
| Other receivables | *11* | 7,163 | 6,307 |
| Current tax assets | *12* | 0 | 316 |
| **Total current assets** | | **130,416** | **115,345** |
| **Total assets** | | **208,842** | **194,544** |
| **LIABILITIES AND EQUITY** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | *13* | 13,609 | 16,963 |
| Employee benefits | *14* | 701 | 726 |
| **Total non-current liabilities** | | **14,310** | **17,689** |
| **Current liabilities** | | | |
| Bank loans and borrowings and other financial liabilities | *13* | 26,034 | 32,561 |
| Derivative instruments | *30-13* | 0 | 51 |
| Trade payables | *15* | 6,800 | 8,117 |
| Employee benefits | *14* | 39,677 | 33,235 |
| Other payables | *16* | 32,639 | 27,647 |
| Current tax liabilities | *17* | 2,644 | 154 |
| Provisions | *18* | 2,740 | 2,444 |
| **Total current liabilities** | | **110,534** | **104,209** |
| **Total liabilities** | | **124,844** | **121,898** |
| **EQUITY** | | | |
| Share capital | | 13,712 | 13,712 |
| Legal reserve | | 1,090 | 644 |
| Share premium reserve | | 31,545 | 31,545 |
| Other reserves | | 26,372 | 17,831 |
| Profit (loss) for the year | | 11,279 | 8,914 |
| **Total equity** | ***19*** | **83,998** | **72,646** |
| **Total liabilities and equity** | | **208,842** | **194,544** |

# Statement of Comprehensive Income

| *(In thousands of EUR)* | Notes | 2017 | 2016 |
|---|---|---|---|
| Revenue | *20* | 578,083 | 455,991 |
| Costs of temporary work | *22* | (512,038) | (400,724) |
| **First contribution margin** | | **66,045** | **55,267** |
| Other income | *21* | 13,064 | 12,052 |
| Personnel expense | *22* | (29,073) | (25,910) |
| Cost of raw materials and consumables | *23* | (227) | (218) |
| Costs for services | *24* | (30,990) | (27,093) |
| Amortisation/depreciation | *4,5* | (820) | (1,031) |
| Provisions and impairment losses | *26* | (2,462) | (459) |
| Other operating expenses | *25* | (808) | (758) |
| **Operating profit (loss)** | | **14,729** | **11,850** |
| Financial income | *27* | 2,264 | 2,245 |
| Financial expense | *27* | (930) | (1,599) |
| **Pre-tax profit (loss)** | | **16,063** | **12,496** |
| Income taxes | *28* | (4,784) | (3,582) |
| **Profit (loss) for the year** | | **11,279** | **8,914** |

| **Other comprehensive income (expense)** | | | |
|---|---|---|---|
| Components that are or may subsequently be reclassified to profit/loss | | | |
| Effective portion of changes in fair value of cash flow hedges | | 51 | 196 |
| Components that will not be reclassified to profit/loss | | | |
| Actuarial gain (loss) on defined benefit plans | | 22 | 15 |
| **Total other comprehensive income (expense) for the year** | | **73** | **211** |
| **Total comprehensive income (expense) for the year** | | **11,352** | **9,125** |

# Statement of Changes in Equity

| (In thousands of EUR) | Note | Share capital | Legal reserve | Share premium reserve | Other reserves | Hedging reserve and actuarial reserve | Profit (loss) for the year | Net Equity |
|---|---|---|---|---|---|---|---|---|
| **Balances as at 31.12.2014** | **19** | **10,637** | **346** | **16,814** | **12,301** | **(629)** | **1,551** | **41,020** |
| Allocation of profit (loss) for the year | | | 78 | | 1,473 | | (1,551) | 0 |
| Effective portion of changes in fair value of cash flow hedges | 19 | | | | | **308** | | **308** |
| Actuarial gain (loss) on defined benefit plans | | | | | | **(17)** | | **(17)** |
| Profit (loss) for the year | 19 | | | | | | **4,403** | **4,403** |
| Rounding reserve | | | | **(1)** | | | | **(1)** |
| **Total comprehensive income (expense) for the year** | 19 | | | | | **291** | **4,403** | **4,693** |
| Bond conversion | | 175 | | 700 | | | | 875 |
| Share capital increase | | 2,900 | | 14,032 | | | | 16,932 |
| **Total contributions and distributions** | **19** | **3,075** | | **14,732** | | | | **17,807** |
| **Balances as at 31.12.2015** | **19** | **13,712** | **424** | **31,545** | **13,774** | **(338)** | **4,403** | **63,520** |
| Allocation of profit (loss) for the year | | | 220 | | 4,183 | | (4,403) | 0 |
| Effective portion of changes in fair value of cash flow hedges | 19 | | | | | 196 | | 196 |
| Actuarial gain (loss) on defined benefit plans | | | | | | 15 | | 15 |
| Profit (loss) for the year | 19 | | | | | | 8,914 | 8,914 |
| Rounding reserve | | | | | 1 | | | 1 |
| **Total comprehensive income (expense) for the year** | 19 | | | | 1 | 211 | 8,914 | 9,126 |
| **Balances as at 31.12.2016** | **19** | **13,712** | **644** | **31,545** | **17,958** | **(127)** | **8,914** | **72,646** |
| Allocation of profit (loss) for the year | | | 446 | | 8,468 | | (8,914) | 0 |
| Effective portion of changes in fair value of cash flow hedges | 19 | | | | | 51 | | 51 |
| Actuarial gain (loss) on defined benefit plans | | | | | | 22 | | 22 |
| Profit (loss) for the year | 19 | | | | | | 11,279 | 11,279 |
| Total comprehensive income (expense) for the year | 19 | | | | | 73 | 11,279 | 11,352 |
| **Balances as at 31.12.2017** | **19** | **13,712** | **1,090** | **31,545** | **26,426** | **(54)** | **11,279** | **83,998** |

# Statement of Cash Flows

| *(In thousands of EUR)* | Note | 2017 | 2016 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit (loss) for the year | | 11,279 | 8,914 |
| *Adjustments for:* | | | |
| Depreciation of property, plant and equipment | *4* | 545 | 525 |
| Amortisation of intangible assets | *5* | 275 | 506 |
| Capital losses (gains) on sales of property, plant and equipment | | 17 | 34 |
| Net decreases of financial assets | 6,26 | 312 | 0 |
| Impairment loss on trade receivables | *26* | 2,150 | 425 |
| Current and deferred taxes | *28* | 4,784 | 3,582 |
| Net financial income (expenses) | *27* | (1,334) | (646) |
| **Cash flows before changes in working capital and provisions** | | **18,028** | **13,340** |
| Change in trade and other receivables gross of impairment loss | *10,11,26* | (23,141) | (18,450) |
| Change in trade and other payables | *15,16* | 3,675 | 3,675 |
| Change in employee benefits | *14* | 6,442 | 5,904 |
| Change in current and deferred tax assets and liabilities net of paid taxes for the year and current and deferred taxes for the year | *8,12,17,28* | 710 | 525 |
| Change in provisions | *18* | 296 | 185 |
| Paid income taxes | | (1,953) | (2,387) |
| **Cash and cash equivalents generated/(absorbed) by operating activities (a)** | | **4,057** | **2,792** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | *4* | (839) | (537) |
| Proceeds from sales of property, plant and equipment | | 53 | 66 |
| Other net increases in intangible assets | *5* | (184) | (408) |
| Change in other financial assets | *7* | 7 | 20 |
| **Cash and cash equivalents generated/(absorbed) by investing activities (b)** | | **(963)** | **(859)** |
| Interest paid | | (930) | (1,365) |
| Interest and dividends received | *27* | 2,263 | 2,245 |
| Repayment of loan instalments | *13* | (9,594) | (8,016) |
| New loan disbursement | *13* | 0 | 3,000 |
| Payment to cover losses of Corium | *6* | (150) | (112) |
| Change in short-term bank loans and repayment of loan instalments | 13 | (287) | (11,295) |
| **Cash and cash equivalents generated/(absorbed) by financing activities (c)** | | **(8,698)** | **(15,543)** |
| **Other changes (d)** | | **0** | **0** |
| **Cash flow for the year (a) + (b) + (c) + (d)** | | **(5,604)** | **(13,610)** |
| **Net cash and cash equivalents as at 1 January** | *9* | **6,411** | **20,021** |
| **Net cash and cash equivalents as at 31 December** | *9* | **807** | **6,411** |

# Notes to the Financial Statements

## General information

Openjobmetis S.p.A. (hereinafter also the "Company") is based in Italy, Via G. Fara 35, Milan.

The Company operates in the sector of temporary work i.e. the professional recruitment service of permanent or temporary labour, pursuant to Article 20 of Italian Legislative Decree no. 276/2003 as amended and supplemented, in accordance with Article 4, paragraph 1, letter 9 of the same Italian Legislative Decree.

In accordance with Article 2497-bis of the Italian Civil Code, the Company is not subject to the management and coordination of other corporate structures, as all business decisions are taken independently by the Board of Directors and the key management personnel of Openjobmetis S.p.A.

As from 3 December 2015 the Company is listed on the STAR segment of the online stock exchange (MTA) organised and operated by Borsa Italiana S.p.A..

At the present date, the Company is not a subsidiary in accordance with Article 93 of the Consolidated Finance Act (TUF).

## 1. Accounting standards and basis of presentation adopted in preparing the financial statements

### 1. (a) Accounting standards and statement of compliance

These separate financial statements have been prepared in compliance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and interpretations thereof in force at 31 December 2017, as well as measures issued in implementation of Article 9 of Legislative Decree 38/05. The rules of national legislation implementing directive 2013/34 EU also apply, insofar as they are compatible, to companies that prepare IFRS financial statements. Therefore, the financial statements incorporate what is laid out in the articles of the Italian Civil Code and the corresponding rules of the TUF for listed companies on the matter of the report on operations, auditing and the publication of financial statements. The financial statements and the relative notes also provide the details and supplementary information required by other rules and provisions of Consob on the financial statements.

The financial statements contain the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and the relevant notes.

In preparing these financial statements, the following formats, selected from the various options allowed by IAS 1, were used:

- the statement of financial position was prepared by classifying the values according to the format of current/non-current assets/liabilities;
- the statement of comprehensive income was prepared by classifying the items by nature;
- the statement of cash flows was prepared using the indirect method.

The purpose of the notes is to illustrate the preparation criteria adopted and to provide the information required by IAS/IFRS and not contained in other parts of the financial statements, as well as any additional information that is not shown in the financial statements but is necessary for a reliable representation of the Company's activities.

The financial statements were prepared on the basis of the accounting records as at 31 December 2017 on a going concern basis and are accompanied by the report on operations.

The Company's separate financial statements for the year ended at 31 December 2017 were approved by the Board of Directors of the Company at the meeting held on 9 March 2018, when the distribution of the results through a press release dated 9 March 2018 was authorised. Openjobmetis's Board of Directors has the authority to amend the separate financial statements until the date of the Shareholders' Meeting called to approve the Company's financial statements. The Shareholders' Meeting has the authority to request changes to these separate financial statements.

The financial statements and related notes were prepared with amounts rounded to the nearest thousand euro, the Company's functional currency. Moreover, for clarity of reading, the mandatory items pursuant to IAS 1 with zero balances were omitted in the formats and tables, in both periods presented for comparison.

In the preparation of these financial statements, the same accounting policies and preparation criteria were applied as those used in the preparation of the financial statements as at 31 December 2016

The most important accounting policies and standards and valuation criteria used by the Company to prepare the financial statements are described below.

## 2. Significant accounting policies

### (a) General

The accounting policies described below were applied consistently in the years to which financial statements refer.

The financial statements were prepared using the measurement basis at cost except for financial statement items that according to IAS/IFRS are compulsorily recognised at fair value as indicated in the accounting policies shown below.

While preparing the financial statements, company management had to formulate valuations, estimates and assumptions that affect the application of the accounting policies and the amounts of assets, liabilities, costs and revenue recognised in the financial statements; however, it should be noted that, since these are estimates, the results achieved will not necessarily be the same as the results shown in the financial statements.

These estimates and assumptions are regularly revised; any changes resulting from the revision of accounting estimates are recognised in the year in which the revision is carried out and in future years.

In particular, information on the areas of greater uncertainty in the formulation of estimates and valuations during the process of application of IAS/IFRS that have a significant effect on the amounts recognised in the financial statements together with aspects of particular significance are provided below:

- *Impairment test on goodwill*

  Goodwill is subject to impairment tests at least annually or more often if there are indicators of an impairment loss.

  Impairment testing is carried out using the discounted cash flow method: this method is highly sensitive to the assumptions contained in the estimate of future cash flows and interest rates used.

  For this assessment, the Company uses plans approved by the administrative body and financial parameters in line with those resulting from the current performance of the reference markets.

  Details regarding the procedures for preparing the goodwill impairment test are provided in note 5.

- *Measurement of receivables*

  The Company sets aside a provision for impairment that reflects the estimate of losses on trade receivables, whose main components are the individual impairment losses on significant exposures or those subject to disputes and collective impairment losses on homogeneous groups of by nature and maturity of receivables against losses that have not yet been identified. The collective impairment loss is calculated on the basis of historical losses. Therefore, the provision for impairment is calculated based on estimates of losses on receivables that the Company expects to incur and takes into account multiple elements, including:

- receivable ageing;
- customer solvency;
- prior historical experience.

When there is certainty that it will not be possible to recover the amount due, the amount considered irrecoverable is written off directly from the relative value of the financial asset.

The above requires the management to make significant estimates with regard to general economic conditions and any possible negative trends in the credit markets that could negatively impact on customer relations.

- *Provisions*

  The Company is a party to certain proceedings, arising from the conduct of business and from events of a civil and tax nature involving the companies.

  In addition, in view of the sector in which it operates, it is exposed to the risk of being involved in legal and/or arbitration proceedings of a labour law nature, both with reference to temporary workers and to the organisational structure of the Company and in relation to contracts with independent collaborators.

  In the event that it is considered probable that as a result of the dispute a disbursement of resources - the amount of which can be reliably estimated - will be required, this amount, discounted to take account of the time horizon along which the disbursement will take place, is included in the provisions for risks. Disputes for which the occurrence of a liability is considered only possible but not probable are indicated in the relevant disclosure section on commitments and risks and, as a result, no allocations are made with respect thereto.

  Assessing the development of such disputes can be complicated and requires the management to make significant estimates.

**(b) Equity investments in subsidiaries**

The value of equity investments in the financial statements is determined on the basis of the purchase or subscription price, including directly attributable incidental expenses, net of impairment losses.

**(c) Cash and cash equivalents**

Cash and cash equivalents include cash balances and sight deposits and are recognised at their nominal amount, which corresponds to their fair value.

**(d) Non-derivative financial instruments**

Non-derivative financial instruments include investments in equities and debt instruments, trade and other receivables, financial liabilities, trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus - for instruments not measured at fair value through profit or loss - any directly attributable transaction costs. After initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Company is "party" to the instrument's contractual terms. A financial asset is derecognised when the Company's contractual rights to the cash flows arising from the financial assets expire or the Company transfers the financial asset to third parties without retaining control or substantially all risks and benefits inherent to ownership of the financial asset. A purchase or sale of financial assets is recognised on the date it is traded, i.e., the date on which the Company undertakes to purchase or sell the asset. A financial liability is considered discharged when the Company's obligations specified in the contract are fulfilled, derecognised or discharged.

Accounting policy *(p) Financial income and expense* describes the accounting treatment of financial income and expense.

Non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

*Trade and other receivables*

Receivables from customers and other receivables, whose due date falls within normal current commercial terms, are initially recorded at fair value, which generally corresponds to their nominal amount, and subsequently measured at amortised cost net of any impairment losses identified. The impairment test of receivables is based on the present value of expected cash flows.

Factored receivables are derecognised from the assets of the statement of financial position only if the risks and benefits related to their legal ownership are substantially transferred to the assignee. Receivables factored with recourse and receivables factored without recourse that do not meet this requirement continue to be recognised in the Company's financial statements, even if they have been legally assigned; in this case, a financial liability of an equal amount is recorded under liabilities for the advance received.

*Loans and borrowings*

Advance accounts and loans and borrowings are initially recognised at the fair value of the amount received, net of directly attributable additional charges. Subsequently, they are measured at amortised cost using the effective interest rate method. They are classified as current liabilities or non-current liabilities according to their settlement date.

*Trade payables and other payables*

Trade payables and other payables, the due date of which falls within normal current commercial terms, are initially recognised at fair value and subsequently recorded at amortised cost.

**(e) Derivative financial instruments**

The Company uses derivative financial instruments to hedge its exposure to risks of changes in interest rates. Derivatives are initially recognised at fair value; attributable transaction costs are recognised in profit or loss when incurred. After initial recognition, derivatives are measured at fair value. Their changes are accounted for as described below. At the initial designation of the hedge, the Company documents the relationship between the hedging instruments and the hedged item, including risk management objectives, strategy for undertaking the hedge, along with the methods that will be used to assess the effectiveness of the hedging instrument. Both at the beginning of the hedge and during its period of validity, the Company assesses whether the hedge is expected to be highly effective in offsetting the changes in fair value or cash flows attributable to their hedged items during the period for which the hedge is designated and if the actual results of each hedging range from 80% to 125%. In cash flow hedging transactions of a forecast transaction, the transaction must have a high probability of occurring and must present an exposure to changes in cash flows that could have an effect on profit or loss.

*Cash flow hedges*

Changes in the fair value of the instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. For the ineffective portion, changes in fair value are recognised in profit or loss.

Hedge accounting, as indicated above, is discontinued prospectively if the instrument designated as a hedge no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised. The accumulated gain or loss is kept in equity until the envisaged transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount at the time at which it is recognised. In other cases, the amount recognised in equity is transferred to profit or loss in the same year in which the hedged item affects profit or loss.

**(f) Property, plant and equipment**

An item of property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

The historical cost includes any costs directly attributable to the acquisition of the asset.

If significant components have different useful lives, these components are recorded separately.

