Annual Report 2019

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

openjobmetis

AGENZIA PER IL LAVORO

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CORPORATE INFORMATION

Openjobmetis S.p.A.
Auth. Prot. No. 1111 – SG of 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 code 13343690155

Website
www.openjobmetis.it

Professional.
Personal.

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

Openjobmetis has closed its fourth year since being listed on the STAR segment of the Italian Stock Exchange. During 2019, the company achieved a number of important objectives and undertook some very significant initiatives.

Firstly, in February, for the first time since it was founded, Openjobmetis launched a dividend policy that provides for the distribution of an average of 25% of the consolidated net profit for the three-year period 2018-2020. In May 2019, the first Company dividend, equal to EUR 0.23 per share, was paid out.

The most important initiative of 2019 became a reality in October, when the company announced the formation of a new company, Family Care S.r.l., the first recruitment agency in Italy to offer families home services and assistance, for those who are not self-sufficient, on a national scale. Openjobmetis has invested in this sector under the assumption that in the near future there will be a strong growth in the demand for such services by Italian families, who are looking for qualified staff to whom they can confidently entrust the care of their loved ones. The development plan is expected to be rolled out to 17 branches by the end of 2020 and around 35 in 2024, with the goal of becoming a partner to over 5,000 Italian families.

In 2019, Openjobmetis revenue amounted to EUR 565 million, compared with EUR 594 million in 2018. The drop is mainly attributable to the slowdown of the Italian economy, and the euro area in general, and the immediate effects of the "Dignity Decree", already partly offset starting from the third quarter of 2019. The revenue recorded in the fourth quarter was in line with 2018. EBITDA stood at EUR 23.5 million, while net profit stood at EUR 10.4 million.

Consistent with its strategy, Openjobmetis continues to invest in other services that are complementary to the supply of temporary workers and characterised by high added value, such as recruitment and selection. In this sector in 2019 the Group posted growth in revenue of more than 31% compared to 2018, which in turn had seen growth of over 40% compared to 2017. During the financial year, the subsidiary Seltis acquired the trademark "UNA forza vendite" [A sales force], specialised in recruiting commercial figures. In addition, at the end of January 2020 Openjobmetis acquired 100% of the quota capital of Jobdisabili S.r.l., owner of the brand "Jobmetoo" (https://www.jobmetoo.com), an online platform specialising in the recruitment and selection of staff with disabilities. Openjobmetis therefore stands out for its continuous search for innovative products and solutions, capable of meeting the new needs of its customers within the context of the market in which it operates.

Finally, in January 2020, with the merger between the two Group companies HC and Corium, our Company continues the work of improving the efficiency of its structures and sales network.

Despite the continuing slowdown of the economy across the Euro area and the difficulties that our country is experiencing due to the recent outbreak of Coronavirus, the Company is facing the new year with determination, continuing to make the creation of long-term value for its shareholders and other stakeholders one of its priorities.

The Chairman

Marco Vittorelli

CORPORATE BODIES

The ordinary shareholders' meeting, convened on 24 April 2018, appointed the Board of Directors and the Board of Statutory Auditors in office until the Shareholders' Meeting called to approve the financial statements as at and for the year ending 31 December 2020.

Board of Directors

Chairman	Marco Vittorelli
Managing Director	Rosario Rasizza
Directors[1]	Alberica Brivio Sforza[2]
	Giovanni Fantasia[2]
	Carlo Gentili[2]
	Biagio La Porta
	Alberto Rosati[2]
	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 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.

2 Independent Director

Committees

Control and Risks Committee	Alberto Rosati (Chairwoman)[2] Giovanni Fantasia[2] Daniela Toscani
Remuneration Committee[3]	Alberica Brivio Sforza (Chairwoman)[2] Alberto Rosati[2] Daniela Toscani
Related Parties Committee	Alberica Brivio Sforza (Chairman)[2] Giovanni Fantasia[2] Alberto Rosati[2]

* * *

Manager in charge of financial reporting — Alessandro Esposti

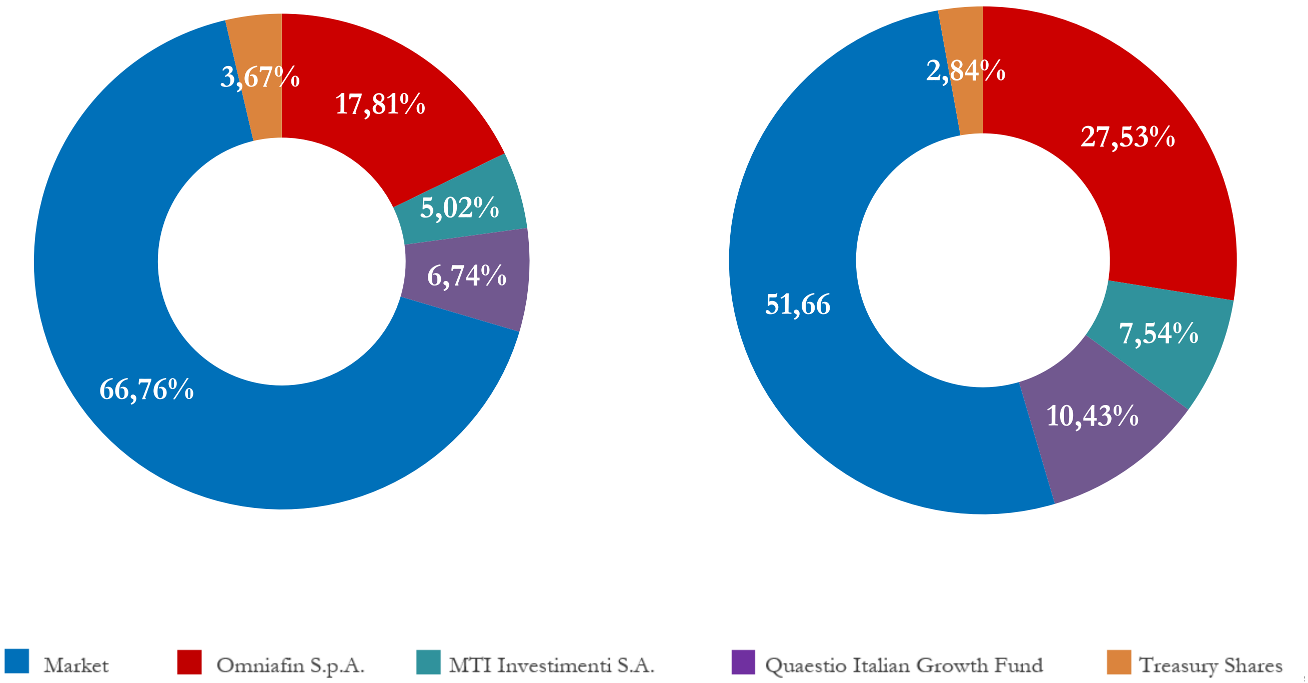
* * *

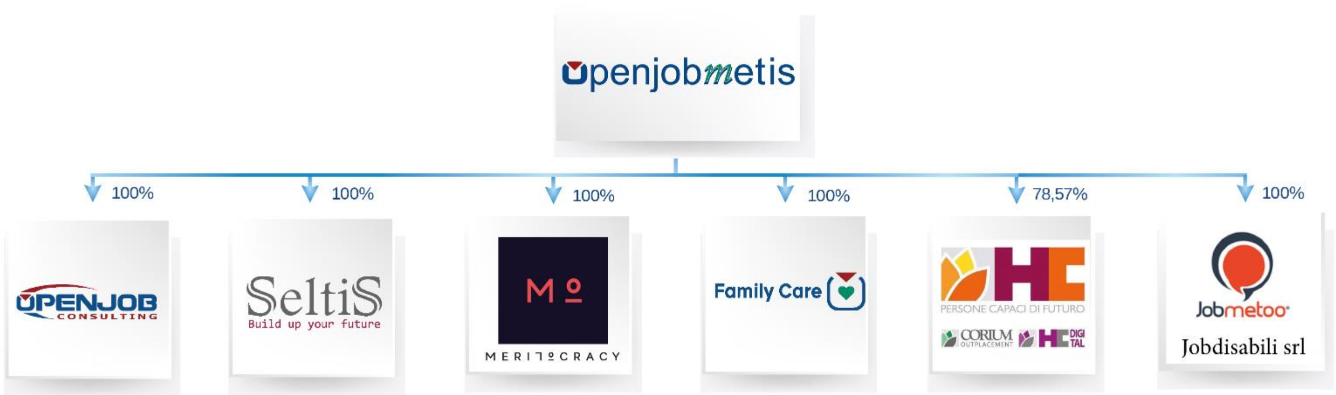
Independent Auditors[4] — KPMG S.p.A.

[3] On 11 February 2019, the Board of Directors acknowledged 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.
4 In office until 31/12/2023

STRUCTURE OF THE GROUP[5]

Percentage of Share Capital | **Percentage of Voting Rights[6]**





[5]Structure of the share capital and voting rights as at 31 December 2019; Subsidiaries of Openjobmetis S.p.A. as at 31 January 2020 (the merger between HC S.r.l. and Corium S.r.l. takes effect from 27 January 2020; the company Jobdisabili S.r.l. was acquired on 31 January 2020).

[6] Treasury shares are not taken into account in the calculation of the majority and the percentage capital required to approve the resolution (art. 2357-ter paragraph 2 and art. 2368 paragraph 3, Italian Civil Code).

DIRECTORS' REPORT

Consequences of the adoption by the Openjobmetis Group of IFRS 16 - Leases

The Openjobmetis Group adopted *IFRS 16 Leases* starting from 1 January 2019.

IFRS 16 redefines the way in which lease agreements are recognised. The standard replaces *IAS 17 "Leases"*, in addition to *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 lessee accounting model for requiring, as a general rule, the recognition under assets of the right of use of the underlying asset and under liabilities of the lease liability. There are exceptions to the application of IFRS 16 for short-term leases and for low-value assets.

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

Previously, the Group recognised 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.

The effects of adopting IFRS 16 are explained hereunder, also with the IFRS 16 pre-adoption "pro-forma" figures of 2019.

The main financial impacts following the adoption of IFRS 16 are the following:

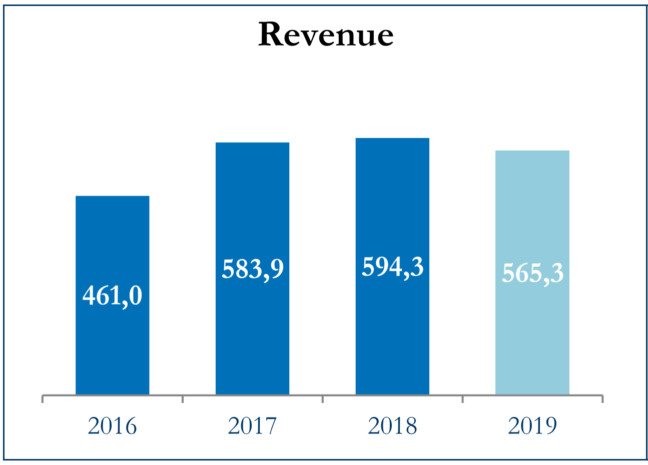
- Costs for services: these amounted to EUR 28,609 thousand in 2019. Before the adoption of IFRS 16, costs for services would have amounted to a total of EUR 32,480 thousand. The difference of EUR 3,871 thousand is due to not recording costs for operating leases on a straight-line basis throughout the lease term.

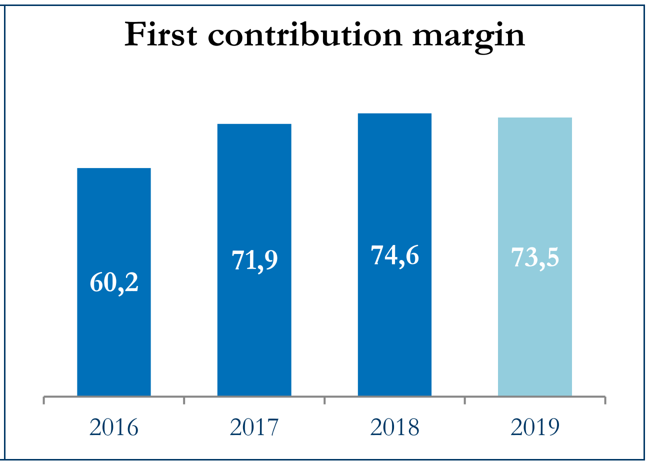
- Amortisation/depreciation: this amounted to EUR 4,824 thousand in 2019. Before the adoption of IFRS 16, amortisation/depreciation would have amounted to a total of EUR 1,044 thousand. The difference of EUR 3,780 thousand is due to recording the amortisation for right of use of the assets underlying the operating leases.

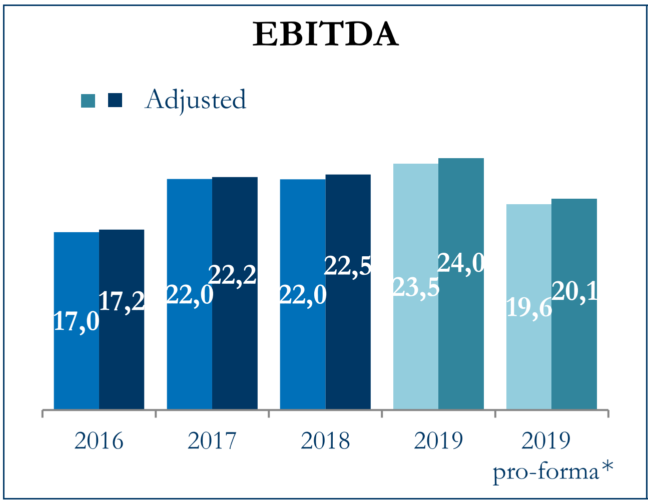
- Financial expense: this amounted to EUR 737 thousand in 2019. Before the adoption of IFRS 16, financial expense would amounted to a total of EUR 513 thousand. The difference of EUR 224 thousand is due to recording financial expense on lease liabilities.
- Right of use for leases: included a right of use for leases of EUR 11,989 thousand as at 31 December 2019, including the value of the reclassification of the Aprilia property, already held by means of a specific finance lease agreement.
- Net financial indebtedness: it showed a balance of EUR 30,103 thousand as at 31 December 2019. Before the adoption of IFRS 16, net financial indebtedness would have amounted to EUR 18,090 thousand. The difference of EUR 12,013 thousand is due to recording lease liabilities.

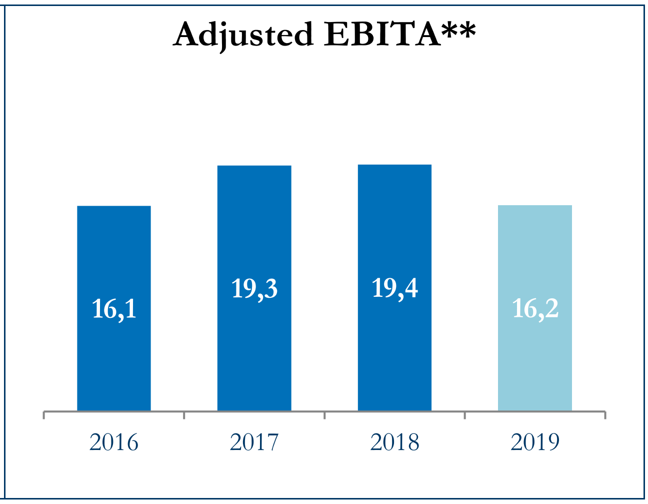
As previously illustrated, the application of IFRS 16 has led to the recognition in the financial statements of lower costs for services, higher amortisation/depreciation and higher financial expense, with a total negative impact of EUR 133 thousand on the profit for the year, due to the greater impact of financial expense in the initial part of the respective agreements.

