Annual Report 2018

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

openjobmetis

AGENZIA PER IL LAVORO

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Annual Report 2018

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 and for the year ended 31 December 2018 are the third since the Company became listed on the STAR segment of the Italian Stock Exchange. In 2018, Openjobmetis further improved its growth trajectory, committing to continue offering its customers new high added-value services. This growth allowed the Company to increase profitability at first margin level, despite the less favourable market context compared with the previous year.

In 2018, Openjobmetis revenue amounted to EUR 594 million, up by approximately EUR 10 million compared to 2017. EBITDA was just over EUR 22 million, in line with 2017, with a profit margin of 3.8%, also in line with 2017. Finally, net profit was EUR 12.4 million, compared with EUR 12.2 million in 2017.

Openjobmetis has confirmed its positioning among the leading employment agencies on the Italian market and has proven itself to be a valid and reliable partner, capable of offering a level of service that meets the expectations of its customers.

Over the course of the year just ended, Openjobmetis finalised the acquisition of two companies, Meritocracy S.r.l. and HC Human Connections S.r.l., pursuing the strategy of being able to offer new and innovative services to its customers. Meritocracy S.r.l. focuses on personnel recruitment, as a digital head hunter. HC Human Connections S.r.l., on the other hand, is an educational company that carries out, among other things, coaching dedicated to the development and motivation of human resources. Openjobmetis thus confirms its growth strategy, including through acquisitions, by offering increasingly innovative services that meet the needs of its customers.

Despite some significant changes to the regulations relating to our sector, which occurred as a result of the introduction of the "Dignity Decree", and a downturn across the entire euro area in economic growth prospects for 2019, the Company is focused and is determined to continue pursuing its growth strategy.

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 ordinary shareholders' meeting, convened on 24 April 2018, appointed the new Board of Directors and the new Board of Statutory Auditors for 2018-2020.

Board of Directors[1]

Chairman	Marco Vittorelli
Managing Director	Rosario Rasizza
Directors[2]	Alberica Brivio Sforza[3]
	Giovanni Fantasia[3]
	Carlo Gentili
	Biagio La Porta
	Alberto Rosati[3]
	Daniela Toscani
	Corrado Vittorelli

Board of Statutory Auditors

Chairman	Chiara Segala
Standing Auditors	Manuela Paola Pagliarello
	Roberto Tribuno
Alternate Auditors	Alvise Deganello
	Marco Sironi

1 In office until the Shareholders' Meeting called to approve the financial statements as at 31/12/2020

2 On 4 February 2019, Fabrizio Viola resigned from the office of non-executive independent Director of the Company, as well as the office of Chairman of the Company's Remuneration Committee.

3 Independent Director

Committees

Control and Risks Committee	Alberto Rosati (Chairman)[3] Giovanni Fantasia[3] Daniela Toscani
Remuneration Committee[4]	Alberica Brivio Sforza (Chairman)[3] Alberto Rosati[3] Daniela Toscani
Related Parties Committee	Alberica Brivio Sforza (Chairman)[3] Giovanni Fantasia[3] Alberto Rosati[3]

* * *

Manager in charge of financial reporting — Alessandro Esposti

* * *

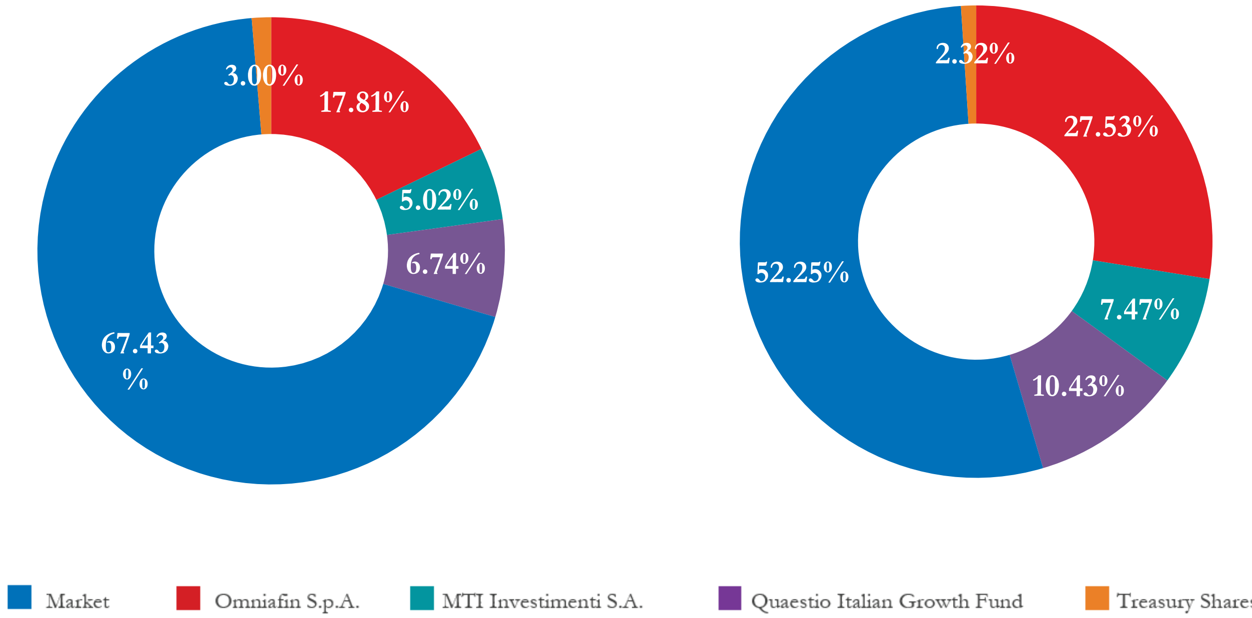
Independent Auditors[5] — KPMG S.p.A.

4 On 11 February 2019, the Board of Directors, having taken note of the resignation of Fabrizio Viola from the office of non-executive independent Director of the Company, as well as the office of Chairman of the Company's Remuneration Committee, resolved to appoint Alberto Rosati as a new member of the Remuneration Committee, and to appoint Alberica Brivio Sforza from among its members as the new Chairman, until the expiry of the mandate.

5 In office until 31/12/2023

STRUCTURE OF THE GROUP[6]

Percentage of Share Capital | **Percentage of Voting Rights[7]**

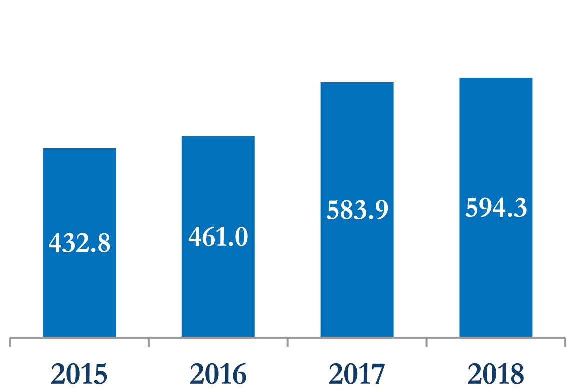


[6] Structure of the share capital and voting rights as at 31 December 2018
[7] Treasury shares are not taken into account in the calculation of the majority and the percentage capital required to approve the resolution (article 2357-ter paragraph 2 and article 2368 paragraph 3, of the Italian Civil Code).

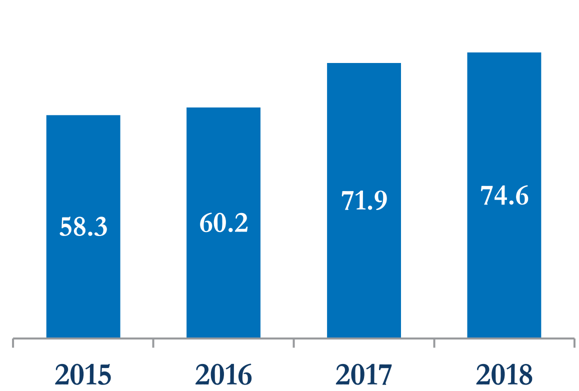
DIRECTORS' REPORT

Highlights (in millions of EUR)

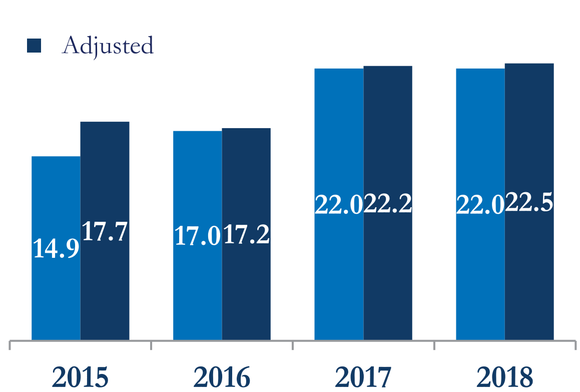
Revenue



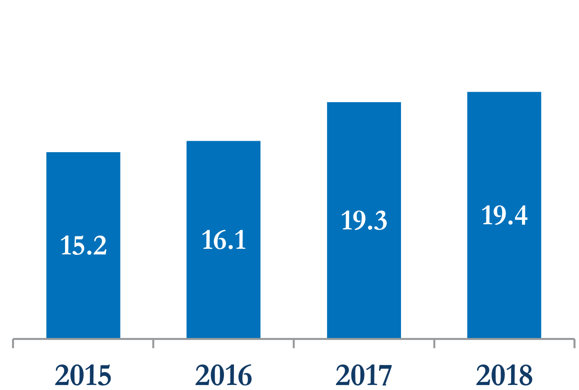
First contribution margin



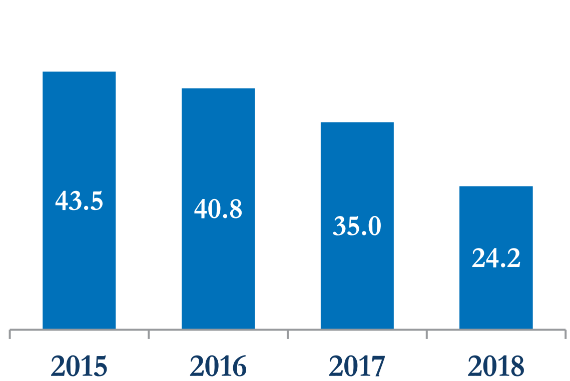
EBITDA



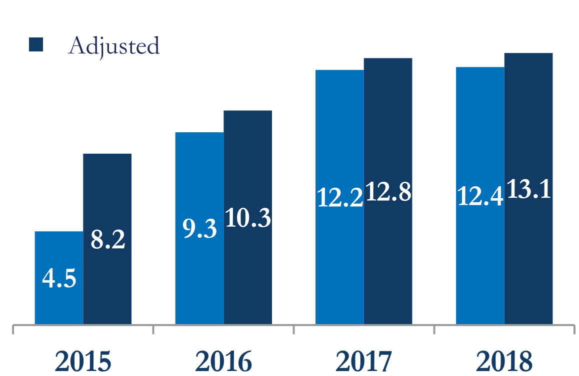
Adjusted EBITA



Net Financial Indebtedness (NFI)



Profit (loss) for the year



Adjusted trends in key income, financial and operating indicators

Income Statement indicators	2018		2017		2016		2015		Δ 18 vs. 17	
	EUR	%	EUR	%	EUR	%	EUR	%	EUR	%
First contribution margin (millions/margin) (1)	74.6	12.5%	71.9	12.3%	60.2	13.1%	58.3	13.5%	2.7	3.8%
EBITDA (millions/margin) (2)	22.0	3.7%	22.0	3.8%	17.0	3.7%	14.9	3.4%	(0.0)	(0.1%)
Adjusted EBITDA (millions/margin) (3)	22.5	3.8%	22.2	3.8%	17.2	3.7%	17.7	4.1%	0.2	1.0%
Adjusted EBITDA II (millions/margin) (4)	22.8	3.8%	22.5	3.8%	17.2	3.7%	17.7	3.4%	0.4	1.6%
EBITA (millions/margin) (5)	18.9	3.2%	19.1	3.3%	15.9	3.4%	11.0	2.6%	(0.2)	(0.8%)
Adjusted EBITA (millions/margin) (6)	19.4	3.3%	19.3	3.3%	16.1	3.5%	15.2	3.5%	0.1	0.5%
Net profit (loss) for the year (millions/margin)	12.4	2.1%	12.2	2.1%	9.3	2.0%	4.5	1.0%	0.1	1.1%
Adjusted net profit (loss) for the year (millions/margin) (7)	13.1	2.2%	12.8	2.2%	10.3	2.2%	8.2	1.9%	0.2	1.9%

Other indicators	2018	2017	2016	2015	Δ 18 vs. 17	
					Value	%
Net financial indebtedness (EUR million) (8)	24.2	35.0	40.8	43.5	(10.8)	(30.9%)
Net financial indebtedness/EBITDA	1.1	1.6	2.4	2.9	(0.5)	(30.9%)
Number of shares (thousand)	13,712	13,712	13,712	13,712	0	0.0%
Net earnings (loss) per share (EUR)	0.9	0.9	0.7	0.3	0.0	1.1%
Adjusted net earnings (loss) per share (EUR)	1.0	0.9	0.8	0.6	0.0	1.9%
ROE - Net profit (loss)/average equity (%)	13.4%	14.9%	13.0%	8.2%	(1.5)	(10.1%)
Average no. of days to collect trade receivables (days) (9)	70	76	81	71	(6)	(7.9%)

(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 charges mainly relating to consultancy and due diligence costs for potential acquisitions (as indicated 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 plans.

(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 charges mainly relating to consultancy and due diligence costs for potential acquisitions (as indicated in the following pages of this report).

(7) Adjusted Profit (loss) for the year is calculated as Adjusted Profit (loss) for the year before charges mainly relating to consultancy and due diligence costs for potential acquisitions (as indicated in the following pages of this report) and net of the related tax effect.

(8) Net financial indebtedness 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-mentioned indicators are considered to facilitate the analysis of business performance, ensuring better comparability of results over time.

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[8]

Real economy and financial market trends

After a positive start to the year, with 0.3% GDP growth in the first quarter, compared to the previous quarter, and 0.2% growth in the second quarter with respect to the first, the Italian economy contracted slightly from the third quarter of the year. Following 14 quarters of continuous growth, in the third quarter, GDP fell by 0.1% compared to the second quarter. This contraction was mainly due to the decrease in investments (-1.1%), but also to the slight drop in household consumption expenditure (-0.1%). Preliminary estimates indicate that GDP in the fourth quarter of 2018 decreased by 0.2% compared to the previous quarter. At the same time, according to ISTAT data, industrial production slowed in the final part of the year: overall it is estimated that the industrial production index declined by 1.6% in the final quarter of the year, compared to the previous three months.

Despite the downturn in the final part of 2018, the latest ISTAT estimates for the year just ended indicate growth of 0.9% in Italian GDP compared to 2017.

The economic slowdown in 2018 did not only occur in Italy, but on an international scale. Indeed, in the third quarter of 2018 a general downturn was recorded in the economies of the main developed countries and those of emerging countries. The slowdown in the euro area is mainly due to the uncertainty caused by international trade tensions and the consequent weakening of the Chinese economy, but also to internal causes, such as the decline in production in the German automobile industry, related to the introduction of the new EU type-approval procedure (WLTP, Worldwide Harmonized Light Vehicles) which came into force at the beginning of September and indirectly affected Italy, one of the main suppliers of quality components to the German automobile industry. This led the main rating agencies to lower growth estimates in Europe. In February 2019, Fitch cut the 2019 eurozone GDP growth estimates from 1.7% to 1.0% (for Italy from the previous 1.1% to the current 0.3%). Among other factors, the uncertainty linked to the European elections in May 2019, is also impacting negatively on the growth of the euro area, as companies are cautious about making investments.

During the year, the uncertainties of the real economy were also reflected in the global financial markets. In Italy, the FTSE MIB index recorded a drop of 15.8% as at 21 December 2018 compared with the beginning of the year, while the FTSE STAR index, the segment in which Openjobmetis

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

S.p.A. is listed, registered a decrease of around 17% year on year. The total capitalisation of the 357 companies listed on the Italian Stock Exchange markets was also affected, falling by around 16% in 2018. Similarly, the main stock exchanges of other developed countries underperformed. The worst outcome in Europe was that of the Dax (Frankfurt), which ended 2018 down by at least 18% with respect to the beginning of the year.

The volatility of the financial markets during the past year also influenced the Openjobmetis share price (OJM.MI) which on 2 January 2018 opened at EUR 12.91 per share, while on 29 December 2018, the last trading date of the year, closed at EUR 8.00.

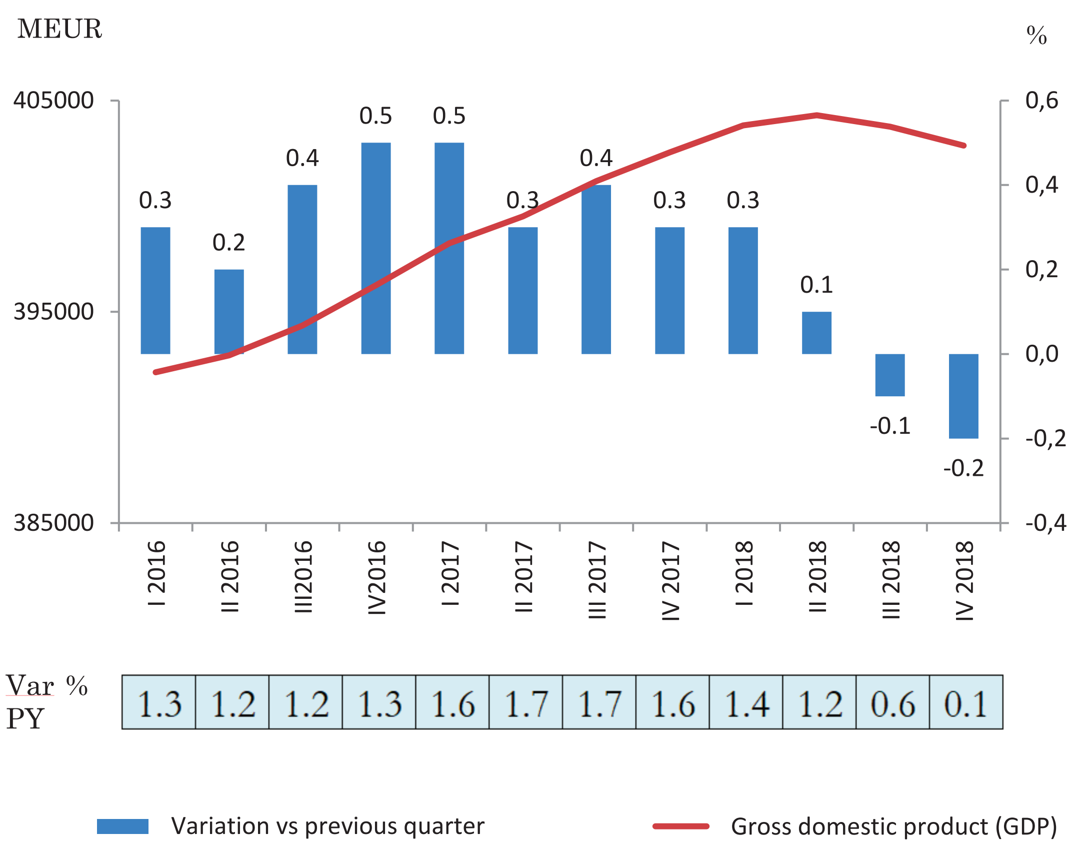


Table 1: Italian GDP trend by quarter

Openjobmetis S.p.A. and the labour market

Performance of the labour market

At first glance, employment trends on the Italian labour market in 2018 followed the GDP growth curve of the year just ended. Indeed, after a certain amount of growth in employment in the first quarter (+21,000 employed compared to the previous quarter) and strong growth in the second quarter (+196,000 employed compared to the first quarter of 2018), in the third quarter of 2018, there was a definite slowdown, confirming the employment levels of the previous period. In the last quarter of the year there was slight growth compared to the previous period (+12,000 employed), both in terms of fixed-term and permanent contract employees.

According to initial analyses, the stability of employment levels at the end of 2018, is partly due to the introduction of the "Dignity Decree" (Law Decree no. 87 of 12 July 2018), which, as described later, changed the regulations for fixed-term contracts and also had an impact on temporary employment. The new law has made the use of fixed-term contracts less flexible and such contracts, are chosen by companies precisely because of this inherent flexibility. The ultimate aim was to encourage the recruitment of permanent workers, but in reality, the new legislation has reduced the use of fixed-term workers, particularly in the months of October and November, without replacing them with permanent workers as had been strongly hoped. This is demonstrated by the aforementioned slowdown in employment recorded at the end of 2018.

The "Dignity Decree" (Law Decree no. 87 of 12 July 2018), amended by Law no. 96/2018, changed the regulations for fixed-term contracts, impacting temporary employment. The main differences introduced by the new rules on temporary work, compared to the past, are as follows: 1) the maximum contract duration, including when adding together multiple contracts, has changed from 36 months to 24 months; 2) the obligation to indicate reasons for use of temporary work (not envisaged for up to a maximum of 12 months), previously abolished by Minister Poletti through Decree no. 34 of 20/03/2014, has been reintroduced. The contract renewal must always indicate one of the following reasons: a) temporary and objective needs, unrelated to core business needs, or the need to replace other workers; b) needs associated with significant temporary increases that cannot be planned as part of core business. For extensions, an indication of the reasons for use of temporary work is compulsory only if the 12-month limit is exceeded. In addition, as regards seasonal business activities, renewals and extensions can be arranged without the need to indicate the above reasons; 3) for fixed-term employment, whether direct or temporary work, an additional 0.5% charge is applied, calculated on taxable pay for social security purposes, on each renewal (this rate is added to the 1.4% contribution for the existing NASPI loan). The "Dignity Decree" has also had an impact on permanent employment contracts in that it envisages an increase in indemnities for employees recruited on permanent contracts in the event of unfair dismissal: from a minimum 4 to a maximum 24 months' pay, it increases from a minimum 6 to a maximum 36 months' pay.

In 2018, the Italian labour market was the focus of debates on 'Citizens' Income', *an active employment policy measure aimed at combating poverty, inequality and social exclusion: financial support to supplement family income*. As indicated by the Government, Citizens' Income, introduced at the beginning of 2019 with Law Decree no. 4 of 28 January 2019, will start from April 2019. The subsidy is EUR 500 for a single person, and up to EUR 1,050 for families of 3 adults and 2 children (additional EUR 280 for rent contribution) and has a maximum duration of 18 months, which can be extended by a further 18 months. Beneficiaries must enter into an "employment agreement" with employment centres, which, through the hiring of approximately 6,000 "navigators" by ANPAL (National Agency for Active Labour Market Policies), will be tasked with finding a "reasonable" job offer within 100km from the residence of the beneficiary who is entitled to refuse up to 2 jobs before losing the right to the benefit (on the third refusal). On the second offer, the area is widened to 250 km, and on the third it is extended nationwide. It is not yet entirely clear what role Employment Agencies will play in the Citizens' Income facility. Changes to the decree's conversion into Law cannot, however, be excluded. Finally, it is noted that according to a study by ISTAT, with reference to 2017, Italian Employment Centres were considered useful by just 2.4% of those who came to them to search for a job.

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 135 branches as at 31 December 2018, spread throughout the entire country, enabling it to serve customers located in all regions of Italy.

A breakdown by region shows a significant number 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.

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 permanent contract employees. During 2018, the Company organised around 1,500 training courses, through authorised third party institutions, for a total of approximately 8,000 participants and provided over 80,000 hours of training.

Operating performance and results of the Group

Analysis of the operating performance of the Openjobmetis Group for the year 2018

Revenue from sales for 2018 came to EUR 594.3 million, compared to EUR 583.9 million in the previous year. The growth of 1.8% (EUR 10.4 million), compared to 2017, is due to an increase in revenues relating to the core activity, i.e. "temporary work employment" (+1.6% compared to 2017) and to a significant growth in revenues for "recruitment and selection" (+43.0% compared to 2017) and Outplacement (+42.7% compared to 2017). In 2018, operating profit (or EBIT, earnings before interest and tax) amounted to EUR 18.9 million, in line with that of the previous year.

The Group's consolidated financial figures for the years ended 31 December 2018, 2017, 2016 and 2015 are shown in the table below.