The cost of an asset produced on a time and materials basis includes the cost of materials used and of direct labour as well as other directly attributable costs for taking the asset to the location and under the conditions required for working as intended by company management. Costs incurred after initial recognition of an item of property, plant and equipment are added to the carrying amount of the asset to which they refer if it is probable that the related future benefits will flow to the Company if the cost of the item can be reliably measured. Ordinary maintenance costs of property, plant and equipment are recognised in profit or loss during the year in which they are incurred.

The gains and losses generated by the sale of any property, plant or equipment are determined as the difference between the net proceeds on the sale and the carrying amount of the asset, and are recognised in profit or loss at the time of the disposal.

Depreciation is charged to the income statement on a straight-line basis over the expected useful life of each item of property, plant and equipment estimated by the Company, which is reviewed every year and changes, where necessary, are applied prospectively.

The estimated useful lives in the years under review are as follows:

| **Asset** | **Depreciation** |
|---|---|
| Property | 33.3 years |
| Telephone systems | 4 years |
| Electric installations | 6.6 years |
| Furniture and fixtures | 8.3 years |
| Electronic office machines | 5 years |
| Signs | 6.6 years |
| Sundry equipment | 6.6 years |
| Motor vehicles | 4 years |
| Alarm systems | 3.3 years |

Leasehold improvements are depreciated in the shorter period of time between the useful life and the term of the contract to which they refer.

*Leased assets*

At the beginning of an agreement, the Company checks whether the agreement is or contains a lease. At the beginning of the agreement or upon revising it, the Company separates the lease payments and the other considerations required by the agreement classifying them as payments for the lease and payments for other elements on the basis of their fair values. If, in case of a finance lease, the Company concludes that splitting the lease payments reliably is not feasible, an asset and a liability of an amount equal to the fair value of the underlying asset is recognised. Subsequently, the liability is reduced as payments are made and a financial cost is recognised on the liability using the Company's incremental borrowing rate of interest.

Lease agreements that substantially transfer all the risks and benefits deriving from the ownership of the asset are classified as finance leases. Assets used by the Company which were acquired under finance leases are recognised at fair value of the leased asset or, if lower, at the present value of the minimum payments due for the lease. After initial recognition, the asset is measured in accordance with the accounting standard applicable to property, plant and equipment. Leased assets are depreciated in the shorter period of time between the term of the lease and its useful life, unless it is reasonably certain that the Company will acquire its ownership at the end of the lease.  Land is not depreciated.

Other leased assets fall within operating leases and are not recognised in the Company's statement of financial position; the cost is recognised on a straight-line basis over the lease term.

The payments relating to operating leases are recognised as costs on a straight-line basis over the lease term. The incentives granted to the lessee are recognised as an integral part of the total cost of the lease over the lease term. The minimum payments due for finance leases are divided between interest expense and reduction of the residual liability. Interest expense is spread over the duration of the lease agreement so as to obtain a constant interest rate on the residual liability.

**(g) Intangible assets and goodwill**

*(g.1) Goodwill*

Goodwill is recognised at cost, net of accumulated impairment losses, calculated as indicated below.

Goodwill is tested for impairment based on expected future cash flows on an annual basis or more frequently if events or changes in circumstances that may give rise to any impairment losses occur. The impairment loss is not reversed if the reasons that generated it no longer exist. Please see section *h) Impairment losses* below.

*(g.2) Customer relations*

The value of customer relations was recorded based on the fair value identified on 30 June 2007, the business combination date between Wm S.r.l. and the former Openjob S.p.A. The historical cost increased due to the acquisition of the business unit of the company "J.O.B. S.p.A." in 2009, the business combination "Metis S.p.A" in 2011 and, lastly, the acquisition of the "Noi per Voi S.r.l" customer database on 1 July 2016. The value of customer relations was amortised based on the economic useful life estimated by the appraisals prepared by independent experts: 7.5 years for the business combination between "Wm S.r.l." and the former "Openjob S.p.A." and the acquisition of the business unit of the company "J.O.B. S.p.A.", and 4.5 years for the business combination with Metis S.p.A, and, lastly, 4.5 years for the purchase of the "Noi per Voi S.r.l." customer database.

*(g.3) Other intangible assets*

Other intangible assets acquired by the Company, which have a finite useful life, are stated at cost, less accumulated amortisation and accumulated impairment losses and mainly include the value of software purchased from third parties and amortised over 3 years and the value of the Databook software developed internally, in use from 2017 and amortised over 5 years.

### (h) Impairment losses

*(h.1) Financial assets*

A financial asset is impaired if there is any objective evidence that one or more events have had a negative effect on the expected estimated cash flows of that asset.

An impairment loss on a financial asset measured at amortised cost is the difference between the carrying amount and the present value of the estimated cash flows, discounted at the original effective interest rate. An impairment loss on an available-for-sale financial asset is calculated based on the current fair value of the asset.

Individually significant financial assets are tested separately to determine whether they have been impaired. The other financial assets are tested collectively for groups with similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any accumulated impairment loss on an available-for-sale financial asset previously recognised in equity is transferred to profit or loss.

Impairment losses are reversed if the subsequent increase in value can be objectively related to an event that occurred after the impairment. In the case of financial assets measured at amortised cost and available-for-sale financial assets corresponding to debt securities, the reversal is recognised in profit or loss. In the case of available-for-sale financial assets represented by equities, the reversal is recognised directly in equity.

*(h.1.1) Trade receivables*

The Company sets aside an allowance for impairment that reflects the estimate of losses on trade receivables, whose main components are the individual impairment of significant exposures or those subject to disputes and collective impairment of homogeneous groups by nature and maturity of receivables against losses that have not yet been identified. The collective impairment is calculated on the basis of historical losses. Therefore, the allowance for impairment is calculated based on estimates of losses on receivables that the Company expects to incur and takes into account multiple elements, including:

- receivable ageing;
- customer solvency;
- prior historical experience.

When there is certainty that it will not be possible to recover the amount due from the customer, the amount considered irrecoverable is written off directly from the relative value of the financial asset.

*(h.2) Non-financial assets*

At the end of each reporting period, the Company tests the carrying amounts of its financial assets for impairment. If this test shows that the assets have actually been impaired, the Company estimates their recoverable amount. The recoverable amount of goodwill and of the intangible assets that are not yet available for use is estimated at each reporting date.

When the carrying amount of an asset or of a cash-generating unit exceeds its recoverable amount, the Company recognises the related impairment loss. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognised in profit or loss. Impairment losses of cash-generating units are charged first of all as a reduction of the carrying amount of the goodwill assigned to the cash-generating unit and, secondly, as a reduction of the other assets of the unit (group of units) proportionally to the carrying amount.

The recoverable amount of an asset or of a cash-generating unit is the higher of its value in use and its fair value less costs to sell. To determine the value in use, the Company uses the estimated expected cash flow discounting method. The cash flows are discounted by using a discount rate that reflects the current market evaluations of the time value of money and of the asset's specific risks (WACC- weighted average cost of capital). Expected cash flows are inferred from plans approved by the competent Board of Directors.

Impairment losses of goodwill cannot be reversed. In the case of other assets, at each reporting date, impairment losses recognised in previous years are measured in order to recognise the existence of any indication suggesting the possible reduction or non-existence of the loss. The impairment of an asset is reversed when a change occurs in the valuations used for calculating the recoverable amount. The carrying amount resulting after the reversal of the impairment loss must not exceed the carrying amount that would have been determined (net of amortisation) if the impairment loss on the asset had never been recorded.

**(i) Taxes**

Taxes for the year include current taxes and deferred taxes. Income taxes are recognised in profit or loss, except those related to transactions recognised directly in equity that are accounted for in it.

Current taxes represent the estimate of the amount of the income taxes due, calculated on the taxable profit for the year, determined by applying the tax rates in force or essentially in force at the end of the reporting period and any adjustment to the amount related to the previous years.

Deferred taxes are allocated in compliance with the equity method, calculating the temporary differences between the carrying amounts of assets and liabilities recorded in the financial statements and the corresponding values recognised for tax purposes. Deferred taxes are not allocated for the following temporary differences: initial recognition of goodwill, initial recognition of assets or liabilities in a transaction other than a business combination that does not affect the accounting profit or the taxable profit, as well as in the case of differences relating to investments in subsidiaries and companies subject to joint control for which it is possible to control the cancellation time and it is likely that in the foreseeable future the temporary difference will not be reversed.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applicable in the year in which the asset or the liability to which they refer will be realised or discharged, respectively, on the basis of tax rates established by the measures in force or essentially in force at the reporting date.

Deferred tax assets are recognised to the extent that a future taxable profit against which these assets can be used may be available. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be achieved.

Additional income taxes resulting from the distribution of dividends are accounted for when the liability for the dividend payment is recognised. There are no reserves that will be taxed when distributed.

**(i) Provisions**

The Company recognises a provision when it has reliably a (legal or constructive) obligation, as a result of a past event and the amount can be estimated, and it is also likely that the utilisation of resources that can produce economic benefits will be necessary to fulfil the obligation. The amount of the provision is represented by the present value of expected estimated cash flows discounted at a pre-tax rate that reflects current market evaluations of the present value of money and the risks specific to the liability.

The Company recognises a provision for restructuring when the detailed and formal programme for restructuring has been approved and the restructuring has either started or publicly announced. No provisions have been set aside for future operating costs.

### (m) Employee benefits

*Defined contribution plans*

Contributions to defined contribution plans are recognised as a cost in profit or loss in the year in which they are incurred. Contributions paid in advance are recognised under Assets to the extent that the advance payment will result in a reduction of future payments or a refund.

*Defined benefit plans*

The Company's net liability arising from defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that the employees have accrued in exchange for their services carried out in the current year and in prior years; this benefit is discounted and the fair value of plan assets are deducted from the liabilities.

The calculation is carried out by a third-party consultant using the projected unit credit method. If the calculation generates a benefit for the Company, the amount of the asset recognised is limited to the present value of the economic benefits available in the form of repayments from the plan or of reductions in future contributions of the plan. In order to determine the present value of financial benefits, minimum funding requirements that apply to any plan of the Company are considered.

Actuarial gains and losses, returns on plan assets (excluding interest) and the effect of the ceiling of the asset (excluding any interest) that arise as a result of revaluations of the net liability for defined benefit plans are immediately recognised in other comprehensive income (expense). Net interests for the year on the net liability/(asset) for defined benefits are calculated by applying to the net liability/(asset) the discount rate used for discounting the defined-benefit obligation, calculated at the beginning of the year, considering any changes in the net liability/(asset) for defined benefits occurred during the year following the payment of contributions and benefits. Net interest and other costs relating to defined benefit plans are recognised in the profit (loss) for the year.

When changes are made to the benefits of a plan or when the plan is curtailed, the portion of the economic benefit related to past services or the profit or loss deriving from the curtailment of the plan are recognised in profit (loss) for the year when the adjustment or the reduction occurs.

The post-employment benefits due to the employees pursuant to Article 2120 of the Italian Civil Code fall within defined benefit pension plans, plans based on the working life of employees and on the remuneration received by the employee during a previously established service period.

In particular, the liability for post-employment benefits is recorded in the financial statements based on its actuarial value, as it qualifies as an employee benefit payable under a defined benefit plan. Recognition in the financial statements of the defined benefit plans requires estimating with actuarial techniques the amount of employee benefits accrued in exchange for the work carried out in the current and prior years and discounting these benefits in order to determine the present value of the Company's commitments.

Italian law no. 296 of 27 December 2006 (2007 Finance Act) introduced new rules for post-employment benefits accruing from 1 January 2007.

Following the supplementary pension reform:

- the portions of post-employment benefits accrued up until 31 December 2006 remain in the company;

- the portions of post-employment benefits accruing since 1 January 2007 must, at the employee's option, according to explicit or tacit acceptance:

a) be allocated to supplementary pension plans;

b) be held within the company, which will transfer the portions of post-employment benefits to the treasury fund managed by INPS (the Italian Social Security Institution).

In both cases, the portions of post-employment benefits accrued after 1 January 2007 (or on the date the choice is made in the case of allocation to supplementary pension plans) are considered as a defined contribution plan.

The 2007 Finance Act did not involve any amendment in the accrued post-employment benefits as at 31 December 2006, which therefore falls within the defined benefit pension plans. Moreover, as a result of the new regulations introduced by the 2007 Finance Act, the post-employment benefits "accrued" before 1 January 2007 (or on the date the choice is made in the case of allocation to supplementary pension plans) undergo a significant change in calculation since the actuarial assumptions previously linked to salary increases no longer exist. More specifically, the liability related to the "accrued post-employment benefits" is measured using actuarial techniques as at 1 January 2007 (or on the date the choice is made in the case of allocation to supplementary pension plans) without applying the pro-rata (years of service already rendered/total years of service), in that the employee benefits up until 31 December 2006 (or on the date the choice is made in the case of allocation to supplementary pension plans) can be considered almost entirely accrued (with the sole exception of revaluation). It follows that, for the purposes of this calculation, "current service costs" related to future employee work must be considered null in that they are represented by payments of contributions to supplementary pension funds or to the INPS treasury fund.

*Short-term benefits*

Short-term employee benefits are recognised as a cost on an undiscounted basis when the service giving rise to such benefits is supplied.

The Company recognises a liability for the amount expected to be paid in the form of profit sharing and incentive schemes when it has an actual, legal or constructive obligation to make such payments as a result of past events and the obligation can be reliably estimated.

*Long-term employee benefits*

The Company's net liability as a result of long-term employee benefits corresponds to the amount of the future benefit that the employees have earned for work done in the current year and in previous years. This benefit is discounted. Revaluations are recognised in profit (loss) for the year when they emerge.

*Benefits due to employees for termination of employment*

The benefits due to employees for termination of employment are recognised as an expense when the Company has committed without possibility of withdrawal to provide such benefits, or when the Company recognises restructuring costs, whichever is earlier. Benefits that are entirely payable more than twelve months after the end of the financial year are discounted.

*Share-Based Payments*

The fair value of the amount payable to employees with regard to the share revaluation rights, settled in cash, is recognised as a cost with a corresponding increase in liabilities over the period during which employees become entitled to the unconditional right to receive the payment. The liability is measured at the end of each reporting period and at the settlement date on the basis of the fair value of the rights of share revaluation. Any changes in the fair value of the liability are recognised in profit or loss as personnel costs.

**(n) Revenue**

Revenue from services rendered is recognised in profit or loss based on the progress of the service at the reporting date. The progress is measured on the basis of work measurements. With reference to the supply of temporary work, this measurement is related to the physical presence of the worker at the customer's company.

Revenue is recognised when the recoverability of the consideration is probable and the costs of providing the service can be reliably estimated.

**(o) Grants**

Capital contributions and grants related to income are recognised when there is a reasonable certainty that the Company will meet the conditions for obtaining the grants and that the grants will be received. Capital contributions are recorded in the statement of financial position as deferred revenue under "Other payables" and systematically recognised in profit or loss against depreciation of the assets for which the grant was received. Grants related to income are recognised in profit or loss under the item "Other income".

**(p) Financial income and expense**

Financial income includes interest income on invested cash, dividends, income from the sale of available-for-sale financial assets, changes in fair value of financial assets recognised through profit or loss, exchange rate gains and gains on hedging instruments through profit or loss. Interest income is recognised in profit or loss on an accruals basis using the effective interest method. Dividends are recognised when the Company's right to receive payment is established.

Financial expense includes interest expense on loans and finance leases, exchange rate losses, changes in fair value of financial assets designated at fair value through profit or loss, impairment losses on financial assets and losses on hedging instruments recognised in profit or loss. Costs related to loans and finance leases are recognised in profit or loss using the effective interest method.

### (q) Payments relating to leases

Operating lease payables are recognised as a cost throughout the period of validity of the agreements and on an accruals basis of the lease payments envisaged in them.

The minimum payments due for finance leases are divided between interest expense and reduction of the residual payable. Interest expense is spread over the duration of the lease agreement so as to obtain a constant interest rate on the residual liability. Contingent lease payments are accounted for by revising the minimum payments due over the residual duration of the lease when the lease adjustment is notified.

### (r) New standards published but not yet adopted

Several new standards or amendments to the standards and interpretations have been endorsed by the European Union and the relevant application is mandatory for years beginning after 1 January 2017; these standards have not been adopted in the preparation of these separate financial statements. Standards that could have an impact on the Company are indicated below.

*IFRS 9 Financial instruments*

Published in July 2014, IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new provisions for the recognition and measurement of financial assets, financial liabilities and some contracts for the purchase and sale of non-financial elements for the classification and measurement of financial assets, including a new model for expected losses for the purposes of calculating impairment losses on financial assets, and new general provisions for hedge accounting. It also includes provisions for the recognition and derecognition of financial instruments in line with current IAS 39.

The Company will apply IFRS 9 as of 1 January 2018.

IFRS 9 replaces the "incurred loss" model laid out in IAS 39 with a model forecasting "expected credit losses".

The new model of impairment losses will apply to financial assets measured at amortised cost, and in particular trade receivables, taking into account all possible events of default throughout their expected life.

Impairment losses on cash and cash equivalents will be measured in accordance with the expected loss approach in the 12 subsequent months, on the basis of the external credit ratings of the counterparties. Based on Company's assessment, the application of the provisions of IFRS 9 on impairment losses on financial assets will not generate significant effects. The Company has no financial assets designated at fair value, it did not designate financial liabilities at fair value and it has no hedge accounting, and therefore the application of the provisions of IFRS 9 is not expected to have a significant effects on those aspects. IFRS 9 will require a new adequate financial statements disclosure, in particular on credit risk and expected credit losses. The amendments to accounting standards deriving from the adoption of IFRS 9 will be applied retroactively.

*IFRS 15 Revenue from Contracts with Customers and clarifications to IFRS 15*

IFRS 15 redefines the procedures for the recognition of revenue from contracts with customers. The standard replaces the recognition criteria set out in IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Company will apply IFRS 15 as of 1 January 2018.