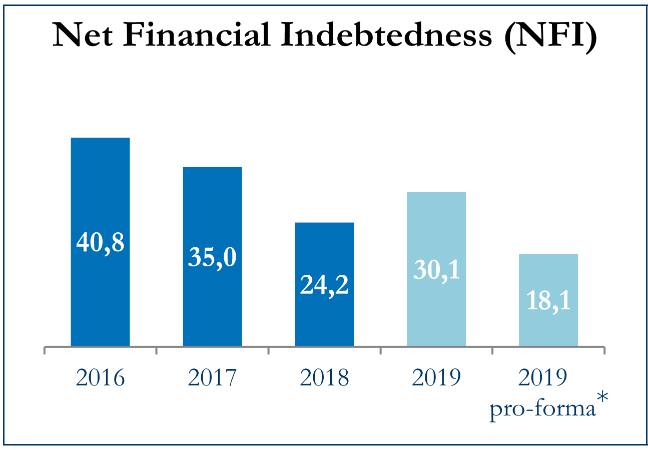
Highlights (in millions of EUR)

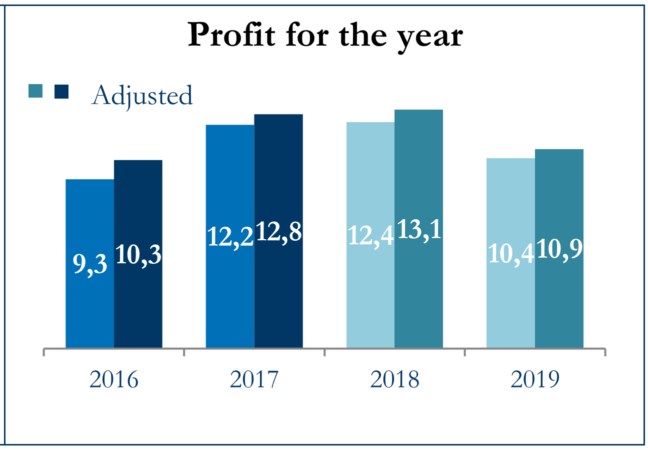












**Prior to adoption of IFRS 16*

*** Calculated as indicated in the section "Trends in key financial and operating indicators - alternative performance indicators"*

Note: where not specified, figures are to be understood as "Reported"

Trends in key financial and operating indicators - alternative performance indicators

Income Statement indicators	2019		2018		2017		2016		Δ 19 vs. 18	
	EUR	%	EUR	%	EUR	%	EUR	%	EUR	%
First contribution margin (millions/margin) (1)	73.5	13.0%	74.6	12.5%	71.9	12.3%	60.2	13.1%	(1.1)	(1.5%)
EBITDA (millions/margin) (2)	23.5	4.2%	22.0	3.7%	22.0	3.8%	17.0	3.7%	1.5	6.6%
Adjusted EBITDA (millions/margin) (3)	24.0	4.2%	22.5	3.8%	22.2	3.8%	17.2	3.7%	1.6	7.0%
EBITA (millions/margin) (4)	15.6	2.8%	18.9	3.2%	19.1	3.3%	15.9	3.4%	(3.3)	(17.4%)
Adjusted EBITA (millions/margin) (5)	16.2	2.9%	19.4	3.3%	19.3	3.3%	16.1	3.5%	(3.2)	(16.5%)
Net profit (loss) for the year (millions/margin)	10.4	1.8%	12.4	2.1%	12.2	2.1%	9.3	2.0%	(2.0)	(15.9%)
Adjusted net profit (loss) for the year (millions/margin) (6)	10.9	1.9%	13.1	2.2%	12.8	2.2%	10.3	2.2%	(2.1)	(16.4%)

Other indicators	2019	2018	2017	2016	Δ 19 vs. 18	
					Value	%
Net financial indebtedness (EUR million) (7)	30.1	24.2	35.0	40.8	5.9	24.4%
Net financial indebtedness/EBITDA	1.3	1.1	1.6	2.4	0.2	16.7%
Number of shares (thousand)	13,712	13,712	13,712	13,712	0	0.0%
Net earnings (loss) per share outstanding* (EUR)	0.79	0.93	0.89	0.68	(0.1)	(15.3%)
Adjusted net earnings (loss) per share outstanding* (EUR)	0.83	0.98	0.93	0.75	(0.16)	(15.8%)
ROE - Net profit (loss)/average equity (%)	10.4%	13.4%	14.9%	13.0%	(3.0%)	(22.2%)
Average no. of days to collect trade receivables (days) (8)	74	70	76	81	4	5.7%

** The average number of shares is calculated net of treasury shares purchased following the buy-back programme, as described in more detail in point 19 of the Notes to the consolidated financial statements, to which reference is made.*

The alternative performance indicators (APIs) used are defined below. Their composition and the reconciliation with the data reported in the consolidated financial statements (reported figures) are shown in the table "Analysis of the operating performance of the Openjobmetis Group for the year 2019".

(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) 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.

(5) 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).

(6) 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, financial expense related to the early settlement of a loan and amortisation of customer relations (as indicated in the following pages of this report), and net of the related tax effect.

(7) 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 details).

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

The above-mentioned indicators facilitate the analysis of business performance, ensuring better comparability of results over time.

Some of the alternative performance indicators (APIs) used in this document are not identified as accounting measures under IFRS, therefore the quantitative determination thereof may not be unique. The determination criteria applied by the Group for these indicators may not be consistent with those adopted by other groups, and therefore the amounts obtained by the Group may not be comparable with those determined by the latter.

General economic scenario[7]

Real economy and financial market trends

The quarterly income statements published by ISTAT show a slight increase in Italian GDP in the first three quarters of 2019 with respect to the respective preceding quarters (Q1 +0.2%, Q2 +0.1%, Q3 +0.1%).
The preliminary estimates relating to the fourth quarter of 2019 indicate a cyclical downswing (compared to the previous quarter) in GDP equal to 0.3%, interrupting the weak growth phase recorded in the previous four quarters. GDP in the fourth quarter of 2019 is also unchanged compared to the same quarter of 2018.
The slowdown in value added was particularly evident in the agricultural and industrial sectors. The latter in particular, according to ISTAT, recorded a slowdown of 1.3% in 2019 compared to 2018. One of the worst performing sectors was the automotive industry, which suffered a 13.9% drop in production.

Despite the general slowdown of the economy, ISTAT estimates GDP growth for 2019 of 0.2% on 2018 (which grew by 0.8% compared to the previous year). Finally, the estimates for 2020 indicate a growth of 0.4% in 2020 (Consensus in December 2019, source Bank of Italy).

2019 was also not a particularly brilliant year for other countries in the Eurozone. The slowdown was especially evident in the industrial sector, where activity contracted, particularly in Germany due to the crisis in the country's automotive sector: the production of German cars fell for the third consecutive year, to 4.7 million units made (-9% compared to 2018), the lowest level ever since 1996. Germany's car industry crisis has also indirectly affected Italy, which is one of the leading suppliers of high-quality components in the sector. The latest European Union estimates for 2020 place Germany and France, the countries that have historically driven the growth of the Eurozone, in second to last and third to last place in terms of GDP growth, respectively.

Contrary to what has just been described, with respect to the real economy, 2019 was a record year for the world financial markets. In Italy, the Italian Stock Exchange declared a record year: the FTSE All Share recorded an increase of 29.2% as at 23 December 2019 compared to the beginning of the year, the FTSE MIB index an increase of 30.4% and the FTSE STAR, the segment to which Openjobmetis S.p.A. belongs, recorded growth of 28.9% year on year. The total capitalisation of the

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

375 companies listed on the markets of the Italian Stock Exchange amounted to EUR 651 billion, an increase of 20.1% compared to 2018. At the end of 2019, the MSCI World index, which brings together the performances of the global Stock Exchanges, had grown by approximately 26%.

On 2 January 2019, Openjobmetis shares (OJM.MI) opened at EUR 8.02 per share, while on 30 December 2019, the last trading day for the year, they closed at EUR 8.70 per share.

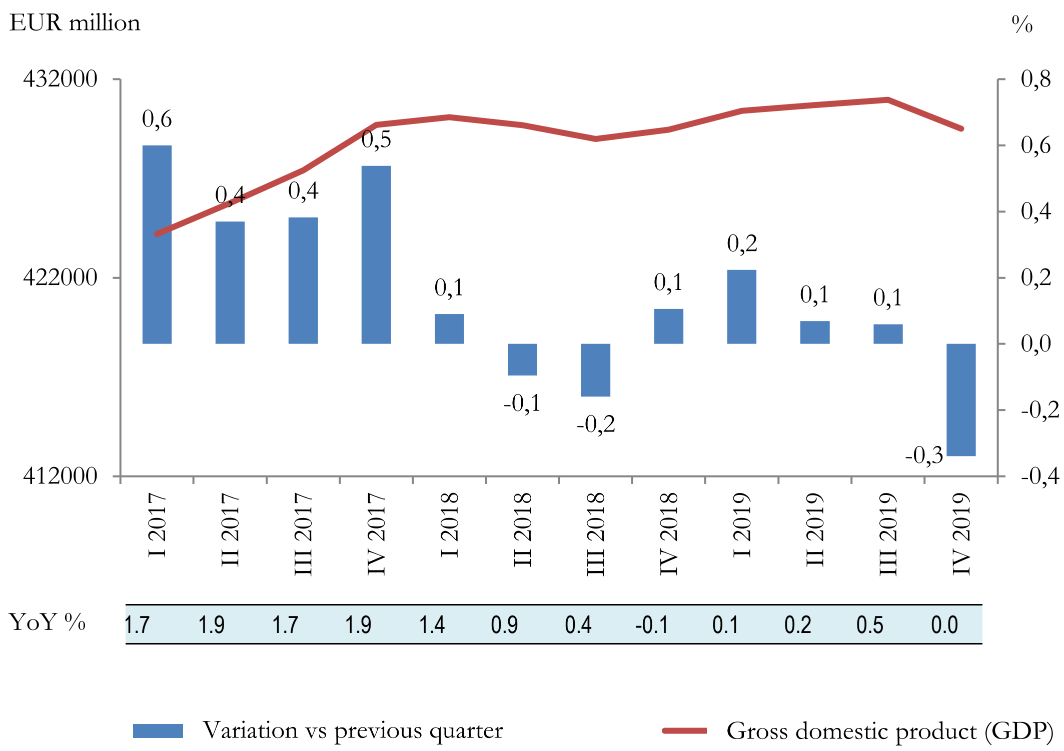


Table 1: Italian GDP trend by quarter (Source ISTAT)

The Openjobmetis Group and the labour market

Performance of the labour market

In the first quarter of 2019 there was a slight increase in employment compared with the last quarter of the previous year (+25,000 employed). More specifically, the number of employees under permanent contracts and the number of independent workers increased. In the second quarter of the year just ended there was stronger growth (+130,000 employed), seen particularly in the permanent employment category (+97,000 employed). Employment remained stable in the third quarter of the year. Preliminary estimates indicate growth in employment in the fourth quarter of 2019, albeit weak (+13,000 employed).

The unemployment rate in December stood at 9.8%, stable compared with the previous month, as was the youth unemployment rate, at 28.9%. The shift toward permanent contracts, which were up by around 30% in 2019 according to the INPS, could be the direct effect of the "Dignity Decree" (Italian Law Decree no. 87 of 12 July 2018), converted with modifications by Law no. 96/2018, which has in fact made fixed-term contracts less appealing. This trend is true for both businesses and specialised operators (employment agencies), which tend to favour permanent employment contracts.

In 2019, there were no significant impacts in the labour market as a result of the "Citizens' Income" (introduced in Italy in 2019, the "Citizens' Income" [Reddito di Cittidinanza] is an active labour market policy that aims to eradicate poverty, inequality and social exclusion): according to ANPAL (Italian National Agency for Active Labour Market Policies), less than 2% of almost 2,400,000 earners (figure as at end 2019) in fact found work through public employment centres.

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. The Openjobmetis Group also offers personnel recruitment and selection services, outplacement services and training services, through a network of more than 130 branches as at 31 December 2019, spread throughout the whole of Italy, enabling it to serve customers across the entire country.

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, actively participating in the network of activities for the labour market with particular reference to links between supply and demand. The regional network of activities 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 itself, 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 temporary work resources, providing four types of training: basic, professional, on-the-job and training for permanent contract employees. During 2019, the Company organised around 1,900 training courses, through authorised third-party institutions, for a total of approximately 7,900 participants and provided over 90,000 hours of training.

Operating performance and results of the Group

Analysis of the operating performance of the Openjobmetis Group for the year 2019

Revenue from sales for 2019 came to EUR 565.3 million, compared to EUR 594.3 million in the previous year. In 2019, operating profit (or EBIT, earnings before interest and tax) amounted to EUR 15.6 million. (EUR 18.9 million in 2018).

The Group's consolidated financial figures for the years ended 31 December 2019, 2018, 2017 and 2016 are shown in the table below.

(amounts in thousands of EUR)	**Financial statements for the year ended 31 December**						**2019/2018 Change**	
	2019	**% of Revenue**	**2018**	**% of Revenue**	**2017**	**2016**	**value**	**%**
Revenue	565,344	100.0%	594,271	100.0%	583,897	460,952	(28,927)	(4.9%)
Costs of temporary work	(491,887)	(87.0%)	(519,697)	(87.5%)	(512,038)	(400,724)	27,810	(5.4%)
First contribution margin	**73,457**	**13.0%**	**74,574**	**12.5%**	**71,858**	**60,228**	**(1,117)**	**(1.5%)**
Other income	12,763	2.3%	13,248	2.2%	12,958	11,957	(485)	(3.7%)
Employee costs	(33,224)	(5.9%)	(34,005)	(5.7%)	(31,538)	(28,012)	781	(2.3%)
Cost of raw materials and consumables	(250)	(0.0%)	(238)	(0.0%)	(257)	(233)	(12)	5.0%
Costs for services	(28,609)*	(5.1%)	(30,798)*	(5.2%)	(30,172)	(26,164)	2,189	(7.1%)
Other operating expenses	(668)	(0.1%)	(768)	(0.1%)	(823)	(803)	100	(13.0%)
EBITDA	**23,469**	**4.2%**	**22,013**	**3.7%**	**22,027**	**16,973**	**1,456**	**6.6%**
Impairment loss on trade and other receivables	(3,062)	(0.5%)	(2,169)	(0.4%)	(2,158)	(469)	(893)	41.2%
Amortisation, depreciation and write-downs	(4,780)	(0.8%)	(922)	(0.2%)	(795)	(638)	(3,858)	418.5%
EBITA	**15,627**	**2.8%**	**18,922**	**3.2%**	**19,074**	**15,866**	**(3,295)**	**(17.4%)**
Amortisation of intangible assets	(44)*	(0.0%)	(44)*	(0.0%)	(44)	(408)	0	0.0%
EBIT	**15,583**	**2.8%**	**18,878**	**3.2%**	**19,030**	**15,458**	**(3,295)**	**(17.5%)**
Financial income	43	0.0%	104	0.0%	80	157	(61)	(58.5%)
Financial expense	(737)*	(0.1%)	(632)	(0.1%)	(944)	(1,606)	(105)	16.7%
Profit (loss) before taxes	**14,889**	**2.6%**	**18,350**	**3.1%**	**18,166**	**14,009**	**(3,461)**	**(18.9%)**
Income taxes	(4,485)	(0.8%)	(5,974)*	(1.0%)	(5,926)	(4,748)	1,489	(24.9%)
Net profit (loss) for the year	**10,404**	**1.8%**	**12,376**	**2.1%**	**12,240**	**9,261**	**(1,972)**	**(15.9%)**

* For further details please refer to the table below

The table below provides a breakdown of the costs that have been adjusted for the purposes of determining the Alternative Performance Indicators (APIs).