(Amounts in thousands of EUR)	**Financial statements for the year ended 31 December**						**2018/2017 Change**	
	2018	**% of Revenue**	**2017**	**% of Revenue**	**2016**	**2015**	**value**	**%**
Revenue	594,271	100.0%	583,897	100.0%	460,952	432,763	10,374	1.8%
Costs of temporary work	(519,697)	(87.5%)	(512,038)	(87.7%)	(400,724)	(374,503)	(7,659)	1.5%
First contribution margin	**74,574**	**12.5%**	**71,858**	**12.3%**	**60,228**	**58,260**	**2,716**	**3.8%**
Other income	13,248	2.2%	12,958	2.2%	11,957	10,514	290	2.2%
Employee costs	(34,005)	(5.7%)	(31,538)	(5.4%)	(28,012)	(27,705)	(2,467)	7.8%
Cost of raw materials and consumables	(238)	(0.0%)	(257)	(0.0%)	(233)	(229)	19	(7.3%)
Costs for services	(30,798)*	(5.2%)	(30,172)*	(5.2%)	(26,164)	(25,386)	(626)	2.1%
Other operating expenses	(768)	(0.1%)	(823)	(0.1%)	(803)	(532)	55	(6.7%)
EBITDA	**22,013**	**3.7%**	**22,027**	**3.8%**	**16,973**	**14,922**	**(14)**	**(0.1%)**
Impairment loss on trade and other receivables	(2,169)	(0.4%)	(2,158)	(0.4%)	(469)	(3,197)	(11)	0.5%
Amortisation/depreciation	(922)	(0.2%)	(795)	(0.1%)	(638)	(677)	(127)	16.0%
EBITA	**18,922**	**3.2%**	**19,074**	**3.3%**	**15,866**	**11,048**	**(152)**	**(0.8%)**
Amortisation of intangible assets	(44)*	(0.0%)	(44)*	(0.0%)	(408)	(606)	0	(0.0%)
EBIT	**18,878**	**3.2%**	**19,030**	**3.3%**	**15,458**	**10,442**	**(152)**	**(0.8%)**
Financial income	104	0.0%	80	0.0%	157	110	24	30.9%
Financial expense	(632)	(0.1%)	(944)	(0.2%)	(1,606)	(3,330)	312	(33.0%)
Profit (loss) before taxes	**18,350**	**3.1%**	**18,166**	**3.1%**	**14,009**	**7,222**	**184**	**1.0%**

(Amounts in thousands of EUR)	**Financial statements for the year ended 31 December**						**2018/2017 Change**	
	2018	**% of Revenue**	**2017**	**% of Revenue**	**2016**	**2015**	**value**	**%**
Income taxes	(5,974)*	(1.0%)	(5,926)*	(1.0%)	(4,748)	(2,721)	(48)	0.8%
Net profit (loss) for the year	**12,376**	**2.1%**	**12,240**	**2.1%**	**9,261**	**4,501**	**136**	**1.1%**

* For further details please refer to the table below

The table below shows the breakdown of non-recurring costs, which are adjusted so as to reflect their impact on the income statement in 2018 and 2017, respectively:

	Brief description	**2018**		**2017**	
		Amount in thousands of EUR	**% weight on income statement item**	**Amount in thousands of EUR**	**% weight on income statement item**
Costs for services	Charges relating mainly to consultancy and due diligence costs for potential acquisitions	437	1.4%	196	0.6%
Total		**437**		**196**	
Amortisation/depreciation	Amortisation of customer relations included in the amount of intangible assets and goodwill	44	4.6%	44	5.2%
Total costs		**481**		**240**	
Tax effect		(134)		(67)	
Income taxes	Tax from previous years related to the tax dispute (provision for risks relating to said dispute for 2017)	339	5.7%	400	6.7%
Total impact on the Income Statement		**686**		**573**	

In 2018, charges relating mainly to consultancy and due diligence costs for potential acquisitions amounted to EUR 437 thousand and amortisation of customer relations included in the amount of intangible assets and goodwill amounted to EUR 44 thousand. Moreover, in relation to the tax dispute pending at the time (further information on which can be found in section 29 of the Notes to the consolidated and separate financial statements), with the sole purpose of settling the dispute without implying any admission of guilt, on 27 June 2018 the Company reached an agreement with the tax authorities for the years 2007 to 2015, and in July finalised the final settlement of the dispute for all remaining years. These conciliation agreements led to the recognition of higher taxes, including penalties and interests of around EUR 1,339 thousand. Since a provision of EUR 1,000 thousand had already been created in previous years, the impact on profit and loss for 2018 was EUR 339 thousand.

The above resulted in an adjusted net profit of EUR 13,062 thousand, taking into account a negative tax effect of EUR 134 thousand.

Revenue from sales and services

Group revenue increased from EUR 583,897 thousand in 2017 to EUR 594,271 thousand in 2018. The overall increase amounted to EUR 10,374 thousand (+1.8%), in connection with an increase in the volume of activities in terms of temporary worker hours sold to customers, and an increase in 2018 in revenue from recruitment and selection and outplacement, respectively of 43.0% and 42.7% compared to 2017.

Costs of temporary work

Personnel expense relating to temporary workers shows an increase of EUR 7,659 thousand, from EUR 512,038 thousand in 2017 to EUR 519,697 thousand in 2018, equal to 87.5% of revenue (87.7% in 2017).

The change was due to an increase in revenue from the temporary work 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 2018, the Group's first contribution margin amounted to EUR 74,574 thousand, up by EUR 2,716 thousand compared to 2017 (EUR 71,858 thousand). This represented 12.5% of revenue, up compared to the 2017 figure (12.3%). The recovery of the first margin was due to both the increase in the temporary work margin, and the greater impact of other high added-value HR services, which increased from 10.8% in 2017 to 11.7% in 2018. The percentage increase of the first contribution margin is an indicator of the Group's sustained effort during 2018, which, in a complex market context, caused for example by the "Dignity Decree", was able to grow as well as increase its own profitability.

Other income

Other income for 2018 amounted to EUR 13,248 thousand, a EUR 290 thousand increase compared to 2017 (EUR 12,958 thousand).

The item mainly includes grants from Forma.Temp (EUR 11,656 thousand for 2018, against EUR 12,016 thousand in 2017) for costs incurred by the Group to deliver training courses to temporary workers through qualified trainers, and other sundry income (EUR 1,592 thousand in 2018, against EUR 942 thousand in 2017). 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 initiative.

Employee costs

The average number of employees in 2018 was 651, compared to 611 in 2017, and includes staff employed at the headquarters and at the Group's subsidiaries (173 employees in 2018 for the Group) and at the branch offices located throughout the country (478 in 2018 for the Group).

Employee costs grew from EUR 31,538 thousand in 2017 to EUR 34,005 thousand in 2018. Please note that employee costs accounted for include the cost of the Phantom Stock Options (EUR 376 thousand for 2018 and EUR 239 thousand for 2017), which corresponds to the valuation carried out at the reference date, with the support of a third-party consultant, regarding the applicable amount that may be paid based on the two tranches assigned in 2017 and 2018, according to the plan and the current regulations.

The incidence on revenue increased slightly from 5.4% in 2017 to 5.7% in 2018.

Costs for services

In 2018, the item Costs for services was EUR 30,798 thousand, a EUR 626 thousand increase compared to 2017 (EUR 30,172 thousand).

Costs for services mainly include the costs incurred for the organisation of training courses for temporary workers, amounting to EUR 11,666 thousand for 2018, compared to EUR 12,020 thousand in 2017.

The remaining costs for services, the incidence of which on revenue was in line with 2017 at 3.2% (3.1% in 2017), refer mainly to the costs for tax, legal, IT and business consultancy, rental costs and fees to sourcers and professional advisors. The Group receives grants from Forma.Temp to fully cover the costs incurred for training, following accurate and timely reporting of said costs.

The 2018 figure includes charges mainly relating to consultancy and due diligence costs for potential acquisitions for EUR 437 thousand, while in 2018 this category of charges totalled EUR 196 thousand.

In 2018, 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 2018, EBITDA amounted to EUR 22,013 thousand, compared to EUR 22,027 thousand in 2017. In 2018, Adjusted EBITDA[9] amounted to EUR 22,450 thousand in relation to that which has been reported in reference to costs for services, an increase compared to 2017 (EUR 22,223 thousand). In addition, taking into account that the cost of the Phantom Stock Options assigned to key management personnel was recognised, as previously mentioned, adjusted EBITDA II[10] reached EUR 22,826 thousand, compared to EUR 22,462 thousand in 2017).

In 2018, EBITA was EUR 18,922 thousand, compared to EUR 19,074 thousand in 2017. Adjusted EBITA[11] in 2018 was EUR 19,359 thousand, compared to EUR 19,270 thousand in 2017.

Amortisation/depreciation

In 2018, depreciation and amortisation amounted to EUR 966 thousand, an increase of EUR 127 thousand compared to 2017 (EUR 839 thousand), mainly attributable to the purchase of new fixtures and IT equipment, in addition to the amortisation of specific intangibles (software) recognised in relation to the allocation of the price paid for the acquisition of Meritocracy S.r.l. The amortisation of the value of customer relations capitalised among intangible assets and goodwill, included in the amortisation of intangible assets, amounted to EUR 44 thousand, as in 2017.

[9] Calculated as EBITDA before charges mainly relating to costs for consultancy and due diligence
[10] Calculated as adjusted EBITDA before estimated non-monetary costs relating to long-term incentive schemes
[11] Calculated as EBITA before charges mainly relating to costs for consultancy and due diligence.

Impairment loss on trade and other receivables

Total impairment in 2018, equal to EUR 2,169 thousand, was in line with 2017 (EUR 2,158 thousand). The incidence of impairment losses on total turnover reached 0.36% in 2018, in line with the 2017 figure (0.37%); the group considers this to be a natural ratio.

EBIT

As a result of the above, the Group's operating profit (loss) for 2018 was EUR 18,878 thousand, a slight drop compared to the 2017 figure (EUR 19,030 thousand).

Financial income and financial expense

Net financial income and expense shows a negative net balance of EUR 528 thousand in 2018, an improvement of EUR 336 thousand compared to 2017 (EUR 864 thousand). This improvement is mainly attributable to the decrease in the item Interest expense on loans following a reduction in average debt in 2018 compared to 2017.

Income taxes

In 2018, income taxes totalled EUR 5,974 thousand, in line with the 2017 figure (EUR 5,926 thousand). The item includes current taxes of EUR 5,487 thousand, compared to EUR 4,787 thousand in the previous year, and total deferred taxes of EUR 146 thousand, compared to EUR 739 thousand in the previous year. In addition, the 2018 figure includes taxes from previous years for EUR 339 thousand, in relation to the agreements for the final settlement of the ongoing tax dispute with the tax authorities (in 2017, EUR 400 thousand had been set aside for this purpose); for further details, please refer to point 29 of the Notes to the Separate and Consolidated Financial Statements.

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

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

As a result of the above, the result for the year shows a net profit of EUR 12,376 thousand in 2018, compared to a net profit of EUR 12,240 thousand in the previous year.

Adjusted net profit for the year, as reported in the following table, amounted to EUR 13,062 thousand in 2018, compared to an adjusted net profit of EUR 12,813 thousand in 2017.

Adjusted net profit *(in thousands of EUR)*	**2018**	**2017**
Profit for the year	12,376	12,240
Charges relating mainly to consultancy and due diligence costs for potential acquisitions	437	196
Amortisation (client relations included in intangible assets and goodwill)	44	44
Tax effect	(134)	(67)
Tax from previous years related to the tax dispute (provision for risks relating to said dispute for 2017)	339	400
Adjusted profit for the year	**13,062**	**12,813**

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 2018, 2017, 2016 and 2015.

(Amounts in thousands of EUR)	**Financial statements as at 31 December**						**2018/2017 Change**	
	2018	% on NIC* / Total sources	**2017**	% on NIC* / Total sources	**2016**	**2015**	**Value**	**%**
Intangible assets and goodwill	76,388	62.7%	74,472	59.8%	74,563	74,661	1,916	2.6%
Property, plant and equipment	2,376	2.0%	2,300	1.8%	2,096	2,173	76	3.3%
Other net non-current assets and liabilities	1,690	1.4%	2,163	1.7%	2,911	5,264	(473)	(21.8%)
Total non-current assets/liabilities	**80,454**	**66.0%**	**78,935**	**63.5%**	**79,570**	**82,098**	**1,519**	**1.9%**
Trade receivables	115,270	94.6%	123,312	99.1%	104,175	85,359	(8,042)	(6.5%)
Other receivables	7,994	6.6%	7,209	5.8%	6,061	6,357	785	10.9%
Current tax assets	34	0.0%	23	0.0%	336	414	11	46.4%
Trade payables	(5,677)	(4.7%)	(6,946)	(5.6%)	(8,224)	(8,943)	1,269	(18.3%)
Current employee benefits	(39,950)	(32.8%)	(39,835)	(32.0%)	(33,376)	(27,459)	(115)	0.3%
Other payables	(33,677)	(27.6%)	(32,696)	(26.3%)	(27,881)	(23,372)	(981)	3.0%
Current tax liabilities	(685)	(0.6%)	(2,662)	(2.1%)	(190)	(834)	1,977	(74.3%)
Provisions for risks and current charges	(1,947)	(1.6%)	(2,948)	(2.4%)	(2,644)	(2,459)	1,001	(34.0%)
Net working capital	**41,362**	**34.0%**	**45,458**	**36.5%**	**38,257**	**29,063**	**(4,096)**	**(9.0%)**
Total loans - net invested capital	**121,816**	**100.0%**	**124,393**	**100.0%**	**117,827**	**111,161**	**(2,577)**	**(2.1%)**
Shareholders' Equity	96,522	79.2%	88,308	71.0%	75,978	66,506	8,214	9.3%
Net Financial Indebtedness (NFI)	24,201	19.9%	35,021	28.1%	40,771	43,539	(10,820)	(30.9%)
Employee benefits	1,093	0.9%	1,064	0.9%	1,078	1,116	29	2.7%
Total sources	**121,816**	**100.0%**	**124,393**	**100.0%**	**117,827**	**111,161**	**(2,577)**	**(2.1%)**

* Net Invested Capital

Intangible assets and goodwill

Intangible assets and goodwill totalled EUR 76,388 thousand as at 31 December 2018, up by EUR 1,916 thousand from 31 December 2017 (EUR 74,472 thousand), and consist primarily of goodwill, customer relations, software and other intangible assets under development and payments on account.

At the end of each year, the Group assesses whether goodwill and intangible assets with indefinite useful lives can be recovered. 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, approved by the Board of Directors of Openjobmetis S.p.A. The last test was carried out with reference to the financial statements as at 31 December 2018. For further information on the methodology used, please refer to point 5 of the Notes to the Separate and Consolidated Financial Statements.

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. Following the acquisition of Meritocracy S.r.l. (formerly Coverclip S.r.l.), which took place on 5 June 2018, the difference between the price paid and the shareholders' equity of the Company, net of the allocation of the specific intangible recognised in software for EUR 1,157 thousand, was allocated to goodwill, for a value of EUR 288 thousand. Lastly, following the acquisition of HC Human Connections S.r.l. on 25 July 2018, the difference between the price paid and the shareholders' equity of the Company was allocated to goodwill, for a value of EUR 604 thousand.

The value of customer relations as at 31 December 2018 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.

Software refers to the operational and management programs acquired by the Group, including mainly the software Databook, dedicated to supporting the operating processes and exchanges of information inherent to the Employment Agency. The application is amortised from 2017. Finally, on the basis of the appraisal prepared by a professional independent third party, the fair value of the platform owned by Meritocracy S.r.l., equal to EUR 1,157 thousand, was accounted for in the financial statements as at 31 December 2018. The useful life of the platform has been reasonably estimated at five years.

Trade receivables

Trade receivables amounted to EUR 115,270 thousand as at 31 December 2018 compared to EUR 123,312 thousand as at 31 December 2017; as at 31 December 2018, there were no trade receivables from related parties (EUR 17 thousand as at 31 December 2017). The item is recorded in the consolidated financial statements net of an allowance for impairment of EUR 5,271 thousand (EUR 5,162 thousand as at 31 December 2017). It should also be noted that no transfers of receivables without recourse had been carried out as at 31 December 2018 and 31 December 2017.

The average collection period (DSO - Days Sales Outstanding) granted to customers appears to have decreased compared to the previous year, from 76 days to 70 days. Calculating the DSO only on the fourth quarter of 2018, i.e. receivables/quarterly revenue * 90 days, a DSO of 69 days is achieved, down compared to the same period of the previous year (72 days).

There are no receivables with insurance coverage.

There are no credit risk profiles for related parties.

Other receivables

As at 31 December 2018, Other receivables totalled EUR 7,994 thousand, compared to EUR 7,209 thousand as at 31 December 2017; 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 1,293 thousand as at 31 December 2017), receivables from the INPS (Italian Social Security Institution) for post-employment benefits for EUR 2,475 thousand (EUR 1,813 thousand as at 31 December 2017), other prepayments for EUR 921 thousand (EUR 622 thousand as at 31 December 2017), receivables from the tax authorities for disputes of EUR 1,143 thousand (EUR 1,594 thousand as at 31 December 2017), 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 compared to 31 December 2017), and receivables from Forma.Temp for EUR 1,003 thousand (EUR 760 thousand as at 31 December 2017).

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 paid in advance 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 costs not pertaining to the period 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 2018, trade receivables amounted to EUR 5,677 thousand, compared to EUR 6,946 thousand as at 31 December 2017. There are no trade payables to related parties as at 31 December 2018 (EUR 103 thousand as at 31 December 2017). At the reporting date, there was no concentration of payables due to a limited number of suppliers.

Employee benefits

As at 31 December 2018, payables for current employee benefits amounted to EUR 39,950 thousand, stable compared to EUR 39,835 thousand as at 31 December 2017. 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.

Given the nature of 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 were paid periodically 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 2018 of EUR 685 thousand referred to tax liabilities for IRAP of EUR 121 thousand, tax liabilities for the domestic tax consolidation scheme (IRES) of EUR 528 thousand and the IRES balance of the subsidiary HC Human Connections Srl of EUR 36 thousand.

As at 31 December 2017, the current tax payable referred to the tax liability for IRAP of EUR 296 thousand and the tax liability for the domestic tax consolidation (IRES) of EUR 2,366 thousand.

Other payables

As at 31 December 2018, other payables amounted to EUR 33,677 thousand, compared to EUR 32,696 thousand as at 31 December 2017. The item refers mainly to social security charges payable for EUR 19,415 thousand as at 31 December 2018 (EUR 19,723 thousand as at 31 December 2017), tax payables principally related to withholdings on employees' remuneration of EUR 12,628 thousand (EUR 12,257 thousand as at 31 December 2017), payables to Forma.Temp of EUR 629 thousand (EUR 616 thousand as at 31 December 2017) and other payables mainly including deferred income and salary/pension backed loans for a total of EUR 1,005 thousand (EUR 100 thousand as at 31 December 2017).

Equity

As at 31 December 2018, shareholders' equity amounted to EUR 96,522 thousand, compared to EUR 88,308 thousand as at 31 December 2017.

The change in equity recorded between 31 December 2017 and 31 December 2018 is mainly attributable to the net profit for 2018 and to the negative reserve which has arisen as a result of the purchase of treasury shares and the acquisition of Meritocracy S.r.l. and HC Human Connections S.r.l.

Net Financial Indebtedness (NFI)

Net financial indebtedness shows a negative balance of EUR 24,201 thousand as at 31 December 2018, against a negative balance of EUR 35,021 thousand as at 31 December 2017.

The Group's net financial indebtedness as at 31 December 2018, 2017, 2016 and 2015, calculated in accordance with the provisions of Recommendation ESMA/2013/319, is shown below.

	(Amounts in thousands of EUR)	**Financial statements as at 31 December**				**Change 2018 / 2017**	
		2018	**2017**	**2016**	**2015**	**Value**	**%**
A	Cash	29	24	22	24	5	20.8%
B	Other cash and cash equivalents	6,449	4,638	8,788	22,388	1,811	39.0%
C	Securities held for trading		-	-	-	-	-
D	**Cash and cash equivalents (A+B+C)**	**6,478**	**4,662**	**8,810**	**22,412**	**1,816**	**39.0%**

	(Amounts in thousands of EUR)	**Financial statements as at 31 December**				**Change 2018 / 2017**	
		2018	**2017**	**2016**	**2015**	**Value**	**%**
E	Current financial receivables		-	-	-	-	-
F	Current bank loans and borrowings	(16,934)	(17,455)	(17,887)	(31,283)	521	(3.0%)
G	Current portion of non-current debt	(9,600)	(8,607)	(14,669)	(6,000)	(993)	11.5%
H	Other current financial payables	(12)	(12)	(62)	(258)	-	0.0%
I	**Current financial indebtedness (F+G+H)**	**(26,546)**	**(26,074)**	**(32,618)**	**(37,541)**	**(472)**	**1.8%**
J	**Net current financial indebtedness (D+E+I)**	**(20,068)**	**(21,412)**	**(23,808)**	**(15,129)**	**1,344**	**(6.3%)**
K	Non-current bank loans and borrowings	(4,096)	(13,559)	(16,902)	(28,337)	9,463	(69.8%)
L	Bonds issued	-	-	-	-	-	-
M	Other non-current payables	(37)	(50)	(61)	(73)	13	(26.0%)
N	**Non-current financial indebtedness (K+L+M)**	**(4,133)**	**(13,609)**	**(16,963)**	**(28,410)**	**9,476**	**(69.6%)**
O	**Net Financial Indebtedness (J+N)**	**(24,201)**	**(35,021)**	**(40,771)**	**(43,539)**	**10,820**	**(30.9%)**

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

Analysis of the operating performance of Openjobmetis S.p.A. for the year 2018

Revenue from sales for 2018 came to EUR 587.4 million, compared to EUR 578.1 million in the previous year. The growth of 1.6% (EUR 9.3 million) on 2017 is due to an increase in temporary work volumes. The operating profit (or EBIT, earnings before interest and tax) went from EUR 14.7 million in the previous year to EUR 15.1 million, after amortisation/depreciation, provisions and impairment losses totalling EUR 3.0 million (EUR 3.1 million in 2017).

The Parent's income statements for the years 2018 and 2017 are shown in the table below.

(Amounts in thousands of EUR)	**Financial statements for the year ended 31 December**				**2018/2017 Change**	
	2018	**% of Revenue**	**2017**	**% of Revenue**	**value**	**%**
Revenue	587,351	100.0%	578,083	100.0%	9,268	1.6%
Costs of temporary work	(519,697)	(88.5%)	(512,038)	(88.6%)	(7,659)	1.5%
First contribution margin	**67,654**	**11.5%**	**66,045**	**11.4%**	**1,609**	**2.4%**
Other income	13,308	2.3%	13,064	2.3%	244	1.9%
Employee costs	(30,670)	(5.2%)	(29,073)	(5.0%)	(1,597)	5.5%
Cost of raw materials and consumables	(216)	(0.0%)	(227)	(0.0%)	11	(5.0%)
Costs for services	(31,156)*	(5.3%)	(30,990)*	(5.4%)	(166)	0.5%
Other operating expenses	(749)	(0.1%)	(808)	(0.1%)	59	(7.4%)
EBITDA	**18,171**	**3.1%**	**18,011**	**3.1%**	**160**	**0.9%**
Impairment loss on trade and other receivables	(2,230)	(0.4%)	(2,462)	(0.4%)	232	(9.4%)
Amortisation/depreciation	(826)	(0.1%)	(776)	(0.1%)	(50)	6.4%
EBITA	**15,115**	**2.6%**	**14,773**	**2.6%**	**342**	**2.3%**
Amortisation of intangible assets	(44)*	(0.0%)	(44)*	(0.0%)	0	(0.0%)
EBIT	**15,071**	**2.6%**	**14,729**	**2.5%**	**342**	**2.3%**
Financial income	3,147	0.5%	2,264	0.4%	883	39.0%
Financial expense	(620)	(0.1%)	(930)	(0.2%)	310	(33.4%)
Profit (loss) before taxes	**17,598**	**3.0%**	**16,063**	**2.8%**	**1,535**	**9.6%**
Income taxes	(4,816)*	(0.8%)	(4,784)*	(0.8%)	(32)	0.7%

(Amounts in thousands of EUR)	**Financial statements for the year ended 31 December**				**2018/2017 Change**	
	2018	**% of Revenue**	**2017**	**% of Revenue**	**value**	**%**
Net profit (loss) for the year	**12,782**	**2.2%**	**11,279**	**2.0%**	**1,503**	**13.3%**

* For further details please refer to the table below

The table below shows the breakdown of non-recurring costs, which are adjusted so as to reflect their impact on the income statement in 2018 and 2017, respectively:

	Brief description	**2018**		**2017**	
		Amount in thousands of EUR	**% weight on income statement item**	**Amount in thousands of EUR**	**% weight on income statement item**
Costs for services	Charges relating mainly to consultancy and due diligence costs for potential acquisitions	437	1.4%	196	0.6%
Total		**437**		**196**	
Amortisation/ depreciation	Amortisation of customer relations included in the amount of intangible assets and goodwill	44	5.1%	44	5.4%
Total costs		**481**		**240**	
Tax effect		(134)		(67)	
Income taxes	Tax from previous years (provision for risk relating to tax dispute for 2017)	339	7.0%	400	8.3%
Total impact on the Income Statement		**686**		**573**	

Revenue from sales and services

The Parent's revenue increased from EUR 578,083 thousand in 2017 to EUR 587,351 thousand in 2018. The overall increase amounts to EUR 9,268 thousand (+1.6%), 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 increased by EUR 7,659 thousand, from EUR 512,038 thousand in 2017 to EUR 519,697 thousand in 2018, equal to 88.5% of revenue (88.6% in 2017).

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 2018, the Parent's first contribution margin amounted to EUR 67,654 thousand, up by EUR 1,609 thousand from 2017 (EUR 66,045 thousand), compared with an increase in business volume in terms of temporary worker hours sold to customers. The incidence on revenue was up in 2018 compared to 2017, at 11.5%. The percentage increase of the first contribution margin is an indicator of the sustained effort by Openjobmetis S.p.A. during 2018, which, in a complex market context, due to for example the "Dignity Decree", was able to grow as well as increase its own profitability.

Other income

Other income for 2018 amounted to EUR 13,308 thousand, a EUR 244 thousand increase compared to 2017 (EUR 13,064 thousand).

The item mainly includes grants from Forma.Temp (EUR 11,656 thousand for 2018, against EUR 12,016 thousand in 2017) for costs incurred by Openjobmetis S.p.A. to deliver training courses for temporary workers through qualified trainers, and other sundry income (EUR 1,652 thousand, against EUR 1,048 thousand in 2017).

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

Employee costs grew by EUR 1,597 thousand, from EUR 29,073 thousand in 2017 to EUR 30,670 thousand in 2018.

The change is primarily attributable to the increase in the average number of employees in 2018 compared with the previous year, mainly due to the opening of new branches.

Please note that employee costs accounted for include the cost of the Phantom Stock Options (EUR 376 thousand for 2018 and EUR 239 thousand for 2017), which corresponds to the valuation carried out at the reference date, with the support of a third-party consultant, regarding the applicable amount that may be paid based on the two tranches assigned in 2017 and 2018, according to the plan and the current regulations.

The incidence on revenue increased slightly from 5.0% in 2017 to 5.2% in 2018.

Costs for services

In 2018, Costs for services reached EUR 31,156 thousand, a EUR 166 thousand increase compared to 2017 (EUR 30,990 thousand). The 2018 figure includes charges mainly relating to consultancy and due diligence costs for potential acquisitions of EUR 437 thousand, while in 2018 this category of charges totalled EUR 196 thousand.

Costs for services mainly include the costs incurred for the organisation of training courses for temporary workers, amounting to EUR 11,666 thousand for 2018, compared to EUR 12,020 thousand in 2017.

The remaining costs for services, the incidence of which on revenue remained stable compared to 2017 at 3.3%, refer mainly to the costs for tax, legal, IT and business consultancy, rental costs and fees to sourcers and professional advisors. Openjobmetis S.p.A. 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 2018, Openjobmetis S.p.A. 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 2018, EBITDA amounted to EUR 18,171 thousand, an increase from EUR 18,011 thousand in 2017, while in 2018 adjusted EBITDA[12] amounted to EUR 18,608 thousand (EUR 18,207 thousand in 2017). In addition, taking into account that the cost of the Phantom Stock Options assigned to key management personnel was recognised, as previously mentioned, adjusted EBITDA II[13] of the Parent reached EUR 18,984 thousand in 2018 (EUR 18,446 thousand in 2017).