The Company operates primarily in the provision of services relating to the supply of temporary workers, so a single performance obligation can be identified and it is deemed that the customer simultaneously receives and consumes the benefits of the services provided by the Company. The measurement of the degree of progress in fulfilling the contractual obligation is related to the physical presence of the worker at the customer's company and the service rendered is invoiced on a monthly basis. In the determination of the contractual consideration, there are no significant variable amounts, significant advance or deferred payment conditions with respect to sector practices or amounts paid to customers that are not considered a reduction of the contractual consideration. Based on the Company's assessment, no significant effects are expected from the application of the provisions of IFRS 15.

IFRS 15 will require a new adequate financial statements disclosure from both a qualitative and quantitative point of view. The amendments to accounting standards deriving from the adoption of IFRS 15 will be applied retroactively.

*IFRS 16 Leasing*

IFRS 16 redefines the procedures for the recognition of lease agreements. The standard replaces IAS 17 Leasing, as well as IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC 15 Operating Leases—Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single model for the recognition of lease agreements in the financial statements for the lessee, requiring, as a general rule, the recognition under assets of the right to use the asset and in the balance sheet liabilities of the financial liability that represents the obligation to pay the principal amount of the lease payments. Except in the case of limited exceptions (short-term and low value leases), the adoption of the accounting treatment currently laid out in IAS 17 for operating leases will no longer be permitted.

IFRS 16 is effective for years beginning on or after 1 January 2019. Early application is permitted. The Company is considering the potential effect of the application of IFRS 16 on the financial statements.

**(s) Financial risk management**

The Company is exposed to the following risks arising from the use of financial instruments:

- credit risk;
- liquidity risk;
- interest rate risk.

This section provides information on the Company's exposure to each of the above risks, the objectives, policies and processes for managing those risks and the methods used to measure them, as well as the management of the Company's capital.

The Board of Directors of Openjobmetis S.p.A. is responsible for creating and supervising the Company's risk management system.

The purpose of the Company's risk management policies is to identify and analyse the risks to which it is exposed, establish proper limits, and control and monitor the risks and the observance of such limits. These policies and related systems are revised regularly in order to reflect any changes in market conditions and the Company's activities. Through training, standards and management procedures, the Company aims to create a regulated and constructive control environment in which its employees are aware of their roles and responsibilities.

*(i) Credit risk*

The credit risk is the risk that a customer or counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation, and mainly arises from the Company's trade receivables.

The Company's exposure to credit risk mainly depends on the specific characteristics of each customer. The Company's customer portfolio consists of a large number of customers, and does not show significant levels of concentration vis-à-vis few customers. The main type of customer consists of medium- small sized companies, operating in almost all sectors. There is no strong geographic concentration of credit; part of it is mainly located in the regions of central and northern Italy. Any deterioration in the general economic environment or negative credit market developments could have adverse effects on customer relations, compromising the possibility for the Company to recover its trade receivables and influencing the management of working capital.

The Company keeps the customer base diversified, and consequently it reduces the risks associated with debt recovery.

Before supplying temporary workers, a proper evaluation procedure is carried out envisaging that the creditworthiness of each new customer must be analysed individually before offering the standard conditions in terms of payment and supply. This analysis also includes external assessments, where available, and, in some cases, banking information.

Supply limits, representing the maximum credit line beyond which the direct approval of the Management is required, are established for each customer.

Overall, the amount due from customers mainly consists of the total expense of the temporary worker's remuneration, which includes in addition to the elements of normal remuneration as per the National Labour Agreement of reference, also remuneration accrued but not paid (thirteenth month and fourteenth month pay, holidays plus any other element), the margin and VAT calculated only on the Company's margin.

Splitting the macro items that determine the value of the trade receivable offers a different degree of legal protection of the receivable. In fact, in case of customer bankruptcy, only the portion of receivable representing the remuneration of the temporary worker is secured during repayment.

For the valuation method, please see section *h) Impairment losses (h.1) Financial assets*.

*(ii) Liquidity risk*

Liquidity risk is the risk that the Company has difficulty in meeting the obligations related to financial liabilities. The Company's approach in the management of liquidity is to ensure, as much as possible, that there are always sufficient funds for fulfilling its obligations when due, both in normal conditions and during a financial tension, without having to bear excessive costs or running the risk of damaging its own reputation.

The Company monitors the economic and financial performance of each Branch, thus facilitating the monitoring of liquidity requirements and optimising the return on investment. Generally, the Company makes sure that there are cash and cash equivalents on demand sufficient for covering expected operating costs for a period of 60 days, including those relating to liabilities represented by "Contract Employee Benefits" and to related contributory liabilities.

Moreover, the Company has had the following credit lines over the years:

*2017*

EUR 7 million of cash revolving credit lines backed by collateral, at an average interest rate equal to the 3-month Euribor plus 2.5%, subject to compliance with economic and financial parameters as described below;

EUR 97 million of credit lines that can be used against presentation of short-term trade receivables, generally at a variable rate linked to the Euribor.

*2016*

EUR 7 million of cash revolving credit lines, at an average interest rate equal to the 3-month Euribor plus 2.5%, subject to compliance with financial covenant as described below;

EUR 83 million of credit lines that can be used against presentation of short-term trade receivables, generally at a variable rate linked to the Euribor.

As described below, the Company is subject to compliance with economic and financial parameters included in the loan agreement and calculated at the level of the Parent Company's consolidated financial statements.

With particular reference to the senior loan existing as at 31 December 2017, it should be noted that it provides for specific early repayment obligations in certain cases.

Moreover, the Company has the following financial guarantees in place:

(In thousands of EUR)

| ***Beneficiary*** | ***Type*** | **2017** | **2016** | **Change** |
|---|---|---|---|---|
| Ministry of Labour | Authorisation pursuant to Italian Legislative Decree no. 276 | 23,048 | 21,281 | 1,767 |
| Third Parties | Sureties for participating in tenders | 112 | 34 | 78 |

| | | | | |
|---|---|---|---|---|
| Third Parties | Sureties for leases | 633 | 509 | 124 |
| Third Parties | Other | 211 | 549 | (338) |
| **Total** | | **24,004** | **22,373** | **1,631** |

Guarantees given in favour of the Ministry of Labour refer to the legal requirement to issue appropriate guarantees for the amount due to workers employed on temporary employment contract.

Sureties for leases refer to guarantees given in favour of various owners of the buildings in which the head office of the Company and some Branches are located.

*(iii) Interest rate risk*

The Company does not recognise any fixed-rate financial assets and liabilities; during the previous years, derivative contracts hedging the risk of fluctuations in interest rate were put in place with reference to part of the financial liabilities of the Senior Loan. The above-mentioned hedging derivatives were terminated in 2017 as they reached their natural expiry.

The Company's financial indebtedness has variable interest rates, therefore the Company could be exposed to the risks associated with fluctuations in interest rates, but given the current market situation, the Company did not deem it appropriate to adopt instruments to hedge potential interest rate fluctuations.

**(t) Segment Reporting**

For the purposes of IFRS 8 "Operating Segments", the Company" business has only one operating segment. For a more detailed analysis of the outlook and the operating indicators, please refer to the Report on Operations.

**3. Acquisitions of subsidiaries and non-controlling interests**

The original goodwill of EUR 44,572 thousand generated as from 1 July 2007 refers mainly to the skills and technical knowledge of the personnel of the Openjob S.p.A. Company (with particular reference to Openjob S.p.A., In Time S.p.A. and Quandoccorre S.p.A.) acquired in June 2007 by WM S.r.l., which was subsequently the subject of a reverse merger into Openjob S.p.A..

Moreover, during this business combination, the value of the customer relations of Openjob S.p.A. and of the subsidiary Intime S.p.A. was reported for EUR 2,472 thousand and EUR 1,390 thousand, respectively, on the basis of an appraisal drawn up by an independent expert.

Following the acquisition and subsequent merger of Metis S.p.A. on 31 December 2011, due to the elimination of the carrying amount of the equity investment of EUR 34,989 thousand, against the related equity on the date of acquisition of 31 March 2011, amounting to EUR 7,795 thousand (IFRS carrying amount before the acquisition EUR 6,835 thousand) expressed in current values (i.e. after recognising a value of customer relations of EUR 1,400 thousand and related deferred tax liabilities), a merger deficit was generated, entirely allocated to goodwill, of EUR 27,164 thousand.

Finally, in January 2013, Openjobmetis S.p.A. acquired the company Corium S.r.l. for EUR 477 thousand against equity, adjusted at the date of acquisition, of approximately EUR 94 thousand.

## 4. Property, plant and equipment

The following tables show the changes occurred in this item.

| *(In thousands of EUR)* | **Land and buildings** | **Plant and equipment** | **Other items of property, plant and equipment** | **Tangible assets under construction** | **Assets under finance lease** | **Leasehold improvements** | **Total** |
|---|---|---|---|---|---|---|---|
| *Cost:* | | | | | | | |
| **Balances as at 1 January 2017** | **1,862** | **715** | **3,076** | **--** | **109** | **186** | **5,948** |
| Increases | -- | 174 | 665 | -- | -- | -- | 839 |
| Decreases | -- | 46 | 249 | -- | -- | 4 | 299 |
| Reclassification | -- | -- | -- | -- | -- | -- | -- |
| **Balances as at 31 December 2017** | **1,862** | **843** | **3,492** | **--** | **109** | **182** | **6,488** |
| *Depreciation and impairment:* | | | | | | | |
| **Balances as at 1 January 2017** | **695** | **467** | **2,449** | **--** | **109** | **186** | **3,906** |
| Increases | 55 | 113 | 378 | -- | -- | -- | 546 |
| Decreases | -- | 39 | 186 | -- | -- | 4 | 229 |
| **Balances as at 31 December 2017** | **750** | **541** | **2,641** | **--** | **109** | **182** | **4,223** |
| *Carrying amounts:* | | | | | | | |
| **As at 1 January 2017** | **1,167** | **248** | **627** | **--** | **--** | **--** | **2,042** |
| **As at 31 December 2017** | **1,112** | **302** | **851** | **--** | **--** | **--** | **2,265** |

| *(In thousands of EUR)* | Land and buildings | Plant and equipment | Other items of property, plant and equipment | Tangible assets under construction | Assets under finance lease | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|
| *Cost:* | | | | | | | |
| **Balances as at 1 January 2016** | 1,862 | 635 | 2,953 | **35** | **109** | 188 | 5,782 |
| Increases | -- | 107 | 430 | -- | -- | -- | 537 |
| Decreases | -- | 27 | 342 | -- | -- | 2 | 371 |
| Reclassification | -- | -- | 35 | (35) | -- | -- | -- |
| **Balances as at 31 December 2016** | **1,862** | **715** | **3,076** | **--** | **109** | **186** | **5,948** |
| *Depreciation and impairment:* | | | | | | | |
| **Balances as at 1 January 2016** | **641** | **407** | **2,307** | **--** | **109** | **188** | **3,652** |
| Increases | 54 | 73 | 398 | -- | -- | -- | 525 |
| Decreases | -- | 13 | 256 | -- | -- | 2 | 271 |
| **Balances as at 31 December 2016** | **695** | **467** | **2,449** | **--** | **109** | **186** | **3,906** |
| *Carrying amounts:* | | | | | | | |
| **As at 1 January 2016** | **1,221** | **228** | **646** | 35 | **--** | **--** | **2,130** |
| **As at 31 December 2016** | **1,167** | **248** | **627** | **--** | **--** | **--** | **2,042** |

*Land and buildings*

The item includes buildings in the provinces of Udine, Brescia and in Rodengo Saiano (BS) plus one in Aprilia, held by means of a specific finance lease agreement; at the end of the lease agreement, the Company will be able to purchase the building at a previously established redemption price.

In 2008, following the business combination, the amount of EUR 501 thousand was recognised related to the greater value of the buildings based on the appraisal provided by an independent expert; this greater value, mainly related to the building of Rodengo Saiano (BS), has not undergone significant changes since the last time the appraisal was updated.

*Plant and equipment*

The Company owns some non-current assets mainly related to equipment, plant and furniture at the Branches.

*Other items of property, plant and equipment*

The item mainly includes electronic office machines, furniture and fittings, illuminated signs and motor vehicles.

## 5. Intangible assets and goodwill

The following tables show the changes occurred in this item.

| *(In thousands of EUR)* | Goodwill | Customer relations | Software | Assets under development and payments on account | Total |
|---|---|---|---|---|---|
| *Cost:* | | | | | |
| **Balances as at 1 January 2017** | **71,736** | **8,152** | **2,136** | **--** | **82,024** |
| Increases | -- | -- | 184 | -- | 184 |
| Decreases | -- | -- | -- | -- | -- |
| Reclassification | -- | -- | -- | -- | -- |
| **Balances as at 31 December 2017** | **71,736** | **8,152** | **2,320** | **--** | **82,208** |
| *Amortisation and impairment:* | | | | | |
| **Balances as at 1 January 2017** | **--** | **7,974** | **1,297** | **---** | **9,271** |
| Increases | -- | 45 | 230 | -- | 275 |
| Decreases | -- | -- | -- | -- | -- |
| **Balances as at 31 December 2017** | **--** | **8,019** | **1,527** | **--** | **9,546** |
| *Carrying amounts:* | | | | | |
| **As at 1 January 2017** | **71,736** | **178** | **839** | **--** | **72,753** |
| **As at 31 December 2017** | **71,736** | **133** | **793** | **--** | **72,662** |

| *(In thousands of EUR)* | Goodwill | Customer relations | Software | Assets under development and payments on account | Total |
|---|---|---|---|---|---|
| *Cost:* | | | | | |
| **Balances as at 1 January 2016** | **71,736** | **7,952** | **1,296** | **632** | **81,616** |
| Increases | -- | 200 | 3 | 205 | 408 |
| Decreases | -- | -- | -- | -- | -- |
| Reclassification | -- | -- | 837 | (837) | -- |
| **Balances as at 31 December 2016** | **71,736** | **8,152** | **2,136** | **--** | **82,024** |
| *Amortisation and impairment:* | | | | | |
| **Balances as at 1 January 2016** | **--** | **7,566** | **1,199** | **--** | **8,765** |
| Increases | -- | 408 | 98 | -- | 506 |
| Decreases | -- | -- | -- | -- | -- |
| **Balances as at 31 December 2016** | **--** | **7,974** | **1,297** | **--** | **9,271** |
| *Carrying amounts:* | | | | | |
| **As at 1 January 2016** | **71,736** | **386** | **97** | **632** | **72,851** |
| **As at 31 December 2016** | **71,736** | **178** | **839** | **--** | **72,753** |

*Goodwill*

At the end of each year, the Group tests goodwill for impairment. The impairment test on goodwill is carried out on the basis of the value in use through calculations based on projected cash flows taken from the five-year business plan.

The impairment test as at 31 December 2017 was made considering the cash generating unit consisting of all the operating assets and liabilities of the Group as a reference; the recoverable amount of the cash generating unit was tested by calculating the value in use, i.e. the present value of expected cash flows (discounted cash flow) using a rate that reflects the specific risks at the measurement date (WACC).

The measurement was carried out on the basis of the 2018-2022 business plan, approved by the Board of Directors of the Company on 30 January 2018, prepared by management on the basis of both the historical economic and financial performances of the Group and the expected future trend (the OECD forecasts GDP growth of 1.5% in 2018, which should be confirmed in 2019 as well), and considering the strategy of the Group, the expected trend of the market of reference and the general macroeconomic situation. Provisional cash flows were estimated according to the following assumptions:

- Revenue from temporary work: in the assumption of a growth of Italy's GDP and by reason of the fact that in past years there has always been a very strong positive relation between changes in GDP and changes in the domestic market of temporary work services, the assumption as regards revenue for the Company is of a growth, on a like-for-like basis, of 6.5% in 2018; the forecast then drops to around 4.2% from 2019 to 2021, further reduced to 2.5% in 2022;

- Revenue from Training and Personnel Recruitment and Selection: expected to grow by between 1% and 2% more than revenue from services.

These assumptions are based on the following growth drivers: Italian economic recovery and expected developments in the target market and the opportunities provided by changes in the regulatory framework.

To calculate the terminal value, a prudential assumption was adopted of a steady state scenario (g-rate equal to zero), in which, given a zero growth, the obtainable cash flow on a like-for-like basis and from the year following the year related to the analytical forecasts, was estimated according to the following main assumptions:

- EBITDA, normal average equal to the last year of analytical forecast;

- maintenance capital expenditure, equal to EUR 1 million;
- costant working capital;
- costant provisions.

These projections reflect the current conditions of all the operating assets and liabilities of the Group being measured and the values used are consistent with the historical performance of the Group, and partially diverging from the expectations of management in relation to the mentioned expected trends in the market of reference.

Due to their nature, forecasts are subject to unforeseen elements that could still affect them, such as failure by GDP to increase as expected, changes in interest rates and inflation rates, changes in revenue, margins and collection terms from customers because of the macroeconomic trend.

Projected cash flows were therefore discounted taking into account a cost of unlevered risk capital, calculated on the basis of the Capital Asset Pricing Model (CAPM), of 10.5% (previous year equal to 10.0%) gross of the related tax effect. This rate reflects the current market evaluation of the time value of money for the period in question and the specific risks of the sector and country, Italy, where the Group operates. The WACC as at 31 December 2017 was estimated on the basis of the following assumptions:

- the risk-free rate used (3.5%) is equal to the sum of the real interest rate (1.5%) and expected inflation rate in the long term (2%);
- the estimated beta coefficient (unlevered) was 1.1 on the basis of the characteristics of the sector concerned and of the betas recognised with reference to a sample of listed companies belonging to the sector concerned;
- the equity risk premium used is 5.5%;
- the country risk premium was assumed to be equal, by approximation, to the difference between the yield on Italian and German long-term government bonds registered at the end of 2017 (approximately 1.5%).

The present value of the tax shield of the debt - i.e. of the tax benefits related to the deductibility of financial expense - was added to the present value of expected cash flows.

The value in use as at 31 December 2017 calculated in this way was greater than the carrying amount of the cash generating unit. Therefore, no impairment losses were recognised as at 31 December 2017, as in previous years.