	Description	2019		2018	
		EUR thousands	**% weight on IS item**	**EUR thousands**	**% weight on IS item**
Costs for services	Charges relating mainly to consultancy and due diligence costs for potential targets	543	1.9%	437	1.4%
Financial expense	Commission release following early settlement of medium/long-term loan	116	15.7%	-	-
Total		**659**	**-**	**437**	**-**
Amortisation/depreciation	Amortisation of customer relations included intangible assets and goodwill	44	0.9%	44	4.6%
Total costs		**703**	**-**	**481**	**-**
Tax effect		(192)	-	(134)	-
Income taxes	2018 settlement	-	-	339	5.7%
Total impact on the Income Statement		**511**	**-**	**686**	**-**

**Income Statement*

In 2019, charges relating mainly to consultancy and due diligence costs for potential targets amounted to EUR 543 thousand and amortisation of customer relations included intangible assets and goodwill amounted to EUR 44 thousand. Financial expense in 2019 includes the release of commissions after the early settlement of the medium/long-term loan (EUR 116 thousand).

The above resulted in an adjusted net profit of EUR 10,915 thousand, taking into account a negative tax effect of EUR 192 thousand.

IFRS 16 - Leases - Main impacts on the income statement after adoption of the new standards

For a description of the impacts arising from the application of IFRS 16 - Leases, reference is made to the previous chapter "Consequences of the adoption by the Openjobmetis Group of IFRS 16 - Leases" of this report.

Revenue from sales and services

Group revenue was EUR 565,344 thousand, compared to EUR 594,271 thousand in 2018. As stated previously, the decrease is due mainly to a slowdown in revenue from temporary work employment, which was particularly evident at the beginning of the year. This eased off from the second half of 2019. Indeed so much so that the revenue achieved in the fourth quarter of 2019 was in line with the same quarter of the previous year. The significant growth in revenue from recruitment and selection continues: +31.4% in 2019 compared to 2018. Revenue from outplacement was in line with the 2018.

Costs of temporary work

Personnel expense relating to temporary workers shows a decrease of EUR 27,810 thousand, from EUR 519,697 thousand in 2018 to EUR 491,887 thousand in 2019, equal to 87.0% of revenue, an improvement on 2018 (87.5%).

The decrease in the costs of temporary work is attributable to the trend in revenue from the temporary work employment agency business.

First contribution margin

In 2019, the Group's first contribution margin amounted to EUR 73,457 thousand, compared with EUR 74,574 thousand in 2018. It is important to note that in 2019 this represented 13.0% of revenue, up compared to the 2018 figure (12.5%). 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 11.7% in 2018 to 13.6% in 2019. The increase in the overall first margin percentage demonstrates the effort being made by the Group to maintain profitability even in a complex market environment.

Other income

Other income for 2018 amounted to EUR 12,763 thousand, compared to EUR 13,248 thousand in 2018.

The item mainly includes contributions from Forma.Temp (EUR 11,919 thousand for 2019, against EUR 11,656 thousand in 2018) for costs incurred by the Group to deliver training courses to temporary workers through qualified trainers, and other sundry income (EUR 844 thousand in 2019, against EUR 1,592 thousand in 2018). These contributions are issued by Forma.Temp on the basis of the specific cost reports of equal amounts - recorded for the organisation and performance of training activities – carried out for each individual initiative.

Employee costs

The average number of employees in 2019 was 639, compared to 651 in 2018, and includes staff employed at the headquarters and at the Group's subsidiaries (176 employees in 2018 for the Group) and at the branch offices located throughout the country (463 in 2018 for the Group).

Employee costs fell from EUR 34,005 thousand in 2018 to EUR 33,224 thousand in 2019, down by EUR 781 thousand.

The incidence on revenue increased slightly from 5.7% in 2018 to 5.9% in 2019.

Costs for services

Costs for services for 2019 amounted to EUR 28,609 thousand, a EUR 2,189 thousand decrease compared to 2018 (EUR 30,798 thousand).

Costs for services mainly include the costs incurred to organise training courses for temporary workers, amounting to EUR 11,919 thousand for 2019, compared to EUR 11,666 thousand in 2018. The Group receives contributions from Forma.Temp to fully cover the costs incurred for training, following accurate and timely reporting of said costs. The remaining costs for services refer mainly to the costs for tax, legal, IT and business consultancy, and fees to sources and professional advisors. Note that following the adoption of IFRS 16, the 2019 figure does not include lease costs of EUR 3,871 thousand, as previously pointed out (only some leases are not subject to adoption of IFRS 16 owing to their nature, amount and term, as clarified in the notes to the consolidated financial statements).

Net of the contributions received from the entity Forma.Temp for the organisation of training courses for temporary workers, and net of the effect of IFRS 16 in 2019 equal to EUR 3,871 thousand, costs for services were equal to EUR 20,561 thousand in 2019, against EUR 19,132 thousand in 2018. The impact on revenue was up slightly compared to the previous year (from 3.2% in 2018 to 3.6% in 2019).

The 2019 figure includes charges mainly related to consultancy and due diligence costs for potential targets equal to EUR 543 thousand, (EUR 437 thousand in 2018), subject to adjustment for the purposes of the calculation of adjusted EBITDA, as described in the following paragraph.

In 2019, 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 2019, EBITDA amounted to EUR 23,469 thousand, compared to EUR 22,013 thousand in 2018. Adjusted EBITDA amounted to EUR 24,012 thousand in 2019, compared to EUR 22,450 thousand recorded in 2018, mainly in relation to that already mentioned with reference to costs for services and revenue from sales and services.

Note that to make the comparison with 2018 uniform, the EBITDA for 2019 before adoption of IFRS 16 would have been EUR 19,598 thousand, and adjusted EBITDA would have amounted to EUR 20,141 thousand.

In 2019, EBITA was EUR 15,627 thousand compared to EUR 18,922 thousand in 2018, and the adjusted EBITA was EUR 16,170 thousand compared to EUR 19,359 thousand in 2018.

Amortisation, depreciation and write-downs

In 2019, amortisation anddepreciation stood at EUR 4,824 thousand, compared to EUR 966 thousand in 2018, showing an increase of EUR 3,858 thousand. The amortisation of customer relations capitalised among intangible assets and goodwill, included in the amortisation of intangible assets, amounted to EUR 44 thousand in 2019 (equal to the 2018 figure). Please note that with adoption of the IFRS 16, the 2019 figure included the recording of the amortisation for right of use of the assets underlying the leases for EUR 3,780 thousand, as explained above.

Impairment loss on trade and other receivables

The total impairment losses on trade and other receivables in 2019, equal to EUR 3,062 thousand, was up compared to the 2018 figure (EUR 2,169 thousand). The incidence of impairment losses on total turnover reached 0.54% in 2019, up on the 2018 figure (0.36%). The Group considers a range of approximately 0.4% - 0.5% to be normal, in view of the specific dynamics of the individual years.

EBIT

As a result of the above, the Group's operating profit for 2019 was EUR 15,583 thousand, compared to EUR 18,878 thousand in 2018.

Financial income and financial expense

Net financial income and expense show a negative net balance of EUR 694 thousand in 2019, compared to EUR 528 thousand in 2018. Please note that with adoption of IFRS 16, the 2019 figure included the recording of financial expense on lease liabilities for EUR 223 thousand, as explained above. It should also be noted that the financial expense for 2019 included EUR 116 thousand for the cost arising from reversal to the income statement of the residual value of the cost amortised following the early extinguishment of the previous loan.

Income taxes

In 2019, income taxes totalled EUR 4,485 thousand, down compared to 2018 (EUR 5,974 thousand). The item mainly includes current taxes of EUR 4,366 thousand, compared to EUR 5,487 thousand in the previous year, and total deferred taxes of EUR 127 thousand, compared to EUR 146 thousand in the previous year. It should be noted that the 2018 figure includes non recurring taxes of EUR 339 thousand, in relation to the agreements for the final settlement of the ongoing tax dispute with the tax authorities.

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

As a result of the above, the profit of the year amounts to EUR 10,404 thousand in 2019, compared to a net profit of EUR 12,376 thousand in the previous year.

Adjusted net profit for the year, as reported in the following table, amounted to EUR 10,915 thousand in 2019, compared to an adjusted net profit of EUR 13,062 thousand in 2018.

Adjusted net profit *(in thousands of EUR)*	**2019**	**2018**
Net profit for the year	**10,404**	**12,376**
Costs for services (costs relating to due diligence activities for potential targets)	543	437
Amortisation (client relations included in intangible assets and goodwill)	44	44
Commission release following early settlement of medium/long-term loan	116	
Tax effect	(192)	(134)
Taxes (conciliation)	-	339
Adjusted net profit for the year	**10,915**	**13,062**

Statement of Financial Position

The table below shows the Group's consolidated statement of financial position reclassified on a financial basis as at 31 December 2019, 2018, 2017 and 2016.

(amounts in thousands of EUR)	**Financial statements for the year ended 31 December**						**2019/2018 Change**	
	2019	% on NIC* / Total sources	**2018**	% on NIC* / Total sources	**2017**	**2016**	**Value**	**%**
Intangible assets and goodwill	75,992	56.5%	76,388	62.7%	74,472	74,563	(396)	(0.5%)
Property, plant and equipment	2,422	1.8%	2,376	2.0%	2,300	2,096	46	1.9%
Right of use for leases	11,989	8.9%	-	-	-	-	11,989	-
Other net non-current assets and liabilities	1,602	1.2%	1,690	1.4%	2,163	2,911	(88)	(5.2%)
Total non-current assets/liabilities	**92,005**	**68.4%**	**80,454**	**66.0%**	**78,935**	**79,570**	**11,551**	**14.4%**
Trade receivables	116,357	86.6%	115,270	94.6%	123,312	104,175	1,087	0.9%
Other receivables	8,479	6.3%	7,994	6.6%	7,209	6,061	485	6.1%
Current tax assets	1,081	0.8%	34	0.0%	23	336	1,047	3080.3%
Trade payables	(7,942)	(5.9%)	(5,677)	(4.7%)	(6,946)	(8,224)	(2,265)	39.9%
Current employee benefits	(40,403)	(30.1%)	(39,950)	(32.8%)	(39,835)	(33,376)	(453)	1.1%
Other payables	(33,171)	(24.7%)	(33,677)	(27.6%)	(32,696)	(27,881)	506	(1.5%)
Current tax liabilities	(24)	(0.0%)	(685)	(0.6%)	(2,662)	(190)	661	(96.5%)
Provisions for risks and current charges	(1,962)	(1.5%)	(1,947)	(1.6%)	(2,948)	(2,644)	(15)	0.7%
Net working capital	**42,415**	**31.6%**	**41,362**	**34.0%**	**45,458**	**38,257**	**1,053**	**2.5%**
Total loans - net invested capital	**134,420**	**100.0%**	**121,816**	**100.0%**	**124,393**	**117,827**	**12,604**	**10.3%**
Shareholders' Equity	103,159	76.7%	96,522	79.2%	88,308	75,978	6,637	6.9%
Net Financial Indebtedness (NFI)	30,103	22.4%	24,201	19.9%	35,021	40,771	5,902	24.4%
Employee benefits	1,158	0.9%	1,093	0.9%	1,064	1,078	65	6.0%
Total sources	**134,420**	**100.0%**	**121,816**	**100.0%**	**124,393**	**117,827**	**12,604**	**10.3%**

* Net Invested Capital

IFRS 16 - Leases - Impacts on net financial indebtedness after adoption of the new standards

Net financial indebtedness showed a balance of EUR 30,103 thousand as at 31 December 2019. Before the adoption of IFRS 16, financial indebtedness amounted to EUR 18,090 thousand, excluding the restatement of the liability relating to the Aprilia property, already held by means of a financial lease. The difference of EUR 12,013 thousand is due to recording lease liabilities as required by IFRS 16.

Note also that the amount indicated in the item *Right of use for leases* in the previous table (EUR 11,989 thousand) includes the reclassification of the aforesaid property.

Intangible assets and goodwill

Intangible assets and goodwill totalled EUR 75,992 thousand as at 31 December 2019, compared to EUR 76,388 thousand as at 31 December 2018, and consist primarily of goodwill, customer relations, software and other intangible assets under development and payments on account.

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. Subsequently, the goodwill value increased in relation to the acquisitions of Meritocracy S.r.l. and HC S.r.l., respectively for amounts equal to EUR 288 thousand and EUR 604 thousand.

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, 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 and for the year ended 31 December 2019. For further information on the methodology used, please refer to point 5 of the Notes to the Separate and Consolidated Financial Statements.

Trade receivables

Trade receivables amounted to EUR 116,357 thousand as at 31 December 2019 compared to EUR 115,270 thousand as at 31 December 2018; as at 31 December 2019, there were EUR 3 thousand in trade receivables from related parties (none as at 31 December 2018). The item is recorded in the consolidated financial statements net of an allowance for impairment of EUR 4,866 thousand (EUR 5,271 thousand as at 31 December 2018).

During 2019, receivables were assigned for a total amount of EUR 1,591 thousand.

The average collection period (DSO - Days Sales Outstanding) granted to customers appears to have slightly increased compared to the previous year, from 70 days to 74 days. Calculating the DSO only on the fourth quarter of 2019, i.e. receivables/quarterly revenue * 90 days, a DSO of 70 days is achieved, in line with the same period of 2018 (69 days) and equal to the previous quarter.

There are no receivables with insurance coverage.

There are no credit risk profiles for related parties.

Other receivables

As at 31 December 2019, Other receivables totalled EUR 8,479 thousand, compared to EUR 7,994 thousand as at 31 December 2018; they primarily relate to a receivable for VAT refund and an IRES credit for IRAP deduction for the years 2007-2011 for EUR 1,245 thousand (EUR 1,293 thousand as at 31 December 2018); receivables from INPS (the Italian Social Security Institution) for post-employment benefits for EUR 1,299 thousand (EUR 2,475 thousand as at 31 December 2018); prepayments for EUR 862 thousand (EUR 921 thousand as at 31 December 2018); other disputed receivables for EUR 1,095 thousand relating to a receivable from a former director of Metis S.p.A. for unjustified expenses (unchanged from 31 December 2018); and receivables from Forma.Temp for EUR 3,928 thousand (EUR 1,003 thousand as at 31 December 2018).

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 Prepayments mainly refers to costs not pertaining to the period for sponsorships, bank fees and sundry leases.

Trade payables

As at 31 December 2019, trade payables amounted to EUR 7,942 thousand, compared to EUR 5,677 thousand as at 31 December 2018. There are no trade payables to related parties as at 31

December 2019 (same as at 31 December 2018). At the reporting date, there was no concentration of payables due to a limited number of suppliers.

Employee benefits

As at 31 December 2019, payables for current employee benefits amounted to EUR 40,403 thousand, up slightly compared to EUR 39,950 thousand as at 31 December 2018. 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 are paid periodically and were consequently regarded as current liabilities. Therefore, there was no need to make any actuarial valuation and the liability corresponds to the obligation due to temporary workers at the end of the contract.

Current tax liabilities

As at 31 December 2019, current tax liabilities amount to EUR 24 thousand and refer to a receivable from tax authorities for IRAP.

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 S.r.l. of EUR 36 thousand.