EBITA in 2018 was EUR 15,115 thousand, compared to EUR 14,773 thousand in 2017. Adjusted EBITA[14] in 2018 was EUR 15,552 thousand, compared to EUR 14,969 thousand in 2017.

Amortisation/depreciation

In 2018 depreciation and amortisation totalled EUR 870 thousand, up by EUR 50 thousand compared to 2017 (EUR 820 thousand), mainly attributable to the purchase of new fixtures and IT equipment. 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 2018 (EUR 44 thousand in 2017).

Impairment loss on trade and other receivables

Total impairment in 2018 was EUR 2,230 thousand, and shows a decrease of EUR 232 thousand compared to 2017 (EUR 2,462 thousand). The amount for 2018 relates to the allowance for impairment of EUR 2,150 thousand and the impairment loss of the investee Corium S.r.l. of EUR 80 thousand. In 2017, the amount attributable to the allowance for impairment was again EUR 2,150 thousand, while the impairment loss of the investee Corium S.r.l. was EUR 312 thousand.

[12] Calculated as EBITDA before charges mainly relating to costs for consultancy and due diligence
[13] Calculated as adjusted EBITDA before estimated non-monetary costs relating to long-term incentive schemes
[14] Calculated as EBITA before charges mainly relating to costs for consultancy and due diligence.

EBIT

As a result of the above, the operating profit of Openjobmetis S.p.A. for 2018 was EUR 15,071 thousand, up by EUR 342 thousand compared to 2017 (EUR 14,729 thousand).

Financial income and financial expense

Net financial income and expense shows a positive net balance of EUR 2,527 thousand in 2018, an improvement of EUR 1,193 thousand compared to 2017 (EUR 1,334 thousand). The improvement is 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 2018 compared to 2017, in addition to the decrease in Interest expense on current accounts as a result of lower current average debt with banks in relation to the uses made during the period. Furthermore, in 2018 dividends from subsidiaries increased by EUR 846 thousand, from EUR 2,200 thousand in 2017 to EUR 3,046 thousand in 2018.

Income taxes

In 2018, income taxes totalled EUR 4,816 thousand, in line with the 2017 figure (EUR 4,784 thousand). The item includes current taxes of EUR 4,312 thousand, compared to EUR 3,649 thousand in the previous year, and total deferred taxes of EUR 165 thousand, compared with EUR 735 thousand in the previous year. In addition, the 2018 figure includes taxes from previous years for EUR 339 thousand, in relation to the agreements for the final settlement of the ongoing tax dispute with the tax authorities (in 2017, EUR 400 thousand had been set aside for this purpose); for further details, please refer to point 29 of the Notes to the Separate and Consolidated Financial Statements.

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

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

As a result of the above, the result for the year shows a net profit of EUR 12,782 thousand in 2018, compared to a net profit of EUR 11,279 thousand in the previous year.

Adjusted net profit for the year, as shown in the following table, amounted to EUR 13,168 thousand in 2018, compared to an adjusted profit of EUR 11,852 thousand in 2017.

Adjusted net profit *(in thousands of EUR)*	**2018**	**2017**
Net profit for the year	12,782	11,279
Charges relating mainly to consultancy and due diligence costs for potential acquisitions	437	196
Amortisation (client relations included in intangible assets and goodwill)	44	44
Tax effect	(134)	(67)
Tax from previous years related to the tax dispute (provision for risks relating to said dispute for 2017)	339	400
Adjusted net profit for the year	**13,468**	**11,852**

Statement of Financial Position

The table below shows the Parent's separate statement of financial position reclassified on a financial basis for the years ended 31 December 2018 and 31 December 2017.

(Amounts in thousands of EUR)	Financial statements as at 31 December				2018/2017 Change	
	2018	% on NIC* / Total sources	**2017**	% on NIC* / Total sources	**Value**	**%**
Intangible assets and goodwill	72,542	59.6%	72,662	58.8%	(120)	(0.2%)
Property, plant and equipment	2,303	1.9%	2,265	1.8%	38	1.7%
Other net non-current assets and liabilities	5,299	4.4%	3,500	2.8%	1,799	51.4%
Total non-current assets/liabilities	**80,144**	**65.9%**	**78,427**	**63.5%**	**1,717**	**2.2%**
Trade receivables	114,012	93.7%	122,446	99.1%	(8,434)	(6.9%)
Other receivables	8,022	6.6%	7,163	5.8%	859	12.0%
Current tax assets	0	0.0%	0	0.0%	0	0
Trade payables	(5,451)	(4.5%)	(6,800)	(5.5%)	1,349	(19.8%)
Current employee benefits	(39,634)	(32.6%)	(39,677)	(32.1%)	43	(0.1%)
Other payables	(33,025)	(27.1%)	(32,639)	(26.4%)	(386)	1.2%
Current tax liabilities	(639)	(0.5%)	(2,644)	(2.1%)	2,005	(75.8%)
Provisions for risks and current charges	(1,729)	(1.4%)	(2,740)	(2.2%)	1,011	(36.9%)
Net working capital	**41,556**	**34.1%**	**45,109**	**36.5%**	**(3,553)**	**(7.9%)**
Total loans - net invested capital	**121,700**	**100.0%**	**123,535**	**100.0%**	**(1,835)**	**(1.5%)**
Shareholders' Equity	92,902	76.3%	83,998	68.0%	8,904	10.6%
Net Financial Indebtedness (NFI)	28,176	23.2%	38,836	31.4%	(10,660)	(27.5%)
Employee benefits	622	0.5%	701	0.6%	(79)	(11.2%)
Total sources	**121,700**	**100.0%**	**123,535**	**100.0%**	**(1,835)**	**(1.5%)**

* Net Invested Capital

Intangible assets and goodwill

Intangible assets and goodwill totalled EUR 72,542 thousand as at 31 December 2018, down by EUR 120 thousand compared to 31 December 2017 (EUR 72,662 thousand), and 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 2018 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 refers to the operational and management programs mainly acquired by the Company and costs incurred in the past for the development of software to support the operating processes and exchanges of information inherent to the Employment Agency's activities, amortised from 2017.

Trade receivables

Trade receivables totalled EUR 114,012 thousand as at 31 December 2018, compared to EUR 122,446 thousand as at 31 December 2017, and include trade receivables from related parties for EUR 34 thousand (EUR 44 thousand as at 31 December 2017). The item is recorded in the separate financial statements net of an allowance for impairment of EUR 5,196 thousand (EUR 5,095 thousand as at 31 December 2017). It should also be noted that no transfers of receivables without recourse had been carried out as at 31 December 2018 and 31 December 2017.

The average collection period (DSO - Days Sales Outstanding) granted to customers appears to have decreased compared to the same period of the previous year, from 76 days to 70 days. Calculating the DSO only on the fourth quarter of 2018, i.e. receivables/quarterly revenue * 90 days, a DSO of 69 days is achieved, down compared to the same period of the previous year (72 days).

There are no receivables with insurance coverage.

There are no credit risk profiles for related parties.

Other receivables

As at 31 December 2018, Other receivables totalled EUR 8,022 thousand, compared to EUR 7,163 thousand as at 31 December 2017; they primarily relate to a credit for VAT refund and an IRES credit for IRAP deduction for the years 2007-2011 of EUR 1,263 thousand (EUR 1,263 thousand as at 31 December 2017), receivables from the INPS (Italian Social Security Institution) for post-employment benefits of EUR 2,475 thousand (EUR 1,813 thousand as at 31 December 2017), other prepayments of EUR 859 thousand (EUR 599 thousand as at 31 December 2017), receivables from the tax authorities for disputes of EUR 1,143 thousand (EUR 1,594 thousand in 2017), other disputed receivables of EUR 1,095 thousand relating to a receivable from a former director of Metis S.p.A. for unjustified expenses (unchanged compared to 31 December 2017), and receivables from Forma.Temp for EUR 1,003 thousand (EUR 760 thousand as at 31 December 2017).

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 costs not pertaining to the year 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 2018, Trade payables totalled EUR 5,451 thousand, compared with EUR 6,800 thousand as at 31 December 2017, EUR 7 thousand of which to related parties (EUR 103 thousand as at 31 December 2017).

Employee benefits

As at 31 December 2018, payables for current employee benefits amounted to EUR 39,634 thousand, stable compared to 31 December 2017 (EUR 39,677 thousand). 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.

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 periodically 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 2018, other payables amounted to EUR 33,025 thousand, compared to EUR 32,639 thousand as at 31 December 2017. The item refers mainly to social security charges payable for EUR 19,226 thousand as at 31 December 2018 (EUR 19,596 thousand as at 31 December 2017), tax payables principally related to withholdings on employees' salaries of EUR 12,489 thousand (EUR 12,253 thousand as at 31 December 2017), payables to subsidiaries for tax consolidation and other payables amounting to EUR 681 thousand (EUR 174 thousand as at 31 December 2017).

Equity

As at 31 December 2018, shareholders' equity amounted to EUR 92,902 thousand, compared to EUR 83,998 thousand as at 31 December 2017.

The increase in equity recorded between 31 December 2017 and 31 December 2018 is mainly attributable to the net profit for 2018 and to the negative reserve which has arisen as a result of the purchase of treasury shares.

Net Financial Indebtedness (NFI)

Net financial indebtedness shows a negative balance of EUR 28,175 thousand as at 31 December 2018, against a negative balance of EUR 38,836 thousand as at 31 December 2017.

The table below shows the net financial indebtedness of the Parent as at 31 December 2018 and 2017, calculated in accordance with the provisions of the Recommendation ESMA/2013/319.

	(Amounts in thousands of EUR)	Financial statements as at 31 December		2018/2017 Change	
		2018	**2017**	**Value**	**%**
A	Cash	24	20	4	20.0%
B	Other cash and cash equivalents	2,394	787	1,607	204.2%
C	Securities held for trading	-	-	-	-
D	**Cash and cash equivalents (A+B+C)**	**2,418**	**807**	**1,611**	199.6%
E	Current financial receivables		-	-	-
F	Current bank loans and borrowings	(16,848)	(17,416)	568	(3.3%)
G	Current portion of non-current debt	(9,600)	(8,606)	(994)	11.6%
H	Other current financial payables	(12)	(12)	-	0.0%
I	**Current financial indebtedness (F+G+H)**	**(26,460)**	**(26,034)**	**(426)**	1.6%
J	**Net current financial indebtedness (D+E+I)**	**(24,042)**	**(25,227)**	**1,185**	(4.7%)
K	Non-current bank loans and borrowings	(4,096)	(13,559)	9,463	(69.8%)
L	Bonds issued	-	-	-	-
M	Other non-current payables	(37)	(50)	13	(26.0%)
N	**Non-current financial indebtedness (K+L+M)**	**(4,133)**	**(13,609)**	**9,476**	(69.6%)
O	**Net Financial Indebtedness (J+N)**	**(28,175)**	**(38,836)**	**10,661**	(27.5%)

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 temporary work employment industry is highly competitive and some of the competitors are large multinationals that are able to adapt quickly to market changes and 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. may 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 employment agreement 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 permanent 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 flows.

Risks to reputation and to the maintenance of Ministerial authorisations

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

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 employment by virtue of a ministerial authorisation pursuant to Article 4, paragraph 1(a) of Legislative Decree no. 276/2003; Seltis S.r.l. holds a ministerial authorisation pursuant to Article 2, paragraph 1(c) of 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 Legislative Decree no. 276/2003 to provide professional outplacement support.

Over the course of 2018 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.

Risks associated with debt exposure and the ability to meet financial requirements

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 2018, the Group had a debt exposure to banks amounting to approximately EUR 30,630 thousand and to other lenders (leases) for EUR 49 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 2017 amounted to EUR 39,682 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 2018, it should be noted that it provides for: (a) the obligation for the Company to comply with specific covenants, to be calculated every six months on the items of the Group's consolidated financial statements. The banks have the right to request termination of the loan agreement only if two covenants – even if not the same – were not met for two measurement periods in succession. As at the balance sheet date these criteria have been met. 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.

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

As at 31 December 2018, the Group companies are party to ongoing disputes and litigation.

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 2018, the Group recognised an expense of EUR 339 thousand in relation to the agreements for the final settlement of the ongoing tax dispute with the tax authorities (in 2017, EUR 400 thousand had been set aside for this purpose); for further details, please refer to point 29 of the Notes to the Separate and Consolidated Financial Statements.

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 2018 show that the Group has receivables from customers amounting to EUR 120,541 thousand, gross of the allowance for impairment of EUR 5,271 thousand. As at 31 December 2017, these gross receivables totalled EUR 128,457 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 by 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 work employment, 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.
- **Meritocracy S.r.l. (formerly Coverclip S.r.l.)**: focused on digital head hunting.

Furthermore Openjobmetis S.p.A directly controls 70% of **HC Human Connections S.r.l.**, an educational company.

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 relates 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' payslips, including the calculation and preparation of taxes and social security contributions and the processing of required periodic and annual reporting. The revenue invoiced by Seltis S.r.l. to Meritocracy S.r.l. relates to the Selection service. The revenue invoiced by Corium S.r.l. to Openjobmetis S.p.A. relates to professional analysis and employee guidance; the revenue invoiced by Meritocracy S.r.l. to Openjobmetis S.p.A. pertains to the production of a corporate video, while revenue from HC Human Connections S.r.l to Openjobmetis S.p.A. relates to Assessment activities in relation to staff of the Parent. Openjobmetis S.p.A. believes that the terms and conditions of these transactions are at arm's length.

For the three-year period 2016-2018, Openjobmetis S.p.A. and the subsidiaries Openjob Consulting S.r.l. and Seltis S.r.l. renewed, in the Unico 2016 form, the option for the national tax consolidation scheme pursuant to Articles 117/129 of the Consolidated Income Tax Act (TUIR), which the subsidiary Corium S.r.l. already adhered to 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. Within the terms set by law, the request will be made to extend the option of tax consolidation to the companies acquired during the course of 2018. 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 2018 and 2017.

Intercompany Revenue/Costs between Openjobmetis S.p.A. Group companies

(Values in EUR thousand)

Year	**2018**	**2017**
Revenue		
Openjobmetis vs Openjob Consulting	252	221
Openjobmetis vs Corium	15	55
Openjobmetis vs Seltis	124	98
Openjobmetis vs Meritocracy	5	0
Seltis vs Openjobmetis	0	13
Seltis vs Meritocracy	4	0
Corium vs Openjobmetis	15	0
Meritocracy vs Openjobmetis	6	0
HC vs Openjobmetis	26	0
Openjob Consulting vs Openjobmetis	1,312	1,447
Total Revenue/Costs	**1,759**	**1,834**

Intercompany Receivables/Payables between Openjobmetis S.p.A. Group companies

(Values in EUR thousand)

Year	2018	2017
Receivables		
Openjobmetis vs Openjob Consulting	34	24
Openjobmetis vs Corium	0	14
Openjobmetis vs Seltis	70	0
Meritocracy vs Openjobmetis	7	0
Seltis vs Openjobmetis	0	23
Corium vs Openjobmetis	14	42
Openjob Consulting vs Openjobmetis	99	0
Total Receivables/Payables	**224**	**103**

Remuneration of key management personnel

The total remuneration to key management personnel as at 31 December 2018 amounted to EUR 2,322 thousand, against EUR 2,027 thousand as at 31 December 2017. For further details, please refer to point 33 of the Notes to the Separate and Consolidated Financial Statements.

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 5.0% through MTI Investimenti SA, of which they are shareholders respectively with 60%, 20% and 20% of the related share capital. It should also be noted that the Chairman Marco Vittorelli and the Director Corrado Vittorelli indirectly hold 17.8% through Omniafin S.p.A. (of which they are shareholders with equal stakes)

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 temporary worker supply services to other related parties for insignificant amounts and under market conditions.

Research, Development & Investments

Note the continuation of the Open Innovation initiative of Openjobmetis, which at the end of April 2018 resulted in the purchase of "Badaplus" and at the beginning of June 2018 in the purchase of Meritocracy S.r.l. (formerly Coverclip S.r.l.).

Significant events in 2018 and after 31 December 2018

On 24 April 2018, the ordinary Shareholders' Meeting approved the financial statements as at 31 December 2017 and appointed the new Board of Directors and the new Board of Statutory Auditors for 2018-2020. Furthermore, the Shareholders' Meeting authorised the Board of Directors to purchase and dispose of treasury shares, up to a maximum not exceeding 5% of the share capital, pursuant to the combined provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as Article 132 of Italian Legislative Decree no. 58 of 24 February 1998.

On 24 April, the new Board of Directors confirmed Rosario Rasizza as Managing Director, verified the independence requirements of the members of the management and control body, appointed the board committees and confirmed Alessandro Esposti as the Company's Manager in charge of financial reporting and Investor Relator.

At the end of April, Openjobmetis purchased "Badaplus", an app for tablets and smartphones to serve the Family Care Division of Openjobmetis.

On 5 June, Openjobmetis acquired 100% of Meritocracy S.r.l. (formerly Coverclip S.r.l.) for EUR 1,000 thousand

In June and July, with the purpose of settling the ongoing dispute with the tax authorities, Openjobmetis signed a settlement agreement which has fully resolved said dispute with regard to all contested tax periods.

On 25 July, Openjobmetis S.p.A. acquired 70% of HC Human Connections S.r.l. capital at a price of EUR 700 thousand, with the right to acquire the remaining 30% of HC Human Connections S.r.l. share capital, held by the original shareholders. This option could be exercised in a one-year period starting at the end of the third year after the closing date.

On 4 February 2019, Fabrizio Viola resigned from the office of non-executive and independent Director of the Company, as well as the office of Chairman of the Company's Remuneration Committee, due to new professional commitments that prevent him from being able to continue in the roles.

On 11 February 2019, the Board of Directors, having taken note of the resignation of Fabrizio Viola from the office of non-executive and independent Director of the Company, as well as the office of

Chairman of the Company's Remuneration Committee, as per the press release of 5 February 2019, resolved to appoint Alberto Rosati as a new member of the Remuneration Committee, and to appoint Alberica Brivio Sforza from among its members as the new Chairman, until the expiry of the mandate.

On 19 February 2019, the Board of Directors of Openjobmetis S.p.A. resolved to adopt, starting from the approval of the financial statements as at 31 December 2018, a dividend policy that provides for the proposal for the average distribution of 25% of the consolidated net profit for the three-year period 2018-2020.

On 14 March 2019, following the resignation of the Director Fabrizio Viola on 4 February 2019, the Board of Directors resolved, with the approval of the Board of Statutory Auditors, to co-opt Mr. Carlo Gentili as a new Director of the Company. The term of office will expire with the Shareholders' Meeting called to approve the financial statements as at 31 December 2018; it is also noted that Mr. Carlo Gentili does not hold any shares in Openjobmetis S.p.A. Mr Carlo Gentili's CV is available on the Company's website (www.openjobmetis.it).

Outlook

The Company will focus more on higher added value services, also to face the slowdown in GDP growth occurred starting from the third quarter of 2018, and the cuts in European and Italian growth expectations for 2019.

Information relating to employees

For the Openjobmetis Group, its people are at the heart of all business activities. They are advocates of a way of doing things that sets the Group apart, 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 and career development. However, in the coming years, also in light of growth in the number of employees, Openjobmetis S.p.A. does not exclude making a commitment in this sense and adopting a policy that addresses the necessary principles of ethics, transparency and meritocracy, reflecting the policies already applied in all Group Companies. In 2018, the policy relating to incentivising payment systems for the network and the central functions of Openjobmetis S.p.A. was defined. This policy will be applied, albeit in the testing phase, in the course of 2019.

For additional information on employees, please refer to the Consolidated Non-Financial Statement as at 31 December 2018 prepared pursuant to Legislative Decree no. 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;
    - provision of paper for the Group with FSC certification (Forests for all forever), which 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 2018 prepared pursuant to Legislative Decree no. 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 as at and per the years ended 2018 and 2017.

EUR thousand	Net profit for 2018	Shareholders' Equity as at 31.12.2018
Openjobmetis S.p.A. Financial Statements	**12,782**	**92,902**
Profit for the year and reserves of the consolidated companies net of elimination of equity investments	2,520	418
Derecognition of dividends for the year	(3,046)	-
Recognition of goodwill related to subsidiaries	91	2,142
Recognition of Meritocracy software and related amortisation	(58)	1,099
Derecognition of equity investment impairment loss	80	-
Other consolidation adjustments	(13)	(100)
Non-controlling interests	20	61
Group consolidated financial statements	**12,376**	**96,522**

EUR thousand	Net profit for 2017	Shareholders' 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 of equity investment impairment loss	312	-
Other consolidation adjustments	(2)	500
Group consolidated financial statements	**12,240**	**88,308**

Other information

Treasury shares

The Shareholders' Meeting, convened on 24 April 2018, authorised the Board of Directors to purchase and dispose of treasury shares pursuant to the combined provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as Article 132 of Italian Legislative Decree no. 58 of 24 February 1998. Subsequently, the Board of Directors meeting called on 15 May 2018 resolved to launch the buyback programme from 16 May 2018, assigning EQUITA SIM as the financial intermediary. Note that on 31 December 2018, the Company directly held 411,360 treasury shares, equating to approximately 3.00% of the share capital.

Dividend policy

On 19 February 2019, the Board of Directors of Openjobmetis S.p.A. resolved to adopt, starting from the approval of the financial statements as at 31 December 2018, a dividend policy that provides for the proposal for the average distribution of 25% of the consolidated net profit for the three-year period 2018-2020.

Management and coordination

In accordance with Art. 2497-bis of the Italian Civil Code, the Parent is not subject to the management and coordination of other corporate structures, as all business decisions are taken independently by the Board of Directors.

Atypical or unusual transactions

The 2018 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 2018 pursuant to Legislative Decree no. 254/2016

The Consolidated Non-Financial Statement as at 31 December 2018 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 Article 6 of Legislative Decree no. 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

For the three-year period 2016-2018, Openjobmetis S.p.A. and the subsidiaries Openjob Consulting S.r.l. and Seltis S.r.l. renewed, in the Unico 2016 form, the option for the national tax consolidation scheme pursuant to Articles 117/129 of the Consolidated Income Tax Act (TUIR), which the subsidiary Corium S.r.l. already adhered to 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 under point 33 of the notes to the consolidated financial statements shows the compensation paid in 2018 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 just 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 option, 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 2018:

- Allocation to the legal reserve: EUR 639,110.21
- Allocation to other reserves: EUR 9,083,946.78
- Allocation of a dividend to shareholders of EUR 0.23 per each entitled share (excluding treasury shares equal to 411,360) for a total of EUR 3,059,147.20.

Milan, 14 March 2019

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	31/12/2018	31/12/2017
ASSETS			
Non-current assets			
Property, plant and equipment	*4*	2,376	2,300
Intangible assets and goodwill	*5*	76,388	74,472
Financial assets	*6*	3	7
Deferred tax assets	*7*	1,687	2,156
Total non-current assets		**80,454**	**78,935**
Current assets			
Cash and cash equivalents	*8*	6,478	4,662
Trade receivables	*10*	115,270	123,312
Other receivables	*11*	7,994	7,209
Current tax assets	*12*	34	23
Total current assets		**129,776**	**135,206**
Total assets		**210,230**	**214,141**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Non-current liabilities			
Financial liabilities	*13*	4,133	13,609
Employee benefits	*14*	1,093	1,064
Total non-current liabilities		**5,226**	**14,673**
Current liabilities			
Bank loans and borrowings and other financial liabilities	*13*	26,546	26,073
Trade payables	*15*	5,677	6,946
Employee benefits	*14*	39,950	39,835
Other payables	*16*	33,677	32,696
Current tax liabilities	*17*	685	2,662
Provisions	*18*	1,947	2,948
Total current liabilities		**108,482**	**111,160**
Total liabilities		**113,708**	**125,833**
SHAREHOLDERS' EQUITY			
Share capital		13,712	13,712
Legal reserve		1,676	1,112
Share premium reserve		31,553	31,553
Other reserves		37,164	29,691
Profit (loss) for the year attributable to the shareholders of the Parent		12,356	12,240
Shareholders' equity attributable to:			
Shareholders of the Parent		96,461	88,308
Non-controlling interests		61	0
Total shareholders' equity	*19*	**96,522**	**88,308**
Total liabilities and shareholders' equity		**210,230**	**214,141**

Consolidated Statement of Comprehensive Income

(In thousands of EUR)	**Notes**	**2018**	**2017**
Revenue	*20*	594,271	583,897
Costs of temporary work	*22*	(519,697)	(512,038)
First contribution margin		**74,574**	**71,859**
Other income	*21*	13,248	12,958
Personnel expense	*22*	(34,005)	(31,538)
Cost of raw materials and consumables	*23*	(238)	(257)
Costs for services	*24*	(30,798)	(30,172)
Amortisation/depreciation	*4.5*	(966)	(839)
Impairment losses on trade and other receivables	*26*	(2,169)	(2,158)
Other operating expenses	*25*	(768)	(823)
Operating profit (loss)		**18,878**	**19,030**
Financial income	*27*	104	80
Financial expense	*27*	(632)	(944)
Pre-tax profit (loss)		**18,350**	**18,166**
Income taxes	*28*	(5,974)	(5,926)
Profit (loss) for the year		**12,376**	**12,240**
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		0	51
Components that will not be reclassified to profit/loss			
Actuarial Gain (Loss) on defined benefit plans		63	38
Total other comprehensive income (expense) for the year		**63**	**89**
Total comprehensive income (expense) for the year		**12,439**	**12,329**
Net profit (loss) for the year attributable to:			
Shareholders of the Parent		12,356	12,240
Non-controlling interests		20	0
Profit (loss) for the year		**12,376**	**12,240**
Total comprehensive income (expense) for the year attributable to:			
Shareholders of the Parent		12,419	12,329
Non-controlling interests		20	0
Total comprehensive income (expense) for the year		**12,439**	**12,329**
Earnings (loss) per share (in EUR):			
Basic	*37*	*0.90*	*0.89*
Diluted	*37*	*0.90*	*0.89*

Consolidated Statement of Changes in Shareholders' 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	Shareholders' Equity attributable to shareholders of the Parent	Shareholders' Equity attributable to non-controlling interests	Total Shareholders' Equity
Balances as at 01/01/2016	**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**
Allocation of profit (loss) for the year			**564**		**11,676**		**(12,240)**			
Acquisition of subsidiary with non-controlling interests									**41**	**41**
Actuarial gain (loss) on defined benefit plans						**63**		**63**		**63**
Options on subsidiaries					**(350)**			**(350)**		**(350)**
Reserve for purchase of treasury shares					**(3,920)**			**(3,920)**		**(3,950)**
Rounding					**4**			**4**		**4**
Profit (loss) for the year	19						**12,356**	**12,356**	**20**	**12,376**
Total comprehensive income (expense)	19					**63**	**12,356**	**12,419**	**20**	**12,439**
Balances as at 31/12/2018	19	**13,712**	**1,676**	**31,553**	**37,218**	**(54)**	**12,376**	**96,461**	**61**	**96,522**

Consolidated Statement of Cash Flows

(In thousands of EUR)	Note	2018	2017
Cash flows from operating activities			
Profit (loss) for the year		12,376	12,240
Adjustments for:			
Depreciation of property, plant and equipment	*4*	574	564
Amortisation of intangible assets	*5*	392	275
Capital losses/(gains) on sales of property, plant and equipment		37	17
Impairment loss on trade receivables	*10, 26*	2,159	2,150
Current and deferred taxes	*28*	5,974	5,926
Net financial (income) expense	*27*	528	864
Cash flows before changes in working capital and provisions		**22,040**	**22,036**
Change in trade and other receivables gross of impairment loss	*10,11,26*	5,098	(22,435)
Change in trade and other payables	*15.16*	(1,038)	3,537
Change in employee benefits	*14*	207	6,459
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*	830	775
Change in provisions	*18*	(1,001)	304
Paid income taxes		(8,319)	(3,152)
Cash and cash equivalents generated/(absorbed) by operating activities (a)		**17,817**	**7,524**
Cash flows from investing activities			
Purchase of property, plant and equipment	*4*	(700)	(839)
Proceeds from sales of property, plant and equipment		14	53
Other net increases in intangible assets	*5*	(703)	(184)
Acquisition of subsidiary, net of cash acquired		(1,164)	0
Change in other financial assets	*6*	4	9
Cash and cash equivalents generated/(absorbed) by investing activities (b)		**(2,549)**	**(961)**
Interest paid		(631)	(893)
Interest received		104	80
Repayment of loan instalments	*13*	(8,470)	(9,594)
Purchase of treasury shares		(3,920)	0
Change in short-term bank loans and borrowings and repayment of other loans	*13*	(534)	(305)
Cash and cash equivalents generated/(absorbed) by financing activities (c)		**(13,451)**	**(10,712)**
Cash flow for the period (a) + (b) + (c)		**1,817**	**(4,149)**
Net cash and cash equivalents as at 1 January	*8*	**4,661**	**8,810**
Net cash and cash equivalents as at 31 December	*8*	**6,478**	**4,661**

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 operates in the sector of temporary work employment i.e. the professional supply of permanent or fixed-term labour, pursuant to Article 20 of 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).