The carrying amount and the recoverable amount of the CGU, as recognised at the end

*(In thousands of EUR)*

| Years | Carrying amount | Recoverable amount | Amount in excess, recoverable with respect to the carrying amount |
|---|---|---|---|
| 2015 | 111,337 | 125,062 | 13,725 |
| 2016 | 118,218 | 161,350 | 43,132 |
| 2017 | 124,369 | 163,880 | 39,511 |

Even though the assumptions on the macroeconomic scenario, the developments in the sector in which the Group operates and the estimates of future cash flows are deemed appropriate, changes in the assumptions or circumstances can require that the analysis described above be modified. The sensitivity analysis as at 31 December 2017 shows that the value in use is equal to the carrying amount of the Cash Generating Unit in the event of an increase in the discount rate of 2.9 percentage points, all the other conditions being equal; similarly, in the case of a reduction in the cash flows by 24.2% throughout the plan period, the value in use would equal the carrying amount of the Cash Generating Unit.

It should also be noted that the impairment test as at 31 December 2017, approved by the Board of Directors of the Company on 9 March 2018, was not subject to a fairness opinion by independent experts. Finally, appraisals drawn up by an independent advisor were used for preparing it. Finally, it should be noted that at 31 December 2017 the Company, whose shares are traded on the STAR segment of the online stock exchange (MTA) managed by Borsa Italiana S.p.A., capitalised approximately EUR 176,610 thousand.

*Customer relations*

The item Customer relations includes the value attributed to customer relations of the former Openjob S.p.A. (historical cost of EUR 2,472 thousand) and of Intime S.p.A. (historical cost of EUR 1,390 thousand), as identified by the appraisal prepared by an independent expert. Customer relations were considered representative of the intangible asset that makes a significant, as well as specifically identifiable, contribution to forming the Company's result. In particular, the "excess earning method" was used to calculate it on the basis of which the income attributed to customer relations was obtained by deducting from the expected cash flows over the time horizon that defines the economic life of the intangible asset itself, defined below, the remuneration for the use of other items of property, plant and equipment and intangible assets that form the Company's result. Therefore, these cash flows were discounted at a rate of 9.97% deemed consistent with the risk profile attributable to the intangible asset in question. Its remaining useful economic life was identified as 7.5 years starting from the date of the estimate with reference to 30 June 2007. The item increased in 2009 and 2010 (a total of EUR 2,690 thousand) due to the acquisition of the business unit of J.O.B. S.p.A. consisting mainly of contracts in progress on the date of acquisition. Consequently, the amount paid was considered mainly due to customer relations at the date of acquisition, and was therefore recognised under Customer Relations. The useful life is deemed to be similar to the Customer Relations identified previously and therefore it is amortised over 7.5 years. The item increased again (EUR 1,400 thousand) in 2011 due to the acquisition of Metis S.p.A.: in this specific case, the value identified by the appraisal prepared by an independent expert, with the same criteria previously used, is amortised over 4.5 years. Lastly, on 1 July 2016, the historical cost increased by EUR 200 thousand following the purchase of the "Noi per Voi S.r.l." customer database and is amortised over 4.5 years.

*Software*

The item Software is related to the operating and management programs acquired by the Company. The project to develop the Databook software, dedicated to supporting operational processes and exchanges of information regarding the activities of the Agenzia per il Lavoro, was completed towards the end of 2016 and the costs have subsequently been reclassified to software. The application is amortised from 2017.

*Assets under development*

As at 31 December 2017 there were no assets under development.

## 6. Equity investments in subsidiaries

The changes during the year were as follows:

| *(In thousands of EUR)* | **Seltis S.r.l.** | **Openjob Consulting S.r.l.** | **Corium S.r.l.** | **Total** |
|---|---|---|---|---|
| **Balance as at 1 January 2016** | **598** | **329** | **527** | **1,454** |
| Acquisitions | - | - | - | - |
| Value increases | - | - | **112** | **112** |
| Value decreases | - | - | - | - |
| **Balance as at 31 December 2016** | **598** | **329** | **639** | **1,566** |
| Acquisitions | - | - | - | - |
| Value increases | - | - | **150** | **150** |
| Value decreases | - | - | **(312)** | **(312)** |
| **Balance as at 31 December 2017** | **598** | **329** | **477** | **1,404** |

A comparison between the carrying value of equity investments and the respective equity is shown below.

| *(In thousands of EUR)* | **Share capital** | **Net Equity** | **Stake** | **Value pro-rata (A)** | **Carrying amount (B)** | **Differences (A-B)** |
|---|---|---|---|---|---|---|
| Seltis S.r.l. | 110 | 937 | 100% | 937 | 598 | 339 |
| Openjob Consulting S.r.l. | 100 | 3,024 | 100% | 3,024 | 329 | 2,695 |
| Corium S.r.l. | 32 | 53 | 100% | 53 | 477 | (424) |
| **Total** | **242** | **4,014** | | **4,014** | **1,404** | **2,610** |

The company Seltis S.r.l. operates in the area of third-party personnel recruitment and selection; the company Openjob Consulting primarily provides training, execution and delivery of services to businesses, and third-party data processing, and the company Corium provides support in staff outplacement.

The negative difference with respect to the Corium S.r.l. subsidiary is mainly attributable to the goodwill paid at the time of the acquisition, as well as to the losses accounted for in previous years.

Although these losses are considered temporary, considering that the relaunch plan appears to be requiring more of an effort than was forecast previously, the investment was written down by an amount equal to that of the contributions made by the parent in the last two years to cover the relative losses.

### 7. Non-current financial assets

This item mainly consists of guarantee deposits paid for utilities of the registered office and the Branches.

### 8. Deferred tax assets and liabilities

Deferred tax assets and liabilities refer to the following items:

| *(In thousands of EUR)* | **Assets** | | **Liabilities** | | **Equity** | |
|---|---|---|---|---|---|---|
| | **31 Dec. 2017** | **31 Dec. 2016** | **31 Dec. 2017** | **31 Dec. 2016** | **31 Dec. 2017** | **31 Dec. 2016** |
| Property, plant and equipment | -- | -- | 183 | 189 | (183) | (189) |
| Intangible assets | 13 | 22 | -- | -- | 13 | 22 |
| Employee benefits | 4 | 9 | -- | -- | 4 | 9 |
| Provisions | 322 | 347 | -- | -- | 322 | 347 |
| Trade and other receivables | 1,069 | 859 | -- | -- | 1,069 | 859 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Costs with deferred deductibility | 500 | 507 | -- | -- | 500 | 507 |
| Interest expense that can be carried forward (Gross operating profit (loss)) | -- | 725 | -- | -- | -- | 725 |
| Listing costs | 363 | 544 | -- | -- | 363 | 544 |
| **Total** | **2,271** | **3,013** | **183** | **189** | **2,088** | **2,824** |

Temporary differences between the tax base of assets and liabilities and their carrying amounts were not excluded from the calculation of deferred taxes.

There are no tax losses that can be carried forward for which deferred tax assets can be recognised.

Tax assets and liabilities are measured using the tax rates that are expected to be applicable in the period in which the asset or the liability to which they refer will be realised or discharged, respectively.

Changes in net deferred tax assets and liabilities were as follows:

| *(In thousands of EUR)* | **Balance 01 January 2017** | **Changes in profit or loss** | **Balance 31 December 2017** |
|---|---|---|---|
| Property, plant and equipment | (189) | 6 | (183) |
| Intangible assets | 22 | (9) | 13 |
| Employee benefits | 9 | (5) | 4 |
| Provisions | 347 | (25) | 322 |
| Trade and other receivables | 859 | 210 | 1,069 |
| Costs with deferred deductibility | 507 | (7) | 500 |
| Interest expense that can be carried forward (Gross operating profit (loss)) | 725 | (725) | 0 |
| Listing costs | 544 | (181) | 363 |
| **Total** | **2,824** | **(736)** | **2,088** |

## 9. Cash and cash equivalents

The item includes the credit balance of bank and postal deposits and cash-in-hand.

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Bank and postal deposits | 787 | 6,391 | (5,604) |
| Cash in hand and cash equivalents | 20 | 20 | 0 |
| **Total cash and cash equivalents** | **807** | **6,411** | **(5,604)** |

With reference to the net financial indebtedness, as defined in Consob Communication no. 6064293, please refer to note 13 below.

## 10. Trade receivables

The item is made up as follows:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| From third-party customers | 127,497 | 106,296 | 21,201 |
| From related parties | 44 | 20 | 24 |
| Allowance for impairment | (5,095) | (4,005) | (1,090) |
| **Total trade receivables** | **122,446** | **102,311** | **20,135** |

As at 31 December 2017 and 2016, there were no trade receivables arising from factoring with recourse. Total receivables are exclusively related to Italian customers; therefore, there are no receivables in currencies other than the Euro. At the reporting dates, there was no concentration of receivables from a limited number of customers.

As at 31 December 2017 and 2016, the Company had no outstanding factoring transactions without recourse.

Trade receivables from related parties refer mainly to a receivable from the subsidiaries Openjob Consulting S.r.l. for EUR 13 thousand (EUR 8 thousand in 2016) and Corium S.r.l. for EUR 14 thousand (EUR 11 thousand in 2016), as well as EUR 17 thousand from Pallacanestro Varese (EUR 1 thousand in 2016).

The item is recorded in the financial statements net of an allowance for impairment of EUR 5,095 thousand. The increase in receivables is essentially due to the higher turnover achieved in 2017.

An analysis of the DSO shows that the extension days granted on average to customers appear to have decreased, compared with the same period of last year, from 81 to 76 days. By calculating the DSO only on the fourth quarter, i.e. receivables/quarterly revenue * 90 days, a DSO of 71 days is achieved, basically in line with 2016 (72 days).

Reference is made to note 30(a) "Impairment losses" for further information about the analysis of the exposure to trade receivables exposure at the reporting date.

## 11. Other receivables

The item is made up as follows:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Receivable for refunding of VAT and IRES receivable on 2007-2011 IRAP | 1,263 | 1,272 | (9) |
| Receivable from the INPS treasury funds for post-employment benefits | 1,813 | 1,416 | 397 |
| Prepayments for insurance costs | 17 | 19 | (2) |
| Other prepayments | 599 | 536 | 63 |

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Other disputed receivables | 1,095 | 1,095 | 0 |
| Receivable for domestic tax consolidation scheme | 10 | 274 | (264) |
| Receivables from Forma.Temp | 760 | 308 | 452 |
| Receivable from tax authorities for disputes | 1,594 | 1,328 | 266 |
| Other sundry receivables | 12 | 59 | (47) |
| **Total other receivables** | **7,163** | **6,307** | **856** |

The item Other disputed receivables refers to the receivable from a former Director of Metis who left office in 2009; the Provisions for risks reflect the considerations made for this litigation.

The item Receivables from tax authorities for disputes refers to the amounts paid following the assessment notices, as described in detail in note 29.

Other prepayments at 31 December 2017 of EUR 599 thousand and at 31 December 2016 of EUR 536 thousand mainly refer to advance costs entirely recognised during the current year, relating to sponsorships, bank fees and sundry rentals.

The item "Receivable for domestic tax consolidation scheme" regards the Company's receivables from the subsidiary Openjob Consulting S.r.l. due to participation in the tax consolidation scheme. For more information on related parties, please refer to note 32.

## 12. Current tax assets

As at 31 December 2017 there were no receivables from the tax authorities for current taxes. (EUR 316 thousand in 2016 from the tax authorities for IRES).

## 13. Bank loans and borrowings and other financial liabilities

This note illustrates the contractual conditions that regulate the Company's financial liabilities. For further information on the Company's exposure to the interest rate risk, reference is made to note 30.

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| **Non-current liabilities:** | | | |
| ICCREA BCC Loan | 0 | 1,006 | (1,006) |
| Tranche A Senior Loan | 13,559 | 15,896 | (2,337) |
| Finance lease payables | 50 | 61 | (11) |
| **Total non-current liabilities** | **13,609** | **16,963** | **(3,354)** |
| **Current liabilities** | | | |
| Tranche A Senior Loan | 7,600 | 12,675 | (5,075) |
| Non-guaranteed bank loans and borrowings | 17,416 | 17,881 | (465) |
| Derivative instruments | 0 | 51 | (51) |
| ICCREA BCC Loan | 1,006 | 1,994 | (988) |
| Finance lease payables | 12 | 11 | 1 |
| **Total current liabilities** | **26,034** | **32,612** | **(6,578)** |
| **Total current and non-current liabilities** | **39,643** | **49,575** | **(9,932)** |

On 26 June 2015, a medium to long-term amortising loan of EUR 35 million was subscribed and issued, which envisages a revolving credit line of EUR 7 million not used on the date of approval of the financial statements.

On 23 December 2016, a loan with a bank syndicate (BCC and ICCREA BANCA) was granted for EUR 3,000 thousand maturing 22 June 2018, to be repaid in 6 deferred quarterly instalments.

As of 31 December 2017, a portion of EUR 5,075 thousand of the senior loan was reclassified from current liabilities to non-current liabilities, as on 24 July 2017 the banks that granted the loan agreed to eliminate the clause providing for early repayment in the absence of acquisitions.

The contractual conditions of bank loans and borrowings and other financial liabilities, excluding derivatives, are set below:

| *(In thousands of EUR)* | | | | **31 December 2017** | | **31 December 2016** | |
|---|---|---|---|---|---|---|---|
| | **Curr.** | **Nominal interest rate** | **Year of maturity** | **Nominal amount** | **Carrying amount** | **Nominal amount** | **Carrying amount** |
| Tranche A Senior Loan | EUR | Euribor* | 2020 | 21,400 | 21,159 | 29,000 | 28,571 |
| ICCREA BCC Loan | EUR | Euribor** | 2018 | 1,006 | 1,006 | 3,000 | 3,000 |
| Non-guaranteed bank loans and borrowings | EUR | 0.40% *** | | 17,416 | 17,416 | 17,881 | 17,881 |
| Finance lease liabilities | EUR | 5.00% *** | 2021 | 62 | 62 | 72 | 72 |
| **Total interest-bearing liabilities** | | | | **39,884** | **39,643** | **49,953** | **49,524** |

* 1-month Euribor plus a spread ranging from a minimum of 2.15% to a maximum of 3.35% also in relation to compliance with certain financial constraints

** 3-month Euribor plus a 1.20% spread

*** These are approximate average rates

The new outstanding medium to long-term loan requires compliance with the economic and financial covenants normally applied on the market. The banks have the right to request the termination of the loan agreement only if two covenants – even if not the same – were not met for two measurement periods in succession. As has happened before in the past, at the reporting date the DSCR had not been met because of the significant increase in revenues which impacted working capital. There is no impact on the outstanding loan.

The covenants that must be complied with on a consolidated basis are shown below:

| Calculation Dates | NFI / EBITDA ≤ | NFI / E ≤ | DSCR ≥ |
|---|---|---|---|
| 31 December 2017 | 2.75x | 1.2x | 1.0x |
| 30 June 2018 | 2.3x | 1.1x | 1.0x |
| 31 December 2018 | 2.0x | 1.0x | 1.0x |

NFI = Net Financial Indebtedness

EBITDA = Profit (loss) for the year before income taxes, net financial expense, amortisation/depreciation, provisions and write-downs

E = Equity

DSCR = Debt Service Cover Ratio, ratio of Free cash flow to Debt Service, each calculated with respect to the same Reference Period at Group level

Finance lease payables are made up as follows:

| *(In thousands of EUR)* | Minimum finance lease payments due | Interest | Capital | Minimum finance lease payments due | Interest | Capital |
|---|---|---|---|---|---|---|
| **Non-current liabilities** | **2017** | **2017** | **2017** | **2016** | **2016** | **2016** |
| Due within one year | 15 | 3 | 12 | 14 | 3 | 11 |
| Due after one year | 54 | 4 | 50 | 67 | 6 | 61 |
| **Total** | **69** | **7** | **62** | **81** | **9** | **72** |

The table below shows the net financial indebtedness of the Company as at 31 December 2017 and 2016, calculated in accordance with the provisions of the Recommendation ESMA/2013/319.

| *(Amounts in thousands of EUR)* | | Financial statements for the year ended 31 December | | 2017/2016 Change | |
|---|---|---|---|---|---|
| | | **2017** | **2016** | **Value** | **%** |
| A | Cash | 20 | 20 | - | 0.0% |
| B | Other cash and cash equivalents | 787 | 6,391 | (5,604 ) | (87.7%) |
| C | Securities held for trading | - | - | - | - |
| D | **Cash and cash equivalents (A+B+C)** | **807** | **6,411** | **(5,604 )** | (87.4%) |
| E | Current financial receivables | - | - | - | - |
| F | Current bank loans and borrowings | (17,416 ) | (17,881 ) | 465 | (2.6%) |
| G | Current portion of non-current debt | (8,606 ) | (14,669 ) | 6,063 | (41.3%) |
| H | Other current financial payables | (12 ) | (62 ) | 50 | (80.6%) |
| **I** | **Current financial indebtedness (F+G+H)** | **(26,034 )** | **(32,612 )** | **6,578** | (20.2%) |
| **J** | **Net current financial indebtedness (D+E+I)** | **(25,227 )** | **(26,201 )** | **974** | (3.7%) |
| K | Non-current bank loans and borrowings | (13,559 ) | (16,902 ) | 3,343 | (19.8%) |
| L | Bonds issued | - | - | - | - |
| M | Other non-current payables | (50 ) | (61 ) | 11 | (18.0%) |
| **N** | **Non-current financial indebtedness (K+L+M)** | **(13,609 )** | **(16,963 )** | **3,354** | (19.8%) |
| **O** | **Net Financial Indebtedness (J+N)** | **(38,836 )** | **(43,164 )** | **4,328** | (10.0%) |

## 14. Employee benefits

### (a) current

The balance of the item current employee benefits includes:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Salaries payable to temporary workers | 28,860 | 24,996 | 3,864 |
| Emoluments payable to temporary workers | 6,989 | 5,546 | 1,443 |
| Post-employment benefits of temporary workers | 1,065 | 612 | 453 |
| Remuneration payable to employees | 2,763 | 2,081 | 682 |
| **Total payables for employee benefits** | **39,677** | **33,235** | **6,442** |

Given the nature of business carried out by the Company and the average duration of employment contracts with temporary workers, employee benefits represented by the post-employment benefits of temporary workers are paid on average during the first months of the following year and were consequently regarded as current liabilities. Therefore, the liability was not discounted and corresponds to the obligation due to temporary workers at the end of the contract.