Other payables

As at 31 December 2019, other payables amounted to EUR 33,171 thousand, compared to EUR 33,677 thousand as at 31 December 2018. The item refers mainly to social security charges payable for EUR 18,946 thousand as at 31 December 2019 (EUR 19,415 thousand as at 31 December 2018), tax payables principally related to withholdings on employees' remuneration of EUR 11,324 thousand (EUR 12,628 thousand as at 31 December 2018), payables to Forma.Temp of EUR 2,225 thousand (EUR 629 thousand as at 31 December 2018) and other payables mainly including deferred income and salary/pension backed loans for a total of EUR 676 thousand (EUR 1,005 thousand as at 31 December 2018).

Shareholders' Equity

As at 31 December 2019, Shareholders' equity amounted to EUR 103,159 thousand, compared to EUR 96,522 thousand as at 31 December 2018.

The increase in equity recorded between 31 December 2018 and 31 December 2019 is mainly attributable to the net profit for 2019, to the distribution of the dividend related to the 2018 profit and to the negative reserve resulting from the purchase of treasury shares.

Net Financial Indebtedness (NFI)

Net financial indebtedness amounted to EUR 30,103 thousand as at 31 December 2019, compared to EUR 24,201 thousand as at 31 December 2018.

The Group's net financial indebtedness as at 31 December 2019, 2018, 2017 and 2016, calculated in accordance with the provisions of Recommendation ESMA/2013/319 and Consob Communication no. DEM/6064293 of 28 July 2006, is shown below.

	(amounts in thousands of EUR)	**Financial statements for the year ended 31 December**				**Change 2019 / 2018**	
		2019	**2018**	**2017**	**2016**	**Value**	**%**
A	Cash	34	29	24	22	5	17.2%
B	Other cash and cash equivalents	6,497	6,449	4,638	8,788	48	0.7%
C	Securities held for trading	-	-	-	-	-	-
D	**Cash and cash equivalents (A+B+C)**	**6,531**	**6,478**	**4,662**	**8,810**	**53**	**0.8%**
E	Current financial receivables	-	-	-	-	-	-
F	Current bank loans and borrowings	(11,140)	(16,934)	(17,455)	(17,887)	5,794	(34.2%)
G	Current portion of non-current debt	(3,000)	(9,600)	(8,607)	(14,669)	6,600	(68.8%)
H	Other current loans and borrowings	(8,563)	(12)	(12)	(62)	(8,551)	71258.3%
I	**Current financial indebtedness (F+G+H)**	**(22,703)**	**(26,546)**	**(26,074)**	**(32,618)**	**3,843**	**(14.5%)**
J	**Net current financial indebtedness (D+E+I)**	**(16,172)**	**(20,068)**	**(21,412)**	**(23,808)**	**3,896**	**(19.4%)**
K	Non-current bank loans and borrowings	(10,417)	(4,096)	(13,559)	(16,902)	(6,321)	154.3%
L	Bonds issued	-	-	-	-	-	-
M	Other non-current liabilities	(3,514)	(37)	(50)	(61)	(3,477)	9397.3%

	(amounts in thousands of EUR)	**Financial statements for the year ended 31 December**				**Change 2019 / 2018**	
		2019	**2018**	**2017**	**2016**	**Value**	**%**
N	**Non-current financial indebtedness (K+L+M)**	**(13,931)**	**(4,133)**	**(13,609)**	**(16,963)**	**(9,798)**	**237.1%**
O	**Net Financial Indebtedness (J+N)**	**(30,103)**	**(24,201)**	**(35,021)**	**(40,771)**	**(5,902)**	**24.4%**

Please note that as regards 2019, after the IFRS 16 was adopted, rows H and M of the previous table include, respectively, current lease liabilities (EUR 3,514 thousand) and non-current lease liabilities (EUR 8,537 thousand). As described above, net financial indebtedness before adoption of IFRS 16 would have shown a negative balance of EUR 18,090 thousand, down EUR 6,111 thousand compared to 31 December 2018.

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

Analysis of the operating performance of Openjobmetis S.p.A. for the year 2019

Revenue from sales for 2019 came to EUR 556.7 million, compared to EUR 587.4 million in the previous year. The decrease compared to 2018 is mainly due to a slowdown in revenue related to the temporary employment agency business (-5.2% compared to 2018), which was stronger in the first part of the year and eased off in the second part of 2019: it is important to point out that revenue for the fourth quarter of the year just ended was in fact in line with the same period of 2018. The operating profit (or EBIT, earnings before interest and tax) decreased from EUR 15.1 million in the previous year to EUR 11.3 million.

The Parent's income statements for the years 2019 and 2018 are shown in the table below.

(amounts in EUR)	**Financial statements for the year ended 31 December**				**2019/2018 Change**	
	2019	**% of Revenue**	**2018**	**% of Revenue**	**value**	**%**
Revenue	556,711,439	100.0%	587,350,566	100.0%	(30,639,127)	(5.2%)
Costs of temporary work	(491,886,630)	(88.4%)	(519,697,023)	(88.5%)	27,810,393	(5.4%)
First contribution margin	**64,824,809**	**11.6%**	**67,653,543**	**11.5%**	**(2,828,734)**	**(4.2%)**
Other income	12,969,396	2.3%	13,307,874	2.3%	(338,478)	(2.5%)
Employee costs	(28,992,339)	(5.2%)	(30,670,493)	(5.2%)	1,678,154	(5.5%)
Cost of raw materials and consumables	(218,671)	(0.0%)	(215,606)	(0.0%)	(3,065)	1.4%
Costs for services	(28,390,020)	(5.1%)	(31,156,047)	(5.3%)	2,766,027	(8.9%)
Other operating expenses	(643,132)	(0.1%)	(748,599)	(0.1%)	105,467	(14.1%)
EBITDA	**19,550,043**	**3.5%**	**18,170,673**	**3.1%**	**1,379,370**	**7.6%**
Impairment loss on trade and other receivables	(3,044,000)	(0.5%)	(2,230,000)	(0.4%)	(814,000)	36.5%
Amortisation, depreciation and write-downs	(5,128,952)	(0.9%)	(825,486)	(0.1%)	(4,303,466)	521.3%
EBITA	**11,377,091**	**2.0%**	**15,115,186**	**2.6%**	**(3,738,095)**	**(24.7%)**
Amortisation of intangible assets	(44,440)	(0.0%)	(44,440)	(0.0%)	0	0.0%
EBIT	**11,332,651**	**2.0%**	**15,070,746**	**2.6%**	**(3,738,095)**	**(24.8%)**
Financial income	3,342,311	0.6%	3,147,275	0.5%	195,036	6.2%

(amounts in EUR)	**Financial statements for the year ended 31 December**				**2019/2018 Change**	
	2019	**% of Revenue**	**2018**	**% of Revenue**	**value**	**%**
Financial expense	(722,126)	(0.1%)	(619,532)	(0.1%)	(102,594)	16.6%
Profit (loss) before taxes	**13,952,836**	**2.5%**	**17,598,489**	**3.0%**	**(3,645,653)**	**(20.7%)**
Income taxes	(3,567,050)	(0.6%)	(4,816,285)	(0.8%)	1,249,235	(25.9%)
Net profit (loss) for the year	**10,385,786**	**1.9%**	**12,782,204**	**2.2%**	**(2,396,418)**	**(18.7%)**

* For further details please refer to the table below

The table below provides a breakdown of the costs that have been adjusted for the purposes of determining the Alternative Performance Indicators (APIs):

	Description	**2019**		**2018**	
		EUR	**% weight on the IS* item**	**EUR**	**% weight on the IS* item**
Costs for services	Charges relating mainly to consultancy and due diligence costs for potential targets	543,448	1.9%	437,133	1.4%
Financial expense	Commission release following early settlement of medium/long-term loan	116,470	16.1%	-	-
Total		**659,918**	**-**	**437,133**	**-**
Amortisation/depreciation	Amortisation of customer relations included in intangible assets and goodwill	44,440	1.0%	44,440	4.6%
Total costs		**704,358**	**-**	**481,573**	**-**
Tax effect		(191,974)	-	(134,359)	-
Income taxes	2018 settlement	-	-	338,636	7.0%
Total impact on the Income Statement		**512,384**	**-**	**685,850**	**-**

**Income Statement*

IFRS 16 - Leases - Main impacts on the income statement after adoption of the new standards

The impacts on the income statement after adoption of IFRS 16 Leases chiefly concern:

- Costs for services: these amounted to EUR 28,390,020 in 2019. Before the adoption of IFRS 16, costs for services would have amounted to EUR 32,160,672. The difference of EUR 3,770,652 is due to not recording costs for operating leases on a straight-line basis throughout the lease term.

- Amortisation/depreciation: this amounted to EUR 4,423,392 in 2019. Before the adoption of IFRS 16, amortisation/depreciation would haveamounted to EUR 741,559. The difference of EUR 3,681,833 is due to recording the amortisation for right of use of the assets underlying the operating leases.

- Financial expense: this amounted to EUR 722,126 in 2019. Before the adoption of IFRS 16, financial expense would haveamounted to EUR 502,201. The difference of EUR 219,925 is due to recording financial expense on lease liabilities.

The application of IFRS 16, as previously shown, resulted in the recognition of lower costs for services, higher amortisation/depreciation and higher financial expense, with a total negative net impact of EUR 131,106 on the profit for financial year 2019, due to the greater impact of financial expense in the initial part of the respective agreements.

Revenue from sales and services

The Parent's revenue was EUR 556,711,439, compared to EUR 587,350,566 in 2018. As previously noted, the decrease is due to a slowdown in revenue from temporary work employment, which was particularly evident at the beginning of the year. Starting from the second half of 2019 this began to ease off. Indeed so much so that the revenue achieved in the fourth quarter of 2019 was in line with the same quarter of the previous year.

Costs of temporary work

Personnel expense relating to temporary workers decreased by EUR 27,810,393, from EUR 519,697,023 in 2018 to EUR 491,886,630 in 2019, equal to 88.4% of revenue (88.5% in 2018).

First contribution margin

In 2019, the Parent's first contribution margin amounted to EUR 64,824,809, compared to EUR 67,653,543 in 2018. The incidence on revenue was up in 2019 compared to 2018, at 11.6%. The increase in the first margin from temporary work employment demonstrates the effort being made by the Group to maintain profitability even in a complex market environment.

Other income

Other income for 2019 amounted to EUR 12,969,396, compared to EUR 13,307,874 in 2018.

The item mainly includes contributions from Forma.Temp (EUR 11,919 thousand for 2019, against EUR 11,656 thousand in 2018) for costs incurred by Openjobmetis S.p.A. to deliver training courses for temporary workers through qualified trainers, and other sundry income (EUR 1,050 thousand, against EUR 1,652 thousand in 2018).

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

Employee costs

Employee costs in 2019 amounted to EUR 28,992,339 compared to EUR 30,670,493 in 2018, a decrease of EUR 1,678,154.

The impact on revenue was 5.2%, unchanged compared to 2018.

Costs for services

In 2019, costs for services amounted to EUR 28,390,020, a decrease of EUR 2,766,027 compared to 2018 (EUR 31,156,047).

Costs for services mainly include the costs incurred for the organisation of training courses for temporary workers, amounting to EUR 11,919 thousand for 2019, compared to EUR 11,666 thousand in 2018. The Group receives contributions from Forma.Temp to fully cover the costs incurred for training, following accurate and timely reporting of said costs. The remaining costs for services refer mainly to the costs for tax, legal, IT and business consultancy, and fees for agents and professional advisors. Note that following adoption of IFRS 16, the 2019 figure does not include lease costs for EUR 3,770,652, as previously pointed out (only some leases are not subject to adoption of IFRS 16 owing to their nature, amount and term, as stated in the notes to the separate financial statements).

Net of the contributions received from the entity Forma.Temp for the organisation of training courses for temporary workers, and net of the effect of IFRS 16 in 2019 equal to EUR 3,771 thousand, costs for services were equal to EUR 20,242 thousand in 2019, against EUR 19,490 thousand in 2018. The impact on revenue was up slightly compared to the previous year (from 3.3% in 2018 to 3.6% in 2019).

The 2019 figure includes charges mainly related to consultancy and due diligence costs for potential targets equal to EUR 543 thousand, (EUR 437 thousand in 2018), subject to adjustment for the purposes of the calculation of adjusted EBITDA, as described in the following paragraph.

In 2019, 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 2019, EBITDA amounted to EUR 19,550,043, compared to EUR 18,170,673 in 2018. Adjusted EBITDA was EUR 20,093,491 in 2019, compared to EUR 18,607,806 in 2018, in relation to that reported with reference to costs for services.

Note that to make the comparison with 2018 uniform, the EBITDA for 2019 before adoption of IFRS 16 would have been EUR 15,779,391, and adjusted EBITDA would have amounted to EUR 16,322,839.

In 2019, EBITA was EUR 11,377,091 compared to EUR 15,115,186 in 2018, and the adjusted EBITA was EUR 11,920,539 compared to EUR 15,552,319 in 2018.

Amortisation, depreciation and write-downs

In 2019, amortisation, depreciation and write-downs totalled EUR 5,173,392, compared to EUR 869,926 in 2018, an increase of EUR 4,303,466. 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 44,440 in 2019 (as in the previous year). The write-down of the investee Meritocracy S.r.l. was EUR 750,000.

Please note that with adoption of the IFRS 16, the 2019 figure included the recording of the amortisation for right of use of the assets underlying the leases for EUR 3,681,833, as explained above.

Impairment loss on trade and other receivables

Total impairment in 2019 was EUR 3,044,000, compared to EUR 2,230,000 in 2018. The 2019 amount is entirely attributable to the allowance for impairment.

EBIT

As a result of the above, the operating profit of Openjobmetis S.p.A. for 2019 amounted to EUR 11,332,651, compared to EUR 15,070,746 in 2018.

Financial income and financial expense

Net financial income and expense shows a positive net balance of EUR 2,620,185 in 2019, compared to EUR 2,527,743 in 2018. Please note that following the adoption of IFRS 16, the 2019 figure includes the recording of financial expense on lease liabilities for EUR 219,925, as explained above. Furthermore, in 2019 dividends from subsidiaries increased by EUR 254 thousand, from EUR 3,046 thousand in 2018 to EUR 3,300 thousand in 2019.

Income taxes

In 2019, taxes totalled EUR 3,567,050, compared to EUR 4,816,285 in 2018. The item mainly includes current taxes of EUR 3,245 thousand, compared to EUR 4,312 thousand in the previous year, and total deferred taxes of EUR 328 thousand, compared to EUR 165 thousand in the previous year. It should be noted that the 2018 figure includes non recurring taxes of EUR 339 thousand, the balance of the agreements for the final settlement of the ongoing tax dispute with the tax authorities.

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 10,385,786 in 2019, compared to a net profit of EUR 12,782,204 in the previous year.

Adjusted net profit for the year, as shown in the following table, amounted to EUR 10,898,170 in 2019, compared to an adjusted profit of EUR 13,468,054 in 2018.

Adjusted net profit *(amounts in EUR)*	**2019**	**2018**
Net profit for the year	**10,385,786**	**12,782,204**
Charges relating mainly to consultancy and due diligence costs for potential targets	543,448	437,133
Amortisation (client relations included in intangible assets and goodwill)	44,440	44,440
Commission release following early settlement of medium/long-term loan	116,470	
Tax effect	(191,974)	(134,359)
Tax from previous years related to the tax dispute (provision for risks relating to said dispute for 2017)	-	338,636
Adjusted net profit for the year	**10,898,170**	**13,468,054**

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 2019 and 31 December 2018.