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

1. 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 2018, 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 shareholders' 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 2018 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 2018 were approved by the Board of Directors of the Parent at the meeting held on 14 March 2019, when the distribution of the results through a press release dated 14 March 2019 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 schedules and tables, in both periods presented for comparison.

The consolidated financial statements are the first set of annual financial statements in which the Group has applied IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments,* the adoption of which has not resulted in significant changes for the Group; reference is made to Note 2 (a) below. 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, adoption of new accounting standards, amendments and interpretations issued by the IASB

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

New accounting standards adopted by the Group from 1 January 2018

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 introduces a general single model for establishing if, when and to what extent the revenue is recognised. This standard replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations. In accordance with IFRS 15, the revenue is recognised when the customer obtains control of the goods or services. Determination of the moment in which control is transferred - at a given moment or over the course of time - must be assessed by management.

The Group operates primarily in the provision of services relating to the supply of temporary workers, for which 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 contract obligation is related to the physical presence of the worker at the customer's premises and the service rendered is invoiced on a monthly basis. In the determination of the contract 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 contract consideration.

Based on the above, no significant impact was detected from retrospective application of IFRS 15.

IFRS 9 *Financial Instruments*

IFRS 9 sets on new requirements for the recognition and measurement of financial assets, financial liabilities and some contracts to buy or sell of non-financial items. The standard replaces IAS 39 Financial Instruments: Recognition and measurement.

With the adoption of IFRS 9, the Group has also adopted the consequent amendments to IAS 1 *Presentation of Financial Statements* according to which impairment losses on financial assets are presented as a separate item in the statement of comprehensive income ("Impairment losses on trade and other receivables"), without recognising classification impacts for figures relating to the financial year ended 31 December 2017, since these components of the statement of comprehensive income have already been shown separately. Any impairment losses on other financial assets are recognised under "financial expense".

In addition, the Group has adopted the subsequent modifications to IFRS 7 *Financial Instruments: Disclosures*, which are applied only to disclosures relating to 2018, without any impact on comparative information.

IFRS 9 classifies financial assets into three main categories: at amortised cost, at fair value through other comprehensive income (FVOCI), and at fair value through profit or loss (FVTPL). The classification envisaged by the standard is typically based on the business model of the entity for the management of financial assets and on the characteristics relating to the contractual cash flows of the financial asset. The categories provided for by IAS 39, i.e., held to maturity, loans and receivables and available for sale, are eliminated. According to IFRS 9, derivatives embedded in contracts where the primary element is a financial asset that falls within the scope of the standard must never be separated. The hybrid instrument is examined in its entirety for the purposes of its classification.

IFRS 9 essentially maintains the provisions of IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 had no significant effect on the measurement criteria applied by the Group to financial assets and financial liabilities.

In accordance with the provisions of IFRS 9, and in line with that already applied in previous years, the Group measures the allowances for impairment of trade receivables at an amount equal to the lifetime expected credit losses; the adoption of the requirements of IFRS 9 has not resulted in a significant increase in allocations for impairment losses. For more information on how trade receivables are measured, see note 26 below.

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.

Based on the above, no significant impact was detected from retrospective application of IFRS 9.

The other new standards applicable from 1 January 2018 have also had no significant effect on the Group's consolidated financial statements.

Use of estimates and valuations

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 testing 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 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. Collective impairment is determined on the basis of historical losses, adjusted if necessary by scale factors reflecting the differences between the economic conditions of the period during which the historical data was collected and the Group's point of view about the economic conditions over the entire expected life of the receivables. 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, adjusted if necessary by scalar factors to reflect the economic conditions estimated over the entire expected lives of the receivables.

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 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 disclosed in the relevant 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 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 shareholders' equity, it is not recalculated and its subsequent settlement is directly accounted for in shareholders' 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 2018 and 2017 are shown below:

Company name	% held as at 31/12/2018	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
Meritocracy S.r.l. (formerly Coverclip S.r.l.)	100%	Milan, Via G. Fara 35	EUR 25,000
H.C. Human Connections S.r.l.	70%	Milan, Via G. Fara 35	EUR 10,000

The acquisition of Meritocracy S.r.l. (formerly Coverclip S.r.l.) was completed in June 2018 for EUR 1,000 thousand, and is included in the consolidation scope with effect from this year.

In July 2018, 70% of the shareholding in H.C. Human Connections was acquired for EUR 700 thousand, and is included in the consolidation scope with effect from this financial year.

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

(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) Financial instruments

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.

Trade receivables and debt securities issued are recognised when they arise. All other financial assets and financial liabilities are initially recognised at the trade date, i.e. when the Group becomes a contractual party to the financial instrument.

Except for trade receivables that do not contain a significant financing component, financial assets are initially measured at fair value plus or minus, in the case of financial assets or financial liabilities not measured at FVTPL, the transaction costs directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price.

At the time of initial recognition, a financial asset is classified according to its assessment: amortised cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for the management of financial assets. In this case, all financial assets concerned are reclassified on the first day of the first year following the change in business model.

A financial asset shall be measured at amortised cost if both of the following conditions are met and it is not designated at FVTPL: the financial asset is held within the framework of a business model whose objective is the possession of financial assets aimed at collecting the related contractual cash flows; and the contractual terms of the financial assets involve, at certain dates, financial flows exclusively represented by payments of capital and interest on the amount of capital to be returned.

A financial asset shall be measured at FVOCI if both of the following conditions are met and it is not designated at FVTPL: the financial asset is held within the framework of a business model whose objective is achieved either through the collection of the contractual cash flows or through the sale of the financial assets, and the contractual terms of the financial assets involve, at certain dates, financial flows exclusively represented by payments of capital and interest on the amount of capital to be returned.

All financial assets not classified as measured at amortised cost or FVOCI, as indicated above, are measured at FVTPL.

At the time of initial recognition, the Group may irrevocably designate the financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting asymmetry that otherwise would result from the measurement of the financial asset at amortised cost or FVOCI.

For the purposes of assessment, the "capital" is the fair value of the financial asset at the time of initial recognition, while the "interest" constitutes consideration for the time value of money, for the credit risk associated with the amount of capital to be returned during a given period of time and for other risks and base costs linked to the loan (for example, liquidity risk and administrative costs), as well as the profit margin.

In assessing whether the contractual cash flows are represented exclusively by payments of principal and interest, the Group considers the contractual terms of the instrument. Therefore, it assesses, among other things, whether the financial asset contains a contractual clause that changes the timing or the amount of the contractual cash flows so as to not meet the following condition. For the purposes of the assessment, the Group considers: contingent events which would alter the timing or amount of the financial flows; clauses which may adjust the contractual interest rate of the coupon, including variable rate components; prepayment and extension components; and clauses which limit requests of financial flows by the Group from specific assets (for example, non-recourse components).

The financial assets of the Group, relating to trade receivables and other receivables, are classified as measured at amortised cost. These financial assets are then recognised as described above, and subsequently measured at amortised cost in accordance with the effective interest method. Impairment losses are deducted from the amortised cost. Interest income, exchange rate gains and losses and impairment losses are recognised in profit (loss) for the year as well as any profits or losses on derecognition.

Before 1 January 2018, these financial assets were measured at amortised cost using the effective interest method, less impairment losses.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified at FVTPL when it is held for trading, represents a derivative or is designated as such upon initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recognised in the profit/(loss) for the year. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and exchange rate gains and losses are recognised in profit (loss) for the year, as well as any profits or losses deriving from derecognition. The Group's financial liabilities are classified as measured at amortised cost.

Financial assets are derecognised when the contractual rights to the cash flows arising from the same expire, when the contractual rights to receive the cash flows within the scope of a transaction in which substantially all the risks and rewards incidental to the ownership of the financial asset are transferred or when the Group neither transfers nor retains substantially all the risks and rewards incidental to the ownership of the financial asset and does not maintain control of the financial asset.

The Group proceeds to derecognise a financial liability when the obligation specified in the contract has been fulfilled or cancelled or has expired. The Group also derecognises a financial liability when the associated contractual terms are changed and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognised at fair value on the basis of the modified contractual terms. The difference between the accounting value of the extinguished financial liability and the consideration paid (including assets not represented by cash transferred or liabilities assumed) is recognised in the profit/(loss) for the year.

Financial assets and liabilities may be offset and the amount resulting from offsetting is presented in the statement of financial position if, and only if, the Group currently has the legal right to offset such amounts and intends to adjust the balance on net bases or recover the asset and adjust the liability simultaneously.

Trade and other receivables

Receivables from customers and other receivables are identified as financial assets measured at amortised cost, and are initially recognised at the transaction price for trade receivables and at fair value for other receivables, 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.

Allowances for the impairment of trade receivables are always measured at an amount equal to the expected losses along the life of the receivable; the Group takes into consideration reasonable and supportable information that is relevant and available. This includes quantitative and qualitative information and analyses, based on the historical experience of the Group, on credit assessment as well as forward-looking information.

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.

Derivative financial instruments

Derivative financial instruments are initially measured at fair value. After initial recognition, relative changes in the fair value are usually accounted for in the profit/(loss) for the year.

There are no derivative financial instruments designated as hedging instruments.

(e) Share capital - purchase and reissue of ordinary shares (treasury shares)

In the event of the repurchase of shares recognised in shareholders' equity, the consideration paid, including any costs directly attributable to the transaction are recognised as a decrease in shareholders' equity. Repurchased shares are classified as treasury shares and recorded in the reserve for treasury shares. The consideration received from the subsequent sale or reissue of treasury shares is recorded as an increase in shareholders' equity. Any positive or negative difference resulting from the transaction is recorded in the share premium reserve.

(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 recognised 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 the Meritocracy platform, both 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.

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 expected impairment losses are recognised in profit or loss.

Expected impairment losses are reversed if the subsequent increase in value can be objectively related to an event that occurred after the impairment. The reversal is recognised in profit or loss.

(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. Collective impairment is determined on the basis of historical losses, adjusted if necessary by scale factors reflecting the differences between the economic conditions of the period during which the historical data was collected and the Group's point of view about the economic conditions over the entire expected life of the receivables. 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, adjusted if necessary by scalar factors to reflect the economic conditions estimated over the entire expected lives of the receivables.

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 allowance for impairment of financial assets measured at amortised cost is deducted from the gross carrying amount of the assets.

(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 to sell. 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 shareholders' 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 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 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 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 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

Please refer to Note 2, with reference to the application of IFRS 15 as from 1 January 2018.

(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, expected 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

The accounting standards not yet applicable and not adopted earlier that may have effects for the Group are outlined below.

IFRS 16 - Leases

The Group, which must adopt IFRS 16 Leases starting from 1 January 2019, has estimated the effects, stated below, deriving from the first application of this standard on the consolidated financial statements. It should be noted that the actual effects of the adoption of the aforementioned standard on 1 January 2019 could be different since: the Group has not yet completed the verification and evaluation of controls on its new information systems; and the new valuation criteria may undergo changes up to the presentation of the first consolidated financial statements of the Group for the year that includes the date of the first application.

IFRS 16 redefines existing leasing guidance. The standard replaces IAS 17 Leases, 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 of use of the underlying asset and a lease liability that represents the obligation to make lease payments. There are exceptions to the application of IFRS 16 for short-term leases and for low-value assets.

The Group will recognise new assets and liabilities mainly for its operating leases on properties used as the headquarters and in which branches operate, and company cars. The nature of the costs relating to the above mentioned leases will change since the Group will amortise right-of-use assets and interest expense on lease liabilities.

Previously the Group accounted for costs for operating leases on a straight-line basis over the lease term and recorded assets and liabilities only in the presence of temporary differences between the moment in which it made the lease payments and cost recognition.

There are no significant impacts for Group finance leases.

On the basis of the information currently available, the Group expects to record further lease liabilities and more right-of-use assets for approximately EUR 11,000 thousand as at 1 January 2019.

The Group has already liaised with banking institutions, as contractually required, for an assessment of the possible impacts on financial covenants envisaged in the loan agreement described in Note 13, arising from the adoption of IFRS 16.

The Group intends to apply IFRS 16 from its date of first application (i.e. 1 January 2019), adopting the modified retroactive approach. Therefore, the cumulative effect of the adoption of IFRS 16 will be recognised as an adjustment to Shareholders' Equity as at 1 January 2019, without the comparative information being restated.

In order to apply the modified retroactive method to the operating leases indicated above, the Group intends to: measure the asset consisting of the right of use the underlying asset on the basis of the value of the lease liability; determine the lease liability on the basis of the residual maturity of the lease on the date of initial application, using the incremental borrowing rate of interest on the same date; adopt the practical expedient that allows the use of hindsight in determining the lease term.

(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

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 in a 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

Liquidity risk is the risk that the Group has difficulty in meeting the obligations related to financial liabilities. The approach of the Group to liquidity management 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 run 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 investments. 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 "Temporary Worker Benefits" and to related social security contribution liabilities.

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

2018

- 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 covenants 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.

  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 covenants 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.

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

With particular reference to the senior loan existing as at 31 December 2018, 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***	**2018**	**2017**	**Change**
Ministry of Labour	Authorisation pursuant to Italian Legislative Decree no. 276	28,808	23,048	5,760
Third Parties	Sureties for participating in tenders	115	112	3
Third Parties	Sureties for leases	665	633	32
Third Parties	Other	164	211	(47)
Total		**29,752**	**24,004**	**5,748**

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 contracts.

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 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 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 know-how of Openjob S.p.A. Group personnel (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 elimination of the carrying amount of the equity investment of EUR 34.9 million against the related shareholders' 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.

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

Following the acquisition of Meritocracy S.r.l. (formerly Coverclip S.r.l.), which took place on 5 June 2018, the difference between the price paid and the shareholders' equity of the Company, net of the allocation of the specific intangible recognised, was allocated to goodwill, for a value of EUR 288 thousand.

Below is a summary of the amounts relating to the assets acquired and liabilities assumed as a result of the acquisition of Meritocracy S.r.l. (formerly Coverclip S.r.l.), gross of that indicated above with reference to the recognition of goodwill:

- Property, plant and equipment: EUR 15 thousand;
- Software platform EUR 1,157 thousand;
- Other intangible assets: EUR 57 thousand;
- Non-current financial assets: EUR 3 thousand;
- Cash and cash equivalents: EUR 21 thousand;
- Trade and other receivables: EUR 34 thousand;
- Employee benefits - Post-employment benefits: EUR 28 thousand;
- Trade and other payables: EUR 224 thousand.

Revenue generated by Meritocracy S.r.l. (formerly Coverclip S.r.l.) in the period prior to consolidation totalled around EUR 174 thousand and the profit (loss) for the period was around EUR (195) thousand.

Following the acquisition of H.C. Human Connections S.r.l. on 5 June 2018, the difference between the price paid and the shareholders' equity of the Company was allocated to goodwill, for a value of EUR 604 thousand.

Below is a summary of the amounts relating to the assets acquired and liabilities assumed as a result of the acquisition of H.C. Human Connections S.r.l., gross of that indicated above with reference to the recognition of goodwill:

- Property, plant and equipment: EUR 36 thousand;
- Cash and cash equivalents: EUR 90 thousand;
- Trade and other receivables: EUR 178 thousand;
- Employee benefits - Post-employment benefits: EUR 11 thousand;
- Trade and other payables: EUR 157 thousand.

Revenue generated by H.C. Human Connections S.r.l. in the period prior to consolidation totalled around EUR 451 thousand and the profit (loss) for the period was around EUR 61 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	Assets under finance lease	Leasehold improvements	Total
Cost:						
Balances as at 1 January 2018	**1,862**	**851**	**3,630**	**109**	**182**	**6,634**
Increases	0	85	564	0	0	649
Decreases	0	18	98	3	3	122
Companies acquired	0	0	76	0	0	76
Balances as at 31 December 2018	**1,862**	**918**	**4,172**	**106**	**179**	**7,237**
Depreciation and impairment:						
Balances as at 1 January 2018	**751**	**549**	**2,743**	**109**	**182**	**4,334**
Increases	55	89	430	0	0	574
Decreases	0	15	51	3	3	72
Companies acquired	0	0	25	0	0	25
Balances as at 31 December 2018	**806**	**623**	**3,147**	**106**	**179**	**4,861**
Carrying amounts:						
As at 1 January 2018	**1,111**	**302**	**887**	**0**	**0**	**2,300**
As at 31 December 2018	**1,056**	**295**	**1,025**	**0**	**0**	**2,376**

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

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, 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 in 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**	**Research and developmen t costs**	**Trademarks**	**Assets under development and payments on account**	**Total**
Cost:							
Balances as at 1 January 2018	**73,546**	**8,152**	**2,406**	**0**	**0**	**0**	**84,104**
Increases	892	0	155	0	10	45	1,102
Decreases	0	0	0	0	0	0	0
Companies acquired	0	0	1,157	126	0	0	1,283
Balances as at 31 December 2018	**74,438**	**8,152**	**3,718**	**126**	**10**	**45**	**86,489**
Amortisation and impairment:							
Balances as at 1 January 2018	**0**	**8,019**	**1,613**	**0**	**0**	**0**	**9,632**
Increases	0	44	337	11	0	0	392
Decreases	0	0	0	0	0	0	0
Companies acquired	0	0	7	70	0	0	77
Balances as at 31 December 2018	**0**	**8,063**	**1,957**	**81**	**0**	**0**	**10,101**
Carrying amounts:							

As at 1 January 2018	**73,546**	**133**	**793**	**0**	**0**	**0**	**74,472**
As at 31 December 2018	**74,438**	**89**	**1,761**	**45**	**10**	**45**	**76,388**

(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**

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 2018 was performed 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 2019-2023 business plan, approved by the Board of Directors of Openjobmetis S.p.A. on 11 February 2019, prepared by management on the basis of both the historical economic and financial performances of the Group and the expected future trend (Fitch forecasts for Italy GDP growth of 0.3% in 2019, which should improve in 2020 as well), and considering the strategy of the Group, the expected trend of the reference market and the general macroeconomic situation. Provisional cash flows were estimated based on the following assumptions:

- Revenue from temporary work: in the assumption of a growth of Italy's GDP, the assumption as regards revenue for the Company is of a growth, on a like-for-like basis, of 4.1% in 2019 and then a conservative drop of around 2.0% from 2020 to 2023;
- Revenue from Training and Personnel Recruitment and Selection: expected to grow by 10% over the years of the plan.

These assumptions are based on the following growth drivers: slowed Italian economic growth and expected developments in the reference market.

To calculate the terminal value, a prudent 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 based on the following main assumptions:

- EBITDA, normal average equal to the last year of analytical forecast;
- maintenance investments, equal to EUR 1.3 million;
- constant working capital;
- constant 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 10.5%) 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 2018 was estimated on the basis of the following assumptions:

- the risk-free rate used (3%) is equal to the sum of the real interest rate (1.0%) and expected inflation rate in the long term (2%);

– the estimated beta coefficient (unlevered) was 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%;

– 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 2018 (equal to 2.5%).

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 2018 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 2018, as in previous years.

The carrying amount and the recoverable amount of the CGU, as recognised at the end of the last three years, is shown hereunder:

(In thousands of EUR)

Years	Carrying amount	Recoverable amount	Amount in excess, recoverable with respect to the carrying amount
2016	118,218	161,350	43,132
2017	124,369	163,880	39,511
2018	121,816	156,348	33,770

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 2018 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 2.6 percentage points, all the other conditions being equal; similarly, in the case of a reduction in the cash flows by 21.6% 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 2018, approved by the Board of Directors of the Company on 14 March 2019, 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 as at 31 December 2018 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 106,405 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. 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) for 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 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 operating and management programmes acquired by the Group. The project to develop the Databook software, dedicated to supporting operational processes and exchanges of information regarding the activities of the Employment Agency, was amortised as from 2017.

On the basis of the appraisal prepared by a professional independent expert, the fair value of the platform owned by Meritocracy (formerly Coverclip), equal to EUR 1,157 thousand, was accounted for and the useful life was reasonably assumed to be five years.

Assets under development

Assets under development and payments on account as at 31 December 2018 relate to costs incurred for the development of a software interface between Databook and the CRM Salesforces, which will be put into use in the course of 2019 and will consequently be reclassified to software.

6. Non-current financial assets

This item mainly 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**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Property, plant and equipment	0	0	176	183	(176)	(183)
Intangible assets	6	21	307	0	(301)	21
Employee benefits	0	4	5	0	(5)	4
Provisions	372	372	0	0	372	372
Trade and other receivables	1,108	1,076	0	0	1,108	1,076
Costs with deferred deductibility	508	503	0	0	508	503
Listing costs	181	363	0	0	181	363
Total	**2,175**	**2,339**	**488**	**183**	**1,687**	**2,156**

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

No provision has been made for deferred tax assets on tax losses accrued by the subsidiary Meritocracy S.r.l. since, as matters currently stand, there is no reasonable certainty of their future recovery.

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 as at 31 December 2017**	**Increases in the statement of financial position**	**Changes in profit or loss**	**Balance as at 31 December 2018**
Property, plant and equipment	(183)	0	7	(176)
Intangible assets	21	(323)	1	(301)
Employee benefits	4	0	(9)	(5)
Provisions	372	0	0	372
Trade and other receivables	1,076	0	32	1,108
Costs with deferred deductibility	503	0	5	508
Listing costs	363	0	(182)	181
Total	**2,156**	**(323)**	**(146)**	**1,687**

8. Cash and cash equivalents

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

(In thousands of EUR)	**2018**	**2017**	**Change**
Bank and postal deposits	6,449	4,638	1,811
Cash and cash equivalents in hand	29	24	5
Total cash and cash equivalents	**6,478**	**4,662**	**1,816**

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)	**2018**	**2017**	**Change**
From third-party customers	120,541	128,457	(7,916)
From related parties	0	17	(17)
Allowance for impairment	(5,271)	(5,162)	(109)
Total trade receivables	**115,270**	**123,312**	**(8,042)**

As at 31 December 2018 and 2017, 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 2018 and 2017, the Group had no outstanding factoring transactions without recourse.

Trade receivables from related parties as at 31 December 2017 refer to receivables for services related to temporary worker 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 5,271 thousand.

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 76 to 70 days. By calculating the DSO only in the fourth quarter, i.e. receivables/quarterly revenue * 90 days, a DSO of 69 days is achieved, lower than for the same period of the previous year, which was 72 days.

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

11. Other receivables

The item is made up as follows:

(In thousands of EUR)	**2018**	**2017**	**Change**
Receivable for refunding of VAT and IRES on 2007-2011 IRAP	1,293	1,293	0
Receivable from the INPS treasury funds for post-employment benefits	2,475	1,813	662
Prepayments for insurance costs	32	17	15
Other prepayments	889	622	267
Other disputed receivables	1,095	1,095	0
Receivables from Forma.Temp	1,003	760	243
Receivable from tax authorities for disputes	1,143	1,594	(451)
Other sundry receivables	64	15	49
Total other receivables	**7,994**	**7,209**	**785**

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 as at 31 December 2018 of EUR 921 thousand and as at 31 December 2017 of EUR 622 thousand mainly refer to advance costs entirely recognised during the current year, relating to sponsorships, bank fees and sundry rentals.

12. Current tax assets

As at 31 December 2018, the receivable for current income taxes amounts to EUR 34 thousand and refers to a receivable from tax authorities for IRAP. At 31 December 2017, the receivable from tax authorities for IRAP amounted to EUR 23 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 Group's exposure to interest rate risk, reference is made to note 30.