The increase recorded at 31 December 2017 compared to 31 December 2016 is attributable to the greater number of tasks for temporary workers and to greater turnover in the last quarter of 2017 compared to 2016.

**(b) non-current**

The balance of the item Employee benefits relates to post-employment benefits to employees. The change in the payable related to employee benefits in the different years is summarised as follows:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Payables for employee benefits as at 1 January | 726 | 781 | (55) |
| Cost recognised in profit or loss | 14 | 13 | 1 |
| Payments during the year | (17) | (53) | 36 |
| Actuarial valuation | (22) | (15) | (7) |
| **Total payables for employee benefits** | **701** | **726** | **(25)** |

The amount is recognised in profit or loss as per the following table:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Current service cost | 0 | 0 | 0 |
| Interest expense on the obligation | 14 | 13 | 1 |
| **Total** | **14** | **13** | **1** |

The liability related to the post-employment benefits is based on the actuarial valuation made by external experts according to the following main parameters:

| | 2017 | 2016 |
|---|---|---|
| Projected future salary increases (average value) | 1.0% | 1.0% |
| Projected staff turnover | 9.0% | 9.0% |
| Discount rate | 1.9% | 1.8% |
| Average inflation rate | 1.5% | 1.5% |

## 15. Trade payables

The item includes trade payables for the provision of services and consultancy.

Total payables at the reporting date are exclusively due to Italian suppliers. Moreover, there are no payables in currencies other than the Euro. At the reporting date, there was no concentration of payables to a limited number of suppliers.

The item is broken down as follows:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Trade payables to third parties | 6,697 | 8,068 | (1,371) |
| Trade payables to related parties | 103 | 49 | 54 |
| **Total trade payables** | **6,800** | **8,117** | **(1,317)** |

Payables to related parties at 31 December 2017 derive mainly from the sponsorship contract with a sports company, as described in more detail in note 32.

## 16. Other payables

The item is broken down as follows:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Social security charges payable | 19,596 | 16,583 | 3,013 |
| Tax payables | 12,253 | 10,386 | 1,867 |
| Payables to Forma.Temp | 616 | 537 | 79 |
| Payables to subsidiaries for tax consolidation scheme | 66 | 37 | 29 |
| Other payables | 108 | 104 | 4 |
| **Total other payables** | **32,639** | **27,647** | **4,992** |

Social security charges payable mainly refers to payables to INPS (the Italian Social Security Institution), INAIL (the Italian National Institute for Insurance against Accidents at Work) and other social security institutions referring to wages and salaries to temporary workers and employees.

Payables to subsidiaries relate to the payable of EUR 23 thousand to the subsidiary Seltis S.r.l. and EUR 13 thousand to the subsidiary Corium S.r.l. for the domestic tax consolidation scheme.

The item Tax payables is broken down as follows:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Withholding taxes - Employees | 11,997 | 9,831 | 2,166 |
| VAT and other minor payables | 257 | 555 | (298) |
| **Total tax payables** | **12,254** | **10,386** | **1,868** |

Payables to Forma.Temp refer to the management contribution and the contribution for the training of permanent personnel hired in December.

### 17. Current tax liabilities

The current tax payable as at 31 December 2017 of EUR 2,644 thousand refers to tax liabilities for IRAP of EUR 278 thousand and to tax liabilities of EUR 2,366 thousand for the domestic tax consolidation scheme (IRES).

As at 31 December 2016, current tax liabilities refer to the amount due to the tax authorities for IRAP for EUR 154 thousand.

### 18. Provisions

Provisions were broken down as follows:

| *(In thousands of EUR)* | **Balance as at 01/01/2017** | **Increases** | **Uses** | **Balance as at 31/12/2017** |
|---|---|---|---|---|
| Disputes | 2,444 | 400 | (104) | 2,740 |

The item refers to possible future charges related to certain disputes with personnel, to a dispute related to a non-trade receivable and to a dispute with the Inland Revenue Agency, in regard to which reference should be made to note 29 for more information, in addition to other minor risks. The increase during the year relates to a fiscal risk with regard to which reference is made to note 29.

### 19. Equity

### (a) Share capital

| *(In thousands of shares)* | **2017** | **2016** |
|---|---|---|
| **Ordinary shares** | | |
| Issued as at 1 January | 13,712 | 13,712 |
| Issued as at 31 December | 13,712 | 13,712 |

As at 31 December 2017, the approved share capital consists of 13,712,000 ordinary shares held by Omniafin S.p.A. (17.8%), by MTI Investimenti S.A. (Luxembourg) (4.8%) and by Quaestio Italian Growth Fund (9.0%) while the rest (68.4%) is held by the market.

The Company did not issue any preference shares.

The share capital has been fully paid up.

### (b) Share premium reserve

The item Share premium reserve includes the share premium paid as a result of the share capital increase made during the extraordinary Shareholders' Meeting of 18 March 2005 (of EUR 3,899 thousand), the share premium recognised as a result of the share capital increase made on 11 June 2007 (of EUR 51 thousand), the share premium recognised as a result of the share capital increase made by injection on 14 March 2011 (of EUR 5,030 thousand), the share premium paid as a result of the share capital increase on 14 March 2011 (of EUR 7,833 thousand), the share premium recognised as a result of the conversion of the bond issue on 26 June 2015 (of EUR 700 thousand), and the share premium recognised as a result of the Public Offering of Sale and Subscription made on 3 December 2015 (of EUR 16,240 thousand). Lastly, the reserve was reduced by EUR 2,208 thousand for the portion of the listing costs related to the public subscription offering (i.e. costs directly attributable to the latter and portion pro rata of the other listing costs, in proportion to the number of shares related to the public subscription offering, relative to the total number of shares of the initial public offering, including the greenshoe option).

### (c) Other Reserves

The item Other Reserves includes the residual portion of EUR 15,602 thousand of the equity-related reserve of WM S.r.l. originally of EUR 25,959 thousand. This reserve was used in part to cover losses for 2007, and increased following the negative goodwill arising on the merger with Quandoccorre S.p.A.; subsequently, it decreased to cover the 2009 losses carried forward. As at 31 December 2017, in accordance with IAS 19, the net actuarial gain of EUR 22 thousand - resulting from the difference between the value of expected benefits calculated for the period of reference and the actual benefit resulting from the new measurement assumptions at the end of the period - was accounted for in equity.

The following table summarises the availability and usability of reserves:

| *(In thousands of EUR)* | Amount | Usability | Available portion | Use for coverage of losses over the past three years |
|---|---|---|---|---|
| Share capital | 13,712 | | -- | -- |
| Legal reserve | 1,090 | B | 1,090 | -- |
| Share premium reserve | 31,545 | A, B | 31,545 | -- |
| Other reserves | 26,372 | A, B, C | 26,372 | -- |
| **Total** | **72,719** | | | -- |
| **Available portion** | | | **59,007** | |

Key to symbols:

A = Share capital increase

B = Loss coverage

C = To be distributed to shareholders

The distributable portion is equal to the Other Reserves of EUR 26,372 thousand, plus the Share premium reserve of EUR 29,893 thousand.

## 20. Revenue

A breakdown of revenue by type of temporary work, all in Euro and from Italian customers, is summarised in the following tables:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Revenue from temporary work | 576,153 | 454,040 | 122,113 |
| Revenue from personnel recruitment and selection | 407 | 379 | 28 |
| Revenue from other activities | 1,261 | 1,332 | (71) |
| Expenses charged to Group companies | 262 | 240 | 22 |
| **Total Revenue** | **578,083** | **455,991** | **122,092** |

The item "revenue from other activities" mainly refers to revenue from Dote Lavoro, "Garanzia Giovani" (state-sponsored project for unemployed young people) and the sale of ad hoc training on assignment, and other minor revenue. For the item "Expenses charged to Group companies", please refer to note no. 32 relating to transactions with related parties.

## 21. Other income

The item includes:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Recognition of grants from Forma.Temp | 12,016 | 10,085 | 1,931 |
| Other sundry income | 1,048 | 1,967 | (919) |
| **Total other income** | **13,064** | **12,052** | **1,012** |

The grants from Forma.Temp refer to grants received for the repayment of the costs incurred for training courses for temporary workers, included in the item Costs from services.

The contributions are recognised by the Body on the basis of the specific reporting of costs for organising and carrying out the training activities. The relevant revenue recognition occurs in a timely manner on the basis of the reporting of costs incurred for each course.

The item Other sundry income mainly includes income relating to the collection of previously impaired receivable, to adjustments to the allocations of costs related to previous years and to other minor income.

## 22. Personnel expense

The item includes:

### Cost of temporary work

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Wages and salaries of temporary workers | 365,438 | 287,157 | 78,281 |
| Social security charges of temporary workers | 111,089 | 86,403 | 24,686 |
| Post-employment benefits of temporary workers | 18,829 | 14,054 | 4,775 |
| Forma.Temp contributions for temporary workers | 14,052 | 11,130 | 2,922 |
| Other costs of temporary workers | 2,630 | 1,980 | 650 |
| **Total personnel expense** | **512,038** | **400,724** | **111,314** |

Forma.Temp contributions refer to the compulsory payment to the Bilateral body of approximately 4% of some elements of gross salaries of temporary workers, to be allocated to the promotion of qualification courses of the workers themselves.

Other costs for temporary workers mainly refer to additional charges such as luncheon vouchers and various refunds.

### Employee costs

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Salaries and wages of employees | 19,360 | 17,393 | 1,967 |
| Social security costs of employees | 5,690 | 5,142 | 548 |
| Post-employment benefits of employees | 1,246 | 1,163 | 83 |
| Remuneration to the Board of Directors and committees | 1,320 | 1,186 | 134 |
| Social security costs of the Board of Directors | 64 | 63 | 1 |
| Other employee costs | 1,154 | 963 | 191 |
| Phantom Stock Option | 239 | 0 | 239 |
| **Total personnel expense** | **29,073** | **25,910** | **3,163** |

Other costs for personnel mainly refer to additional charges such as luncheon vouchers and various refunds.

The remuneration of key management personnel is indicated in note 33.

The average number of employees is set out below:

| Average number of employees | 2017<br>no. | 2016<br>no. | Change |
|---|---|---|---|
| Executives - employees | 2 | 2 | 0 |
| White-collar staff - employees | 562 | 532 | 30 |
| **Total** | **564** | **534** | **30** |

- *Share-based payments*

On 12 May 2017, the Board of Directors assigned to some Directors and key management personnel the option, i.e. the right to receive a sum of money corresponding to the increase in the value of the stock of Openjobmetis S.p.A. at the end of the three-year vesting period and subject to the occurrence of the conditions contained in the "Informational document relating to the incentive plan" based on the attribution of Phantom Stock Options available on the company website (to which explicit reference is made).

The estimated cost of the Phantom Stock Options (EUR 239 thousand) corresponds to the valuation made at the reporting date, by a third-party consultant, regarding the amount that may be paid on the basis of the single tranche attributed at 31 December 2017 in accordance with the Plan and current Regulations. The relative liability is included in employee benefits at the reporting date.

The fair value of the rights of share revaluation was determined in accordance with the Black-Scholes model. The conditions of remaining employed and achieving specific results were considered in the fair value measurement.

The parameters used in the fair value measurement at the dates of assignment and valuation of the plans with share-based payment are: the price of the shares at the assignment date is equal to EUR 9.3033 and the price at the valuation date is equal to EUR 12.88, option duration of 3 years, expected dividend rate of 0%, expected exit rate of 0%, annual volatility of 30%, applying a risk-free rate curve inferred from the Interest Rate Swap rates on the market at the valuation date.

Expected volatility was estimated on the basis of the valuation of historical volatility of the Company's share prices.

The option's fair value was EUR 4.9171 at the reporting date.

**23. Cost of raw materials and consumables**

The item mainly includes costs for consumables, stationery and other minor expenses.

## 24. Costs for services

The item includes:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Costs for organising courses for temporary workers | 12,020 | 10,085 | 1,935 |
| Costs for tax, legal, IT, business consultancy | 4,118 | 3,638 | 480 |
| Costs for marketing consultancy | 2,603 | 1,932 | 671 |
| Costs for non-recurring services | 196 | 237 | (41) |
| Fees to sourcers and professional advisors | 2,148 | 1,963 | 185 |
| Rental expenditure | 2,464 | 2,349 | 115 |
| Costs for advertising and sponsorships | 1,808 | 1,446 | 362 |
| Costs for car rentals | 1,269 | 1,270 | (1) |
| Costs for utilities | 845 | 921 | (76) |
| Remuneration of the Board of Statutory Auditors | 88 | 88 | 0 |
| Other | 3,431 | 3,164 | 267 |
| **Total costs for services** | **30,990** | **27,093** | **3,897** |

Costs for organising courses for temporary workers mainly refer to costs charged by training companies, for organising training activities carried out in favour of temporary workers, in addition to additional charges. This includes the costs incurred in favour of related parties, as described in greater detail in note 32. The costs borne by the organisational bodies mainly consist of services invoiced by independent experts. Against the precise and timely reporting of the costs incurred for the courses, Openjobmetis S.p.A. receives a specific refund from the Forma.Temp and other bodies.

The item marketing consultancy includes the costs incurred for commercial development projects in some geographical areas.

The item fees to sourcers and professional advisors refers to costs incurred to promote the meeting with possible customers.

Rental expenditure is related both to costs incurred for the rentals of Branches located all over the country and for the rental of the operating office at Gallarate.

Costs for advertising and sponsorships refer to ads, to costs for the dissemination of the corporate image and to the contribution as the main sponsor contribution of a sports company.

Non-recurring costs for services relate to due diligence activities on possible M&A targets.

Other costs mainly include costs incurred for insurance, information on customer solvency, the remuneration of the independent auditors, published notices and sundry rentals.

## 25. Other operating expenses

The item includes:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Other expenses | 808 | 758 | 50 |
| **Total other operating expenses** | **808** | **758** | **50** |

Other expenses include expense for stamps, membership fees, other taxes such as waste taxes and advertising, minor taxes and penalties, and capital losses on the disposal of assets.

## 26. Provisions and impairment of assets

The item includes the following entries:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Allowance for impairment | 2,150 | 425 | 1,725 |
| Provisions for risks | 0 | 34 | (34) |
| Balance sheet impairment | 312 | 0 | 312 |
| **Total provisions and impairment** | **2,462** | **459** | **2,003** |

For further details on the allowance for impairment, reference is made to the Report on Operations and the subsequent note 30, and for the details on balance sheet impairment, refer to note 6.

## 27. Net financial income (expenses)

Financial income and expenses are shown in the following table:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Bank interest income | 9 | 53 | (44) |
| Interest income on trade receivables | 55 | 92 | (37) |
| Dividends from subsidiaries | 2,200 | 2,100 | 100 |
| **Total financial income** | **2,264** | **2,245** | **19** |
| Interest expense on loans | (594) | (851) | 257 |
| Interest expense on current accounts | (38) | (245) | 207 |
| Other interest expense | (298) | (503) | 205 |
| **Total financial expense** | **(930)** | **(1,599)** | **669** |
| **Total net financial income (expenses)** | **1,334** | **646** | **688** |

Other interest expense mainly refers to the portion of costs attributable to each year deriving from the application of the amortised cost method to the outstanding loan in accordance with IAS 39 and the regular payments of differentials on derivative contracts hedging the interest rate risks.

### 28. Income taxes

Income taxes recognised in profit or loss are broken down as follows:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Current taxes | 3,649 | 654 | 2,995 |
| Deferred tax assets | 741 | 2,335 | (1,594) |
| Deferred tax liabilities | (6) | (7) | 1 |
| Allocation to tax reserve | 400 | 600 | (200) |
| **Total Income taxes** | **4,784** | **3,582** | **1,202** |

Current taxes as at 31 December 2017 totalling EUR 3,649 thousand refer to IRAP of EUR 862 thousand and to IRES of EUR 2,787 thousand.

Current taxes as at 31 December 2016 totalling EUR 654 thousand refer to IRAP of EUR 585 thousand and to IRES of EUR 69 thousand.

In addition, the company set aside EUR 400 thousand for risks relating to fiscal disputes; for further details, see note 29.

The following table shows the items that reconcile the difference between the theoretical tax burden at Italian rate and taxes actually charged to the year:

| *(In thousands of EUR)* | **2017** | **Rate** | **2016** | **Rate** |
|---|---|---|---|---|
| Pre-tax profit (loss) | 16,063 | | 12,496 | |
| Theoretical income taxes (a) | 3,855 | 24.00% | 3,436 | 27.50% |
| Tax effect of permanent differences including: | | | | |
| - cars | 178 | | 194 | |
| - telephony | 40 | | 55 | |
| - prior year items and charges | 71 | | 52 | |
| - board and lodging | 40 | | 31 | |
| - Other changes | 57 | | (7) | |
| - ACE (Aiuto alla crescita economica, Aid to economic growth) | (178) | | (489) | |
| - 10% IRAP deduction | (47) | | (25) | |
| - Dividends/income from liquidation | (502) | | (549) | |
| **Subtotal (b)** | **(340)** | | **(738)** | |
| **Adjustment to change in rate c)** | **0** | | **(292)** | |
| Income taxes recorded in the Financial Statements (current and deferred) excluding IRAP (a + b + c) | 3,515 | 21.88% | 2,406 | 19.25% |
| IRAP (current and deferred) | 869 | 5.41% | 576 | 4.61% |
| **Income taxes recorded in the Financial Statements (current and deferred)** | **4,384** | **27.29%** | **2,982** | **23.86%** |
| Tax from previous years (allocation to tax reserve) | 400 | 2.49% | 600 | 4.80% |
| **Total taxes** | **4,784** | **29.78%** | **3,582** | **28.66%** |

It should be noted that for the three-year period 2016-2018, Openjobmetis S.p.A. and its subsidiaries Openjob Consulting S.r.l. and Seltis S.r.l. renewed, in the Unico 2016 form, the option for the domestic tax consolidation scheme pursuant to Articles 117/129 of the Consolidated income tax act, to which the subsidiary Corium S.r.l. was already added for the three-year period 2014-2016, thus benefiting from the possibility of offsetting the taxable profit with tax losses in a single tax return. At the end of the three-year period, the option is tacitly renewed for another three years unless it is revoked.