(amounts in EUR)	Financial statements for the year ended 31 December				2019/2018 Change	
	2019	% on NIC* / Total sources	2018	% on NIC* / Total sources	Value	%
Intangible assets and goodwill	72,287,142	54.0%	72,541,778	59.6%	(254,636)	(0.4%)
Property, plant and equipment	2,346,263	1.8%	2,303,148	1.9%	43,115	1.9%
Right of use for leases	11,686,617	8.7%	-	-	11,686,617	-
Other net non-current assets and liabilities	5,887,146	4.4%	5,299,508	4.4%	587,638	11.1%
Total non-current assets/liabilities	**92,207,167**	**68.9%**	**80,144,434**	**65.9%**	**12,062,733**	**15.1%**
Trade receivables	113,859,847	85.1%	114,011,806	93.7%	(151,959)	(0.1%)
Other receivables	8,483,355	6.3%	8,021,821	6.6%	461,534	5.8%
Current tax assets	1,043,383	0.8%	-	0.0%	1,043,383	-
Trade payables	(7,563,097)	(5.7%)	(5,451,183)	(4.5%)	(2,111,914)	38.7%
Current employee benefits	(40,070,418)	(29.9%)	(39,634,016)	(32.6%)	(436,402)	1.1%
Other payables	(32,391,664)	(24.2%)	(33,024,697)	(27.1%)	633,034	(1.9%)
Current tax liabilities	-	-	(638,538)	(0.5%)	638,538	(100.0%)
Provisions for risks and current charges	(1,744,405)	(1.3%)	(1,729,144)	(1.4%)	(15,261)	0.9%
Net working capital	**41,617,001**	**31.1%**	**41,556,049**	**34.1%**	**60,952**	**0.1%**
Total loans - net invested capital	**133,824,169**	**100.0%**	**121,700,483**	**100.0%**	**12,123,686**	**10.0%**
Shareholders' Equity	99,576,033	74.4%	92,902,370	76.3%	6,673,663	7.2%
Net Financial Indebtedness (NFI)	33,592,014	25.1%	28,175,768	23.2%	5,416,246	19.2%
Employee benefits	656,122	0.5%	622,345	0.5%	33,777	5.4%
Total sources	**133,824,169**	**100.0%**	**121,700,483**	**100.0%**	**12,123,686**	**10.0%**

* Net Invested Capital

IFRS 16 - Leases - Impacts on net financial indebtedness after adoption of the new standards

As at 31 December 2019, Net financial indebtedness for the Parent amounted to EUR 33,592,014. Before the adoption of IFRS 16, net financial indebtedness amounted to EUR 21,882,738, excluding the restatement of the liability relating to the Aprilia property, already held by means of a financial lease. The difference of EUR 11,709,276 is due to recording lease liabilities as required by IFRS 16.

It should also be noted that the value indicated in the item *Right of use for leases* in the previous table (EUR 11,686,617) includes the reclassification of the aforesaid property.

Intangible assets and goodwill

Intangible assets and goodwill totalled EUR 72,287,142 as at 31 December 2019, compared to EUR 72,541,778 as at 31 December 2018. They consist primarily of goodwill, customer relations and software.

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

Trade receivables

Trade receivables totalled EUR 113,859,847 as at 31 December 2019, compared to EUR 114,011,806 as at 31 December 2018, and include trade receivables from related parties for EUR 66 thousand (EUR 34 thousand as at 31 December 2018). The item is recorded in the separate financial statements net of an allowance for impairment of EUR 4,812 thousand (EUR 5,196 thousand as at 31 December 2018).

During 2019, receivables were assigned for a total amount of EUR 1,591 thousand.

The average collection period (DSO - Days Sales Outstanding) granted to customers appears to have slightly increased compared to the previous year, from 70 days to 74 days. Calculating the DSO only on the fourth quarter of 2019, i.e. receivables/quarterly revenue * 90 days, a DSO of 70 days is achieved, in line with the same period of 2018 (69 days).

There are no receivables with insurance coverage.

There are no credit risk profiles for related parties.

Other receivables

As at 31 December 2019, Other receivables totalled EUR 8,483,355, compared to EUR 8,021,821 as at 31 December 2018; they primarily relate to a credit for VAT refund and an IRES credit for IRAP deduction for the years 2007-2011 for EUR 1,245 thousand (EUR 1,263 thousand at 31 December 2018); receivables from INPS (the Italian Social Security Institutions) for post-employment benefits for EUR 1,273 thousand (EUR 2,475 thousand as at 31 December 2018); other prepayments for EUR 795 thousand (EUR 859 thousand as at 31 December 2018); other disputed receivables for EUR 1,095 thousand relating to a receivable from a former director of Metis S.p.A. for unjustified expenses (unchanged from 31 December 2018), and receivables from Forma.Temp for EUR 3,928 thousand (EUR 1,003 thousand as at 31 December 2018).

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 period for sponsorships, bank fees and sundry fees not relating to lease agreements.

Trade payables

As at 31 December 2019, trade payables amounted to EUR 7,563,097, compared to EUR 5,451,183 as at 31 December 2018. There are no trade payables to related parties (EUR 7 thousand as at 31 December 2018).

Employee benefits

As at 31 December 2019, payables for current employee benefits amounted to EUR 40,070,418, in line with 31 December 2018 (EUR 39,634,016). 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, there was no need to make any actuarial valuation and the liability corresponds to the obligation due to temporary workers at the end of the contract.

Other payables

As at 31 December 2019, other payables amounted to EUR 32,391,664, compared to EUR 33,024,697 as at 31 December 2018. The item refers mainly to social security charges payable for EUR 18,766 thousand as at 31 December 2019 (EUR 19,226 thousand as at 31 December 2018), tax payables mainly related to withholdings on employees' salaries for EUR 11,004 thousand (EUR 12,489 thousand as at 31 December 2018), payables to Forma.Temp of EUR 2,225 thousand (EUR 629 thousand as at 31 December 2018), payables to subsidiaries for tax consolidation and other payables amounting to EUR 397 thousand (EUR 681 thousand as at 31 December 2018).

Shareholders' Equity

As at 31 December 2019, Shareholders' equity amounted to EUR 99,576,033, compared to EUR 92,902,370 as at 31 December 2018.

The change in equity recorded between 31 December 2018 and 31 December 2019 is mainly attributable to the net profit for 2019, to the distribution of the dividend relative to the 2018 results and to the negative reserve arisen as a result of the purchase of treasury shares.

Net Financial Indebtedness (NFI)

Net financial indebtedness amounts to EUR 33,592,014 as at 31 December 2019, compared to EUR 28,175,768 as at 31 December 2018.

The table below shows the net financial indebtedness of the Parent as at 31 December 2019 and 2018, calculated in accordance with the provisions of the Recommendation ESMA/2013/319 and Consob Communication no. DEM/6064293 of 28 July 2006.

(amounts in thousands of EUR)		Financial statements for the year ended 31 December		2019/2018 Change	
		2019	**2018**	**Value**	**%**
A	Cash	22	24	(2)	(8.3%)
B	Other cash and cash equivalents	2,624	2,394	230	9.6%
C	Securities held for trading	-	-	-	-
D	**Cash and cash equivalents (A+B+C)**	**2,646**	**2,418**	**228**	9.4%
E	Current financial receivables	-	-	-	-
F	Current bank loans and borrowings	(11,048)	(16,848)	5,800	(34.4%)
G	Current portion of non-current debt	(3,000)	(9,600)	6,600	(68.8%)
H	Other current loans and borrowings	(3,427)	(12)	(3,415)	28458.3%
I	**Current financial indebtedness (F+G+H)**	**(17,475)**	**(26,460)**	**8,985**	(34.0%)
J	**Net current financial indebtedness (D+E+I)**	**(14,829)**	**(24,042)**	**9,213**	(38.3%)
K	Non-current bank loans and borrowings	(10,417)	(4,096)	(6,321)	154.3%
L	Bonds issued	-	-	-	-
M	Other non-current liabilities	(8,346)	(37)	(8,309)	22456.8%
N	**Non-current financial indebtedness (K+L+M)**	**(18,763)**	**(4,133)**	**(14,630)**	354.0%
O	**Net Financial Indebtedness (J+N)**	**(33,592)**	**(28,175)**	**(5,417)**	19.2%

Please note that as regards 2019, since IFRS 16 was adopted, rows H and M of the previous table include, respectively, current lease liabilities (EUR 3,401 thousand) and non-current lease liabilities (EUR 8,346 thousand). As described above, net financial indebtedness before adoption of IFRS 16 would have amounted to EUR 21,883 thousand, down by EUR 6,292 thousand compared to 31 December 2018.

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.

Within the framework of these constantly evolving regulations, future legislative measures that 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 cannot be ruled out.

Any changes in the legislation and/or collective bargaining schemes regarding training services may also 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 HC S.r.l. (formerly Corium S.r.l.), Seltis S.r.l., Family Care S.r.l. and Jobdisabili S.r.l., acquired on 31 January 2020 and wholly owned by Openjobmetis S.p.A., 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; HC S.r.l. (formerly 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. Family Care S.r.l. 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. Finally, Jobdisabili S.r.l., acquired in 2020, holds a ministerial authorisation pursuant to Article 2, paragraph 1(c) of Legislative Decree no. 276/2003, to carry out personnel recruitment and selection.

Over the course of 2019 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., Corium S.r.l., Family Care S.r.l. and Jobdisabili 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.

As at 31 December 2019, the Group's bank loans and borrowings and loans and borrowings due to other lenders amounted to approximately EUR 36,634 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 2018 amounted to EUR 30,679 thousand. It should be noted that the figure as at 31 December 2019 includes lease liabilities of EUR 12,051 thousand.

With particular reference to the senior loan existing as at 31 December 2019, it should be noted that it provides for: (a) the obligation of the Company to comply with a specific financial parameter, to be calculated annually on the items of the consolidated financial statements of the Group, (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, depending on the circumstances.

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

As at 31 December 2019, the Group companies are party to ongoing disputes and litigation.

Considering 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, agents and professional consulting firms, with potential adverse effects on the Group's financial position.

Interest rate risk

The Group's financial indebtedness has variable interest rates, therefore the Group could be exposed to the risks related to fluctuations in these rates. To address these risks, the Group has adopted partial hedging instruments against the risk of interest rate changes. More specifically, derivative contracts that qualify as "hedging instruments" have been concluded, aimed at transforming the variable rates applied into average fixed rates on the hedged portion of the loan, equal to 50% of the nominal value of the amortising line for the first three years.

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 as at and for the year ended 31 December 2019 show that the Group has trade receivables amounting to EUR 121,223 thousand, gross of the allowance for impairment of EUR 4,866 thousand. As at 31 December 2018, these gross trade receivables totalled EUR 120,541 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 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 on an arm's length basis.

During the meeting of 12 October 2015, the Board of Directors approved and subsequently updated, most recently on 3 October 2019, 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.**: focused on digital head hunting;
- **Family Care S.r.l.:** focused on providing family assistants dedicated to the elderly and non-self-sufficient.

Furthermore, Openjobmetis S.p.A. directly controls 70.0% of HC Human Connection 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 secondment. 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 of taxes and social security contributions (witholdings) and the processing of required periodic and annual reporting, in addition to training services, while the revenue invoiced by Meritocracy S.r.l. to Corium S.r.l. pertains to the production of a corporate video.

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, an assessment will be made as to the possibility of requesting to extend the option of tax consolidation to the remaining companies. 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 2019 and 2018.

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

(amounts in EUR thousand)

Year	2019	2018
Revenue		
Openjobmetis vs Openjob Consulting	251	252
Openjobmetis vs Corium	15	15
Openjobmetis vs Seltis	152	124
Openjobmetis vs Meritocracy	29	5
Openjobmetis vs HC	136	0
Seltis vs Meritocracy	0	4
Corium vs Openjobmetis	0	15
Meritocracy vs Openjobmetis	0	6
Meritocracy vs Corium	3	0
HC vs Openjobmetis	0	26
Openjob Consulting vs Openjobmetis	1,278	1,312
Total Revenue/Costs	**1,864**	**1,759**

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

(amounts in EUR thousand)

Year	2019	2018
Receivables		
Openjobmetis vs Openjob Consulting	0	34
Openjobmetis vs HC	66	0
Openjobmetis vs Seltis	80	70
Meritocracy vs Openjobmetis	105	7

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

(amounts in EUR thousand)

Year	2019	2018
Corium vs Openjobmetis	53	14
Openjob Consulting vs Openjobmetis	20	99
Total Receivables/Payables	**324**	**224**

Remuneration of key management personnel

The total remuneration to key management personnel as at 31 December 2019 amounted to EUR 2,514 thousand, against EUR 2,322 thousand as at 31 December 2018. 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 hold 5.0% of Openjobmetis S.p.A. 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% of Openjobmetis S.p.A. 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 and has collaborated with related parties for immaterial amounts and under market conditions.

Significant events in 2019

On 29 March, a new medium/long-term loan was granted to Openjobmetis S.p.A. by Banco BPM S.p.A., for a maximum amount of EUR 30 million. The loan envisages an amortising line for a maximum amount of EUR 15 million and a revolving line - not used as of the date of the financial statements and of the approval of this report - for a maximum amount of EUR 15 million. This revolving line can be converted up to EUR 10 million and under certain amortising conditions in order to support any acquisitions.

On 17 April 2019, the Shareholders' Meeting approved the financial statements as at 31 December 2018 and approved allocation of the profit for the year and resolved on the distribution of a unitary dividend of EUR 0.23 per each entitled share, paid, gross of the withholding taxes required to be paid, starting from 8 May 2019, with coupon no. 1 to be detached on 6 May 2019 and record date (date when payment of the dividend is legitimated pursuant to Art. 83-*terdecies* of Italian Legislative Decree no. 58 of 24 February 1998 and Art. 2.6.6, paragraph 2, of the Regulation of the Markets Organised and Managed by Borsa Italiana S.p.A.) on 7 May 2019. Furthermore, the Shareholders' Meeting approved the "2019-2021 Performance Shares Plan" for the free assignment of rights to receive ordinary shares of the Company. In conclusion, the Shareholders' Meeting appointed - confirming the decision of the Board meeting held on 14 March 2019 - Mr. Carlo Gentili as Board Director of the Company; he will remain in office under expiry of the current Board of Directors, or rather until the date of the Shareholders' Meeting called to approve the financial statements which will close as at 31 December 2020.

On 25 June 2019, the Board of Directors of Openjobmetis S.p.A. identified the beneficiaries of the first tranche of the 2019-2021 LTI Performance Shares Plan approved by the Shareholders' Meeting of 17 April 2019, including the Chairman of the Board of Directors Marco Vittorelli, the Managing Director Rosario Rasizza and directors and key management personnel of Openjobmetis, as well as the number of rights assigned to each beneficiary. For further information, please refer to the relevant press release.

On 3 October 2019, "Family Care Srl - Agenzia per il lavoro" was established, for which ministerial authorisation (Auth. Prot. No. 199 of 18/11/2019) to operate as an Employment Agency was requested and obtained. Family Care S.r.l., wholly owned by Openjobmetis S.p.A. itself, concentrates all the activities relating to the care of the elderly and those who are not self-sufficient, becoming operational from 1 January 2020.

Main significant subsequent events

On 1 January 2020, the transfer to Family Care S.r.l. – Agenzia per il Lavoro of the business unit, which has as its object the assets and liabilities relating to the care activities of elderly and non-self-sufficient persons, became effective. This transfer has had no impact on the Group's consolidated financial statements.

On 24 January 2020, Corium S.r.l., a company wholly owned by Openjobmetis S.p.A., first merged HC S.r.l., previously owned 70% by Openjobmetis S.p.A., and subsequently changed its name to the name of the merged company. As a result of this operation, Openjobmetis S.p.A. directly controls 78.6% of the "new" HC S.r.l.