(In thousands of EUR)	**2018**	**2017**	**Change**
Non-current liabilities			
Tranche A Senior Loan	4,096	13,559	(9,463)
Finance lease payables	37	50	(13)
Total non-current liabilities	**4,133**	**13,609**	**(9,476)**
Current liabilities			
Tranche A Senior Loan	9,600	7,600	2,000
Non-guaranteed bank loans and borrowings	16,934	17,455	(521)
ICCREA BCC Loan	0	1,006	(1,006)
Finance lease payables	12	12	0
Total current liabilities	**26,546**	**26,073**	**473**
Total current and non-current liabilities	**30,679**	**39,682**	**(9,003)**

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. As at 31 December 2018, a portion equal to EUR 1,800 thousand was reclassified from non-current liabilities to current liabilities, since, on the basis of the results of the consolidated financial statements Excess Cash Flow was recorded, provided for in the loan agreement, which is the subject of mandatory advance repayment.

On 23 December 2016, a loan with a bank syndicate (BCC and ICCREA BANCA) for EUR 3,000 thousand was granted, repaid in full during 2018.

The contractual conditions of bank loans and borrowings and other financial liabilities are as follows:

(In thousands of EUR)				2018		2017	
	Curr.	**Nominal interest rate**	**Year of maturit y**	**Nominal amount**	**Carrying amount**	**Nominal amount**	**Carrying amount**
Tranche A Senior Loan	EUR	Euribor*	2020	13,800	13,696	21,400	21,159
ICCREA BCC Loan	EUR	Euribor**	2018	0	0	1,006	1,006
Non-guaranteed bank loans and borrowings	EUR	0.40% ***		16,934	16,934	17,455	17,455
Finance lease liabilities	EUR	5.00%***	2021	49	49	62	62
Total interest-bearing liabilities				**30,873**	**30,679**	**39,923**	**39,682**

* 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 medium to long-term loan outstanding envisages compliance with the economic and financial covenants normally applied on the market. The banks have the right to request termination of the loan agreement only if two covenants – even if not the same – were not met for two measurement periods in succession. As at the reporting date, all the covenants had been satisfied.

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

Calculation Dates	**NFI / EBITDA ≤**	**NFI / SE ≤**	**DSCR ≥**
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

SE = Shareholders' 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	Principal	Minimum finance lease payments due	Interest	Principal
Non-current liabilities	**2018**	**2018**	**2018**	**2017**	**2017**	**2017**
Due within one year	14	2	12	15	3	12
Due after one year	39	2	37	54	4	50
Total	**53**	**4**	**49**	**69**	**7**	**62**

The table below shows the net financial indebtedness of the Group as at 31 December 2018 and as at 31 December 2017 (calculated in accordance with the provisions of the Recommendation ESMA/2013/319).

	(Amounts in thousands of EUR)			**Change 2018 vs. 2017**	
		2018	**2017**	**Value**	**%**
A	Cash	29	24	5	20.8%
B	Other cash and cash equivalents	6,449	4,638	1,811	39.0%
C	Securities held for trading	-	-	-	-
D	**Cash and cash equivalents (A+B+C)**	**6,478**	**4,662**	**1,816**	39.0%
E	Current financial receivables	-	-	-	-
F	Current bank loans and borrowings	(16,934)	(17,455)	521	(3.0%)
G	Current portion of non-current debt	(9,600)	(8,607)	(993)	11.5%
H	Other current financial payables	(12)	(12)	-	0.0%
I	**Current financial indebtedness (F+G+H)**	**(26,546)**	**(26,074)**	**(472)**	1.8%
J	**Net current financial indebtedness (D+E+I)**	**(20,068)**	**(21,412)**	**1,344**	(6.3%)
K	Non-current bank loans and borrowings	(4,096)	(13,559)	9,463	(69.8%)
L	Bonds issued	-	-	-	-
M	Other non-current payables	(37)	(50)	13	(26.0%)
N	**Non-current financial indebtedness (K+L+M)**	**(4,133)**	**(13,609)**	**9,476**	(69.6%)
O	**Net Financial Indebtedness (J+N)**	**(24,201)**	**(35,021)**	**10,820**	(30.9%)

14. Employee benefits

(a) current

The balance of the item current employee benefits includes:

(In thousands of EUR)	2018	2017	Change
Salaries payable to temporary workers	28,122	28,860	(738)
Emoluments payable to temporary workers	7,620	6,988	632
Post-employment benefits of temporary workers	417	1,065	(648)
Remuneration payable to employees	3,791	2,922	869
Total payables for employee benefits	**39,950**	**39,835**	**115**

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 liabilities at 31 December 2018 are stable compared to 31 December 2017.

(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)	2018	2017	Change
Payables for employee benefits as at 1 January	1,064	1,078	(14)
Increase for companies acquired	33	0	33
Cost recognised in profit or loss	141	89	52
Payments during the year	(82)	(65)	(17)
Actuarial valuation	(63)	(38)	(25)
Total payables for employee benefits	**1,093**	**1,064**	**29**

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

(In thousands of EUR)	2018	2017	Change
Current service cost	117	69	48
Interest expense on the obligation	24	20	4
Total	**141**	**89**	**52**

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

	2018	2017
Projected future salary increases (average value)	1.0%	1.0%
Projected staff turnover	9%	9.0%
Discount rate	2.7%	1.9%
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 mainly 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 due to a limited number of suppliers.

The item is broken down as follows:

(In thousands of EUR)	2018	2017	Change
Trade payables to third parties	5,677	6,843	(1,166)
Trade payables to related parties	0	103	(103)
Total trade payables	**5,677**	**6,946**	**(1,269)**

16. Other payables

The item is broken down as follows:

(In thousands of EUR)	2018	2017	Change
Social security charges payable	19,415	19,723	(308)
Tax payables	12,628	12,257	371
Payables to Forma.Temp	629	616	13
Other payables	1,005	100	905
Total other payables	**33,677**	**32,696**	**981**

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)	**2018**	**2017**	**Change**
Withholding taxes - Employees	11,924	12,090	(166)
VAT and other minor payables	704	167	537
Total tax payables	**12,628**	**12,257**	**371**

17. Current tax liabilities

The current tax payable as at 31 December 2018 of EUR 685 thousand refers to tax liabilities for IRAP of EUR 121 thousand, tax liabilities for the domestic tax consolidation scheme (IRES) of EUR 528 thousand and the IRES balance of the subsidiary HC Human Connections S.r.l. of EUR 36 thousand.

As at 31 December 2017, the current tax payable referred to the tax liability for IRAP of EUR 296 thousand and the tax liability for the domestic tax consolidation (IRES) for EUR 2,366 thousand.

18. Provisions

Changes in this item are broken down as follows:

(In thousands of EUR)	**Balance as at 31 December 2017**	**Increases**	**Uses**	**Balance as at 31 December 2018**
Disputes	2,948	11	(1,012)	1,947

The item refers to possible future charges related to certain disputes with personnel, to a dispute related to a non-trade receivable, in addition to other minor risks. As described in greater detail in Note 29, on settlement of the dispute with the tax authorities, arrangements were made to use the related provision allocated in previous years.

19. Shareholders' Equity

(a) Share capital

(In thousands of shares)	**2018**	**2017**
Ordinary shares		
Issued as at 1 January	13,712	13,712
Issued as at 31 December	13,712	13,712

As at 31 December 2018, the approved share capital consists of 13,712,000 ordinary shares held by Omniafin S.p.A. (17.81%), MTI Investimenti S.A. (Luxembourg) (5.02%), Quaestio Italian Growth Fund (6.74%), Openjobmetis S.p.A. following the buyback transaction (3.00%) and the remainder (67.43%) is hold by the market.

The Shareholders' Meeting, convened on 24 April 2018, authorised the Board of Directors to purchase and dispose of treasury shares pursuant to the combined provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as Article 132 of Legislative Decree no. 58 of 24 February 1998. Subsequently, the Board of Directors' meeting called for 15 May 2018 resolved to launch the buyback programme from 16 May 2018. Note that on 31 December 2018, Openjobmetis S.p.A. directly held 411,360 treasury shares, equating to approximately 3% of the share capital.

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 (EUR 3,899 thousand), the share premium recognised as a result of the share capital increase made on 11 June 2007 (EUR 51 thousand), the share premium recognised as a result of the share capital increase made by injection on 14 March 2011 (EUR 5,030 thousand), the share premium paid as a result of the share capital increase on 14 March 2011 (EUR 7,833 thousand), the share premium recognised as a result of the conversion of the bond issue on 26 June 2015 (EUR 700 thousand), and the share premium recognised as a result of the Public Offering of Sale and Subscription made on 3 December 2015 (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 2018, in accordance with IAS 19, the net actuarial gain of EUR 63 thousand - resulting from the difference between the value of expected benefits calculated for the year of reference and the actual benefit resulting from the new measurement assumptions at the end of the year - was accounted for in shareholders' equity.

The value of *Other reserves* is net of the separate negative reserve for the purchase of treasury shares held, equal to EUR 3,920 thousand as at 31 December 2018, and of the reserve for the put option for the remaining 30% of the equity investment in H.C. Human Connections S.r.l..

20. Revenue

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

(In thousands of EUR)	**2018**	**2017**	**Change**
Revenue from temporary work	585,542	576,153	9,389
Revenue from personnel recruitment and selection	2,722	1,904	818
Revenue from outplacement	634	444	190
Revenue from other activities	5,373	5,396	(23)
Total Revenue	**594,271**	**583,897**	**10,374**

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)	**2018**	**2017**	**Change**
Recognition of contributions from Forma.Temp and Ebiref	11,656	12,016	(360)
Other sundry income	1,592	942	650
Total other income	**13,248**	**12,958**	**290**

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* includes income not pertaining to the period such as the collection of previously impaired receivables and adjustments to the allocations of costs related to previous years, other reimbursements and other sundry contributions.

22. Personnel expense

The item includes:

Cost of temporary work

(In thousands of EUR)	**2018**	**2017**	**Change**
Wages and salaries of temporary workers	368,657	365,438	3,219
Social security charges of temporary workers	114,241	111,089	3,152
Post-employment benefits of temporary workers	19,577	18,829	748
Forma.Temp contributions for temporary workers	14,280	14,052	228
Other costs of temporary workers	2,942	2,630	312
Total personnel expense	**519,697**	**512,038**	**7,659**

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 for 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)	2018	2017	Change
Salaries and wages of employees	22,555	21,015	1,540
Social security costs of employees	6,668	6,194	474
Post-employment benefits of employees	1,489	1,364	125
Remuneration to the Board of Directors and committees	1,616	1,420	196
Social security costs of the Board of Directors	80	64	16
Other employee costs	1,221	1,242	(21)
Phantom Stock Option	376	239	137
Total personnel expense	**34,005**	**31,538**	**2,467**

Other costs for temporary workers 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	2018	2017	Change
Executives - employees	2	2	0
White-collar staff - employees	649	609	40
Total	**651**	**611**	**40**

- *Share-based payments*

On 12 May 2017 and on 15 May 2018, the Board of Directors assigned to a number of 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 Openjobmetis S.p.A. shares at the end of the three-year vesting period and subject to the occurrence of the conditions contained in the "Information 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 equal to EUR 376 thousand corresponds to the change in the liabilities measured at fair value, representative of the sum to be paid to employees for whom the unconditional right has arisen to receive payment in respect of the tranche allocated in the years 2017 and 2018 in accordance with the Plan and the Regulations in force. 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 for the first tranche and EUR 11.7536 for the second tranche, the price at the valuation date is equal to EUR 8.00, 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 at the reporting date was EUR 1.2907 for the first tranche and EUR 1.3226 for the second tranche.

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)	**2018**	**2017**	**Change**
Costs for organising courses for temporary workers	11,666	12,020	(354)
Costs for tax, legal, IT, business consultancy	3,699	3,040	659
Costs for marketing consultancy	2,172	2,664	(492)
Costs for due diligence and consultancy services	437	196	241
Fees to sourcers and professional advisors	2,635	2,165	470
Rental expenditure	2,796	2,500	296
Costs for advertising and sponsorships	1,436	1,845	(409)
Costs for car rentals	1,300	1,309	(9)
Costs for utilities	907	852	55
Remuneration of the Board of Statutory Auditors	90	88	2
Other	3,660	3,493	167
Total costs for services	**30,798**	**30,172**	**626**

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. 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 Forma.Temp and other bodies.

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

The item fees to sourcers and professional advisors refers to costs incurred to promote meetings with potential customers.

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

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

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

25. Other operating expenses

The item includes:

(In thousands of EUR)	**2018**	**2017**	**Change**
Other expenses	768	823	(55)
Total other operating expenses	**768**	**823**	**(55)**

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

26. Impairment losses on trade and other receivables

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

27. Net financial income (expense)

Net financial income and expense are shown in the following table:

(In thousands of EUR)	2018	2017	Change
Bank interest income	4	25	(21)
Interest income on other receivables	100	55	45
Total financial income	**104**	**80**	**24**
Interest expense on loans	(410)	(594)	184
Interest expense on current accounts	(25)	(43)	18
Other interest expense	(197)	(307)	110
Total financial expense	**(632)**	**(944)**	**312**
Total financial income (expense)	**(528)**	**(864)**	**336**

Other interest expense mainly refers to the portion of costs attributable to each year deriving from application of the amortised cost method to the 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)	2018	2017	Change
Current taxes	5,487	4,787	700
Deferred tax assets	163	745	(582)
Deferred tax liabilities	(17)	(6)	(11)
Tax from previous years/Allocation to tax reserve	341	400	(59)
Total Income taxes	**5,974**	**5,926**	**48**

Current taxes as at 31 December 2018 totalling EUR 5,487 thousand refer to IRAP of EUR 1,142 thousand and to charges from the domestic tax consolidation scheme (IRES) of EUR 4,345 thousand.

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

In addition, as at 31 December 2018 the company recognised tax from previous years, as better described in 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)	**2018**	**Rate**	**2017**	**Rate**
Pre-tax profit (loss)	18,350		18,167	
Theoretical income taxes (a)	4,404	24.00%	4,360	24.00%
Tax effect of permanent differences including:				
- cars	185		189	
- telephony	46		41	
- prior year items and charges	19		72	
- board and lodging	26		40	
- other changes	19		10	
- ACE (Aiuto alla crescita economica, Aid to economic growth)	(192)		(178)	
- 10% IRAP deduction	(99)		(49)	
Subtotal (b)	**4**		**125**	
Income taxes recorded in the Financial Statements				
(current and deferred) excluding IRAP (a + b)	4,470	24.36%	4,485	24.69%
IRAP (current and deferred)	1,163	6.34%	1,041	5.73%
Income taxes recorded in the Financial Statements (current and deferred)	**5,633**	**30.70%**	**5,526**	**30.42%**
Deferred tax assets not included in the Financial Statements (on tax losses of companies acquired during the year)	63	0.34%	0	
Tax from previous years (allocation to tax reserve)	341	1.86%	400	2.20%
Total taxes	**5,974**	**32.55%**	**5,926**	**32.62%**

For the three-year period 2016-2018, Openjobmetis S.p.A. and the subsidiaries Openjob Consulting S.r.l. and Seltis S.r.l. renewed, in the Unico 2016 form, the option for the national tax consolidation scheme pursuant to Articles 117/129 of the Consolidated Income Tax Act (TUIR), which the subsidiary Corium S.r.l. already adhered to for the three-year period 2014-2016, thus benefiting from the possibility of offsetting the taxable profit against 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 litigations 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 condensed interim consolidated financial statements.

Specifically:

- For some time, Openjobmetis S.p.A. had an ongoing dispute with the tax authorities regarding the alleged non-deductibility of part of the financial expense to be paid.

  As a result of this dispute, assessment notices were received in relation to the years 2007 to 2012, and it could not be excluded that other notices would not be received, based on the tax authorities' reconstruction on similar grounds, in relation to subsequent periods.

  In June, with the sole purpose of settling said dispute without implying any admission of guilt, Openjobmetis S.p.A. reached an agreement with the tax authorities for the years 2007 to 2015, and in July finalised the definitive conciliation of all remaining years.

  Overall, the aforementioned conciliation agreements lead to the recognition of higher taxes, including penalties and interest, of around EUR 1,339 thousand. Since a provision of EUR 1 million has already been created in previous years, the impact on profit and loss for this financial year is EUR 339 thousand.

- 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 alleged 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. Following this report, a debit advice was issued by INPS, later effectively suspended by the Labour Court of Perugia. In September of this year an order was issued by the Local Labour Inspectorate, to whom the Company had appealed, relating to the payment of only a portion of the administrative sanctions demanded at the time of the report. This order greatly reduced the value of the sanctions following the proven invalidity of some of the violations originally alleged.

30. Financial instruments

(a) Credit risk

- **Exposure to credit risk**

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

(In thousands of EUR)	2018	2017	Change
Held-to-maturity investments	3	7	(4)
Trade receivables	115,270	123,312	(8,042)
Cash and cash equivalents	6,478	4,662	1,816
Total	**121,751**	**127,981**	**6,230**

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 16% of total receivables in 2018 and 17% in 2017.

- **Impairment losses**

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

(In thousands of EUR)	2018	2017	Change
Falling due	94,931	101,003	(6,072)
Past due from 0 to 90 days	17,786	18,983	(1,197)
Past due from 91 to 360 days	1,986	4,747	(2,761)
Past due 360 days or more	5,837	3,741	2,096
Total trade receivables	**120,540**	**128,474**	(7,934)

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

(In thousands of EUR)	2018	2017	Change
Opening balance	**5,162**	**4,072**	**1,090**
Impairment loss for the year	2,158	2,157	1
Uses made during the year	(2,050)	(1,067)	(983)
Balance as at 31 December	**5,270**	**5,162**	**108**

The Group allocates 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. Collective impairment is determined on the basis of historical losses, adjusted if necessary by scale factors reflecting the differences between the economic conditions of the period during which the historical data was collected and the Group's point of view about the economic conditions over the entire expected life of the receivables. The allowance for impairment mainly relates to receivables that have been past due for more than 360 days.

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

The Group constantly monitors its exposure to credit risk relating to relations with its customers, and adopts appropriate measures to mitigate them. Specifically, on the basis of the policies adopted by the Group, receivables that are past due are the subject of specific reminders and recovery actions, including forced. The result of these actions is considered in determining the allowance for expected impairment losses.

The Group did not recognise expected 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 offsetting agreements, are shown in the following table:

Non-derivative financial liabilities	**2018**					
(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	(13,696)	(14,054)	(5,729)	(4,079)	(4,246)	0
ICCREA BCC Loan	0	0	0	0	0	0
Non-guaranteed bank loans and borrowings	(16,934)	(16,934)	(16,934)	0	0	0
Finance lease liabilities	(49)	(53)	(7)	(7)	(39)	0
Trade payables	(5,677)	(5,677)	(5,677)	0	0	0
Other payables	(33,677)	(33,677)	(33,677)	0	0	0

Non-derivative financial liabilities			2018			
(In thousands of EUR)	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years	More than 5 years
Employee benefits *	(39,950)	(39,950)	(39,950)	0	0	0
Total	**(109,983)**	**(110,345)**	**(101,974)**	**(4,086)**	**(4,285)**	**0**

Non-derivative financial liabilities			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)**

* 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 2018, 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)	2018	2017	Change
Non-guaranteed bank loans and borrowings	16,934	17,455	(521)
Tranche A Senior Loan	13,696	21,159	(7,463)
ICCREA BCC Loan	0	1,006	(1,006)
Finance lease liabilities	49	62	(13)
Total financial liabilities	**30,679**	**39,682**	**(9,003)**

If the interest rates payable had increased by 1% at the reporting date, the shareholders' 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 300 thousand. However, the potential effect of extreme circumstances that cannot be reasonably foreseen remains excluded.

As at 31 December 2018, the Group had not recognised any fixed-rate financial assets or liabilities designated at fair value through profit or loss, and any changes in interest rates at the reporting date would have no effect on the profit or loss for the year other than that indicated above.

(d) Fair value

- **Fair value and carrying amount**

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)	2018		2017	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair Value**
Held-to-maturity investments	3	3	7	7
Trade receivables, other receivables and tax assets	123,298	123,298	130,544	130,544
Cash and cash equivalents	6,478	6,478	4,662	4,662
Finance lease liabilities	(49)	(49)	(62)	(62)
Tranche A Senior Loan	(13,696)	(13,696)	(21,159)	(21,159)
ICCREA BCC Loan	0	0	(1,006)	(1,006)
Non-guaranteed bank loans and borrowings	(16,934)	(16,934)	(17,455)	(17,455)
Trade payables, other payables and tax liabilities	(40,039)	(40,039)	(42,304)	(42,304)
Employee benefits	(39,950)	(39,950)	(39,835)	(39,835)
Total	**19,111**	**19,111**	**13,392**	**13,392**

- **Methods for determining 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 identified.

- *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 the carrying amount as it already reflects the impairment loss.

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

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 2018, costs of EUR 1,276 thousand (EUR 1,334 thousand in 2017) 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)	**2018**	**2017**	**Change**
Due within one year	3,123	3,332	(209)
From one to five years	8,049	8,102	(53)
Total	**11,172**	**11,434**	**(262)**

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 year, 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.

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 it 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 2018**	**Other related parties**	**Total related parties**	**% weight on financial statement items**
1	Employee costs	34,005	2,576	2,576	7.57%

Description *(in thousands of EUR)*	**Total 2017**	**Other related parties**	**Total related parties**	**% weight on financial statement items**
1 Employee costs	31,538	2,218	2,218	7.03%

As shown in note 33 below, the item Employee costs from Other related parties includes costs equal to EUR 1,616 thousand in 2018 (EUR 1,420 thousand in 2017) for the Board of Directors, EUR 618 thousand in 2018 (EUR 519 thousand in 2017) for Key management personnel and EUR 342 thousand in 2018 (EUR 279 thousand in 2017) for salaries paid to close relatives of the latter.

In the course of normal business, the Group has provided temporary worker 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 2,234 thousand, of which EUR 1,616 thousand for members of the Board of Directors and EUR 618 thousand for key management personnel (EUR 1,939 thousand in 2017, of which EUR 1,420 thousand for the members of the Board of Directors and EUR 519 thousand for 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. shares 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 has been paid to their respective companies rather than to individual beneficiaries, according to an agreement between them and the companies in question, for a total of EUR 45 thousand in 2018 (EUR 67 thousand in 2017).

For more information regarding the fees of said managers, reference is made to the 2018 Remuneration Report published in the "Corporate Governance" section of the company website.

Remuneration to the Board of Statutory Auditors for 2018 amounted to EUR 88 thousand (EUR 88 thousand in 2017).

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	961	None	478	177	1,616
Key management personnel	413	None	205	0	618
Total BoD and Key management personnel	**1,374**	**None**	**683**	**177**	**2,234**

Remuneration *(in thousands of EUR)*	**Remuneratio n 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 Board of Statutory Auditors	**88**	**None**	**0**	**0**	**88**
Total remuneration of key management personnel	**1,462**	**None**	**683**	**177**	**2,322**

34. Compensation to the audit company

Type of services	**Service provider**	**Recipient**	**Compensation and costs** *(in thousands of EUR)*
Audit	KPMG SPA	Openjobmetis SpA	160
Voluntary audit	KPMG SPA	Openjob Consulting Srl	10
Voluntary audit	KPMG SPA	Seltis Srl	10
Total compensation for audit services			**180**
Non-financial statement	KPMG SPA	Openjobmetis SpA	15
Total			**195**

Auditing services for Openjobmetis S.p.A. include statutory audit of the financial statements as at 31 December 2018 and the review of the interim consolidated financial statements as at 30 June 2018.

35. Atypical and/or unusual transactions

The consolidated financial statements as at 31 December 2018 do not show any income components or capital and financial items, whether positive or negative, arising from atypical or unusual events and transactions.

36. Information required by Law no. 124/2017 Article 1 paragraphs 125-129

It should be noted that 2018 proceeds arising from temporary work and other activities carried out by the Group are not shown in this table since they constitute a consideration for supplies and services rendered.

(In EUR) *Description of the contribution received (if greater than EUR 10,000 each)*	**Contributing entity**	**Amount**
"Dote Lavoro" contribution	Region of Lombardy	315,526
Total		**315,526**

37. Earnings (Loss) per share

The calculation of earnings per share for the years ended 31 December 2018 and 31 December 2017 is shown in the following table and is based on the ratio of profit (loss) attributable to the Group to the weighted average number of issued outstanding shares.

(In thousands of EUR)	**2018**	**2017**
Profit (loss) for the year	12,356	12,240
Average number of shares*	13,712	13,712
Basic earnings (loss) per share (in EUR)	**0.90**	**0.89**
Diluted earnings (loss) per share (in EUR)	**0.90**	**0.89**

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

38. Subsequent events

There were no significant events subsequent to 31 December 2018 in addition to that which has already been reported on page 50.

Milan, 14 March 2019

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 NO. 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 in relation to the characteristics of the company and
- the actual application of the administrative and accounting procedures for the preparation of the consolidated financial statements, as at and for the year ended 31 december 2018.

2. In this regard, it should be noted 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 2018 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 statement data.

3. We confirm that:

I. The consolidated financial statements as at and for the year ended 31 December 2018:

- correspond to the information contained in the accounting ledgers and records;
- have been prepared in accordance with applicable international accounting standards recognised by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 as well as the provisions issued in implementation of Legislative Decree no. 38/2005;
- 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 Article 154-ter of Legislative Decree 58/98.

Milan, 14 March 2019

Managing Director	Manager in charge of financial reporting
Rosario Rasizza	Alessandro Esposti
(signed on the original)	(signed on the original)

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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 2018, 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 2018 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 consolidated financial statements*" section of our report. We are independent of Openjobmetis S.p.A. (the "Parent") 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 2018 include goodwill of €74,438 thousand (€73,546 thousand at 31 December 2017) arising from non-recurring transactions and acquisitions carried out in 2018 and in previous years. This goodwill is allocated to the cash-generating unit comprising the Group's operating assets and liabilities. The Directors, assisted by an external advisor, prepared and impairment test of goodwill, approved by the board of directors on 14 March 2019, 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 2019-2023 business plan approved by the board of directors on 11 February 2019. Impairment testing entails a high level of judgement, especially in relation to: — 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; — the financial parameters to be used to discount the above cash flows. 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 specialists, included: — understanding the process adopted to prepare the impairment test and the 2019-2023 business plan; — checking any discrepancies between previous years forecast and actual figures, in order to check the accuracy of the estimation process; — 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; — 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 to external data and information; — checking any discrepancies between the most recent financial information prepared and the data included in the business plan and understanding the reasons therefor; — comparing the value in use arising from the impairment test to the market capitalisation; — checking the sensitivity analysis presented in the notes in relation to the key assumptions used for impairment testing; — 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 2018 include trade receivables of €115,270 thousand, net of the allowance for impairment of €5,271 thousand (€123,312 thousand at 31 December 2017, net of the allowance for impairment of €5,162 thousand). 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 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 lifetime expected credit losses, estimated considering many factors, including: — the age of the exposure; — the customer's solvency; — historical figures, adjusted if necessary by scalar factors to reflect the expected market conditions over the entire expected lives of the receivables. Accordingly, calculating the allowance for impairment requires a high level of judgement. 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: — understanding the process adopted to monitor and manage credit risk; — 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, the regular monitoring of past due exposures and of the implementation of the related recovery measures; — 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 expectations about the market conditions over the entire expected lives of receivables and our knowledge of its sector; — sample-based analysis of collections from customers after the reporting date relating to trade receivables existing at the reporting date; — 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; — 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;

Key audit matter	Audit procedures addressing the key audit matter
	— assessing the appropriateness of the disclosures provided in the notes about the measurement of trade receivables.