## 29. Potential liabilities

The Company is a party to pending litigation and legal disputes. Based on the opinion of legal and tax advisors, the directors do not expect that the outcome of these ongoing actions will have a significant effect on the financial position of the Company, in addition to what was already allocated in the consolidated financial statements.

Specifically:

- In 2013, Openjobmetis S.p.A. received two tax assessment notices on 2007 and 2008 respectively; in 2014, it received a tax assessment notice on 2009; in September 2015, it received a tax assessment notice on 2010; in December 2016 it received a tax assessment notice on 2011; in November 2017, it received a tax assessment notice on 2012. All these notices related to the alleged non-deductibility of part of the financial expense. The possibility of further notices of assessment in relation to subsequent periods cannot be ruled out since similar assumptions can exist in the reconstruction carried out by the Italian tax authorities. On 23 September 2015, the Provincial Tax Court of Milan issued its sentence on the aggregate appeals, filed against the tax assessment notices for the years 2007 and 2008 and accepted only partially the objections filed. Non-deductible interest for 2007 was recalculated. On 29 December 2015, the Company filed the appeal. On 4 November 2016, an unfavourable judgement was filed against the Company that confirmed the outcome before the first instance court. Openjobmetis S.p.A. subsequently received a payment order for a total amount of EUR 1,053 thousand, of which it paid EUR 788 thousand in 2015 and EUR 265 thousand in 2017.

  With respect to the said second-instance judgement, Openjobmetis S.p.A. filed an appeal before the Court of Cassation within the terms of the law.

  Regarding the litigation for 2009 and 2010, the first-instance judgements are unfavourable with different reasons from time to time. Openjobmetis S.p.A. received a payment order for a total amount of EUR 549 thousand, which it paid in 2016. In early 2017, the related appeals were filed and, while for the year 2009 the summons was sent for the month of April of this year, for the year 2010 a favourable ruling was received in November 2017. The Regional Commission fully recognised the grounds of the appeal and as a result cancelled the challenged ruling.

  Regarding the litigation for 2011, in May 2017, Openjobmetis S.p.A. filed the related appeal and the hearing for the discussion of the case was scheduled for the month of May of this year.

  Regarding the litigation for 2012, in December 2017, Openjobmetis S.p.A. filed the settlement request. If this has a negative outcome, Openjobmetis S.p.A. will submit an appeal within legal terms.

The company, having referred to its consultant, believes that it has valid reasons to support its actions and the favourable outcome of the appeal for the year 2010 is comforting in this regard. However, as in the past, in consideration of the fact that the company may not fully be recognised its claims, it allocated an adequate provision for risks. This provision is equivalent to approximately 20% of the estimated potential liability.

## 30. Financial instruments

### (a) Credit risk

- **Exposure to credit risk**

The carrying amount of the financial assets represents the Company's maximum exposure to credit risk. At the end of the reporting period, this exposure is set below:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Held-to-maturity investments | 7 | 14 | (7) |
| Trade receivables | 122,446 | 102,311 | 20,135 |
| Cash and cash equivalents | 807 | 6,411 | (5,604) |
| **Total** | **123,260** | **108,736** | **14,524** |

All the receivables refer to Italian customers.

There are no particular concentrations of receivables in specific sectors.

Exposure to the top 10 customers accounts for approximately 17% of total receivables in 2017 and 13% in 2016.

- **Impairment losses**

The ageing of trade receivables at the end of the reporting period was as follows:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Falling due | 100,384 | 83,631 | 16,753 |
| Past due from 0 to 90 days | 18,670 | 18,065 | 605 |
| Past due from 91 to 360 days | 4,747 | 1,158 | 3,589 |
| Past due 360 days or more | 3,740 | 3,462 | 278 |
| **Total trade receivables** | **127,541** | **106,316** | 21,255 |

The changes in the allowance for impairment of trade receivables during the years were as follows:

| (In thousands of EUR) | 2017 | 2016 | Change |
|---|---|---|---|
| **Balance as at 1 January** | **4,005** | **9,553** | **(5,548)** |
| Impairment loss for the year | 2,150 | 425 | 1,725 |
| Uses made during the year | (1,060) | (5,973) | 4,913 |
| **Balance as at 31 December** | **5,095** | **4,005** | 1,090 |

The Company sets aside an allowance for impairment that reflects the estimate of losses on trade receivables and on other receivables, whose main components are the impairment losses on individual significant exposures and the collective impairment loss on homogeneous groups of assets against losses that have not yet been identified. The collective impairment loss is calculated on the basis of historical losses. The allowance for impairment mainly relates to receivables that have been outstanding for more than 360 days.

The impairment loss for the period refers to the provision for estimated impairment losses on trade receivables as described above.

During the year the Company did not recognise impairment losses on held-to-maturity investments.

The Company uses allowances for impairment to recognise the impairment losses on trade receivables and on held-to-maturity investments; however, when there is the certainty that the amount due cannot be recovered, the amount considered irrecoverable is written off directly from the related financial asset.

### (b) Liquidity risk

The contractual maturities of financial liabilities, including interest to be paid and excluding the effects of the offsetting agreements, are shown in the following table:

| **Non-derivative financial liabilities** | **31 December 2017** | | | | | |
|---|---|---|---|---|---|---|
| (In thousands of EUR) | **Carrying amount** | **Contractual cash flows** | **6 months or less** | **6-12 months** | **1 - 5 years** | **More than 5 years** |
| Tranche A Senior Loan | (21,159) | (22,107) | (4,021) | (3,983) | (14,103) | 0 |
| ICCREA BCC Loan | (1,006) | (1,010) | (1,010) | 0 | 0 | 0 |
| Non-guaranteed bank loans and borrowings | (17,416) | (17,416) | (17,416) | 0 | 0 | 0 |
| Finance lease liabilities | (62) | (69) | (7) | (7) | (55) | 0 |
| Trade payables | (6,800) | (6,800) | (6,800) | 0 | 0 | 0 |
| Other payables | (32,639) | (32,639) | (32,639) | 0 | 0 | 0 |
| Employee benefits * | (39,677) | (39,677) | (39,677) | 0 | 0 | 0 |
| **Total** | **(118,759)** | **(119,718)** | **(101,570)** | **(3,990)** | **(14,158)** | **0** |

| Non-derivative financial liabilities | 31 December 2016 | | | | | |
|---|---|---|---|---|---|---|
| *(In thousands of EUR)* | **Carrying amount** | **Contractual cash flows** | **6 months or less** | **6-12 months** | **1 - 5 years** | **More than 5 years** |
| Tranche A Senior Loan | (28,571) | (29,912) | (9,151) | (4,011) | (16,750) | 0 |
| ICCREA BCC Loan | (3,000) | (3,031) | (1,011) | (1,010) | (1,010) | 0 |
| Non-guaranteed bank loans and borrowings | (17,881) | (17,881) | (17,881) | 0 | 0 | 0 |
| Finance lease liabilities | (72) | (82) | (6) | (7) | (69) | 0 |
| Trade payables | (8,117) | (8,117) | (8,117) | 0 | 0 | 0 |
| Other payables | (27,647) | (28,375) | (28,375) | 0 | 0 | 0 |
| Employee benefits * | (33,235) | (33,235) | (33,235) | 0 | 0 | 0 |
| **Total** | **(118,523)** | **(120,633)** | **(97,776)** | **(5,028)** | **(17,829)** | **0** |

* the item Employee benefits considers only short-term benefits that will be settled on average during the next year.

The cash flows included in the above-mentioned tables are not expected to occur significantly in advance or for considerably different amounts.

Please note that for Tranche B - Revolving of the senior loan outstanding as at 31 December 2017, unused to date, contractual cash flows will have a maximum duration of six months.

### (c) Interest rate risk

Floating rate financial liabilities are summarised below:

| *(In thousands of EUR)* | 2017 | 2016 | Change |
|---|---|---|---|
| Non-guaranteed bank loans and borrowings | 17,416 | 17,881 | (465) |
| Tranche A Senior Loan | 21,159 | 28,571 | (7,412) |
| ICCREA BCC Loan | 1,006 | 3,000 | (1,994) |
| Finance lease liabilities | 62 | 72 | (10) |
| **Total financial liabilities** | **39,643** | **49,524** | **(9,881)** |

If the interest rates payable had increased by 1% at the reporting date, the equity and the net profit (loss) for the period would have been negatively affected, gross of the related tax effect, by an approximate amount of EUR 400 thousand. However, the potential effect of extreme circumstances that cannot be reasonably foreseen remains excluded.

In the past, derivative contracts hedging the risk of interest rate change were put in place on part of the Senior Loan, which entailed the application of an average fixed rate of approximately 3.00%

for the hedged part.

At 31 December 2017, the Company does not recognise any fixed-rate financial asset or liability designated at fair value through profit or loss and does not designate the derivative instruments (interest rate swap) as hedging instruments according to the fair value hedge method. Consequently, any changes in interest rates at the reporting date would have no effect on the profit or loss for the year, in addition to that indicated above.

**(d) Fair value**

- **<u>Fair value and carrying amount</u>**

The following table shows the carrying amount recorded in the statement of financial position and the fair value of each financial asset and liability:

| | 2017 | | 2016 | |
|---|---|---|---|---|
| *(In thousands of EUR)* | **Carrying amount** | **Fair Value** | **Carrying amount** | **Fair Value** |
| Held-to-maturity investments | 7 | 7 | 14 | 14 |
| Trade receivables, other receivables and tax assets | 129,609 | 129,609 | 108,934 | 108,934 |
| Cash and cash equivalents | 807 | 807 | 6,411 | 6,411 |
| Finance lease liabilities | (62) | (62) | (72) | (72) |
| Tranche A Senior Loan | (21,159) | (21,159) | (28,571) | (28,571) |
| ICCREA BCC Loan | (1,006) | (1,006) | (3,000) | (3,000) |
| Non-guaranteed bank loans and borrowings | (17,416) | (17,416) | (17,881) | (17,881) |
| Derivative instruments (IRS) | 0 | 0 | (51) | (51) |
| Trade payables, other payables and tax liabilities | (42,083) | (42,083) | (35,918) | (35,918) |
| Employee benefits | (40,378) | (40,378) | (33,961) | (33,961) |
| **Total** | **8,319** | **8,319** | **(4,095)** | **(4,095)** |

- **<u>Methods for determining the fair value</u>**

The methods and main assumptions used for measuring the fair value of the financial instruments are shown below:

- *Non-derivative financial liabilities*

Bank loans and borrowings and other financial liabilities bear interest at floating rate and therefore, also considering that they are indicated net of the related charges, no significant differences between the carrying amount and fair value were identified.

- *Derivative financial liabilities*

The fair value of Interest Rate Swaps is determined by using the prices of the financial intermediary with whom the contract was signed.

- *Trade and other receivables*

The fair value of trade receivables and of other receivables is estimated based on future cash flows discounted using market interest rates at the reporting date. The fair value matches to the carrying amount as it already reflects the impairment.

For the information concerning the interest rates used for discounting the expected cash flows, where applicable, to the elements listed in the above table, being mainly used for calculating the financial liabilities at amortised cost, see note 13.

- *Fair value hierarchy*

The following table shows the financial instruments recognised at fair value based on the valuation technique used. The different levels were defined as follows:

Level 1: (unadjusted) prices quoted in active markets for identical assets or liabilities

Level 2: inputs other than quoted market prices defined in Level 1, which are observable for the asset or the liability, either directly (as in the case of prices), or indirectly (derived from prices)

Level 3: inputs relating to the asset or liability which are not based on observable market data (data not observable)

| *(In thousands of EUR)* | **31 December 2017** | **31 December 2016** |
|---|---|---|
| Hedging IRS | | |
| Level 1 | 0 | 0 |
| Level 2 | 0 | (51) |
| Level 3 | 0 | 0 |
| **Total** | **0** | **(51)** |

## 31. Operating leases

The Company, for the purposes of its business, makes use of several operating leases, especially for car rental and building lease.

During the year ended 31 December 2017, costs of EUR 1,294 thousand (EUR 1,247 thousand in 2016) were recognised in profit or loss in relation to operating leases for cars.

To determine the classification of the lease, reference was made to the IFRS.

Future minimum payments resulting from irrevocable leases are as follows:

| *(In thousands of EUR)* | **2017** | **2016** | **Change** |
|---|---|---|---|
| Due within one year | 3,284 | 3,228 | 56 |
| From one to five years | 8,008 | 7,883 | 125 |
| **Total** | **11,292** | **11,111** | **181** |

## 32. Related parties

Some members of the Board of Directors hold a position in other entities and may be in a position to exercise control or significant influence on the financial and management policies of such entities.

The relationships entertained between the Company and related parties, as identified on the basis of the criteria defined in IAS 24 - Related Party disclosures - are mainly commercial in nature.

During the year, the Company carried out transactions with some of the above-mentioned entities as shown below. The general conditions governing these transactions were carried out in respect of and in line with normal market conditions.

According to Article 2391-bis of the Italian Civil Code and the OPC Regulation laying down provisions for transactions with related parties, the Board of Directors approved on 12 October 2015 and subsequently amended on 6 November 2015, the procedure for transactions with related parties.

The total value of the transactions and residual balances is as follows:

| Description | *(in thousands of EUR)* | Total 2017 | Subsidiaries | Other related parties | Total related parties | % weight on financial statement items |
|---|---|---|---|---|---|---|
| 1 | Revenue | 578,083 | 374 | 27 | 401 | 0.1% |
| 2 | Employee costs | 29,073 | 56 | 2,118 | 2,174 | 7.5% |
| 3 | Costs for services | 30,990 | 1,403 | 240 | 1,643 | 5.3% |
| 4 | Financial income | 2,264 | 2,200 | 0 | 2,200 | 97.2% |

| Description | *(in thousands of EUR)* | Total 2016 | Subsidiaries | Other related parties | Total related parties | % weight on financial statement items |
|---|---|---|---|---|---|---|
| 1 | Revenue | 455,991 | 374 | 9 | 383 | 0.1% |
| 2 | Employee costs | 25,910 | 33 | 1,842 | 1,875 | 7.2% |
| 3 | Costs for services | 27,093 | 1,455 | 340 | 1,795 | 6.6% |
| 4 | Financial income | 2,245 | 2,100 | 0 | 2,100 | 93.5% |

| Description | *(in thousands of EUR)* | Total 2017 | Subsidiaries | Other related parties | Total related parties | % weight on financial statement items |
|---|---|---|---|---|---|---|
| 1 | Equity investments | 1,404 | 1,404 | 0 | 1,404 | 100% |
| 2 | Receivables | 122,446 | 27 | 17 | 44 | 0.0% |
| 3 | Other receivables | 7,163 | 10 | 0 | 10 | 0.1% |
| 4 | Trade payables | 6,800 | 0 | 103 | 103 | 1.5% |
| 5 | Other payables | 32,639 | 69 | 0 | 69 | 0.2% |

| Description | (in thousands of EUR) | Total 2016 | Subsidiaries | Other related parties | Total related parties | % weight on financial statement items |
|---|---|---|---|---|---|---|
| 1 | Equity investments | 1,566 | 1,566 | 0 | 1,566 | 100% |
| 2 | Receivables | 102,311 | 19 | 1 | 20 | 0.0% |
| 3 | Other receivables | 6,307 | 274 | 0 | 274 | 4.3% |
| 4 | Trade payables | 8,117 | 7 | 49 | 56 | 0.7% |
| 5 | Other payables | 27,647 | 37 | 0 | 37 | 0.1% |

In May 2016, the Chairman Marco Vittorelli was appointed President of Pallacanestro Varese S.p.A. and although said entity is not formally defined as a related party, it was deemed appropriate to consider it as such.

Revenue from subsidiaries includes amounts charged to the Group companies Openjob Consulting S.r.l. for EUR 221 thousand (EUR 206 thousand in 2016), Seltis S.r.l. for EUR 98 thousand (EUR 123 thousand in 2016) and Corium S.r.l. for EUR 55 thousand (EUR 45 thousand in 2016). These charges relate mainly to service supplied in favour of the subsidiaries for administrative, management and staff supply tasks and charges for seconded staff. The receivable from group companies amounted to EUR 13 thousand at 31 December 2017 (EUR 8 thousand at 31 December 2016) from Openjob Consulting S.r.l., to EUR 14 thousand at 31 December 2017 (EUR 11 thousand at 31 December 2016) from Corium S.r.l. and to EUR 0 thousand at 31 December 2017 (EUR 0 thousand at 31 December 2016) from Seltis S.r.l.

Revenues owed by Other related parties includes Company charges of EUR 27 thousand (EUR 9 thousand in 2016) for the supply of staff to the company Pallacanestro Varese S.p.A. The receivable from Pallacanestro Varese S.p.A. amounts to EUR 17 thousand at 31 December 2017 (EUR 1 thousand at 31 December 2016).

Employee costs from Subsidiaries includes costs of seconded staff in group companies in the amount of EUR 13 thousand in 2017 (EUR 22 thousand in 2016) from Seltis S.r.l. and EUR 43 thousand in 2017 (EUR 11 thousand in 2016) from Openjob Consulting S.r.l.; the item Employee costs from Other related parties includes costs equal to EUR 1,320 thousand in 2017 (EUR 1,186 thousand in 2016) for the Board of Directors, EUR 519 thousand in 2017 (EUR 455 thousand in

2016) for Key management personnel and EUR 279 thousand in 2017 (EUR 201 thousand in 2016) for salaries paid to close relatives of the latter.