On 31 January 2020, Openjobmetis S.p.A. acquired 100% of the share capital of Jobdisabili S.r.l., owner of the trademark "Jobmetoo" (https://www.jobmetoo.com), an online platform specialised in the recruitment and selection of personnel with disabilities, a meeting place between those belonging to protected categories and the world of work and businesses.

With regard to the recently declared Covid-19 pandemic, the Group has acted promptly, including on the basis of the directives issued by the Government, in order to limit the possible impacts on the health of its employees.

Based on the performance of the first two months of 2020, no impact on Group revenue and on average collection times from customers has been recognised. However, the hypothetical future consequences for the national macroeconomic scenario and consequently for all the Group's activities cannot yet be estimated.

Outlook

The Company and the Group will continue to focus on services with the highest added value and on monitoring the margins of temporary work. The economic scenario expected in 2020 should theoretically be more favourable to the temporary work market, even if the impact of the Covid-19 epidemic currently unfolding in Italy and across the world, remains to be seen.

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.

The Openjobmetis Group has been supported since January 2020 by an experienced HR Consultant with a view to preparing and adopting over time a policy based on merit recognition, equal opportunities and human resource development, reflecting the policies already in place across all the Group Companies. Following the detailed analysis in 2019, the sales network incentive system will become operational in 2020.

For additional information on employees, please refer to the 2019 Consolidated Non-Financial Statement 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

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 closely evaluate the impacts that business activities have on the external environment. 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 the 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 light 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;
    - in order to safeguard the environment, the usual plastic cups at the water dispensers located on the various floors of the head office have been replaced with other recyclable and environmentally friendly paper.

For further information on environmental matters, please refer to the aforementioned 2019 Consolidated Non-Financial Statement.

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

In compliance with the requirements set out in Consob communication no. DEM/6064293 of 28 July 2006, 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 for the years 2019 and 2018.

EUR thousand	**Net profit for 2019**	**Shareholders' Equity as at 31.12.2019**
Openjobmetis S.p.A. Financial Statements	**10,386**	**99,576**
Profit for the year and reserves of the consolidated companies net of elimination of equity investments	2,736	664
Derecognition of dividends for the year	(3,300)	-
Recognition of goodwill and Meritocracy software gross of the tax effect	(231)	3,570
Derecognition of equity investment impairment loss	750	-
Other consolidation adjustments	33	(742)
Non-controlling interests	30	91
Group consolidated financial statements	**10,404**	**103,159**

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	477
Derecognition of dividends for the year	(3,046)	-
Recognition of goodwill and Meritocracy software gross of the tax effect	32	3,801
Derecognition of equity investment impairment loss	80	-
Other consolidation adjustments	(12)	(719)
Non-controlling interests	20	61
Group consolidated financial statements	**12,376**	**96,522**

Other information

Treasury shares

The Shareholders' Meeting called on 24 April 2018 authorised the Board of Directors to purchase and dispose of treasury shares, up to a maximum of 5% of the pro tempore share capital of Openjobmetis S.p.A., 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. As at 24 October 2019, the end of the buyback period due to 18 months having passed since the above-mentioned shareholders' resolution, the Company owned 502,806 treasury shares, equal to 3.67% 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. On 17 April 2019 the Shareholders' Meeting resolved to distribute a dividend of EUR 0.23 per share gross of the withholding taxes required to be paid starting from 8 May 2019, with coupon no. 1 to be presented on 6 May 2019 and record date (date when payment of the dividend is legitimated pursuant to Art. 83-terdecies of Italian Legislative Decree no. 58 of 24 February 1998 and Art. 2.6.6, paragraph 2, of the Regulation of the Markets Organised and Managed by Borsa Italiana S.p.A.) on 7 May 2019.

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 2019 financial statements do not show any income components or financial items, arising from atypical and/or unusual events and transactions, as defined in Consob communication no. DEM/6064293 of 28 July 2006.

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

2019 Consolidated Non-Financial Statement pursuant to Legislative Decree no. 254/2016

The 2019 Consolidated Non-Financial Statement pursuant to Legislative Decree no. 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

Pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (TUIR), agreements were signed between Openjobmetis S.p.A. and its subsidiaries Openjob Consulting S.r.l., Seltis S.r.l., Corium S.r.l. and Meritocracy S.r.l. concerning the exercise of the option of the domestic tax consolidation scheme, thus benefiting from the possibility of offsetting taxable income against tax losses in a single tax return. The three-year agreements will be tacitly renewed for the following three-year period unless they are 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 2019 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 May 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 company's development projects, proposes to resolve as follows with respect to profit for the year 2019:

- Allocation to the legal reserve: EUR 519,289.30
- Allocation to other reserves: EUR 7,092,565.87
- Allocation of a dividend to shareholders of EUR 0.21 for each entitled share (excluding treasury shares equal to 502,806) for a total of EUR 2,773,930.74

Milan, 17 March 2020

On behalf of the Board of Directors

The Chairman

Marco Vittorelli
(signed on the original)

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Financial Position

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Statement of Financial Position

(*In thousands of EUR*)	Notes	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	*4*	2,422	2,376
Right of use for leases	*4*	11,989	0
Intangible assets and goodwill	*5*	75,992	76,388
Financial assets	*6*	43	3
Deferred tax assets	*7*	1,559	1,687
Total non-current assets		**92,005**	**80,454**
Current assets			
Cash and cash equivalents	*8*	6,531	6,478
Trade receivables	*10*	116,357	115,270
Other receivables	*11*	8,479	7,994
Current tax assets	*12*	1,081	34
Total current assets		**132,448**	**129,776**
Total assets		**224,453**	**210,230**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Non-current liabilities			
Financial liabilities	*13*	10,417	4,133
Lease liabilities	*13*	8,537	0
Derivative instruments	*13-30*	26	0
Employee benefits	*14*	1,158	1,093
Total non-current liabilities		**20,138**	**5,226**
Current liabilities			
Bank loans and borrowings and other financial liabilities	*13*	14,140	26,546
Lease liabilities	*13*	3,514	0
Trade payables	*15*	7,942	5,677
Employee benefits	*14*	40,403	39,950
Other payables	*16*	33,171	33,677
Current tax liabilities	*17*	24	685
Provisions	*18*	1,962	1,947
Total current liabilities		**101,156**	**108,482**
Total liabilities		**121,294**	**113,708**
SHAREHOLDERS' EQUITY			
Share capital		13,712	13,712
Legal reserve		2,315	1,676
Share premium reserve		31,193	31,553
Other reserves		45,474	37,164
Profit (loss) for the period attributable to the shareholders of the Parent		10,374	12,356
Equity attributable to:			
Shareholders of the Parent		103,068	96,461
Non-controlling interests		91	61
Total shareholders' equity	***19***	**103,159**	**96,522**
Total liabilities and shareholders' equity		**224,453**	**210,230**

As from 1 January 2019 the Group adopted IFRS 16 - Leases, applying the modified retrospective approach without recalculating the comparative information. See note 2a "*IFRS 16 – Leases*" for further information. The notes are an integral part of these consolidated financial statements.

Statement of Comprehensive Income

(*In thousands of EUR*)	Notes	2019	2018
Revenue	*20*	565,344	594,271
Costs of temporary work	*22*	(491,887)	(519,697)
First contribution margin		**73,457**	**74,574**
Other income	*21*	12,763	13,248
Personnel expense	*22*	(33,224)	(34,005)
Cost of raw materials and consumables	*23*	(250)	(238)
Costs for services	*24*	(28,609)	(30,798)
Amortisation, depreciation and write-downs	*4.5*	(4,824)	(966)
Impairment losses on trade and other receivables	*26*	(3,062)	(2,169)
Other operating expenses	*25*	(668)	(768)
Operating profit (loss)		**15,583**	**18,878**
Financial income	*27*	43	104
Financial expense	*27*	(737)	(632)
Profit (loss) before taxes		**14,889**	**18,350**
Income taxes	*28*	(4,485)	(5,974)
Profit (loss) for the year		**10,404**	**12,376**
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		(26)	0
Components that will not be reclassified to profit/loss			
Actuarial gain (loss) on defined benefit plans		(121)	63
Total other comprehensive income (expense) for the year		**(147)**	**63**
Total comprehensive income (expense) for the year		**10,257**	**12,439**
Net profit (loss) for the year attributable to:			
Shareholders of the Parent		10,374	12,356
Non-controlling interests		30	20
Profit (loss) for the year		**10,404**	**12,376**
Total comprehensive income (expense) for the year attributable to:			
Shareholders of the Parent		10,227	12,419
Non-controlling interests		30	20
Total comprehensive income (expense) for the year		**10,257**	**12,439**
Earnings (loss) per share (in EUR):			
Basic	*38*	*0.79*	*0.93*
Diluted	*38*	*0.79*	*0.93*

As from 1 January 2019 the Group adopted IFRS 16 - Leases, applying the modified retrospective approach without recalculating the comparative information. See note 2a "*IFRS 16 – Leases*" for further information. The notes are an integral part of these consolidated financial statements.

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 the shareholders of the Parent	Shareholders' Equity attributable to non-controlling interests	Total Shareholders' Equity
Balances as at 01/01/2017	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)**
Purchase of treasury shares					**(3,920)**			**(3,920)**		**(3,920)**
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)**	**12,356**	**96,461**	**61**	**96,522**
Allocation of profit (loss) for the year			639	(360)	9,018		(9,297)			
Dividend distribution							(3,059)	(3,059)		(3,059)
Actuarial gain (loss) on defined benefit plans						(121)		(121)		(121)
Fair Value share-based plans					82			82		82
Effective portion of changes in fair value of cash flow hedges						(26)		(26)		(26)
Purchase of treasury shares					(651)			(651)		(651)
Rounding					9	(1)		8		8
Profit (loss) for the year	19						10,374	10,374	30	10,404
Total comprehensive income (expense)	**19**					**(147)**	**10,374**	**10,227**	**30**	**10,257**
Balances as at 31/12/2019	19	**13,712**	**2,315**	**31,193**	**45,676**	**(202)**	**10,374**	**103,068**	**91**	**103,159**

Statement of Cash Flows

(*In thousands of EUR*)	Note	2019	2018
Cash flows from operating activities			
Profit (loss) for the year		10,404	12,376
Adjustments for:			
Amortisation right to use IFRS 16		3,780	0
Depreciation of property, plant and equipment	*4*	450	574
Amortisation of intangible assets	*5*	594	392
Capital losses/(gains) on sales of property, plant and equipment		8	37
Impairment loss on trade receivables	*10, 26*	3,062	2,159
Current and deferred taxes	*28*	4,485	5,974
Net financial (income) expense	*27*	694	528
Cash flows before changes in working capital and provisions		**23,477**	**22,040**
Change in trade and other receivables gross of impairment loss	*10,11,26*	(4,634)	5,098
Change in trade and other payables	*15.16*	2,034	(1,038)
Change in employee benefits	*14*	479	207
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*	418	830
Change in provisions	*18*	15	(1,001)
Paid income taxes		(6,483)	(8,319)
Cash and cash equivalents generated/(absorbed) by operating activities (a)		**15,306**	**17,817**
Cash flows from investing activities			
Purchase of property, plant and equipment	*4*	(639)	(700)
Proceeds from sales of property, plant and equipment		28	14
Other net increases in intangible assets	*5*	(198)	(703)
Acquisition of subsidiary, net of cash acquired		(275)	(1,164)
Change in other financial assets	*6*	(40)	4
Cash and cash equivalents generated/(absorbed) by investing activities (b)		**(1,124)**	**(2,549)**
Lease payments	*13*	(3,871)	0
Interest paid		(621)	(631)
Interest received		43	104
New loan disbursement	*13*	15,000	0
Dividend distribution		(3,059)	0
Repayment of loan instalments	*13*	(15,300)	(8,470)
Purchase of treasury shares		(651)	(3,920)
Change in short-term bank loans and borrowings and repayment of other loans		(5,670)	(534)
Cash and cash equivalents generated/(absorbed) by financing activities (c)		**(14,129)**	**(13,451)**
Cash flows from the period (a) + (b) + (c)		**53**	**1,817**

Net cash and cash equivalents as at 1 January	*8*	**6,478**	**4,661**
Net cash and cash equivalents as at 31 December	*8*	**6,531**	**6,478**

Notes to the Consolidated Financial Statements

General information

Openjobmetis S.p.A. (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 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 Law on Finance (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 2019, 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 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 Directors' report, 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 2019 on a going concern basis and are accompanied by the Directors' report.

The Group's consolidated financial statements for the year ended as at 31 December 2019 were approved by the Board of Directors of the Parent at the meeting held on 17 March 2020, when the distribution of the results through a press release dated 17 March 2020 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.

In compliance with Consob Resolution no. 15519 of 27 July 2006 and Consob Communication no. DEM/6064293 of 28 July 2006, note 36 indicates separately the events or transactions whose occurrence is non-recurring or those transactions or events which do not occur frequently in the ordinary course of business. Also in application of the same Consob references, any cases of non-recurring significant events and transactions are reported in note 36, while in note 32 the relative cases regarding positions and transactions with related parties are indicated separately.

The consolidated financial statements are the first set of annual financial statements in which the Group has applied IFRS 16 Leases, the adoption of which has 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 all Group entities.

New accounting standards adopted by the Group from 1 January 2019

The Group adopted IFRS 16 Leases starting from 1 January 2019. The other new standards applicable from 1 January 2019 had no significant effect on the Group's consolidated financial statements.

IFRS 16 - Leases

IFRS 16 redefines the way in which lease agreements are recognised. 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 lessee accounting model for requiring, as a general rule, the recognition under assets of the right of use of the underlying asset and under liabilities of the lease liability. There are exceptions to the application of IFRS 16 for short-term leases and for low-value assets.

The Group recognised new assets and liabilities mainly for its operating leases on properties used as headquarters and in which branches operate, company cars and IT equipment. The nature of the costs relating to the above mentioned leases consequently changed since the Group amortised right-of-use assets, posting the interest expense on lease liabilities.

The Group applied IFRS 16 using the modified retrospective approach and therefore the cumulative effect of the adoption of IFRS 16 was recognised as at 1 January 2019, recognising further right-of-use assets and other lease liabilities. Therefore, comparative information was not restated, i.e. it is presented in accordance with IAS 17 and related interpretations.

Previously, the Group determined at the inception of the contract whether the contract was - or contained - a lease in accordance with IFRIC 4 *Determining whether an arrangement contains a lease*. In accordance with IFRS 16, the Group assesses whether the contract is a lease or contains it on the basis of the new definition of a lease. Under IFRS 16, the contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception of the contract or on the date of reassessment of a contract that contains a lease component, the Group allocates the consideration payable to each lease and non-lease component on the basis of the relative stand-alone prices. However, in the case of car leases in which it acts as a lessee, the Group decided not to separate non-lease components from lease components and to account for lease and non-lease components as a single component.

As a lessee, the Group previously classified leases as operating or financial, assessing whether the lease transferred substantially all the risks and rewards incidental to ownership. Under IFRS 16, the Group recognises in its Statement of Financial Position the right-of-use assets and the lease liabilities for the majority of leases.

However, the Group decided not to recognise right-of-use assets and liabilities relating to the lease of low-value assets, including IT equipment. Therefore, the Group recognises the lease payments relating to the above-mentioned leases as an expense on a straight-line basis over the lease term.

The Group shows the right-of-use assets that do not meet the definition of investment property in the specific item “Right of use for leases” and the lease liabilities in the item “Lease liabilities” that have been included in the statement of financial position at 31 December 2019.