Responsibilities of the Parent's directors and board of statutory auditors ("Collegio Sindacale") 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 Parent 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 Parent 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 the report on corporate governance and ownership structure at 31 December 2018 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 2018 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 Group's consolidated financial statements at 31 December 2018 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 consolidated non-financial statement separately.

Milan, 22 March 2019

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit

SEPARATE FINANCIAL STATEMENTS

Statement of Financial Position

Statement of Comprehensive Income

Statement of Changes in Shareholders' Equity

Statement of Cash Flows

Notes to the Financial Statements

Statement of Financial Position

(*In EUR*)	Notes	31/12/2018	31/12/2017
ASSETS			
Non-current assets			
Property, plant and equipment	*4*	2,303,148	2,264,664
Intangible assets and goodwill	*5*	72,541,778	72,661,973
Equity investments in subsidiaries	*6*	3,374,206	1,404,206
Financial assets	*7*	2,282	7,286
Deferred tax assets	*8*	1,923,020	2,088,465
Total non-current assets		**80,144,434**	**78,426,594**
Current assets			
Cash and cash equivalents	*9*	2,417,661	807,019
Trade receivables	*10*	114,011,806	122,445,622
Other receivables	*11*	8,021,821	7,163,035
Current tax assets	*12*	0	0
Total current assets		**124,451,288**	**130,415,676**
Total assets		**204,595,722**	**208,842,270**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Non-current liabilities			
Financial liabilities	*13*	4,133,169	13,609,151
Employee benefits	*14*	622,345	700,583
Total non-current liabilities		**4,755,514**	**14,309,734**
Current liabilities			
Bank loans and borrowings and other financial liabilities	*13*	26,460,260	26,034,461
Trade payables	*15*	5,451,183	6,800,384
Employee benefits	*14*	39,634,016	39,676,445
Other payables	*16*	33,024,697	32,639,463
Current tax liabilities	*17*	638,538	2,643,608
Provisions	*18*	1,729,144	2,740,144
Total current liabilities		**106,937,838**	**110,534,505**
Total liabilities		**111,693,352**	**124,844,239**
SHAREHOLDERS' EQUITY			
Share capital		13,712,000	13,712,000
Legal reserve		1,653,597	1,089,669
Share premium reserve		31,545,661	31,545,661
Other reserves		33,208,908	26,372,148
Profit (loss) for the year		12,782,204	11,278,553
Total shareholders' equity	*19*	**92,902,370**	**83,998,031**
Total liabilities and shareholders' equity		**204,595,722**	**208,842,270**

Statement of Comprehensive Income

(*In EUR*)	Notes	2018	2017
Revenue	*20*	587,350,566	578,083,246
Costs of temporary work	*22*	(519,697,023)	(512,038,201)
First contribution margin		**67,653,543**	**66,045,044**
Other income	*21*	13,307,874	13,064,178
Personnel expense	*22*	(30,670,493)	(29,072,282)
Cost of raw materials and consumables	*23*	(215,606)	(226,895)
Costs for services	*24*	(31,156,047)	(30,990,072)
Amortisation/depreciation	*4.5*	(869,926)	(820,347)
Impairment losses on trade and other receivables	*26*	(2,230,000)	(2,462,391)
Other operating expenses	*25*	(748,599)	(808,203)
Operating profit (loss)		**15,070,746**	**14,729,034**
Financial income	*27*	3,147,275	2,264,555
Financial expense	*27*	(619,532)	(930,552)
Pre-tax profit (loss)		**17,598,489**	**16,063,036**
Income taxes	*28*	(4,816,285)	(4,784,483)
Profit (loss) for the year		**12,782,204**	**11,278,553**

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	0	51,038
Components that will not be reclassified to profit/loss		
Actuarial gain (loss) on defined benefit plans	41,751	22,166
Total other comprehensive income (expense) for the year	**41,751**	**73,204**
Total comprehensive income (expense) for the year	**12,823,955**	**11,351,757**

Statement of Changes in Shareholders' 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	Shareholders' Equity
Balances as at 01/01/2016	**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**
Allocation of profit (loss) for the year			564		10,715		(11,279)	0
Purchase of treasury shares					(3,920)			(3,920)
Actuarial gain (loss) on defined benefit plans						42		42
Profit (loss) for the year	19						12,782	12,782
Total comprehensive income (expense) for the year	19					42	12,782	12,824
Balances as at 31/12/2018	**19**	**13,712**	**1,654**	**31,545**	**33,221**	**(12)**	**12,782**	**92,902**

Statement of Cash Flows

(*In EUR*)	Note	2018	2017
Cash flows from operating activities			
Profit (loss) for the year		12,782,204	11,278,553
Adjustments for:			
Depreciation of property, plant and equipment	*4*	546,687	545,750
Amortisation of intangible assets	*5*	323,239	274,596
Capital losses/(gains) on sales of property, plant and equipment		37,203	17,369
Net decreases of financial assets	6.26	80,000	312,391
Impairment loss on trade receivables	*26*	2,150,000	2,150,000
Current and deferred taxes	*28*	4,816,285	4,784,482
Net financial (income) expense	*27*	(2,527,743)	(1,334,002)
Cash flows before changes in working capital and provisions		**18,207,875**	**18,029,139**
Change in trade and other receivables gross of impairment loss	*10,11,26*	5,425,030	(23,140,445)
Change in trade and other payables	*15.16*	(1,363,967)	3,675,578
Change in employee benefits	*14*	(78,913)	6,438,402
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*	1,426,882	709,485
Change in provisions	*18*	(1,011,000)	295,950
Paid income taxes		(8,082,794)	(1,952,774)
Cash and cash equivalents generated/(absorbed) by operating activities (a)		**14,523,113**	**4,055,335**
Cash flows from investing activities			
Purchase of property, plant and equipment	*4*	(636,116)	(839,103)
Proceeds from sales of property, plant and equipment		13,742	53,180
Purchase of equity investments		(1,300,000)	0
Other net increases in intangible assets	*5*	(203,043)	(183,978)
Change in other financial assets	*7*	5,004	6,450
Cash and cash equivalents generated/(absorbed) by investing activities (b)		**(2,120,413)**	**(963,451)**
Interest paid		(619,533)	(930,462)
Interest and dividends received	*27*	3,147,275	2,264,554
Repayment of loan instalments	*13*	(8,606,009)	(9,594,000)
Purchase of treasury shares	*19*	(3,919,617)	0
Payment to cover losses	*6*	(350,000)	(150,000)
Change in short-term bank loans and borrowings and repayment of other loans	13	(444,174)	(286,087)
Cash and cash equivalents generated/(absorbed) by financing activities (c)		**(10,792,058)**	**(8,695,995)**
Other changes (d)		**0**	**0**
Cash flow for the year (a) + (b) + (c) + (d)		**1,610,642**	**(5,604,111)**
Net cash and cash equivalents as at 1 January	*9*	**807,019**	**6,411,130**
Net cash and cash equivalents as at 31 December	*9*	**2,417,661**	**807,019**

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).

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

1. 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 as at 31 December 2018, as well as measures issued in implementation of Article 9 of Legislative Decree no. 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 that which 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 separate financial statements and the relative notes also provide the details and supplementary information required by other rules and provisions of Consob on financial statements. The separate financial statements contain the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity and the relevant notes.

In preparing these separate 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 separate financial statements were prepared on the basis of the accounting records as at 31 December 2018 on a going concern basis and are accompanied by the report on operations.

The Company's separate financial statements for the year ended as at 31 December 2018 were approved by the Board of Directors of the Company at the meeting held on 14 March 2019, when the distribution of the results through a press release dated 14 March 2019 containing the main elements of the financial statements was authorised. The Board of Directors of Openjobmetis S.p.A. 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 separate financial statements are prepared with amounts rounded to the nearest 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 schedules and tables, in both periods presented for comparison.

The separate financial statements are the first set of annual financial statements in which the Company has applied IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments,* the adoption of which has not resulted in significant changes for the Company; reference is made to Note 2 (a) below.

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

2. Significant accounting policies

(a) General, adoption of new accounting standards, amendments and interpretations issued by the IASB

New accounting standards adopted by the Company from 1 January 2018

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 introduces a general single model for establishing if, when and to what extent the revenue is recognised. This standard replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations. In accordance with IFRS 15, the revenue is recognised when the customer obtains control of the goods or services. Determination of the moment in which control is transferred - at a given moment or over the course of time - must be assessed by management.

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 contract obligation is related to the physical presence of the worker at the customer's premises and the service rendered is invoiced on a monthly basis. In the determination of the contract 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 contract consideration.

Based on the above, no significant impact was detected from retrospective application of IFRS 15.

IFRS 9 *Financial Instruments*

IFRS 9 sets on new requirements for the recognition and measurement of financial assets, financial liabilities and some contracts to buy or sell of non-financial items. The standard replaces IAS 39 Financial Instruments: Recognition and measurement.

With the adoption of IFRS 9, the Company has also adopted the consequent amendments to IAS 1 *Presentation of Financial Statements* according to which impairment losses on financial assets are presented as a separate item in the statement of comprehensive income ("Impairment losses on trade and other receivables"), without recognising classification impacts for figures relating to the financial year ended 31 December 2017, since these components of the statement of comprehensive income have already been shown separately. Any impairment losses on other financial assets are recognised under "financial expense".

In addition, the Company has adopted the subsequent modifications to IFRS 7 *Financial Instruments: Disclosures*, which are applied only to disclosures relating to 2018, without any impact on comparative information.

IFRS 9 classifies financial assets into three main categories: at amortised cost, at fair value through other comprehensive income (FVOCI), and at fair value through profit or loss (FVTPL). The classification envisaged by the standard is typically based on the business model of the entity for the management of financial assets and on the characteristics relating to the contractual cash flows of the financial asset. The categories provided for by IAS 39, i.e., held to maturity, loans and receivables and available for sale, are eliminated. According to IFRS 9, derivatives embedded in contracts where the primary element is a financial asset that falls within the scope of the standard must never be separated. The hybrid instrument is examined in its entirety for the purposes of its classification.

IFRS 9 essentially maintains the provisions of IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 had no significant effect on the valuation criteria applied by the Company to financial assets and financial liabilities.

According to the provisions of IFRS 9, and in line with that already applied in previous years, the Company measures the allowances for impairment of trade receivables at an amount equal to the lifetime expected credit losses; the adoption of the requirements of IFRS 9 has not resulted in a significant increase in allocations for impairment losses. For more information on how trade receivables are measured, see note 26.

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.

Based on the above, no significant impact was detected from retrospective application of IFRS 9.

The other new standards applicable from 1 January 2018 have also had no significant effect on the Company's separate financial statements.

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

The separate 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.

Use of estimates and valuations

While preparing the separate 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 testing 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 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. Collective impairment is determined on the basis of historical losses, adjusted if necessary by scale factors reflecting the differences between the economic conditions of the period during which the historical data was collected and the Company's point of view about the economic conditions over the entire expected life of the receivables. 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, adjusted if necessary by scalar factors to reflect the economic conditions estimated over the entire expected lives of the receivables.

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 disclosed in the relevant 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) Financial instruments

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. Trade receivables and debt securities issued are recognised when they arise. All other financial assets and financial liabilities are initially recognised at the trade date, i.e. when the Company becomes a contractual party to the financial instrument.

Except for trade receivables that do not contain a significant financing component, financial assets are initially measured at fair value plus or minus, in the case of financial assets or financial liabilities not measured at FVTPL, the transaction costs directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables that do not have a significant financing component are measured at their transaction price.

At the time of initial recognition, a financial asset is classified according to its assessment: amortised cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for the management of financial assets. In this case, all financial assets concerned are reclassified on the first day of the first year following the change in business model.

A financial asset shall be measured at amortised cost if both of the following conditions are met and it is not designated at FVTPL: the financial asset is held within the framework of a business model whose objective is the possession of financial assets aimed at collecting the related contractual cash flows; and the contractual terms of the financial assets involve, at certain dates, cash flows exclusively represented by payments of capital and interest on the amount of capital to be returned.

A financial asset shall be measured at FVOCI if both of the following conditions are met and it is not designated at FVTPL: the financial asset is held within the framework of a business model whose objective is achieved either through the collection of the contractual cash flows or through the sale of the financial assets, and the contractual terms of the financial assets involve, at certain dates, cash flows exclusively represented by payments of capital and interest on the amount of capital to be returned.

All financial assets not classified as measured at amortised cost or FVOCI, as indicated above, are measured at FVTPL.

At the time of initial recognition, the Company may irrevocably designate the financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting asymmetry that otherwise would result from the measurement of the financial asset at amortised cost or FVOCI.

For the purposes of assessment, the "capital" is the fair value of the financial asset at the time of initial recognition, while the "interest" constitutes consideration for the time value of money, for the credit risk associated with the amount of capital to be returned during a given period of time and for other risks and base costs linked to the loan (for example, liquidity risk and administrative costs), as well as the profit margin.

In assessing whether the contractual cash flows are represented exclusively by payments of principal and interest, the Company considers the contractual terms of the instrument. Therefore, it assesses, among other things, whether the financial asset contains a contractual clause that changes the timing or the amount of the contractual cash flows so as to not meet the following condition. For the purposes of the assessment, the Company considers: contingent events which would alter the timing or amount of the cash flows; clauses which may adjust the contractual interest rate of the coupon, including variable rate components; prepayment and extension components; and clauses which limit requests of financial flows by the Company from specific assets (for example, non-recourse components).

The financial assets of the Company, relating to trade receivables and other receivables, are classified as measured at amortised cost. These financial assets are then recognised as described above, and subsequently measured at amortised cost in accordance with the effective interest method. Impairment losses are deducted from the amortised cost. Interest income, exchange rate gains and losses and impairment losses are recognised in profit (loss) for the year as well as any profits or losses on derecognition.

Before 1 January 2018, these financial assets were measured at amortised cost using the effective interest method, less impairment losses.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified at FVTPL when it is held for trading, represents a derivative or is designated as such upon initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recognised in the profit/(loss) for the year. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and exchange rate gains and losses are recognised in profit (loss) for the year, as well as any profits or losses deriving from derecognition. The Company's financial liabilities are classified as measured at amortised cost.

Financial assets are derecognised when the contractual rights to the cash flows arising from the same expire, when the contractual rights to receive the cash flows within the scope of a transaction in which substantially all the risks and rewards incidental to the ownership of the financial asset are transferred or when the Company neither transfers nor retains substantially all the risks and rewards incidental to the ownership of the financial asset and does not maintain control of the financial asset.

The Company proceeds to derecognise a financial liability when the obligation specified in the contract has been fulfilled or cancelled or has expired. The Company also derecognises a financial liability when the associated contractual terms are changed and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognised at fair value on the basis of the modified contractual terms. The difference between the accounting value of the extinguished financial liability and the consideration paid (including assets not represented by cash transferred or liabilities assumed) is recognised in the profit/(loss) for the year.

Financial assets and liabilities may be offset and the amount resulting from offsetting is presented in the statement of financial position if, and only if, the Company currently has the legal right to offset such amounts and intends to adjust the balance on net bases or recover the asset and adjust the liability simultaneously.

Trade and other receivables

Receivables from customers and other receivables are identified as financial assets measured at amortised cost, and are initially recognised at the transaction price for trade receivables and at fair value for other receivables, 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.

Allowances for the impairment of trade receivables are always measured at an amount equal to the expected losses along the life of the receivable; the Company takes into consideration reasonable and supportable information that is relevant and available. This includes quantitative and qualitative information and analyses, based on the historical experience of the Company, on credit assessment as well as forward-looking information.

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.

Derivative financial instruments

Derivative financial instruments are initially measured at fair value. After initial recognition, relative changes in the fair value are usually accounted for in the profit/(loss) for the year.

There are no derivative financial instruments designated as hedging instruments.

(e) Share capital - purchase and reissue of ordinary shares (treasury shares)

In the event of the repurchase of shares recognised in shareholders' equity, the consideration paid, including any costs directly attributable to the transaction are recognised as a decrease in shareholders' equity. Repurchased shares are classified as treasury shares and recorded in the reserve for treasury shares. The consideration received from the subsequent sale or reissue of treasury shares is recorded as an increase in shareholders' equity. Any positive or negative difference resulting from the transaction is recorded in the share premium reserve.

(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 profit or loss 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 "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 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.

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 expected impairment losses are recognised in 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. The reversal is recognised in profit or loss.

(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. Collective impairment is determined on the basis of historical losses, adjusted if necessary by scale factors reflecting the differences between the economic conditions of the period during which the historical data was collected and the Company's point of view about the economic conditions over the entire expected life of the receivables. 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, adjusted if necessary by scalar factors to reflect the economic conditions estimated over the entire expected lives of the receivables.

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 allowance for impairment of financial assets measured at amortised cost is deducted from the gross carrying amount of the assets.

(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 relevant 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 shareholders' 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 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

Please refer to Note 2, with reference to the application of IFRS 15 as from 1 January 2018.

(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

The accounting standards not yet applicable and not adopted earlier that may have effects for the Company are outlined below.

IFRS 16 - Leases

The Company, which must adopt IFRS 16 Leases starting from 1 January 2019, has estimated the effects, stated below, deriving from the first adoption of this standard on the consolidated financial statements. It should be noted that the actual effects of the adoption of the aforementioned standard on 1 January 2019 could be different since: the Company has not yet completed the verification and evaluation of controls on its new information systems; and the new valuation criteria may undergo changes up to the presentation of the first separate financial statements of the Company for the year that includes the date of the first adoption.

IFRS 16 redefines existing leasing guidance. The standard replaces IAS 17 Leases, 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 of use of the underlying asset and a lease liability that represents the obligation to make lease payments. There are exceptions to the application of IFRS 16 for short-term leases and for low-value assets.

The Company will recognise new assets and liabilities for its operating leases on properties used as headquarters and in which branches operate, and company cars. The nature of the costs relating to the above mentioned leases will change since the Company will amortise right-of-use assets and interest expense on lease liabilities.

Previously the Company accounted for costs for operating leases on a straight-line basis over the lease term and recorded assets and liabilities only in the presence of temporary differences between the moment in which it made the lease payments and the cost recognition.

There are no significant impacts for Company finance leases.

On the basis of the information currently available, the Company expects to record further lease liabilities and more right-of-use assets for approximately EUR 11,000 thousand as at 1 January 2019.

The Company has already liaised with banking institutions, as contractually required, for an assessment of the possible impacts on financial covenants envisaged in the loan agreement described in Note 13, arising from the adoption of IFRS 16.

The Company intends to apply IFRS 16 from its date of first application (i.e. 1 January 2019), adopting the modified retroactive approach. Therefore, the cumulative effect of the adoption of IFRS 16 will be recognised as an adjustment to Shareholders' Equity as at 1 January 2019, without the comparative information being restated.

In order to apply the modified retroactive method to the operating leases indicated above, the Company intends to: measure the asset consisting of the right of use the underlying asset on the basis of the value of the lease liability; determine the lease liability on the basis of the residual maturity of the lease on the date of initial application, using the incremental borrowing rate of interest on the same date; adopt the practical expedient that allows the use of hindsight in determining the lease term.

(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 measurement, 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 "Temporary Worker Benefits" and to related contributory liabilities.

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

2018

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 96 million of credit lines that can be used against presentation of short-term trade receivables, generally at a variable rate linked to the Euribor.

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 covenants 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.

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's consolidated financial statements.

With particular reference to the senior loan existing as at 31 December 2018, 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***	**2018**	**2017**	**Change**
Ministry of Labour	Authorisation pursuant to Italian Legislative Decree no. 276	28,808	23,048	5,760
Third Parties	Sureties for participating in tenders	115	112	3
Third Parties	Sureties for leases	665	633	32
Third Parties	Other	164	211	(47)
Total		**29,752**	**24,004**	**5,748**

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 contracts.

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 Openjob S.p.A. Group personnel (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 shareholders' 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.

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**	**Assets under finance lease**	**Leasehold improvements**	**Total**
Cost:						
Balances as at 1 January 2018	**1,862**	**843**	**3,492**	**109**	**182**	**6,488**
Increases	--	85	550	--	--	635
Decreases	--	18	98	--	--	116
Reclassification	--	--	--	--	--	--
Balances as at 31 December 2018	**1,862**	**910**	**3,944**	**109**	**182**	**7,007**
Depreciation and impairment:						
Balances as at 1 January 2018	**750**	**541**	**2,641**	**109**	**182**	**4,223**
Increases	55	89	403	--	--	547
Decreases	--	15	51	--	--	66
Balances as at 31 December 2018	**805**	**615**	**2,993**	**109**	**182**	**4,704**
Carrying amounts:						
As at 1 January 2018	**1,112**	**302**	**851**	**--**	**--**	**2,265**
As at 31 December 2018	**1,057**	**295**	**951**	**--**	**--**	**2,303**

(In thousands of EUR)	**Land and buildings**	**Plant and equipment**	**Other items of property, plant and equipment**	**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**

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 in 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 2018	**71,736**	**8,152**	**2,320**	**--**	**82,208**
Increases	--	--	148	55	203
Decreases	--	--	--	--	--
Reclassification	--	--	--	--	--
Balances as at 31 December 2018	**71,736**	**8,152**	**2,468**	**55**	**82,411**
Amortisation and impairment:					
Balances as at 1 January 2018	**--**	**8,019**	**1,527**	**--**	**9,546**
Increases	--	44	279	--	323
Decreases	--	--	--	--	--
Balances as at 31 December 2017	**--**	**8,063**	**1,806**	**--**	**9,869**
Carrying amounts:					
As at 1 January 2018	**71,736**	**133**	**793**	**--**	**72,662**

(In thousands of EUR)	Goodwill	Customer relations	Software	Assets under development and payments on account	Total
As at 31 December 2018	**71,736**	**89**	**662**	**55**	**72,542**

(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**

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 2018 was performed 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 2019-2023 business plan, approved by the Board of Directors of the Company on 11 February 2019, prepared by management on the basis of both the historical economic and financial performances of the Group and the expected future trend (Fitch forecasts for Italy GDP growth of 0.3% in 2019, which should improve in 2020 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, the assumption as regards revenue for the Company is of growth, on a like-for-like basis, of 4.1% in 2019 and then a conservative drop of around 2.0% from 2020 to 2023;
- Revenue from Training and Personnel Recruitment and Selection: expected to grow by 10% over the years of the plan.

These assumptions are based on the following growth drivers: slower Italian economic growth and expected developments in the reference market.

To calculate the terminal value, a prudent 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, were estimated based on the following main assumptions:

- EBITDA, normal average equal to the last year of analytical forecast;
- maintenance investments, equal to EUR 1.3 million;
- constant working capital;
- constant 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 10.5%) 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 2018 was estimated on the basis of the following assumptions:

– the risk-free rate used (3%) is equal to the sum of the real interest rate (1%) and expected inflation rate in the long term (2%);

– the estimated beta coefficient (unlevered) was 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%;

– 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 2018 (equal to 2.5%).

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 2018 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 2018, as in previous years.

The carrying amount and the recoverable amount of the CGU, as recognised at the end of the last three years, is shown hereunder:

(In thousands of EUR)

Years	Carrying amount	Recoverable amount	Amount in excess, recoverable with respect to the carrying amount
2016	118,218	161,350	43,132
2017	124,369	163,880	39,511
2018	121,816	156,348	33,770

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 2018 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 2.6 percentage points, all the other conditions being equal; similarly, in the case of a reduction in the cash flows by 21.6% 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 2018, approved by the Board of Directors of the Company on 14 March 2019, was not subject to a fairness opinion by independent experts. Finally, appraisals drawn up by an independent expert were used for preparing it. Finally, it should be noted that as at 31 December 2018 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 106,405 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) for 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 Employment Agency, was amortised as from 2017.

Assets under development

Assets under development and payments on account as at 31 December 2018 relate to costs incurred for the development of a software interface between Databook and the CRM Salesforces, which will be put into use in the course of 2019 and will consequently be reclassified to software.

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.	Meritocracy (formerly Coverclip) S.r.l.	H.C. Human Connections S.r.l.	Total
Balance as at 1 January 2017	**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**
Acquisitions	-	-	-	**1,000**	**700**	**1,700**
Value increases	-	-	-	**350**	-	**350**
Value decreases	-	-	**(80)**	-	-	**(80)**
Balance as at 31 December 2018	**598**	**329**	**397**	**1,350**	**700**	**3,374**

A comparison between the carrying amount of equity investments and the respective shareholders' equity is shown below.

(In thousands of EUR)	Share capital	Shareholders' Equity	Stake	Value pro-rata (A)	Carrying amount (B)	Differences (A-B)
Seltis S.r.l.	110	1,130	100%	1,130	598	532
Openjob Consulting S.r.l.	100	2,600	100%	2,600	329	2,271
Corium S.r.l.	32	(18)	100%	(18)	397	(415)
Meritocracy (formerly Coverclip) S.r.l.	25	(65)	100%	(65)	1,350	(1,415)
H.C. Human Connections S.r.l.	10	204	70%	143	700	(557)
Total	**277**	**3,851**		**3,790**	**3,374**	**416**

Seltis S.r.l. operates in the area of third-party personnel recruitment and selection; Openjob Consulting primarily provides training, execution and delivery of services to businesses, and third-party data processing, Corium provides support in staff outplacement, Meritocracy (formerly Coverclip) is focused on personnel recruitment, as a digital head hunter, and the company H.C. Human Connections is an educational company that carries out activities dedicated to the development and motivation of human resources.