Costs for services of Subsidiaries includes the costs charged by the subsidiary Openjob Consulting S.r.l. in the amount of EUR 1,403 thousand (EUR 1,228 thousand in 2016) for payslip processing costs for temporary workers, EUR 0 thousand for the purchase of services by the subsidiary Corium S.r.l. to deliver to their customers (EUR 221 thousand in 2016) and EUR 0 thousand (EUR 6 thousand in 2016) charged by the subsidiary Seltis S.r.l. The payable towards Seltis S.r.l. at 31 December amounts to EUR 0 thousand (EUR 7 at 31 December 2016).

Costs for services to Other related parties equal to EUR 240 thousand in 2017 (EUR 340 thousand in 2016) relate mainly to the share for the year of the sponsorship of this sports company for the 2016 sporting season. The payable to Pallacanestro Varese S.p.A. amounts to EUR 98 thousand at 31 December 2017 (EUR 49 thousand at 31 December 2016) in addition to EUR 5 thousand (EUR 0 thousand at 31 December 2016) payable to Quaestio Capital Management S.g.r. for the activity of a director, the cost of which is classified as employee costs from other related parties.

Financial income from Subsidiaries, equal to EUR 2,200 thousand (EUR 2,100 thousand in 2016), refers to the dividend paid by Openjob Consulting S.r.l. in the amount of EUR 1,900 thousand (EUR 1,700 thousand in 2016) and by Seltis S.r.l. in the amount of EUR 300 thousand in the course of 2017 (Euro 400 thousand in 2016). The income was collected in full in the course of the year.

Other receivables includes Company receivables from group companies for participation in the domestic tax consolidation scheme in the amount of EUR 10 thousand at 31 December 2017 (EUR 274 thousand at 31 December 2016) from Openjob Consulting S.r.l.

Other payables includes Company payables to group companies for participation in the domestic tax consolidation scheme in the amount of EUR 43 thousand at 31 December 2017 (EUR 18 thousand at 31 December 2016) to Corium S.r.l. and EUR 26 thousand at 31 December 2017 (EUR 19 thousand at 31 December 2016) to Seltis S.r.l.

For Equity Investments, see note 6 of this document.

In the course of normal business, the Company has provided staff supply services to other related parties not shown in the table above because they are not significant and concluded under normal market conditions.

## 33. Remuneration of members of the Board of Directors, key management personnel and members of the Board of Statutory Auditors.

The general conditions that regulate the transactions with key management personnel and their related parties were not more favourable than those applied, or that could reasonably be applied, in the case of similar transactions with non-key management personnel associated with the same entities at normal market conditions.

The total remuneration of key management personnel, recorded in the item Personnel expense and costs for services, amounted to EUR 1,839 thousand, of which EUR 1,320 thousand to members of the Board of Directors and EUR 519 thousand to key management personnel (EUR 1,641 thousand in 2016, of which EUR 1,186 thousand to members of the Board of Directors and EUR 455 thousand to key management personnel). In addition to salaries, the Company also offers certain key management personnel benefits in kind according to the ordinary contractual practice for company managers. It should be noted that the Board of Directors has assigned to several directors and key management personnel the option, i.e. the right to receive a sum of money corresponding to the increase in the value of the stock of Openjobmetis S.p.A. at the end of the three-year vesting period and subject to the occurrence of the conditions contained in the "Informational document relating to the incentive plan" based on the attribution of Phantom Stock Options available on the company website and to which explicit reference is made. It should also be noted that the remuneration to certain Directors is paid to Wise S.g.r. and Quaestio Capital Management S.g.r. rather than to each beneficiary, according to an agreement among them and the aforesaid companies, for a total amount of EUR 167 thousand (EUR 185 thousand in 2016).

For more information regarding fees of said managers, reference is made to the 2017 Remuneration Report published in the "Corporate Governance" section of the company website.

Remuneration to the Board of Statutory Auditors for 2017 amounted to EUR 88 thousand (EUR 88 thousand in 2016).

The total value of transactions and residual balances with said key management personnel and entities over which they exercise control or significant influence is as follows:

| Remuneration (in thousands of EUR) | Remuneration for offices held | Non-monetary benefits | Bonuses and other incentives | Total remuneration |
|---|---|---|---|---|
| Members of the Board of Directors | 1,006 | None | 314 | 1,320 |
| Key management personnel | 380 | None | 139 | 519 |
| **Total** | **1,386** | **None** | **453** | **1,839** |

| Remuneration (in thousands of EUR) | Remuneration for offices held | Non-monetary benefits | Bonuses and other incentives | Total remuneration |
|---|---|---|---|---|
| **Board of Statutory Auditors** | **88** | **None** | **0** | **88** |
| **Total** | **88** | **None** | **0** | **88** |

## 34. Atypical and/or unusual transactions

The financial statements as at 31 December 2017 do not show any income components or capital and financial items, whether positive or negative, arising from atypical or unusual events and transactions.

## 35. Subsequent events

There were no significant events subsequent to 31 December 2017.

## 36. Proposed allocation of profit for the year

The Board of Directors, taking into account the company's development projects, proposes to resolve as follows with respect to profit for the year 2017:

- Allocation to the legal reserve: EUR 563,927.42
- Allocation to the other reserves: EUR 10,714,625.75

Milan, 9 March 2018

On behalf of the Board of Directors

The Chairman

Marco Vittorelli

(Signed on the original)

## STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 154-BIS OF LEGISLATIVE DECREE 58/98 AS AMENDED AND SUPPLEMENTED

1. We, the undersigned Rosario Rasizza, Managing Director, and Alessandro Esposti, Manager in charge of financial reporting of Openjobmetis S.p.A., hereby confirm, taking into account, inter alia, the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy with respect to the characteristics of the business and
- the actual implementation of the administrative and accounting procedures for the preparation of the separate financial statements, as at and for the year ended 31 december 2017.

2. It should be noted, in this regard, that the adequacy of the administrative and accounting procedures used to prepare the separate financial statements as at and for the year ended 31 December 2017 was assessed on the basis of the assessment of the system of internal control and for the audit of the processes directly or indirectly connected with the preparation of the accounting and financial statement data.

3. Moreover, we confirm that:

I. The separate financial statements as at 31 December 2017:

- accurately reflect the accounting books and records;
- have been prepared in accordance with the applicable international financial reporting standards endorsed by the European Union in compliance with Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002 and the provisions adopted in implementation of Italian Legislative Decree no. 38/2005;
- are suitable to provide a true and fair view of the financial position, results of operations and cash flows of the issuer.

II. The Report on Operations of the separate and consolidated financial statements includes a reliable analysis of the operating performance and results, as well as the situation of the issuer, the events that have occurred during the year and their impact on the separate financial statements, together with the description of the main risks and uncertainties to which the issuer is exposed. The Report on Operations also contains information on significant transactions with related parties. Pursuant to the provisions of Art. 154 ter of Italian Legislative Decree 58/98.

Milan, 9 March 2018

| The Managing Director | The Manager in charge of financial reporting |
| --- | --- |
| Rosario Rasizza | Alessandro Esposti |
| (Signed on the original) | (Signed on the original) |

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**(Translation from the Italian original which remains the definitive version)**

# Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of*
*Openjobmetis S.p.A.*

## Report on the audit of the separate financial statements

### *Opinion*

We have audited the separate financial statements of Openjobmetis S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2017, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Openjobmetis S.p.A. as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of Openjobmetis S.p.A. in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key audit matters*

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

## Measurement of goodwill

*Notes to the separate financial statements: 2 "Significant accounting policies" and 5 "Intangible assets and goodwill"*

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| The separate financial statements at 31 December 2017 include goodwill of €71,736 thousand (unchanged from 31 December 2016) arising from non-recurring transactions and acquisitions carried out in previous years. This goodwill is allocated to the cash-generating unit comprising the Company's and its subsidiaries' operating assets and liabilities (the "Group").<br><br>Like in previous years the directors, assisted by an external advisor, prepared an impairment test of goodwill, approved by the board of directors on 9 March 2018, in order to identify any impairment losses compared to its recoverable amount. The directors estimated the recoverable amount based on its value in use, calculated using the discounted cash flow model by discounting the expected cash flows included in the 2018-2022 business plan approved by the board of directors on 30 January 2018.<br><br>Impairment testing entails a high level of judgement, especially in relation to:<br>— the expected cash flows, calculated by taking into account the general economic performance and that of the Group's sector and the actual cash flows generated by the cash-generating unit in recent years;<br>— the financial parameters to be used to calculate the discount rate mentioned above.<br><br>For the above reasons and considering the materiality of the financial statements caption, we believe that the measurement of goodwill is a key audit matter. | Our audit procedures, which also involved our own valuation specialists, included:<br>- understanding the process adopted for impairment testing and to prepare the 2018-2022 business plan;<br>- checking any discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the estimation process;<br>- analysing the reasonableness of the expected cash flows and the key assumptions used by the directors to prepare the business plan used for impairment testing. We also compared the expected cash flows and key assumptions to the group's historical figures and external information, where available;<br>- assessing the reasonableness of the impairment testing model and related assumptions, especially in relation to the discount rate, based on the related components, and comparing them with external data and information;<br>- checking any discrepancies between the most recent financial information prepared and the data included in the business plan and understanding the reasons therefor;<br>- comparing the value in use arising from the impairment test to the market capitalisation;<br>- checking the sensitivity analysis presented in the notes in relation to the key assumptions used for impairment testing;<br>- assessing the appropriateness of the disclosures provided in the notes about the measurement of goodwill. |

### Measurement of trade receivables

*Notes to the separate financial statements: 2 "Significant accounting policies", 10 "Trade receivables" and 30 (a) "Financial instruments – credit risk"*

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| The separate financial statements at 31 December 2017 include trade receivables of €122,446 thousand, net of the allowance for impairment of €5,095 thousand (€102,311 thousand at 31 December 2016, net of the allowance of impairment of €4,005 thousand).<br><br>In Italy, the Company has a large number of customers operating in various sectors, especially small to medium sized companies. Accordingly, any worsening in the general market conditions or a negative performance of the credit market could have an adverse impact on the Company's transactions with these customers, affecting its ability to collect its trade receivables and affecting its working capital management. Considering the nature of existing trade receivables, the Company estimated the impairment losses on trade receivables based on a specific assessment of the exposures individually significant or under dispute. It also performed a collective assessment by groups of exposures with a similar nature and due date. The allowance for impairment is based on the estimated credit losses that the Company expects to incur considering many factors, including:<br>— the age of the receivable;<br>— the customer's solvency;<br>— historical figures.<br><br>Accordingly, calculating the allowance for impairment requires a high level of judgement.<br><br>For the above reasons and considering the materiality of the financial statements caption, we believe that the measurement of trade receivables is a key audit matter. | Our audit procedures included:<br>- understanding the process adopted to monitor and manage credit risk;<br>- assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls for the measurement of trade receivables, including the Company's checks of its customers' solvency and assignment of a credit rating to them, of the regular monitoring of past due exposures and of the implementation of the related recovery measures;<br>- assessing the reasonableness of the trade receivable measurement model adopted by the Company, in relation to the collective and individual assessments, through discussions with the relevant internal departments and considering the Company's past experience and our knowledge of its sector;<br>- sample-based analysis of collections from customers after the reporting date relating to trade receivables existing at the reporting date;<br>- on a sample basis and with reference to the main past due exposures, discussing the recoverability prospects with the relevant internal departments and checking their consistency, by assessing the reasonableness of estimates based on our understanding of the Company's business, its past experience, the reference environment and publicly-available information about its customers' financial position and performance;<br>- sending written requests for information to the legal advisors assisting the Company with credit recovery and checking the individual assessments made by the Company for consistency with the information obtained; |

| | |
|---|---|
| | - assessing the appropriateness of the disclosures provided in the notes about the measurement of trade receivables. |

## *Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Openjobmetis S.p.A. for the separate financial statements*

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the Company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the Company's financial reporting process.

## *Auditors' responsibilities for the audit of the separate financial statements*

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

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

## *Other information required by article 10 of Regulation (EU) no. 537/14*

On 12 October 2015, the shareholders of Openjobmetis S.p.A. appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2015 to 31 December 2023.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

## Report on other legal and regulatory requirements

### *Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98*

The directors of Openjobmetis S.p.A. are responsible for the preparation of the Company's directors' report and report on corporate governance and ownership structure at 31 December 2017 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the Company's separate financial statements at 31 December 2017 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the separate financial statements of Openjobmetis S.p.A. at 31 December 2017 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, 22 March 2018

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit

**OPENJOBMETIS S.p.A.**

**Report of the Board of Statutory Auditors to the Shareholders' Assembly pursuant to art. 153 of Legislative Decree 58/1998 and art. 2429, paragraph 2, Italian Civil Code**

Milan, March 22, 2018

Dear shareholders,

the Board of Statutory Auditors, pursuant to art. 153 of Legislative Decree 58/1998 and art. 2429, paragraph 2 of the Italian Civil Code, is called to report to the Shareholders' Assembly convened to approve the Financial Statement on the activities carried out in the year that ended on December 31, 2017, as well as on any omissions and reprehensible facts found. Furthermore, the Board of Statutory Auditors has the right to make proposals regarding financial statements and their approval as well as the matters within its competence.

During the year, the Board of Statutory Auditors performed its supervisory duties within the terms established by current legislation and taking into account the principles of conduct recommended by the National Councils of Chartered Accountants and Accounting Experts, as well as the Consob[1] guidelines on corporate controls and activities of the Board of Statutory Auditors.

* * *

***Appointment and meetings of the Board of Statutory Auditors***

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Assembly on November 2, 2015 and ended its mandate with the Assembly to approve the Financial Statements as of December 31 2017. It is composed of Mr. Roberto Tribuno (President), Mr. Giovanni Rovetta, and Mrs. Elena Marzi. Mrs. Marzia Erika Ferrara and Mrs. Stefania Bettoni are alternate auditors. On April 20, 2017, following the resignation on March 24, 2017, of the Statutory Auditor Mr. Francesco Di Carlo, the Shareholders' Assembly appointed Mr. Giovanni Rovetta to replace the former.

The Board of Statutory Auditors, as composed, met 14 times in the course of the year 2017, as well as 5 times in 2018 up to the date this Report was drafted. The entire Board of Statutory Auditors or, in any case, some of its members, also participated in all meetings of the Board of Directors, in the meetings of the Control and Risk Committee, in the meetings of the Related Parties Committee, and in the meetings of the Remunerations Committee.

The Board of Statutory Auditors is required to monitor the independence of its members. Specifically, the Board verified the independence requirements as applied to its members (Application criterion 8.C.1.) during the fiscal year; in making the above referenced assessments, it applied (among others) all the criteria set forth in the Corporate Governance Code with reference to the independence of the managers (Application criterion 8.C.1.). The assessments generated positive results.

***Significant events during the year***

During the course of 2017, the Company continued a dynamic process of growth and development, both internally, with the expansion of the specialist divisions as well as the opening of new branches, and externally, through research activity aimed toward the selection of possible acquisitions.

For a complete discussion of the significant events that took place in the fiscal year ending on December 31, 2017, please refer to the Board of Directors' Report on the management of the Group,

[1] National Commission for Companies and the Stock Exchange in Italy.

which, to the knowledge of this Board of Statutory Auditors, summarizes in a complete way the most significant events that concerned the OpenjobMetis Group during the course of 2017.

***Atypical or unusual operations***

Atypical and/or unusual operations, as indicated in Communication no. DEM/6064293 dated July 28, 2006, *are those transactions which, for significance/relevance, nature of the counterparts, object of the transaction, method of determining the transfer price, and timing of the event (proximity to the close of the year) may give rise to doubts in order: to the correctness/completeness of the information in the financial statements, to conflict of interest, to the safeguarding of corporate assets, and to the protection of minority shareholders*.

As part of the control activities carried out by the Board of Statutory Auditors, no atypical or unusual transactions have emerged in the 2017 fiscal year.

***Intragroup transactions or transactions with related parties***

Pursuant to art. 2391-add. of the Italian Civil Code and the Regulation on Transactions with Related Parties approved by Consob Resolution no. 17221 of March 12, 2010, and subsequent amendments, the Company has prepared a "Procedure for Transactions with Related Parties" and has set up a "Committee for Transactions with Related Parties."

It should be noted that, prior to its listing, the Company had already voluntarily adopted for several fiscal years a procedure aimed at settling relations with related parties, currently still in place and complementary to the one adopted pursuant to the regulatory Consob provisions.

The Board of Statutory Auditors deems the adopted Procedure in compliance with the provisions contained in the Consob Regulation for Transactions with Related Parties. During the year, the Board of Statutory Auditors - also jointly with the Committee for Transactions with Related Parties - continued to oversee and make aware the relevant Company departments regarding the obligations arising from the Procedure.

We take stock of the fact that, by resolution dated December 3, 2015, the Board of Directors appointed the members of the Committee for Transactions with Related Parties, composed only of independent managers, who met 8 times in 2017.

During the 2017 fiscal year, as far as the undersigned Board is aware, the Company carried out some ordinary intercompany transactions relating to: general management activities, accounting and administrative assistance, management control, personnel management, commercial management, debt collection, EDP services, call centers, purchases, and outsourced labour with the following companies:

1. Seltis S.r.l. – A company that focuses on personnel research.
2. Corium S.r.l. – A company that focuses on personnel placement.
3. Openjob Consulting S.r.l. – A company focused on supporting the parent company on payroll management and activities related to staff training.

Furthermore, in the course of 2017, as far as the undersigned Board is aware, the Company has carried out some transactions with Related Parties, which have required - pursuant to the Procedure for Transactions with Related Parties - the involvement of the Committee for Transactions with Related Parties, in terms of:

1. Sponsorship relations
2. An employment relationship.

Detailed information on transactions with Related Parties is contained in the Board of Directors' Management Report, in the illustrative notes to the financial statement and consolidated balance sheet as of December 31 2017, and in the Board of Directors' Management Report, with a description of the relevant economic and financial effects.