At the inception of the lease, the Group recognises the right-of-use asset and the lease liability. The right-of-use asset is measured at cost, and subsequently at cost less accumulated amortisation/depreciation and accumulated impairment, and adjusted to reflect the revaluations of the lease liability.

The Group measures the lease liability at the present value of the lease payments not paid at the inception date, discounting them using the interest rate implicit in the lease. Where it is not possible to determine this rate easily, the Group uses the incremental borrowing rate. Generally, the Group uses the incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest accrued on this liability and decreased by the payments due for the lease made and is remeasured in the event of a change in future lease payments resulting from a change in an index or a rate, in the event of a change in the amount expected by the Group to be due under residual value guarantees or when the Group changes its assessment with reference to whether it will exercise a purchase, extension or termination option.

The Group estimated the lease term of certain contracts in which it acts as a lessee and that provide for renewal options. The Group's assessment of whether or not there is a reasonable certainty of exercising the option affects the estimate of the lease term, significantly impacting the amount of lease liabilities and right-of-use assets recognised.

Previously, the Group recognised leases on properties used as headquarters and in which branches operate, on company cars and IT equipment as operating leases in accordance with IAS 17. In general, real estate leases have a term of six years and contain an option to renew for a further six years exercisable at the end of the binding period, while car leases have a term of three or four years and do not contain an option to renew. Real estate leases generally involve additional payments related to changes in local price indices. Real estate leases allow the Group to withdraw from the contract with six months notice.

At the date of initial application, in the case of operating leases in accordance with IAS 17, lease liabilities were determined at the present value of residual lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured based on the value of the lease liability adjusted by the amount of any advance or accumulated payments due under the lease.

The Group leases an office building that was classified as a finance lease under IAS 17 (Aprilia property). For such leases, the carrying amount of the right-of-use assets and of the lease liability as at 1 January 2019 corresponds to the carrying amount of the leased asset and the lease liability under IAS 17 immediately before that date.

In order to apply the modified retrospective approach to the operating leases indicated above, the Group adopted a practical expedient that allows it to rely on the experience acquired in determining the lease term.

The following tables summarise the effects of the application of IFRS 16 as at 1 January 2019.

(In thousands of EUR)	
Right-of-use assets	11,995
Lease liabilities	11,995

Based on the above, there were no effects on profits carried forward of the shareholders' equity of the Group as at 1 January 2019 from the application of IFRS 16.

When calculating the lease liabilities classified as operating leases, the Group discounted the lease payments using the incremental borrowing rate of interest as at 1 January 2019. The weighted average rate applied is 2.01%.

(In thousands of EUR)	
Commitments arising from operating leases as at 31 December 2018, as presented in the Group's financial statements	11,172
Discounted using the incremental borrowing rate of interest as at 1 January 2019 (a)	10,686
Finance lease liabilities recognised as at 31 December 2018 (b)	49
Exemption from recognition for leases of low-value assets (c)	(131)
Option to extend a lease, the operation of which is reasonably certain (d)	1,440
Lease liabilities recognised as at 1 January 2019 (a+b+c+d)	**12,044**

Following the first-time application of IFRS 16 to leases previously classified as operating leases, the Group recognised right-of-use assets and lease liabilities of EUR 11,881 thousand and EUR 12,013 thousand, respectively, as at 31 December 2019, in addition to reclassifying the contract for the Aprilia property, already held by means of a finance lease agreement in previous years (right-of-use of EUR 108 thousand and lease liabilities of EUR 38 thousand as at 31 December 2019).

Moreover, in relation to leases recognised in accordance with IFRS 16, the Group recognised amortisation/depreciation and interests in place of costs for operating leases. During the year ended 31 December 2019, the Group recorded amortisation/depreciation and financial expense of EUR 3,780 thousand and EUR 224 thousand, respectively.

Any impairment losses for right of use assets are determined and recognised in accordance with IAS 36. Right-of-use assets cannot generate cash flows that are largely independent of other assets or groups of assets. The right-of-use assets were allocated to the cash generating unit consisting of all the Group's operating assets and liabilities, to which goodwill was allocated; therefore, the impairment test was carried out with reference to this CGU on an annual basis as at 31 December 2019. Details regarding the procedures for preparing the impairment test are provided in note 5.

Use of estimates and valuations

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.

The main subjective assessments made by the Group management in applying the accounting standards and the main sources of uncertainty in estimates were the same as those applied for the preparation of the financial statements for the year ended 31 December 2018, with the exception of the new assessments relating to the application of IFRS 16, described below.

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

- *Impairment test on goodwill*

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

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

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

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

- *Measurement of 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 trade 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 assets. Therefore, the allowance for impairment is calculated based on estimates of losses on trade 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 the management to make significant estimates with regard to general economic conditions and any possible negative trends in the credit markets that could negatively impact on customer relations.

- *Provisions*

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

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

In the event that it is considered probable that as a result of the dispute a disbursement of resources - the amount of which can be reliably estimated - will be required, this amount, discounted to take account of the time horizon along which the disbursement will take place, is included in the provisions for risks. Disputes for which the occurrence of a liability is considered only possible but not probable are 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.

Leases

The Group estimated the lease term of certain contracts in which it acts as a lessee and that provide for renewal options. The Group's assessment of whether or not there is a reasonable certainty of exercising the option affects the estimate of the lease term, significantly impacting the amount of lease liabilities and right-of-use assets recognised.

(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 2019 and 2018 are shown below:

Company name	**% held as at 31/12/2019**	**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.	100%	Milan, Via G. Fara 35	EUR 25,000
H.C. S.r.l.	70%	Milan, Via G. Fara 35	EUR 10,000
Family Care S.r.l. Agenzia per il lavoro	100%	Milan, Via G. Fara 35	EUR 1,000,000

On 3 October 2019, "Family Care Srl - Agenzia per il lavoro" was established, for which ministerial authorisation (Auth. Prot. No. 199 of 18/11/2019) to operate as an Employment Agency was requested and obtained. Family Care S.r.l., wholly owned by Openjobmetis S.p.A. and operational since 1 January 2020, concentrates all the activities relating to the care of the elderly and those who are not self-sufficient.

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.	100%	Milan, Via G. Fara 35	EUR 25,000
H.C. S.r.l.	70%	Milan, Via G. Fara 35	EUR 10,000

(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, cash flows exclusively represented by payments of capital and interest on the amount of capital to be returned.

At the time of initial recognition of an equity instrument not held for trading purposes, the Group may make the irrevocable decision to present subsequent changes in fair value in other comprehensive income (expense). This decision is made for each asset.

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.

At the time of initial recognition of an equity instrument not held for trading purposes, the Group may make the irrevocable decision to present subsequent changes in fair value in other comprehensive income (expense). This decision is made for each asset.

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 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 cash 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 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

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

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

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

(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.

(g) Leased assets

As regards the accounting of lease agreements under IFRS 16 "Leases" as from 1 January 2019, reference should be made to paragraph 2(a).

With regard to the accounting of lease agreements prior to 1 January 2019, reference is made to the following.

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.

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.

(h) Intangible assets and goodwill

(h1) 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 i) *Impairment losses* below.

(h.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.

(h.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 five years.

(i) Impairment losses

(i.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.

(i.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 assets. 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.

(i.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.

(l) 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.

(m) 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.

(n) 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 by 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 due 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.

The fair value of the amount payable to employees with regard to the share revaluation rights, settled in shares, is recognised as a cost with a corresponding increase in equity over the period during which employees become entitled to the unconditional right to receive the shares. Any changes in fair value after the date of assignment do not affect the initial valuation. At the end of each financial year, the estimate of the number of rights that will accrue at maturity ("non-market based" component) is updated.

(o) Revenue

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 provided 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.

(p) Contributions

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".

(q) 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 measured 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 measured 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.

(r) New standards published but not yet adopted

The new standards for years beginning after 1 January 2019 and for which early application is permitted are indicated below. The Group has, however, decided not to adopt them in advance for the preparation of these financial statements.

The following amendments to the standards or to the interpretations are not expected to have significant effects on the consolidated financial statements of the Group.

- *Amendments to References to Conceptual Framework in IFRS Standards;*
- *Definition of Material (Amendments to IAS 1 and IAS 8);*
- *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).*

(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 fulfill 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.

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 Group, increasing the need for additional sources of funding.

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 requiring the creditworthiness of each new customer to 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 trade 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 i) *Impairment losses (i.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:

2019

- EUR 15 million of cash revolving credit lines, at an average interest rate equal to the 6-month Euribor plus 1.65%, subject to compliance with an economic and financial covenant as described below;
- EUR 93 million of credit lines that can be used against presentation of short-term trade receivables, generally at a variable rate linked to the Euribor.

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.

As described below, the Group is subject to compliance with the economic and financial covenant included in the New Loan and calculated on the Group's consolidated financial statements once a year.

The New Loan existing as at 31 December 2019, provides for 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.

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

(*In thousands of EUR*)

Beneficiary	***Type***	**2019**	**2018**	**Change**
A.N.P.A.L.	Authorisation pursuant to Italian Legislative Decree no. 276	29,277	28,808	469
Third Parties	Sureties for participating in tenders	168	115	53
Third Parties	Sureties for leases	707	665	42
Third Parties	Other	51	164	(113)
Total		**30,203**	**29,752**	**451**

The guarantees given in favour of the A.N.P.A.L. (Italian National Agency for Active Labour Market Policies) 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's financial indebtedness has variable interest rates, therefore the Group could be exposed to the risks related to fluctuations in these rates. To address these risks, the Group has adopted partial hedging instruments against the risk of interest rate changes. More specifically, derivative contracts that qualify as "hedging instruments" have been concluded, aimed at transforming the variable rates applied into average fixed rates on the hedged portion of the loan, equal to 50% of the nominal value of the amortising line for the first three years.

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

(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 Directors' Report.

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 by incorporation of Metis S.p.A. on 31 December 2011, a merger deficit was generated, allocated entirely to goodwill, equal to EUR 27,164 thousand.

Furthermore, following the acquisition in January 2013 of Corium S.r.l. for EUR 477 thousand, goodwill of EUR 383 thousand was recognised.

The acquisition of Meritocracy S.r.l. (formerly Coverclip S.r.l.), on 5 June 2018, generated additional goodwill of EUR 288 thousand.

Finally, following the acquisition of H.C. Human Connections S.r.l., which took place on 5 June 2018, goodwill of EUR 604 thousand was recorded.

4. Property, plant and equipment and Right of use for leases

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	Other assets	Leasehold improvements	Total
Cost:						
Balances as at 1 January 2019	**1,862**	**918**	**4,172**	**106**	**179**	**7,237**
Increases	0	72	567	0	0	639
Decreases	0	(2)	(527)	0	0	(529)
Reclassification	(180)	0	0	0	0	(180)
Balances as at 31 December 2019	**1,682**	**988**	**4,212**	**106**	**179**	**7,167**
Depreciation and impairment losses:						
Balances as at 1 January 2019	**806**	**623**	**3,147**	**106**	**179**	**4,861**
Increases	55	82	313	0	0	450
Decreases	0	(1)	(493)	0	0	(494)
Reclassification	(72)	0	0	0	0	(72)
Balances as at 31 December 2019	**789**	**704**	**2,967**	**106**	**179**	**4,745**
Carrying amounts:						
As at 1 January 2019	**1,056**	**295**	**1,025**	**0**	**0**	**2,376**
As at 31 December 2019	**893**	**284**	**1,245**	**0**	**0**	**2,422**

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

Land and buildings

The item includes buildings in the province of Udine, Brescia and in Rodengo Saiano (BS). The Aprilia building, already held by means of specific finance lease agreement, was reclassified under the item "Right of use for leases". At the end of the lease agreement, the Group will be able to purchase the building at a previously established redemption price.

In 2008, following the business combination, the amount of EUR 501 thousand was recognised related to the greater value of the buildings based on the appraisal provided by an independent expert; this greater value, mainly related to the building 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.

The following table shows the changes in the item "Right of use for leases":

(In thousands of EUR)	**Motor vehicles**	**Property**	**Other fixed assets**	**Total**
Cost:				
Balances as at 1 January 2019	**1,743**	**10,171**	**81**	**11,995**
Increases	1,816	1,870	15	3,701
Decreases	(201)	(109)	(15)	(325)
Reclassification	0	180	0	180
Balances as at 31 December 2019	**3,358**	**12,112**	**81**	**15,551**
Depreciation and impairment losses:				
Balances as at 1 January 2019	**0**	**0**	**0**	**0**
Increases	1,165	2,569	40	3,774
Decreases	(192)	(77)	(15)	(284)
Reclassification	0	72	0	72
Balances as at 31 December 2019	**973**	**2,564**	**25**	**3,562**
Carrying amounts:				
As at 1 January 2019	**1,743**	**10,171**	**81**	**11,995**
As at 31 December 2019	**2,385**	**9,548**	**56**	**11,989**

Motor vehicles

This item mainly includes vehicles assigned to personnel under lease agreements. The increases represent the new agreements signed during the year.

Property

This item mainly includes property owned by the Group's head office and operating branches under lease agreements. The increases refer to new lease agreements signed during the year following the opening of new branches and the renewal of existing agreements concluded during the period.

Other fixed assets

This item mainly includes electronic equipment held by the Group under lease agreements.

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 development costs**	**Trademarks**	**Assets under development and payments on account**	**Total**
Cost:							
Balances as at 1 January 2019	**74,438**	**8,152**	**3,718**	**126**	**10**	**45**	**86,489**
Increases	0	0	50	0	80	68	198
Decreases	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0
Balances as at 31 December 2019	**74,438**	**8,152**	**3,768**	**126**	**90**	**113**	**86,687**
Amortisation and impairment losses:							
Balances as at 1 January 2019	**0**	**8,063**	**1,957**	**81**	**0**	**0**	**10,101**
Increases	0	44	534	16	0	0	594
Decreases	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0	0
Balances as at 31 December 2019	**0**	**8,107**	**2,491**	**97**	**0**	**0**	**10,695**
Carrying amounts:							
As at 1 January 2019	**74,438**	**89**	**1,761**	**45**	**10**	**45**	**76,388**
As at 31 December 2019	**74,438**	**45**	**1,277**	**29**	**90**	**113**	**75,992**

(In thousands of EUR)	Goodwill	Customer relations	Software	Research and development 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 losses:							
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**

Goodwill

At the end of each year, the Group assesses whether the goodwill value recognised for a total value of EUR 74.4 million 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 approved five-year business plan.

The impairment test as at 31 December 2019 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 2020-2024 business plan, which was adjusted by cancelling out the expected growth relating to the opening of new branches, and directly based on that approved by the Board of Directors of Openjobmetis S.p.A. on 31 January 2020, prepared by management on the basis of the Group's historical economic and financial performance, and expected future trends.

In view of the Group's strategy, the expected trend of the reference market and the overall macroeconomic situation, projected cash flows were estimated on the basis of the following assumptions:

- Revenue from temporary work: revenue is expected to increase, on a like-for-like basis, by 3.7% in 2020 and then drop slightly to around 3.0% from 2021 to 2024;
- Revenue from other HR services including Personnel Recruitment and Selection: growth of 10% over the years of the plan.

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 1.2 million;
- maintenance investments in right-of-use assets, equal to EUR 4.5 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.

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 2019 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 2019 (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 2019 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 2019, 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
2017	124,393	163,880	39,487
2018	121,816	156,348	33,770
2019	122,369*	166,081	43,712

*Net of lease liabilities equal to EUR 12,051 thousand.