The negative difference with respect to the subsidiary Corium S.r.l. is mainly attributable to the goodwill paid at the time of the acquisition, as well as to the losses accounted for in previous years net of capital contributions.

The negative differences on the subsidiaries Meritocracy S.r.l. and H.C. Human Connections S.r.l. are mainly attributable to the goodwill paid when acquiring them.

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**		**Net**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Property, plant and equipment	--	--	177	183	(177)	(183)
Intangible assets	4	13	--	--	4	13
Employee benefits	--	4	5	--	(5)	4
Provisions	319	322	--	--	319	322
Trade and other receivables	1,104	1,069	--	--	1,104	1,069
Costs with deferred deductibility	497	500	--	--	497	500
Listing costs	181	363	--	--	181	363
Total	**2,105**	**2,271**	**182**	**183**	**1,923**	**2,088**

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 31 December 2017**	**Changes in profit or loss**	**Balance 31 December 2018**
Property, plant and equipment	(183)	6	(177)
Intangible assets	13	(9)	4
Employee benefits	4	(9)	(5)
Provisions	322	(3)	319
Trade and other receivables	1,069	34	1,104
Costs with deferred deductibility	500	(3)	497
Listing costs	363	(182)	181
Total	**2,088**	**(166)**	**1,923**

9. Cash and cash equivalents

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

(In thousands of EUR)	**2018**	**2017**	**Change**
Bank and postal deposits	2,394	787	1,607
Cash and cash equivalents in hand	24	20	4
Total cash and cash equivalents	**2,418**	**807**	**1,611**

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)	**2018**	**2017**	**Change**
From third-party customers	119,174	127,497	(8,323)
From related parties	34	44	(10)
Allowance for impairment	(5,196)	(5,095)	(101)
Total trade receivables	**114,012**	**122,446**	**(8,434)**

As at 31 December 2018 and 2017, 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 2018 and 2017, the Company had no outstanding factoring transactions without recourse.

Trade receivables from related parties refer to receivables from the subsidiary Openjob Consulting S.r.l. for EUR 34 thousand (EUR 13 thousand in 2017).

The item is recorded in the financial statements net of an allowance for impairment of EUR 5,196 thousand. The decrease in receivables is due to the slowdown in turnover in recent years.

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 76 to 69 days. By calculating the DSO only on the fourth quarter, i.e. receivables/quarterly revenue * 90 days, a DSO of 65 days is achieved, down compared with 2017 (72 days).

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

11. Other receivables

The item is made up as follows:

(In thousands of EUR)	2018	2017	Change
Receivable for refunding of VAT and IRES on 2007-2011 IRAP	1,263	1,263	0
Receivable from the INPS treasury funds for post-employment benefits	2,475	1,813	662
Prepayments for insurance costs	32	17	15
Other prepayments	859	599	260
Other disputed receivables	1,095	1,095	0
Receivable for domestic tax consolidation scheme	70	10	60
Receivables from Forma.Temp	1,003	760	243
Receivable from tax authorities for disputes	1,143	1,594	(451)
Other sundry receivables	82	12	70
Total other receivables	**8,022**	**7,163**	**859**

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 as at 31 December 2018 of EUR 859 thousand and as at 31 December 2017 of EUR 599 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 Seltis 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 2018 there were no receivables from the tax authorities for current taxes.

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)	**2018**	**2017**	**Change**
Non-current liabilities:			
Tranche A Senior Loan	4,096	13,559	(9,463)
Finance lease payables	37	50	(13)
Total non-current liabilities	**4,133**	**13,609**	**(9,476)**
Current liabilities			
Tranche A Senior Loan	9,600	7,600	2,000
Non-guaranteed bank loans and borrowings	16,848	17,416	(568)
ICCREA BCC Loan	0	1,006	(1,006)
Finance lease payables	12	12	0
Total current liabilities	**26,460**	**26,034**	**426**
Total current and non-current liabilities	**30,593**	**39,643**	**(9,050)**

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. As at 31 December 2018, a portion equal to EUR 1,800 thousand was reclassified from non-current liabilities to current liabilities, since, on the basis of the results of the consolidated financial statements Excess Cash Flow was recorded, which is provided for in the loan agreement, which is the subject of mandatory advance repayment.

On 23 December 2016, a loan with a bank syndicate (BCC and ICCREA BANCA) for EUR 3,000 thousand was granted, repaid in full during 2018.

The contractual conditions of bank loans and borrowings and other financial liabilities are as follows:

(In thousands of EUR)				2018		2017	
	Curr.	**Nominal interest rate**	**Year of maturity**	**Nominal amount**	**Carrying amount**	**Nominal amount**	**Carrying amount**
Tranche A Senior Loan	EUR	Euribor*	2020	13,800	13,696	21,400	21,159
ICCREA BCC Loan	EUR	Euribor**	2018	0	0	1,006	1,006
Non-guaranteed bank loans and borrowings	EUR	0.40% ***		16,848	16,848	17,416	17,416
Finance lease liabilities	EUR	5.00%***	2021	49	49	62	62
Total interest-bearing liabilities				**30,697**	**30,593**	**39,884**	**39,643**

* 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 termination of the loan agreement only if two covenants – even if not the same – were not met for two measurement periods in succession. As at the reporting date, all the covenants had been satisfied.

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

Calculation Dates	**NFI / EBITDA ≤**	**NFI / SE ≤**	**DSCR ≥**
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

SE = Shareholders' 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**	**Principal**	**Minimum finance lease payments due**	**Interest**	**Principal**
Non-current liabilities	**2018**	**2018**	**2018**	**2017**	**2017**	**2017**
Due within one year	14	2	12	15	3	12
Due after one year	39	2	37	54	4	50
Total	**53**	**4**	**49**	**69**	**7**	**62**

The table below shows the net financial indebtedness of the Company as at 31 December 2018 and 31 December 2017, 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		2018/2017 Change	
		2018	**2017**	**Value**	**%**
A	Cash	24	20	4	20.0%
B	Other cash and cash equivalents	2,394	787	1,607	204.2%
C	Securities held for trading	-	-	-	-
D	**Cash and cash equivalents (A+B+C)**	**2,418**	**807**	**1,611**	199.6%
E	Current financial receivables	-	-	-	-
F	Current bank loans and borrowings	(16,848)	(17,416)	568	(3.3%)
G	Current portion of non-current debt	(9,600)	(8,606)	(994)	11.6%
H	Other current financial payables	(12)	(12)	-	0.0%
I	**Current financial indebtedness (F+G+H)**	**(26,460)**	**(26,034)**	**(426)**	1.6%
J	**Net current financial indebtedness (D+E+I)**	**(24,042)**	**(25,227)**	**1,185**	(4.7%)
K	Non-current bank loans and borrowings	(4,096)	(13,559)	9,463	(69.8%)
L	Bonds issued	-	-	-	-
M	Other non-current payables	(37)	(50)	13	(26.0%)
N	**Non-current financial indebtedness (K+L+M)**	**(4,133)**	**(13,609)**	**9,476**	(69.6%)
O	**Net Financial Indebtedness (J+N)**	**(28,175)**	**(38,836)**	**10,661**	(27.5%)

14. Employee benefits

(a) current

The balance of the item current employee benefits includes:

(In thousands of EUR)	**2018**	**2017**	**Change**
Salaries payable to temporary workers	28,122	28,860	(738)
Emoluments payable to temporary workers	7,620	6,989	631
Post-employment benefits of temporary workers	417	1,065	(648)
Remuneration payable to employees	3,475	2,763	712
Total payables for employee benefits	**39,634**	**39,677**	**(43)**

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 liabilities amount as at 31 December 2018 is stable compared to 31 December 2017.

(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)	**2018**	**2017**	**Change**
Payables for employee benefits as at 1 January	701	726	(25)
Cost recognised in profit or loss	15	14	1
Payments during the year	(52)	(17)	(35)
Actuarial valuation	(42)	(22)	(20)
Total payables for employee benefits	**622**	**701**	**(79)**

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

(In thousands of EUR)	**2018**	**2017**	**Change**
Current service cost	0	0	0
Interest expense on the obligation	15	14	1
Total	**15**	**14**	**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:

	2018	**2017**
Projected future salary increases (average value)	1.0%	1.0%
Projected staff turnover	9.0%	9.0%
Discount rate	2.7%	1.9%
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 mainly 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 due to a limited number of suppliers.

The item is broken down as follows:

(In thousands of EUR)	**2018**	**2017**	**Change**
Trade payables to third parties	5,444	6,697	(1,253)
Trade payables to related parties	7	103	(96)
Total trade payables	**5,451**	**6,800**	**(1,349)**

Payables to related parties as at 31 December 2018 derive from a contract with the subsidiary Meritocracy S.r.l., as described in more detail in note 32.

16. Other payables

The item is broken down as follows:

(In thousands of EUR)	**2018**	**2017**	**Change**
Social security charges payable	19,226	19,596	(370)
Tax payables	12,489	12,253	236
Payables to Forma.Temp	629	616	13
Payables to subsidiaries for tax consolidation scheme	113	66	47
Other payables	568	108	460
Total other payables	**33,025**	**32,639**	**386**

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 99 thousand to the subsidiary Openjob Consulting S.r.l. and EUR 14 thousand to the subsidiary Corium S.r.l. for the domestic tax consolidation scheme.

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)	**2018**	**2017**	**Change**
Withholding taxes - Employees	12,314	11,997	317
VAT and other minor payables	175	257	(82)
Total tax payables	**12,489**	**12,254**	**235**

17. Current tax liabilities

The current tax payable as at 31 December 2018 of EUR 638 thousand refers to tax liabilities for IRAP of EUR 111 thousand and to tax liabilities of EUR 527 thousand for the domestic tax consolidation scheme (IRES).

The current tax payable as at 31 December 2017 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).

18. Provisions

Changes in this item are broken down as follows:

(In thousands of EUR)	**Balance as at 01/01/2018**	**Increases**	**Uses**	**Balance as at 31/12/2018**
Disputes	2,740	0	1,011	1,729

The item refers to possible future charges related to certain disputes with personnel, to a dispute related to a non-trade receivable, in addition to other minor risks. As described in greater detail in note 29, on settlement of the dispute with the tax authorities, arrangements were made to use the related provision allocated in previous periods.

19. Shareholders' Equity

(a) Share capital

(In thousands of shares)	**2018**	**2017**
Ordinary shares		
Issued as at 1 January	13,712	13,712
Issued as at 31 December	13,712	13,712

As at 31 December 2018, the approved share capital consists of 13,712,000 ordinary shares held by Omniafin S.p.A. (17.81%), MTI Investimenti S.A. (Luxembourg) (5.02%), Quaestio Italian Growth Fund (6.74%), Openjobmetis S.p.A. following the buyback transaction (3.00%) and the remainder (67.43%) by the market.

The Shareholders' Meeting, convened on 24 April 2018, authorised the Board of Directors to purchase and dispose of treasury shares pursuant to the combined provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as Article 132 of Italian Legislative Decree no. 58 of 24 February 1998. Subsequently, the Board of Directors' meeting called on 15 May 2018 resolved to launch the buyback program from 16 May 2018. Note that on 31 December 2018, Openjobmetis S.p.A. directly held 411,360 shares, equating to approximately 3% of the share capital.

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 (EUR 3,899 thousand), the share premium recognised as a result of the share capital increase made on 11 June 2007 (EUR 51 thousand), the share premium recognised as a result of the share capital increase made by injection on 14 March 2011 (EUR 5,030 thousand), the share premium paid as a result of the share capital increase on 14 March 2011 (EUR 7,833 thousand), the share premium recognised as a result of the conversion of the bond issue on 26 June 2015 (EUR 700 thousand), and the share premium recognised as a result of the Public Offering of Sale and Subscription made on 3 December 2015 (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 2018, in accordance with IAS 19, the net actuarial gain of EUR 42 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 shareholders' equity.

The value of *Other reserves* is net of the separate negative reserve for the purchase of treasury shares held for EUR 3,920 thousand as at 31 December 2018.

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	1,654	B	1,654	--
Share premium reserve	31,545	A, B	31,545	--
Other reserves	33,209	A, B, C	33,209	--
Total	**80,120**			--
Available portion			**66,408**	

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 33,209 thousand, plus the *Share premium reserve* of EUR 29,893 thousand.

20. Revenue

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

(In thousands of EUR)	2018	2017	Change
Revenue from temporary work	585,542	576,153	9,389
Revenue from personnel recruitment and selection	584	407	177
Revenue from other activities	937	1,261	(324)
Expenses charged to Group companies	288	262	26
Total Revenue	**587,351**	**578,083**	**9,268**

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 32 relating to transactions with related parties.

21. Other income

The item includes:

(In thousands of EUR)	**2018**	**2017**	**Change**
Recognition of contributions from Forma.Temp and Ebiref	11,656	12,016	(360)
Other sundry income	1,652	1,048	604
Total other income	**13,308**	**13,064**	**244**

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 not pertaining to the period such as the collection of previously impaired receivables and adjustments to the allocations of costs related to previous years, reimbursements other than sundry contributions.

22. Personnel expense

The item includes:

Cost of temporary work

(In thousands of EUR)	**2018**	**2017**	**Change**
Wages and salaries of temporary workers	368,657	365,438	3,219
Social security charges of temporary workers	114,241	111,089	3,152
Post-employment benefits of temporary workers	19,577	18,829	748
Forma.Temp contributions for temporary workers	14,280	14,052	228
Other costs of temporary workers	2,942	2,630	312
Total personnel expense	**519,697**	**512,038**	**7,659**

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 for 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)	2018	2017	Change
Salaries and wages of employees	20,325	19,360	965
Social security costs of employees	5,995	5,690	305
Post-employment benefits of employees	1327	1,246	81
Remuneration to the Board of Directors and committees	1,439	1,320	119
Social security costs of the Board of Directors	66	64	2
Other employee costs	1,142	1,154	-12
Phantom Stock Option	376	239	137
Total personnel expense	**30,670**	**29,073**	**1,597**

Other costs for temporary workers 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	2018 no.	2017 no.	Change
Executives - employees	2	2	0
White-collar staff - employees	583	562	21
Total	**585**	**564**	**21**

- *Share-based payments*

On 12 May 2017 and on 15 May 2018, the Board of Directors assigned to a number of 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 Openjobmetis S.p.A. shares at the end of the three-year vesting period and subject to the occurrence of the conditions contained in the “Information 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 equal to EUR 376 thousand corresponds to the change in the liabilities measured at fair value, representative of the sum to be paid to employees for whom the unconditional right has arisen to receive payment in respect of the tranche allocated in the years 2017 and 2018 in accordance with the Plan and the Regulations in force. 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 for the first tranche and EUR 11.7536 for the second tranche, the price at the valuation date is equal to EUR 8.00, 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 at the reporting date was EUR 1.2907 for the first tranche and EUR 1.3226 for the second tranche.

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)	**2018**	**2017**	**Change**
Costs for organising courses for temporary workers	11,666	12,020	(354)
Costs for tax, legal, IT, business consultancy	4,405	4,118	287
Costs for marketing consultancy	2,168	2,603	(435)
Costs for due diligence and consultancy services	437	196	241
Fees to sourcers and professional advisors	2,618	2,148	470
Rental expenditure	2,781	2,464	317
Costs for advertising and sponsorships	1,330	1,808	(478)
Costs for car rentals	1,239	1,269	(30)
Costs for utilities	898	845	53
Remuneration of the Board of Statutory Auditors	90	88	2
Other	3,524	3,431	93
Total costs for services	**31,156**	**30,990**	**166**

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 Forma.Temp and other bodies.

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

The item fees to sourcers and professional advisors refers to costs incurred to promote meetings with potential customers.

Rental expenditure is related both to costs incurred for the rentals of Branches located all over the country and for 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.

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

25. Other operating expenses

The item includes:

(In thousands of EUR)	**2018**	**2017**	**Change**
Other expenses	749	808	59
Total other operating expenses	**749**	**808**	**59**

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. Impairment losses on trade and other receivables

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

27. Net financial income (expense)

Net financial income and expense are shown in the following table:

(In thousands of EUR)	**2018**	**2017**	**Change**
Bank interest income	1	9	(8)
Interest income on other receivables	100	55	45
Dividends from subsidiaries	3,046	2,200	846
Total financial income	**3,147**	**2,264**	**883**
Interest expense on loans	(410)	(594)	184
Interest expense on current accounts	(23)	(38)	15
Other interest expense	(186)	(298)	112
Total financial expense	**(619)**	**(930)**	**311**
Total net financial income (expenses)	**(2,528)**	**1,334**	**1,194**

Other interest expense mainly refers to the portion of costs attributable to each year deriving from application of the amortised cost method to the 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)	**2018**	**2017**	**Change**
Current taxes	4,312	3,649	663
Deferred tax assets	166	741	(575)
Deferred tax liabilities	(1)	(6)	5
Tax from previous years/allocation to tax reserve	339	400	(61)
Total Income taxes	**4,816**	**4,784**	**32**

Current taxes as at 31 December 2018 totalling EUR 4,312 thousand refer to IRAP of EUR 974 thousand and to IRES of EUR 3,338 thousand.

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.

In addition, as at 31 December 2018 the Company recognised tax from previous years, as better described in note 29.

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

(In thousands of EUR)	**2018**	**Rate**	**2017**	**Rate**
Pre-tax profit (loss)	17,599		16,063	
Theoretical income taxes (a)	4,224	24.00%	3,855	24.00%
Tax effect of permanent differences including:				
- cars	167		178	
- telephony	42		40	
- prior year items and charges	19		71	
- board and lodging	25		40	
- Other changes	0		57	
- ACE (Aiuto alla crescita economica, Aid to economic growth)	(192)		(178)	
- 10% IRAP deduction	(93)		(47)	
- Dividends/income from liquidation	(695)		(502)	
Subtotal (b)	**(727)**		**(340)**	
Income taxes recorded in the Financial Statements				
(current and deferred) excluding IRAP (a + b)	3,497	19.87%	3,515	21.88%
IRAP (current and deferred)	980	5.57%	869	5.41%
Income taxes recorded in the Financial Statements (current and deferred)	**4,477**	**25.44%**	**4,384**	**27.29%**
Tax from previous years (allocation to tax reserve)	339	1.93%	400	2.49%
Total taxes	**4,816**	**27.37%**	**4,784**	**29.78%**

For the three-year period 2016-2018, Openjobmetis S.p.A. and the subsidiaries Openjob Consulting S.r.l. and Seltis S.r.l. renewed, in the Unico 2016 form, the option for the national tax consolidation scheme pursuant to Articles 117/129 of the Consolidated Income Tax Act (TUIR), which the subsidiary Corium S.r.l. already adhered to for the three-year period 2014-2016, thus benefiting from the possibility of offsetting the taxable profit against 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:

- For some time, Openjobmetis S.p.A. had an ongoing dispute with the tax authorities regarding the alleged non-deductibility of part of the financial expense to be paid.

  As a result of this dispute, assessment notices were received in relation to the years 2007 to 2012, and it could not be excluded that other notices would not be received, based on the tax authorities' reconstruction on similar grounds, in relation to subsequent periods.

  In June, with the sole purpose of settling said dispute without implying any admission of guilt, Openjobmetis S.p.A. reached an agreement with the tax authorities for the years 2007 to 2015, and in July finalised the definitive conciliation of all remaining years.

  Overall, the aforementioned conciliation agreements lead to the recognition of higher taxes, including penalties and interest, of around EUR 1,339 thousand. Since a provision of EUR 1 million has already been created in previous years, impact on profit and loss for this financial year is EUR 339 thousand.

30. Financial instruments

(a) Credit risk

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

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)	**2018**	**2017**	**Change**
Held-to-maturity investments	2	7	(5)
Trade receivables	114,012	122,446	(8,434)
Cash and cash equivalents	2,418	807	1,611
Total	**116,432**	**123,260**	**(6,828)**

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 16% of total receivables in 2018 and 17% in 2017.

- **Impairment losses**

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

(In thousands of EUR)	2018	2017	Change
Falling due	94,330	100,384	(6,054)
Past due from 0 to 90 days	17,180	18,670	(1,490)
Past due from 91 to 360 days	1,881	4,747	(2,866)
Past due 360 days or more	5,817	3,740	2,077
Total trade receivables	**119,208**	**127,541**	(8,333)

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

(In thousands of EUR)	2018	2017	Change
Balance as at 1 January	**5,095**	**4,005**	**1,090**
Impairment loss for the year	2,150	2,150	0
Uses made during the year	(2,049)	(1,060)	(989)
Balance as at 31 December	**5,196**	**5,095**	101

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. Collective impairment is determined on the basis of historical losses, adjusted if necessary by scale factors reflecting the differences between the economic conditions of the period during which the historical data was collected and the Company's point of view about the economic conditions over the entire expected life of the receivables. The allowance for impairment mainly relates to receivables that have been past due 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 Company constantly monitors its exposure to credit risk relating to relations with its customers, and adopts appropriate measures to mitigate them. Specifically, on the basis of the policies adopted by the Company, receivables that are past due are the subject of specific reminders and recovery actions, including forced. The result of these actions is considered in determining the allowance for expected impairment losses.

During the year the Company did not recognise expected 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 offsetting agreements, are shown in the following table:

Non-derivative financial liabilities	**2018**					
(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	(13,696)	(14,054)	(5,729)	(4,079)	(4,246)	0
ICCREA BCC Loan	0	0	0	0	0	0
Non-guaranteed bank loans and borrowings	(16,848)	(16,848)	(16,848)	0	0	0
Finance lease liabilities	(49)	(53)	(7)	(7)	(39)	0
Trade payables	(5,451)	(5,451)	(5,451)	0	0	0
Other payables	(33,025)	(33,025)	(33,025)	0	0	0
Employee benefits *	(39,634)	(39,634)	(39,634)	0	0	0
Total	**(108,703)**	**(109,065)**	**(100,694)**	**(4,086)**	**(4,285)**	**0**

Non-derivative financial liabilities	**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**

* 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 2018, 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)	**2018**	**2017**	**Change**
Non-guaranteed bank loans and borrowings	16,848	17,416	(568)
Tranche A Senior Loan	13,696	21,159	(7,463)
ICCREA BCC Loan	0	1,006	(1,006)
Finance lease liabilities	49	62	(13)
Total financial liabilities	**30,593**	**39,643**	**(9,050)**

If the interest rates payable had increased by 1% at the reporting date, the shareholders' equity and the net profit (loss) for the year would have been negatively affected, gross of the related tax effect, by an approximate amount of EUR 300 thousand. However, the potential effect of extreme circumstances that cannot be reasonably foreseen remains excluded.

As at 31 December 2018, the Company does not account for any fixed rate financial asset or financial liability at fair value through profit or loss. 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:

	2018		**2017**	
(In thousands of EUR)	**Carrying amount**	**Fair Value**	**Carrying amount**	**Fair Value**
Held-to-maturity investments	2	2	7	7
Trade receivables, other receivables and tax assets	122,034	122,034	129,609	129,609
Cash and cash equivalents	2,418	2,418	807	807
Finance lease liabilities	(49)	(49)	(62)	(62)
Tranche A Senior Loan	(13,696)	(13,696)	(21,159)	(21,159)
ICCREA BCC Loan	0	0	(1,006)	(1,006)

(In thousands of EUR)	2018 Carrying amount	2018 Fair Value	2017 Carrying amount	2017 Fair Value
Non-guaranteed bank loans and borrowings	(16,848)	(16,848)	(17,416)	(17,416)
Trade payables, other payables and tax liabilities	(39,114)	(39,114)	(42,083)	(42,083)
Employee benefits	(40,256)	(40,256)	(40,378)	(40,378)
Total	**14,490**	**14,490**	**8,319**	**8,319**

- **<u>Methods for determining 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.

- *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 the carrying amount as it already reflects the impairment loss.

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

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 2018, costs of EUR 1,215 thousand (EUR 1,294 thousand in 2017) 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)	**2018**	**2017**	**Change**
Due within one year	3,058	3,284	(226)
From one to five years	7,980	8,008	(28)
Total	**11,038**	**11,292**	**(254)**

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 2018**	**Subsidiaries**	**Other related parties**	**Total related parties**	**% weight on financial statement items**
1	Revenue	587,351	396	0	396	0.1%
2	Employee costs	30,670	26	2,399	2,425	7.9%
3	Costs for services	31,156	1,333	0	1,333	4.4%
4	Financial income	3,147	3,046	0	3,046	96.8%

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	29,072	56	2,118	2,174	7.5%
3	Costs for services	30,990	1,403	0*	1,403*	4.5%*
4	Financial income	2,265	2,200	0	2,200	97.2%

Description (in thousands of EUR)		Total 2018	Subsidiaries	Other related parties	Total related parties	% weight on financial statement items
1	Equity investments	3,374	3,374	0	3,374	100%
2	Receivables	114,012	34	0	34	0.0%
3	Other receivables	8,022	70	0	70	0.1%
4	Trade payables	5,451	7	0	7	0.0%
5	Other payables	33,025	113	0	113	0.3%

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	5*	5*	0.0%*
5	Other payables	32,639	69	0	69	0.2%

*amount restated to allow a uniform comparison of values due to the exclusion of the sports company.

The item Revenue from Subsidiaries includes amounts charged to the companies of the Group: Openjob Consulting S.r.l.. of EUR 252 thousand (EUR 221 thousand in 2017), Seltis S.r.l. of EUR

124 thousand (EUR 98 thousand in 2017), Corium S.r.l. EUR 15 thousand (EUR 55 thousand in 2017) and Meritocracy S.r.l. EUR 5 thousand (EUR 0 thousand in 2017). These charges relate mainly to services 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 34 thousand at 31 December 2018 (EUR 13 thousand at 31 December 2017) from Openjob Consulting S.r.l., and to EUR 0 thousand at 31 December 2018 (EUR 14 thousand at 31 December 2017) from Corium S.r.l.

Employee costs from Subsidiaries includes costs for personnel assessments carried out by HC S.r.l. and equal to EUR 26 thousand in 2018 (EUR 0 in 2017) in addition to costs of staff seconded to group companies for EUR 0 thousand in 2018 (EUR 13 thousand in 2017) from Seltis S.r.l. and EUR 0 thousand in 2018 (EUR 43 thousand in 2017) from Openjob Consulting S.r.l.; the item Employee costs from Other related parties includes costs equal to EUR 1,439 thousand in 2018 (EUR 1,320 thousand in 2017) for the Board of Directors, EUR 618 thousand in 2018 (EUR 519 thousand in 2017) for Key management personnel and EUR 342 thousand in 2018 (EUR 279 thousand in 2017) for salaries paid to close relatives of the latter.