We inform that during the year the Related Parties Committee initiated, with the support of attorney Mrs. Francesca Rosetti, a review of the existing Related Parties Procedure, which is still in progress.

***Supervisory Activities pursuant to the "Consolidated Law on Auditing"***

The Board of Statutory Auditors, identified as "Committee for Control and Risk and for Auditing" pursuant to Legislative Decree 39/2010, also following the amendments made in our legal system by Legislative

Decree 135/2016, is called to monitor: *(i)* the financial disclosure process; *(ii)* effectiveness of the internal control, internal audit, and risk management systems; *(iii)* statutory audit of annual and consolidated accounts; *(iv)* independence of the Auditing Firm, in particular regarding the provision of non-auditing services in favor of the body subject to the statutory audit: *(v)* outcome of the statutory audit with particular reference to the additional Report referred to in Article 11 of the European Regulation 537/2014.

The following findings emerge from the supervisory activity performed by the Board of Statutory Auditors.

*i) Supervision of the administrative accounting system and the financial reporting process*

The Board of Statutory Auditors, acting as the internal Control and Auditing Committee, monitored the process and checked the effectiveness of the internal control and risk management systems with regard to financial reporting.

The Board of Statutory Auditors established the existence of an appropriate process of “training” and “dissemination” of financial information also within the context of regular meetings with the Manager Responsible for preparing the company's financial reports and with the Head of the Internal Audit function (who, in turn, performs verification activity on the financial reporting process), obtaining from both of them confirmation of an adequate reporting process by the subsidiaries, also pursuant to article 114, paragraph 2, of the Legislative Decree 58/98.

The Board of Statutory Auditors periodically met with the Manager Responsible for preparing the corporate accounting documents for the exchange of information on the administrative accounting system as well as on the reliability of the latter for purposes of a correct representation of management events. The Financial Reporting Manager did not report any deficiencies in the Company’s operating and internal control systems, and he provided an assessment of effectiveness and adequacy of the administrative and accounting procedures designed to monitor the correct representation of management events, in compliance with the applicable international accounting standards.

Even the managers of the Auditing Company, in the course of the periodic meetings with the Board of Statutory Auditors, did not report any elements that could affect the internal control system concerning the administrative and accounting procedures.

The verification activity carried out did not reveal any shortcomings or facts to be submitted to the Assembly.

*ii) Supervision of the effectiveness of the internal control, internal audit, and risk management systems*

The company has adopted a detailed internal control and risk management system, and it has assigned the Chief Executive Officer the role of Director in charge of the internal risk management system, giving him the functions, duties, and powers required by Application Criterion 7.c.4 of the Corporate Self-Regulation Code.

Therefore, the Board of Directors, in its meeting of December 3, 2015, established a Control and Risk Committee, at whose meetings the Board of Statutory Auditors participates, and which is currently composed of a non-executive Director and two independent Directors, including the Chairman.

The Annual Report on corporate governance and ownership structure describes the guidelines of the Internal Control and Risk Management System, consistent with the statutory and regulatory provisions.

During the year, the Board of Statutory Auditors participated in all the meetings of the Control and Risk Committee and also conducted joint control meetings with the Committee itself, ensuring a constant exchange of information on the activities carried out by the two bodies in these areas.

During the 2017 fiscal year, the Board met with the Head of the Internal Audit Function, together with the Control and Risk Committee, obtaining indications regarding the audit plan, its regular performance and related findings, and the corrective actions undertaken.

The Board deemed the Internal Audit plan to be adequate, reserving the right to evaluate and appreciate during the 2018 fiscal year the continuity of its implementation and, in general, the operation of the Company’s internal control system, compliance with the law, procedures and business processes, and the implementation of related improvement plans. Also in consideration of the fact that the three subsidiaries do not have any independent Internal Audit and control functions, the Board of Directors considers it of primary importance that the activity carried out by the Internal Audit adequately oversee the entire Group.

The Board of Statutory Auditors met periodically with the Auditing Company, discussing with them the issues that emerged during the statutory audit. The Auditing Company informed the Board of Statutory Auditors of the absence of significant deficiencies in the internal control system in relation to the financial reporting process.

As part of the exchange of information held with the Auditing Company KPMG SpA, on March 22, 2018, the latter submitted to the Board of Statutory Auditors the additional Report required in application of art. 11 of the EU Regulation no. 537/2014, which, starting in fiscal year 2017, replaces and extends significantly the Report on Fundamental Issues (pursuant to article 19 paragraph 3 of Legislative Decree 39/10), from which we understand that there are no significant weaknesses in the internal control system that deserve to be brought to the attention of those responsible for governance activities.

The Board of Statutory Auditors met with and received assurances from the Head of the Internal Audit Function of the Company with regard to the quantity of the resources available today, also with respect to the audit plan for 2018.

Also on the basis of the information provided to the Board of Statutory Auditors by the Control and Risk Committee and the Head of the Internal Audit Function, it emerged that the powers, resources, and means made available by the Board of Directors of the Company to the Head of the Internal Audit Function seem adequate and appropriate, even in view of the audit plan for 2018.

The Board of Statutory Auditors will monitor the adequacy over time of the resources on which the Internal Audit Function of the Company and, therefore, the Company's internal control system are based.

In addition, in light of:

i. what was represented by the Control and Risk Committee in the context of the meetings held with the Board of Statutory Auditors as well as in light of the Report issued by the Control and Risk Committee on the activities performed and on the internal control and risk management system on March 5, 2018;
~~ii.~~ the conversations held with the Auditing Company and the content of the Report that was issued by the latter on March 22, 2018, pursuant to art. 11 of the EU Regulation no. 537/2014,

the Board of Statutory Auditors expresses an assessment of substantial adequacy on the articulation of the internal control and risk management system as a whole, claiming that there are no remarks to be submitted to the Assembly.

The Board of Statutory Auditors will evaluate the Company’s risk management system over time.

*iii) Supervision of the statutory audit of annual and consolidated accounts*

In accordance with the provisions of art. 19 of Legislative Decree no. 39/2010, the Board of Statutory Auditors carried out the required supervisory activity on the operations of the Auditing Company KPMG S.p.A.

The Board of Statutory Auditors met periodically with the managers of the Auditing Company (KPMG S.p.A.), with whom the planned exchange of information was implemented. During these meetings, we were informed of the fundamental issues that emerged during the audit and no facts deemed to be censurable nor irregularities that would require reporting pursuant to art. 155, paragraph 2 of the Consolidated Text have emerged.

On March 22, 2018, the Auditing Company, which is entrusted with the statutory auditing of the Company’s annual and consolidated financial statements, issued, pursuant to art. 14 of Legislative Decree no. 39/2010, the Auditing Reports on the annual and consolidated financial statements closed on June 30, 2017.

On March 22, 2018, the Auditing Company submitted to the Board of Statutory Auditors the additional Report as required by art. 11 of the EU Regulation no. 537/2014.

Attached to the additional Report, the Auditing Company submitted to the Board of Statutory Auditors the declaration of independence, as required by art. 6 of EU Regulation no. 537/2014, from which no situations emerge that could compromise the Company’s independence. Finally, the Board took note of the Transparency Report prepared by the auditing company and published on the latter’s website pursuant to art. 18 of Legislative Decree 39/2010.

*iv) Supervisory activities on the independence of the Auditing Company, in particular in regards to the provision of non-auditing services*

The Board of Statutory Auditors supervised the independence of the Auditing Company, taking note of the authorization procedure adopted by KPMG regarding the requests for professional services addressed to the companies belonging to the KPMG network by the companies of the OpenjobMetis Group. The current procedure allows to oversee the recruitment of functions that may harm the independence of KPMG and it was deemed adequate with respect to the market standards known to the members of the Board of Statutory Auditors.

The Board of Statutory Auditors has also received from the Auditing Company the annual confirmation of independence, pursuant to art. 17, paragraph 9, letter (a), of Legislative Decree 39/2010 issued on March 22, 2018, and took note of the KPMG Transparency Report.

The Auditing Company informed the Board of the remuneration received, by itself and, in general, by bodies belonging to the KPMG network, highlighting the fees related to activities other than those relevant to the legal audit.

During the fiscal year ending on December 31, 2017, KPMG S.p.A. received a total of 284,000 euro from the companies of the OpenjobMetis Group, divided as follows: 170,000 euro for auditing activities and 114,000 euro for other services.

The performance of duties other than auditing services performed by companies belonging to the KPMG network in favor of the Group does not prejudice, in our opinion, the independence of the Auditing Company.

The Auditing Company also confirmed to the Board of Statutory Auditors that, during the year, it did not issue opinions pursuant to the law, in the absence of the conditions for their issuance.

***(Separate) financial statements and consolidated financial statements***

With regard to the financial statements and the consolidated financial statements as of December 31, 2017, without prejudice to the fact that the duties relating to the statutory audit and, therefore, the opinion on the financial statements and the consolidated financial statements are attributed exclusively to the Auditing Company, KPMG, it is emphasized that:

- The Board of Statutory Auditors supervised the observance by the Board of Directors of the procedural rules regarding the formation of the financial statements and the consolidated financial statements as well as of their general setting and their general compliance with the law regarding their form and structure, and it has no observation in this regard;
- The annual financial statements and the consolidated financial statements as of December 31, 2017, have been prepared on the basis of the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and homologated by the European Union, effective as of December 31, 2017, which have been duly described in the explanatory notes, as has been given evidence of the principles, amendments, and interpretations homologated by the European Union, in force after December 31 2016;
- There is compliance between the financial statements and the consolidated financial statements, on one hand, and on the other hand, the facts and information of which the Board of Statutory Auditors became aware by participating in the meetings of the Board of Directors and the Executive Committee, as well as in the performance of its control activities;
- The provisions of art. 154-ter, paragraph 1-ter of Legislative Decree 58/98 have been respected.

As indicated above, the Board of Statutory Auditors met with the Company in charge of the legal audit, KPMG, for the purpose of an ongoing exchange of information on the control activities performed by the Company itself on the one hand, and by the Board on the other. No critical issues worthy of note have emerged within the context of these meetings. The Board of Statutory Auditors has examined the reports prepared by the Auditing Company on the financial statements and the consolidated financial statements as of December 31, 2017, and took note of the following:

- The opinions on the financial statements and the consolidated financial statements as of December 31, 2017, reported in them, which show that they comply with the rules governing their preparation and truthfully and correctly represent the financial position and the economic result of respectively, the separate and consolidated operations;

- The absence of information recalls;
- The opinions of consistency expressed in the Board of Directors' Report on management and in the Board of Directors' Report on Group Management with regard to, respectively, the financial statements and the consolidated financial statements, as well as those contained in the Report on corporate governance and ownership structure, limited to those pursuant to art. 123-add., paragraph 1, letters c), d), f), l) and n) and paragraph 2 letter b) of Legislative Decree 58/98.

The Board of Statutory Auditors also examined the Audit Representation reports drafted by the Managing Director and the Manager in charge of preparing corporate accounting documents pursuant to art. 154-add., paragraph 5 of Legislative Decree 58/98 with regard to the financial statements and the consolidated financial statements, and it acknowledged the completeness of the related contents.

*Report on management and on Group management*

The Board of Statutory Auditors verified the contents of the Report on management and the Report on Group management prepared by the Board of Directors. The Reports summarize the main risks and uncertainties, and they analyze the foreseeable evolution of the management of the Company and the Group.

After examining the Reports, the Board of Statutory Auditors, to the best of its knowledge, has verified their completeness with respect to the current provisions of the law and the clarity of the information contained therein.

*Declaration of a non-financial nature*

The Board of Statutory Auditors, as part of the functions assigned to us by the legal system, supervised compliance with the provisions of law concerning the drafting of the consolidated non-financial statement required by Legislative Decree no. 254/2016 (hereinafter 'the Decree') which was approved by the Board of Directors on March 9, 2018, as a separate document than the management report accompanying the consolidated financial statements as of December 31, 2017.
The Company has conferred upon the Auditing Company KPMG S.p.A. the task pursuant to art. 3, par.10, of the Decree and art. 5 of the CONSOB Regulation implementing the Decree (adopted with Resolution No. 20267 dated January 18, 2018). On March 22, 2018, KPMG issued a Report expressing a limited assurance engagement pursuant to art. 3 and art. 4 of the Decree on the basis of the work performed according to the criteria indicated by the principle, "International Standard on Assurance Engagements 3000 Revised - Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised);

***Further activities of the Board of Statutory Auditors and Report required by Consob***

In exercising its functions, the Board of Statutory Auditors, as required by art. 2403 of the Italian Civil Code and by art. 149 of the Legislative Decree 58/1998, supervised compliance with the law and the Statute and compliance with the principles of proper administration and in particular, on the adequacy of the organizational, administrative, and accounting structure adopted by the Company.

Pursuant to art. 2405 of the Italian Civil Code, as indicated above, the Board of Statutory Auditors participated in all meetings of the Board of Directors and obtained periodical information from the Directors on general management performance, on its foreseeable evolution, as well as on the most important economic, financial, and equity transactions carried out by the Company, ensuring that the resolutions passed were not manifestly imprudent, risky, in a potential conflict of interest, in contrast with the shareholders' resolutions, or such as to compromise the integrity of corporate assets. The Board also participated in the Shareholders Assembly.

The Board of Statutory Auditors received and examined the Report on corporate governance and ownership structure, which illustrates in an adequate and complete manner the Company's adhesion to the Corporate Governance Code for listed companies.

With regard to the corporate bodies - whose mandate ends with the Shareholders Assembly to approve the Financial Statements as of December 31, 2017 -, it should be noted that:

- as of the date of this Report, the Board of Directors is composed of 9 Directors, 3 of whom meet the independence requirements set forth in the Corporate Governance Code. During 2017, the Board of Directors held 10 meetings;
- the Control and Risks Committee is composed of 3 Directors, 2 of which meet the independence requirements set forth in the Corporate Governance Code. During 2017, the Control and Risk Committee met 6 times. Some meetings were organized in the form of joint meetings of the Board of Statutory Auditors and the Control and Risk Committee together;
- the Remuneration Committee is composed of 3 Directors, 2 of which meet the independence requirements set forth in the Corporate Governance Code. The Remuneration Committee met 6 times in the course of 2017, in order to examine the remuneration policy for executive directors vested with special offices and managers with strategic responsibilities;
- the Committee for Transactions with Related Parties is composed of 3 independent Directors. In 2017, the Committee met 8 times, in order to analyze and evaluate the transactions with Related Parties, the possible need to proceed with an update of the Procedure on transactions with related parties, and to subsequently submit some amendments to the Procedure to the Board of Directors.

The Board of Statutory Auditors verified that the Board of Directors, in assessing the independence of its non-executive members, correctly applied the criteria identified in the Corporate Governance Code and the principle of substance prevalence over the form indicated therein, having followed, for this purpose, a transparent assessment procedure, the characteristics of which are described in the aforementioned Report on corporate governance and ownership structures for the 2017 fiscal year.
The Board of Directors, in compliance with the provisions of the Legislative Decree of December 30, 2016, no. 254, with the Resolution of December 19, 2017, adopted a policy on diversity in relation to the composition of the administrative, management, and control bodies of the Company ("Diversity Policies").
We hereby acknowledge that the required information on the diversity policies applied by the Company is stated in the Report on Corporate Governance, pursuant to art. 123 add. of the Legislative Decree 58/1998, paragraph 2, letter (d) add.), added from art. 10 of Legislative Decree no. 254/2016.

By participating in the meetings of the various corporate bodies, in relation to the provisions of the Self-Regulatory Code, the Board of Statutory Auditors has verified that the administrative body performed the various functions assigned to it. The Board has also verified the correct functioning of the Control and Risk Committee, the Remuneration Committee, and the Committee for Transactions with Related Parties, with respect to the provisions of the Self-Regulatory Code and the procedure for transactions with related parties.

The Board of Statutory Auditors declares that it received no requests and/or contributions from the other independent Directors - and, more generally, from non-executive Directors - of the Company relevant to fiscal year 2017 and up to the date of this report.

As part of its assessments, for the purpose of a constant exchange of information, the Board of Statutory Auditors met, as indicated above, with:

- The Company in charge of the legal audit, keeping with it a continuous exchange of information related to the assessment activities performed;
- the Head of the Internal Audit Function, receiving from him the information regarding the results of the performed activity;
- the members of the Supervisory Body, established pursuant to Legislative Decree dated June 8, 2001, no. 231, receiving information on the results of the supervisory activities performed;
- the Manager in charge of preparing the corporate accounting documents.

During the course of the supervisory activities described above, no omissions, reprehensible facts, or irregularities emerged that would require reporting to the competent external control and supervision bodies, or a mention in this Report.

During the fiscal year, the Board of Statutory Auditors did not receive any complaints pursuant to art. 2408 of the Italian Civil Code, nor were any reports received.

During 2017, the Board of Statutory Auditors issued, on the occasion of the Board of Directors meeting on May 12, 2017:

- a favorable opinion pursuant to art 2386 of the Italian Civil Code with regard to the co-optation on the Board of Directors of Mr. Alberto Rosati to replace the outgoing member Mr. Paolo Gambarini;

- a favorable opinion pursuant to Article 2389, paragraph 3 of the Italian Civil Code, regarding the recognition to the operational Directors and some strategic Executives of a bonus in consideration of the results achieved during the 2016 fiscal year.

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Taking into account the foregoing and for what is within its competence, the Board of Statutory Auditors, also in light of the report prepared by the Company in charge of the statutory audit and the related opinion on the financial statements, does not find any obstacles to the approval of the financial statements for the fiscal year that closed on December 31, 2017, prepared by the Board of Directors and has no objections to make regarding the proposals made to the Shareholders' Assembly by the Board of Directors.

**The Board of Statutory Auditors**

Mr. Roberto Tribuno (Signed on the original)

Mr. Giovanni Rovetta (Signed on the original)

Mrs. Elena Marzi (Signed on the original)

**Openjobmetis S.p.A.**
Employment agency
Authorisation No. 1111-SG dated 26/11/2004

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