The item Costs for services of Subsidiaries includes the costs charged by the subsidiary Openjob Consulting S.r.l. in the amount of EUR 1,312 thousand (EUR 1,403 thousand in 2017) for payslip processing costs for temporary workers, EUR 15 thousand for the purchase of services by the subsidiary Corium S.r.l. to deliver to their customers (EUR 0 thousand in 2017) and EUR 6 thousand (EUR 0 thousand in 2017) charged by the subsidiary Meritocracy S.r.l. The payable towards Meritocracy S.r.l. as at 31 December amounts to EUR 7 thousand (EUR 0 thousand as at 31 December 2017).

The trade payable to Other Related Parties amounts to EUR 0 thousand as at 31 December 2018 (EUR 5 thousand as at 31 December 2017) and refers to the payable 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 3,046 thousand (EUR 2,200 thousand in 2017), refers to the dividend paid by Openjob Consulting S.r.l. in the amount of EUR 2,700 thousand (EUR 1,900 thousand in 2017) and by Seltis S.r.l. in the amount of EUR 346 thousand in the course of 2018 (Euro 300 thousand in 2017). The income was collected in full during of the year.

Other receivables includes Company receivables from group companies for participation in the domestic tax consolidation scheme in the amount of EUR 70 thousand as at 31 December 2018 from Seltis S.r.l. (EUR 10 thousand as at 31 December 2017 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 14 thousand as at 31 December 2018 (EUR 43 thousand as at 31 December 2017) to Corium S.r.l. and EUR 99 thousand as at 31 December 2018 to Openjob Consulting S.r.l. (EUR 26 thousand as at 31 December 2017 to Seltis S.r.l.).

For Equity investments, see note 6 of this document.

In the course of normal business, the Company has provided temporary worker 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 2,057 thousand, of which EUR 1,439 thousand to members of the Board of Directors and EUR 618 thousand to key management personnel (EUR 1,839 thousand in 2017, of which EUR 1,320 thousand to members of the Board of Directors and EUR 519 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 Openjobmetis S.p.A. shares 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 has been paid to their respective companies rather than to individual beneficiaries, according to an agreement between them and the companies in question, for a total of EUR 46 thousand (EUR 167 thousand in 2017).

For more information regarding fees of said managers, reference is made to the 2018 Remuneration Report published in the "Corporate Governance" section of the company website.

Remuneration to the Board of Statutory Auditors for 2018 amounted to EUR 88 thousand (EUR 88 thousand in 2017).

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	961	None	478	1,439
Key management personnel	413	None	205	618
Total	**1,374**	**None**	**683**	**2,057**
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**
Total remuneration of key management personnel	**1,462**	**None**	**683**	**2,145**

34. Atypical and/or unusual transactions

The financial statements as at 31 December 2018 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 2018 in addition to that which has already been reported on page 50.

36. Information required by Law no. 124/2017 Article 1 paragraphs 125-129

It should be noted that 2018 proceeds arising from temporary work and other activities carried out by the Group are not shown in this table since they constitute a consideration for supplies and services rendered.

(In EUR) *Description of the contribution received (if greater than EUR 10,000 each)*	**Contributing entity**	**Amount**
"Dote Lavoro" contribution	Region of Lombardy	315,526
Total		**315,526**

37. 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 2018:

- Allocation to the legal reserve: EUR 639,110.21
- Allocation to the other reserves: EUR 9,083,946.78

Allocation of a dividend to shareholders of EUR 0.23 per each entitled share (excluding treasury shares equal to 411,360) for a total of EUR 3,059,147.20.

Milan, 14 March 2019

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 NO. 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 in relation to the characteristics of the company and
- the actual application of the administrative and accounting procedures for the preparation of the separate financial statements, as at and for the year ended 31 December 2018

2. In this regard, it should be noted 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 2018 was assessed on the basis of the assessment of the system of internal control and audit of the processes directly or indirectly connected with the preparation of the accounting and financial statements data.

3. We confirm that:

I. The separate financial statements as at and for the year ended 31 December 2018:

- correspond to the information contained in the accounting ledgers and records;
- have been prepared in accordance with applicable international accounting standards recognised by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 as well as the provisions issued 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.

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 Article 154-ter of Legislative Decree 58/98.

Milan, 14 March 2019

Managing Director	Manager in charge of financial reporting
Rosario Rasizza	Alessandro Esposti
(signed in the original)	(signed in the original)

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(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 2018, 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 2018 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 2018 include goodwill of €71,736 thousand (unchanged from 31 December 2017) 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"). The directors, assisted by an external advisor, prepared and impairment test of goodwill, approved by the board of directors on 14 March 2019, 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 set out in the 2019-2023 business plan approved by the board of directors on 11 February 2019. Impairment testing entails a high level of judgement, especially in relation to: — 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; — the financial parameters to be used to discount the above cash flows. 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 specialists, included: — understanding the process adopted to prepare the impairment test and the 2019-2023 business plan; — checking any discrepancies between previous years forecast and actual figures, in order to check the accuracy of the estimation process; — 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; — 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 to external data and information; — checking any discrepancies between the most recent financial information prepared and the data included in the business plan and understanding the reasons therefor; — comparing the value in use arising from the impairment test to the market capitalisation; — checking the sensitivity analysis presented in the notes in relation to the key assumptions used for impairment testing; — 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 2018 include trade receivables of €114,012 thousand, net of the allowance for impairment of €5,196 thousand (€122,446 thousand at 31 December 2017, net of the allowance for impairment of €5,095 thousand). 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 loss allowance is based on the lifetime expected credit losses, estimated considering many factors, including: — the age of the exposure; — the customer's solvency; — historical figures, adjusted if necessary by scalar factors to reflect the expected market conditions over entire expected lives of the receivables. Accordingly, calculating the loss allowance requires a high level of judgement. 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: — understanding the process adopted to monitor and manage credit risk; — 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, the regular monitoring of past due exposures and of the implementation of the related recovery measures; — 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 expectations about the market conditions over the expected entire lives of the receivables and our knowledge of its sector; — sample-based analysis of collections from customers after the reporting date relating to trade receivables existing at the reporting date; — 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; — 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;

Key audit matter	Audit procedures addressing the key audit matter
	— assessing the appropriateness of the disclosures provided in the notes about the measurement of trade receivables.

Responsibilities of the Company's directors and board of statutory auditors ("Collegio Sindacale") 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 the report on corporate governance and ownership structure at 31 December 2018 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 2018 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 Company's separate financial statements at 31 December 2018 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 2019

KPMG S.p.A.

(signed on the original)

Luisa Polignano
Director of Audit

Report of the Board of Statutory Auditors pursuant to art. 153 of Legislative Decree 58/1998 and art. 2429, paragraph 2, of the Italian Civil Code to the Shareholders' Meeting of Openjobmetis spa of 17 April 2019

Dear Shareholders,

the Board of Statutory Auditors, pursuant to art. 153 of Legislative Decree 58/1998 (TUF, "Consolidated Law on Finance") and art. 2429, paragraph 2, of the Italian Civil Code, is required to report to the Shareholders' Meeting, called to approve the financial statements, on the monitoring activity carried out, as well as on any omissions or censurable events recorded.

In particular, the Board of Statutory Auditors reports on the monitoring activity it is required to perform in relation to the obligations set forth in the applicable legislation and according to the methods laid down in Consob Communication no. DEM/1025564 of 06/04/2001 and subsequent updates.

* * *

Appointment of the Board of Statutory Auditors

The Board of Statutory Auditors, in office from the date of this report, was appointed by the Shareholders' Meeting on 24 April 2018 and is composed of Chiara Segala (Chairperson), Manuela Paola Pagliarello and Roberto Tribuno (Standing Auditors). Alternate Auditors Marco Sironi and Alvise Deganello were appointed.

The Board of Statutory Auditors will remain in office until approval of the 2020 financial statements.

Significant events in the year

During the year, the Board of Statutory Auditors monitored observance of the law and of the Articles of Association and has no observations to make in this regard.

The Board of Statutory Auditors received, from the Chief Executive Officer, at least on a quarterly basis, and during meetings of the Board of Directors which the Board of Statutory Auditors participates in, adequate and timely information on the activities carried out, on the general operating performance and on the business outlook, as well as on the transactions of greatest economic, financial and equity importance carried out by the Company and its subsidiaries. For a description of the most important transactions, please refer to the Board of Directors' Report on Operations, section 'Main significant events in 2018 and after 31 December 2018' which, as far as the Board of Statutory Auditors is aware, comprehensively summarises the most important events that concerned the Openjobmetis Group in 2018. The Board of Statutory Auditors acknowledges that the transactions which it acquired knowledge of conform to the law and to the Articles of Association, were not manifestly imprudent or hazardous, did not involve a conflict of interests, and are in keeping with the resolutions adopted by the Shareholders' Meeting and, in any case, are not as such to compromise the integrity of company assets.

Atypical or unusual transactions, including intercompany transactions or transactions with related parties

Atypical and/or unusual transactions, according to Communication no. DEM/6064293 of 28 July 2006, *mean transactions that, owing to their significance/relevance, nature of the counterparties, object of the transaction, methods of determination of transfer pricing and timing of the event (proximity to the close of the year), may raise doubts as regards the accuracy/completeness of the information contained in the financial statements, conflicts of interests, the safeguarding of the company's assets or the protection of minority interests.*

During 2018, as far as this Board is aware, ordinary intercompany transactions were entered into in relation to general management activities, accounting and administrative assistance, management control, HR management, sales management, credit collection, EDP and data processing services, call centre, purchasing and staff leasing, payslip processing services and subsequent obligations, personnel selection,.... For full details, please refer to the section on "Transactions with subsidiaries and related parties" in the Report on Operations and the comments on the Separate financial statements and the Consolidated financial statements.

Pursuant to art. 239-bis of the Italian Civil Code and the Regulation on transactions with related parties approved by means of Consob resolution 17221 of 12 March 2010 and subsequent amendments, the Board of Directors adopted a “Related-party transactions Procedure” (latest update in August 2018) and set up a “Committee for Related-party Transactions” which, composed exclusively of independent directors, at least on a quarterly basis, prepares a quarterly disclosure on the execution of transactions with related parties and reports on them during the meetings of the Board of Directors.

It is acknowledged that the Board of Statutory Auditors verified the adequacy of the procedures adopted for identifying related parties and ensuring that the transactions entered into were carried out in respect of the criteria of transparency and procedural and substantive correctness.

As part of the monitoring activities carried out, based on the information received and, as far as this Board of Statutory Auditors is aware, no atypical or unusual transactions carried out with third parties, with Group Companies or with other related parties came to light.

Relations with the Independent Auditors

Observations and proposals regarding the findings and information requests contained in the report of the independent auditors; certification of compliance of Non-Financial Statement; indication of any assignment of additional engagements to the independent auditors and the relevant costs; observations on any significant aspects that emerged during the meetings held with the auditors; independence of the audit firm.

The Board of Statutory Auditors, as the Internal Control and Auditing Committee, in accordance with the provisions of art. 19 of Legislative Decree no. 39/2010, carried out the prescribed monitoring activity.

On 22 March 2019, the Independent Auditors appointed, KPMG spa, tasked with auditing the separate and consolidated financial statements of the Company for the 2015-2023 period, issued, in accordance with art. 14 of Legislative Decree 39/2010, and art. 10 of Regulation EU 537/2014, its Report in which it expressed, by outlining the key aspects of the audit of the financial statements, for the separate financial statements and the consolidated financial statements:

a) a judgment without findings and information requests which highlights that they conform to the regulations that govern their drafting and give a true and fair view of the financial position and economic result of the Openjobmetis spa Group as at 31.12.2018;

b) a judgment of consistency with the Consolidated Financial Statements of the Openjobmetis spa Group with respect to the Report on Operations and to some specific information contained in the Report on Corporate Governance and Ownership Structures;

c) a judgment of conformity with the legal provisions of the drafting of the Report on Operations and some specific information contained in the Report on Corporate Governance and Ownership Structures.

On 22 March 2019, the Independent Auditors also presented to the Board of Statutory Auditors, as Internal Control and Auditing Committee, the Additional report set forth in art. 11 of Regulation (EU) no. 537/2014 in which it certifies that no significant deviations were identified in the internal control system in relation to financial disclosure and in the Company’s accounting system. The Board of Statutory Auditors, in turn, sends this report to the Board of Directors according to the provisions of art. 19 of Legislative Decree 39/2010.

The Board of Statutory Auditors periodically met with the Independent Auditors (KPMG S.p.A.), for the purposes of monitoring the financial disclosure process, the independent audit of the separate financial statements and the consolidated financial statements, and to guarantee the prompt exchange of the relevant data and information for the fulfilment of the respective duties. Over the course of these meetings, the Board of Statutory Auditors was informed about the fundamental matters that emerged during the audit and no censurable events or irregularities came to light as such to require reporting pursuant to art. 155, paragraph 2 of the Consolidated Law on Finance, nor any aspects that need to be mentioned in this report.

The Independent Auditors declared that there was no need to present any letter of suggestions (‘Management Letter’) with reference to the elements that emerged during their audit.

On 22 March 2019, the Independent Auditors issued, as required by art. 3, paragraph 10 of Legislative Decree no. 254/2016 and art. 5 of Consob implementing Regulation of Legislative Decree no. 254/2016, the certification of conformity of the information contained in the Consolidated Non-Financial Statement which was approved by the Board of Directors on 14 March 2019 as a separate document from the Report on Operations, accompanying the 2018 Annual Financial Report.

The Independent Auditors declared the fulfilment of the independence requirement, as required by art. 19 of Legislative Decree no. 39/2010 and art. 6 of Regulation (EU) no. 537/2014; the Board of Statutory Auditors, acknowledging the transparency Report prepared by the independent auditors published on its website pursuant to art. 18 of Legislative Decree 39/2010 and, as a result of the meeting with said Independent Auditors, believes that no situations come to light which may compromise its independence.

Pursuant to art. 19, paragraph 1, letter e), the Board of Statutory Auditors constantly monitored any assignment to the Independent Auditors of non-audit and/or prohibited services pursuant to art. 5 of Regulation EU 537/2014.

During 2018 and up until today's date, no engagements were assigned other than the mandatory and voluntary auditing of subsidiaries, and different from activities relating to the Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016.

In the year ended as at 31 December 2018, KPMG S.p.A. provided services for Openjobmetis Group companies totalling Euro 195,000.00, broken down as follows:

a) audit: Euro 180,000.00;

b) activities regarding the Consolidated Non-Financial Statement pursuant to Legislative Decree 254/2016: Euro 15,000.00.

Any presentation of statements pursuant to art. 2408 of the Italian Civil Code and complaints; initiatives undertaken and associated outcomes

During the year and up until today's date, no statements were received by the Board of Statutory Auditors pursuant to art. 2408 of the Italian Civil Code, nor any complaints.

Opinions issued by the Board of Statutory Auditors

In 2018, the Board of Statutory Auditors expressed:

- a favourable opinion on the continued appointment of the Manager responsible for preparing the company's financial reports, Alessandro Esposti, pursuant to art. 154-bis, paragraph 1 of the Consolidated Law on Finance;
- a favourable opinion on the continued appointment of the Head of the Internal Audit Department, Laura Prosino, and the relevant remuneration pursuant to the Application Criteria 7 C.1 of the Corporate Governance Code;
- a favourable opinion on the determination of the amount of remuneration of the directors vested with special positions and/or executive roles pursuant to art. 2389, paragraph 3;
- a favourable opinion on the approval of the 2018 Audit Plan in accordance with Application Criteria 7 C.1 of the Corporate Governance Code (Board of Statutory Auditors in its previous composition);

In 2019 and up until today's date, the Board of Statutory Auditors issued the following opinions:

- a favourable opinion on the approval of the 2019 Audit Plan in accordance with Application Criteria 7 C.1 of the Corporate Governance Code;
- a favourable opinion on the correct use of the accounting standards and their homogeneity for the purposes of the drafting of the consolidated financial statements pursuant to Application Criteria 7 C.2 of the Corporate Governance Code;
- a favourable opinion on the evaluation of the results presented by the independent auditor in the report on the fundamental questions identified during the audit pursuant to Application Criteria 7 C.1 of the Corporate Governance Code;
- a favourable opinion on the co-optation to the Board of Directors of the director Carlo Gentili, replacing the outgoing Fabrizio Viola pursuant to art 2386, paragraph 1 of the Italian Civil Code.

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

In 2018, the Board of Statutory Auditors carried out supervisory activities over the course of 15 meetings

(5 of which held by the Board of Statutory Auditors in its previous composition, whose office ended on 24.04.2018, and 10 by the Board of Statutory Auditors currently in office). The Board of Statutory Auditors took part in 13 meetings of the Board of Directors, and also took part, jointly or through its Chairman, in 5 meetings of the Control and Risk Committee, 14 meetings of the Remuneration Committee and 7 meetings of the Related Party Committee and the Shareholders' Meeting.

The Board of Statutory Auditors composed as such, met 10 times in 2018 and 8 times in 2019 up until the date of drafting of this Report. The entire Board of Statutory Auditors composed as such, took part, jointly in all meetings of the Board of Directors (9), the meetings of the Control and Risk Committee (3), the meetings of the Related Party Committee (5) and the meetings of the Remuneration Committee (9). The Board of Statutory Auditors took part in two induction sessions organised by the company.

In May 2018, and then in February 2019, the Board of Statutory Auditors in office, carried out the self-assessment procedure to verify that its members continued to meet the requirements of independence, professionalism, competence and integrity, including an evaluation of additional qualitative, quantitative and functioning profiles, as required by the reference legislation. The checks conducted did not highlight any corrective measures to be implemented.

Observations on respect for the principles of proper administration

In exercising its functions, the Board of Statutory Auditors, as required by art. 2403 of the Italian Civil Code and art. 149 of the Consolidated Law on Finance, monitored observance of the law and of the Articles of Association and respect for the principles of proper administration.

The Board of Statutory Auditors, also through constant participation in the meetings of the Board of Directors and the meetings of the internal Board committees, monitored the diligent conduct of the directors, the aspects of substantive legitimacy of the management decisions made and the correctness of the decision-making procedure, verifying that the management decisions were based on the principle of correct information and reasonableness and that they were consistent and compatible with the available resources and the risk assumed in the company's interest.

As far as it is aware, the Board of Statutory Auditors believes that no transactions were carried out which were unrelated to the corporate purpose, manifestly imprudent, hazardous or demonstrably suited to prejudicing the integrity of company assets.

Observations of the adequacy of the organisational structure

The Board of Statutory Auditors acquired knowledge of the organisational structure, participating in an induction session on the subject at the start of its mandate, constantly collecting information during its term of office, and verifying the system of delegations and powers, procedures, company organisational charts and receiving constant information flows from the Chief Executive Officer and the heads of the departments identified.

The Board of Statutory Auditors, in relation to the dimensions of the company, the corporate purpose and the characteristics of the company, believes that the company's organisational structure is adequate.

Adequacy of the Internal Control System

The Board of Statutory Auditors monitored the adequacy and functioning of the internal control system:

- by acquiring the reports and judgments issued by the Director in charge of the internal control and risk management system;
- by acquiring the reports and judgments issued by the Control and Risk Committee and participating in the meetings of the Control and Risk Committee;
- by acquiring the reports prepared and the audits conducted by the Internal Audit department, as well as the Audit plan proposed; by meeting periodically with the head of the department and obtaining reassurance from said individual regarding the adequacy of the resources assigned for the performance of his/her activities with respect to the 2019 Audit plan; by acquiring information on the improvements and remediations of any non-conformities/anomalies identified during the audit;
- by acquiring and receiving information regarding the identification of the risks evaluated for the company

and the associated update;

- by acquiring the reports and judgments issued by the Independent Auditors; by periodically meeting the Independent Auditors;
- by verifying that the company is equipped with a constantly updated Organisation, Management and Control Model pursuant to Legislative Decree 231/2001; by acquiring reports and periodically meeting the Supervisory Body;
- by evaluating the promptness of the flows from the entities involved in the internal control and risk management system, in the case of anomalies and/or extraordinary events;
- by evaluating the promptness in the request for an extra audit plan in the event anomalies are identified by the Director in charge of internal control and risk management system;
- by acknowledging the positive judgment of the Board of Directors in relation to the adequacy and effective functioning of the Internal Control and Risk Management System for 2018.

As regards subsidiaries, the Board of Statutory Auditors has acknowledged that the company is conducting a risk analysis pursuant to Legislative Decree 231/2001 in order to evaluate the opportunity to implement the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 for said subsidiaries; in light of the new business initiatives undertaken in 2018, through the acquisition of the equity investments of two companies (100% Meritocracy srl and 70% HC Human Connection srl), the Board of Statutory Auditors, despite considering the limited dimensions of the different companies, will conduct monitoring to ensure that the internal control system rigorously oversees all subsidiaries, also in consideration of the fact that they do not have autonomous Internal Audit departments and internal control bodies.

The Board of Statutory Auditors considers the internal control and risk management system to be essentially adequate; it favourably acknowledges the intention of the Director in charge of the internal control and risk management system to implement a process of further strengthening of the internal control and risk management system.

Adequacy of the administrative-accounting system and its reliability in correctly representing operating events

The Board of Statutory Auditors monitored the adequacy of the administrative-accounting system and its reliability in correctly representing operating events, as well as the financial disclosure process, through:

- the acquisition of information from the Director responsible for drawing up the accounting and corporate documents;
- the acknowledgement of the certifications issued by the Chief Executive Officer and the Director responsible for drawing up the accounting and corporate documents pursuant to art. 154-bis of Legislative Decree 58/98;
- verifying observance of the accounting standards applied in preparing the separate financial statements and the consolidated financial statements;
- the acquisition of the periodic Reports of the head of the Internal Audit department and the results of the tests for the purposes of Law 262/05;
- the substantial and formal verification of the Impairment Test process;
- the acquisition of the reports and constant exchange of information during the periodic meetings with the Independent Auditors;
- the Independent Auditors’ confirmation of the non-preparation of the Letter of Suggestions (Management Letter);
- the obtainment of corporate documents and of the procedures implemented.

In the opinion of the Board of Statutory Auditors, there are no elements that lead it to believe that the administrative-accounting system is not adequate or that it is not reliable in correctly representing operating events, and no deficiencies or facts came to light that need to be reported to the Shareholders’ Meeting.

Observations on the adequacy of the provisions handed down by the company to the subsidiaries pursuant to art. 114, paragraph 2 of Legislative Decree 58/1998

The Board of Statutory Auditors considers as adequate the system of provisions targeted at the subsidiaries pursuant to art. 114, paragraph 2 of the Consolidated Law on Finance, to enable the company to fulfil the public disclosure obligations set forth by law.

Company compliance with the Corporate Governance Code

The company complied with the Corporate Governance Code of listed companies, whose latest update was carried out in July 2018.

For the purposes of the requirements of the Corporate Governance Code, the Board of Statutory Auditors, among other activities:

- received and examined the Report on Corporate Governance and Ownership Structures, in which it adequately details the Company's compliance with the Corporate Governance Code of listed companies; in the Report on Corporate Governance and Ownership Structures, the company, in the event in which it does not adhere to the recommendations of the Code, explains the reasons for any non-compliance as requested;
- was able to verify that the Board of Directors, in evaluating the independence of its non-executive members, correctly applied the criteria identified in the Corporate Governance Code and the principle of the prevalence of substance over form indicated therein, having applied, to this end, a transparent assessment procedure, whose characteristics are described in the aforementioned Report on corporate governance and ownership structures for 2018.

Additional activities carried out by the Board of Statutory Auditors

The Board of Statutory Auditors evaluated the separate financial statements and the consolidated financial statements, verifying the promptness and correctness of the drafting of the documents that make up the financial statements as well as the procedure used to prepare said documents.

The Board of Statutory Auditors verified the reliability of the contents of the Report on Operations prepared by the Board of Directors. In the Report, it is acknowledged that the main risks and uncertainties are summarised, and details are provided on the business outlook of the Company and of the Group.

The Board of Statutory Auditors, as required by Legislative Decree 254/2016 and Consob Regulation 20267/2018, monitored the observance of the provisions established in art. 3, paragraph 1 of Legislative Decree 254/2016 concerning the Consolidated Non-Financial Statement, and has no observations to make in this regard.

The Board of Statutory Auditors verified that the Report on Corporate Governance and Ownership Structures contains the information required by art. 123-bis of the Consolidated Law on Finance and the considerations reached by the Board of Directors at the meeting on 19/02/2019 regarding the recommendations formulated in the letter of 21 December 2018 of the Chairman of the Corporate Governance Committee.

The Board of Statutory Auditors verified the contents of the Remuneration Report pursuant to art. 123-ter of the Consolidated Law on Finance and 84-quater of the Issuers' Regulation and the Remuneration Policy for 2019.

Closing evaluations regarding the monitoring activities carried out as well as regarding any omissions, censurable events or irregularities identified during said monitoring activities

During the monitoring activity described above, no censurable events, omissions and irregularities were identified that need to be highlighted in this report.

Indication of any proposals to be presented to the Shareholders' Meeting pursuant to art. 153, paragraph 2, of Legislative Decree 58/98

The Board of Statutory Auditors does not believe that elements exist as such to require the exercising of the right to formulate proposals to the Shareholders' Meeting pursuant to art. 153, paragraph 2, of the Consolidated Law on Finance.

* * *

Taking account of the information outlined above and, and for matters within its competence, the Board of Statutory Auditors, based on the monitoring activities performed, and the information resulting from the certifications issued jointly by the Chief Executive Officer and the Manager responsible for preparing the company´s financial reports, the report prepared by the Independent Auditors and the relevant judgment on the financial statements, has no objections to the approval of the financial statements for the year ended as at 31 December 2018, in compliance with the proposal by the Board of Directors and regarding the proposals formulated to the Shareholders' Meeting by the Board of Directors for the allocation of profit for 2018 and the distribution of available reserves.

Milan, 22.03.2019

The Board of Statutory Auditors

Chiara Segala

Manuela Paola Pagliarello

Roberto Tribuno

Openjobmetis S.p.A.
Employment agency
Authorisation No. 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, Varese

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Website
www.openjobmetis.it