Due to their nature, the forecasts used for impairment testing are subject to unforeseen elements that could still affect them, such as GDP not increasing as expected, changes in interest rates and inflation rates, changes in revenue, profitability and collection terms from customers because of the macroeconomic trend. Such unforeseen elements could therefore result in having to amend the above-described impairment test. It is noted in this regard that the sensitivity analysis as at 31 December 2019 shows that the value in use is equal to the carrying amount of the Cash Generating Unit (gross of the lease liabilities) in the event of an increase in the discount rate of 2.2 percentage points, all the other conditions being equal; similarly, in the case of a reduction in non-discounted cash flows by 18.8% throughout the plan period and for the flows on which the terminal value is based, the value in use would equal the carrying amount of the Cash Generating Unit.

With reference to the recent identification of outbreaks of the Covid-19 virus in Italy, it is noted that the hypothetical consequences deriving from the spread of the virus across the country and from the relative countermeasures imposed by the Italian Government could in future have particular impacts, that are currently not foreseeable, on the assumptions reflected in the approved business plan at the end of January 2020 and the financial variables used in the impairment test.

It should also be noted that appraisals drawn up by independent experts were used in the preparation of the impairment test as at 31 December 2019 approved by the Board of Directors of the Company on 17 March 2020. Finally, it should be noted that as at 31 December 2019 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 114,920 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 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, 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 2019 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 2020 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**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Property, plant and equipment	0	0	171	176	(171)	(176)
Intangible assets	0	6	242	307	(242)	(301)
Employee benefits	9	0	0	5	9	(5)
Provisions	375	372	0	0	375	372

(In thousands of EUR)	Assets		Liabilities		Net	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Allowance for impairment	1,017	1,108	0	0	1,017	1,108
Costs with deferred deductibility	431	508	0	0	431	508
Listing costs	0	181	0	0	0	181
Tax losses	140	0	0	0	140	0
Total	**1,972**	**2,175**	**413**	**488**	**1,559**	**1,687**

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 as at 31 December 2018	Changes in profit or loss	Balance as at 31 December 2019
Property, plant and equipment	(176)	5	(171)
Intangible assets	(301)	59	(242)
Employee benefits	(5)	14	9
Provisions	372	3	375
Allowance for impairment	1,108	(91)	1,017
Costs with deferred deductibility	508	(77)	431
Listing costs	181	(181)	0
Tax losses	0	140	140
Total	**1,687**	**(128)**	**1,559**

8. Cash and cash equivalents

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

(In thousands of EUR)	2019	2018	Change
Bank and postal deposits	6,497	6,449	48
Cash in hand and cash equivalents	34	29	5
Total cash and cash equivalents	**6,531**	**6,478**	**53**

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

On 8 October 2019, an escrow account of EUR 350 thousand was set up for A.N.P.A.L. (Italian National Agency for Active Labour Market Policies), for the purposes of obtaining the ministerial authorisation for Family Care S.r.l. to operate as an Employment Agency.

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)	**2019**	**2018**	**Change**
From third-party customers	121,223	120,541	682
Allowance for impairment	(4,866)	(5,271)	405
Total trade receivables	**116,357**	**115,270**	**1,087**

As at 31 December 2019 and 2018, 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.

The item is recorded in the consolidated financial statements net of an allowance for impairment of EUR 4,866 thousand.
An analysis of the DSO shows that the extension days granted on average to customers appear to have slightly increased, compared with the same period of last year, from 70 to 74 days. Calculating the DSO only on the fourth quarter of 2019, i.e. receivables/quarterly revenue * 90 days, a DSO of 70 days is achieved, in line with the same period of 2018 (69 days) and the same as the previous quarter.

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)	**2019**	**2018**	**Change**
Receivables for refunding of VAT and IRES on 2007-2011 IRAP	1,245	1,293	(48)
Receivables from the INPS treasury funds for post-employment benefits	1,299	2,475	(1,176)
Prepayments	862	921	(59)
Other disputed receivables	1,095	1,095	0
Receivables from Forma.Temp	3,928	1,003	2,925
Receivables from tax authorities for settled disputes	0	1,143	(1,143)
Other sundry receivables	50	64	(14)
Total other receivables	**8,479**	**7,994**	**485**

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.

Prepayments as at 31 December 2019 of EUR 862 thousand mainly refer to advance costs entirely recognised during the current year, relating to sponsorships, bank fees and sundry rentals.

The item "Receivables from Forma.Temp" refers to approved courses in excess of those already available in the year.

12. Current tax assets

As at 31 December 2019, current income taxes amounted to EUR 1,081 thousand and refer to the tax receivable for IRAP of EUR 172 thousand, EUR 894 thousand for IRES and EUR 15 thousand for IRES of the subsidiary HC Srl. At 31 December 2018, the receivable from tax authorities for IRAP amounted to EUR 34 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)	**2019**	**2018**	**Change**
Non-current liabilities			
Tranche A Senior Loan	0	4,096	(4,096)
Line A New Loan	10,417	0	10,417
Lease liabilities	8,537	37	8,500
Derivative instruments	26	0	26
Total non-current liabilities	**18,980**	**4,133**	**14,847**

Current liabilities			
Tranche A Senior Loan	0	9,600	(9,600)
Line A New Loan	3,000	0	3,000
Non-guaranteed bank loans and borrowings	11,140	16,934	(5,794)
Lease liabilities	3,514	12	3,502
Total current liabilities	**17,654**	**26,546**	**(8,892)**
Total current and non-current liabilities	**36,634**	**30,679**	**5,955**

In March 2019, a medium to long-term amortising loan of EUR 15 million was subscribed and issued, which also envisages a revolving credit line of EUR 15 million not used on the date of approval of the financial statements.

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

(In thousands of EUR)				2019		2018	
	Curr.	**Nominal interest rate**	**Year of maturity**	**Nominal amount**	**Carrying amount**	**Nominal amount**	**Carrying amount**
Tranche A Senior Loan	EUR	Euribor	-	0	0	13,800	13,696
Line A New Loan	EUR	Euribor*	2024	13,500	13,417	0	0
Non-guaranteed bank loans and borrowings	EUR	0.1%**	-	11,140	11,140	16,934	16,934
Lease liabilities	EUR	2.01%***	2020-2025	12,542	12,051	49	49
Total interest-bearing liabilities				**37,182**	**36,608**	**30,873**	**30,679**

* 6-month Euribor plus a spread ranging from a minimum of 1.45% to a maximum of 2.00% in relation to compliance with a financial restriction

** These are approximate average rates

*** Weighted average incremental interest rate

The new outstanding medium to long-term loan requires compliance with a financial restriction known as leverage ratio, consisting of the NFI/EBITDA ratio as defined in the loan agreement. The measurement of this financial restriction is performed on an annual basis as at 31 December, since it is based on the values of the Group's consolidated financial statements. The lending bank has the right to request the termination of the loan agreement if, at the date of calculation, the restriction is not complied with.

The financial restriction that must be complied with on a consolidated basis is shown below:

Calculation Dates	NFI EBITDA ≤
31 December 2019	2.25
31 December 2020	2.25
31 December 2021	2.25
31 December 2022	2.25

NFI = Net Financial Indebtedness

EBITDA = Consolidated net profit for the year before income taxes, net financial expense, amortisation/depreciation, provisions and impairment losses

It should be noted that as at 31 December 2019 the financial restriction had been complied with.

Branch leases contain extension options that can be exercised up to six months before the end of the binding period. If, at their respective deadlines, all extension actions are carried out, the potential cash flows that are not currently reflected in the lease liability would amount to approximately EUR 12,000 thousand.

Below is the reconciliation of the changes in lease liabilities, bank borrowings and other financial liabilities arising from financing activities.

(Amounts in thousands of EUR)	Lease liabilities	Financial liabilities, bank loans and borrowings and other liabilities
Balance restated as at 1 January 2019	**11,995**	**30,679**
Change in financial liabilities		
- Lease payments	(3,871)	-
- Interest expense	224	-
- New leases and reclassifications	3,703	-
- New loan disbursement	-	15,000
- Repayment of loan instalments	-	(15,300)
- Other loans and borrowings and interest	-	(5,822)
Total change in financial liabilities	**56**	**(6,122)**
Balance as at 31 December 2019	**12,051**	**24,557**

The table below shows the net financial indebtedness of the Group as at 31 December 2019 and as at 31 December 2018, calculated in accordance with the provisions of Recommendation ESMA/2013/319 and Consob Communication no. DEM/6064293 of 28 July 2006.

	(Amounts in thousands of EUR)			Change 2019 / 2018	
		31/12/2019	31/12/2018	Value	%
A	Cash	34	29	5	17.2%
B	Other cash and cash equivalents	6,497	6,449	48	0.7%
C	Securities held for trading	-	-	-	-
D	**Cash and cash equivalents (A+B+C)**	**6,531**	**6,478**	**53**	**0.8%**
E	Current financial receivables	-	-	-	-
F	Current bank loans and borrowings	(11,140)	(16,934)	5,794	(34.2%)
G	Current portion of non-current debt	(3,000)	(9,600)	6,600	(68.8%)
H	Other current loans and borrowings	(8,563)	(12)	(8,551)	71258.3%
I	**Current financial indebtedness (F+G+H)**	**(22,703)**	**(26,546)**	**3,843**	**(14.5%)**
J	**Net current financial indebtedness (D+E+I)**	**(16,172)**	**(20,068)**	**3,896**	**(19.4%)**
K	Non-current bank loans and borrowings	(10,417)	(4,096)	(6,321)	154.3%
L	Bonds issued	-	-	-	-
M	Other non-current liabilities	(3,514)	(37)	(3,477)	9397.3%
N	**Non-current financial indebtedness (K+L+M)**	**(13,931)**	**(4,133)**	**(9,798)**	**237.1%**
O	**Net Financial Indebtedness (J+N)**	**(30,103)**	**(24,201)**	**(5,903)**	**24.4%**

14. Employee benefits

(a) current

The balance of the item current employee benefits includes:

(In thousands of EUR)	2019	2018	Change
Salaries due to temporary workers	28,331	28,122	209
Remuneration due to temporary workers	8,124	7,620	504
Post-employment benefits of temporary workers	207	417	(210)
Remuneration due to employees	3,741	3,791	(50)
Total payables for employee benefits	**40,403**	**39,950**	**453**

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.

The liabilities amount as at 31 December 2019 is stable compared to 31 December 2018.

(b) non-current

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Payables for employee benefits as at 1 January	1,093	1,064	29
Increase for companies acquired	0	33	(33)
Cost recognised in profit or loss	134	141	(7)
Payments during the year	(190)	(82)	(108)
Actuarial valuation	121	(63)	184
Total payables for employee benefits	**1,158**	**1,093**	**65**

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Current service cost	104	117	(13)
Interest expense on the obligation	30	24	6
Total	**134**	**141**	**(7)**

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

	2019	**2018**
Projected future salary increases (average amount)	1.0%	1.0%
Projected staff turnover	9%	9%
Discount rate	1.35%	2.7%
Average inflation rate	1.5%	1.5%

15. Trade payables

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

Total payables at the reporting date are 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)	**2019**	**2018**	**Change**
Trade payables to third parties	7,942	5,677	2,265
Total trade payables	**7,942**	**5,677**	**2,265**

16. Other payables

The item is broken down as follows:

(In thousands of EUR)	**2019**	**2018**	**Change**
Social security charges payable	18,946	19,415	(469)
Tax payables	11,324	12,628	(1,304)
Payables to Forma.Temp	2,225	629	1,596
Other payables	676	1,005	(329)
Total other payables	**33,171**	**33,677**	**(506)**

Social security charges payable mainly refers to amount due 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)	**2019**	**2018**	**Change**
Withholding taxes - Employees	10,567	11,924	(1,357)
VAT and other minor payables	757	704	53
Total tax payables	**11,324**	**12,628**	**(1,304)**

17. Current tax liabilities

Current tax liabilities as at 31 December 2019 amount to EUR 24 thousand and refer to the tax liability for IRAP.

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 IRES of EUR 528 thousand and the IRES balance for EUR 36 thousand of the subsidiary H.C. S.r.l.

18. Provisions

Changes in this item are broken down as follows:

(In thousands of EUR)	**Balance as at 1 January 2019**	**Increases**	**Uses**	**Balance as at 31 December 2019**
Disputes	1,947	46	(31)	1,962

The item refers to possible future charges related to disputes with personnel, a dispute related to a non-trade asset, in addition to other minor risks.

19. Shareholders' Equity

(a) Share capital

(In thousands of shares)	**2019**	**2018**
Ordinary shares		
Issued as at 1 January	13,712	13,712
Issued as at 31 December	13,712	13,712

As at 31 December 2019, 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 (3.67%) and the remainder (66.76%) 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 for 15 May 2018 resolved to launch the buyback programme from 16 May 2018. Note that on 31 December 2019, Openjobmetis S.p.A. directly held 502,806 treasury shares, equating to approximately 3.67% 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). Moreover, 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). Finally, the subsidiary Seltis S.r.l. distributed, upon the approval of the 2018 profit for the year, part of the reserve for an amount of EUR 360 thousand.

(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 2019, in accordance with IAS 19, the net actuarial loss of EUR 121 thousand - resulting from the difference between the amount of expected benefits calculated for the period of reference and the actual benefit resulting from the new measurement assumptions at the end of the period - was accounted for in equity.

Moreover, the fair value as at 31 December 2019 of the derivative contract put in place to hedge the risk of changes in the interest rate risk granted to the New Loan totalling EUR 26 thousand, was accounted for as a reduction of equity. The effective portion of the change in the fair value of hedging instruments is accumulated in the cash flow hedge reserve as a separate component of equity.

The value of *Other reserves* is net of the separate negative reserve for the purchase of treasury shares held, equal to EUR 4,571 thousand as at 31 December 2019, and of the reserve for the put option for the remaining 30% of the equity investment in H.C. S.r.l. and of the reserve of EUR 82 thousand related to the 2019-2021 Performance Shares Plan, as discussed in more detail in Note 22.

20. Revenue

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Revenue from temporary work	555,363	585,542	(30,179)
Revenue from personnel recruitment and selection	3,577	2,722	855
Revenue from outplacement	625	634	(9)
Revenue from other activities	5,779	5,373	406
Total Revenue	**565,344**	**594,271**	**(28,927)**

The item Revenue from other activities mainly refers to consultancy on administration and organisational matters as part of the training activities, training courses as well as courses dedicated to the development and motivation of employees and other minor revenue.

21. Other income

The item includes:

(In thousands of EUR)	**2019**	**2018**	**Change**
Recognition of contributions from Forma.Temp	11,919	11,656	263
Other sundry income	844	1,592	(748)
Total other income	**12,763**	**13,248**	**(485)**

The recognition of contributions 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, sundry reimbursements and other minor income.

22. Personnel expense

The item includes:

Cost of temporary work

(In thousands of EUR)	2019	2018	Change
Wages and salaries of temporary workers	350,580	368,657	(18,077)
Social security charges of temporary workers	105,615	114,241	(8,626)
Post-employment benefits of temporary workers	19,006	19,577	(571)
Forma.Temp contributions for temporary workers	13,535	14,280	(745)
Other costs of temporary workers	3,151	2,942	209
Total personnel expense	**491,887**	**519,697**	**(27,810)**

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

Employee costs

(In thousands of EUR)	2019	2018	Change
Salaries and wages of employees	21,798	22,555	(757)
Social security costs of employees	6,716	6,668	48
Post-employment benefits of employees	1,499	1,489	10
Remuneration to the Board of Directors and committees	1,805	1,616	189
Social security costs of the Board of Directors	66	80	(14)
Other employee costs	1,210	1,221	(11)
Long term incentive	130	376	(246)
Total personnel expense	**33,224**	**34,005**	**(781)**

Other costs of 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	2019	2018	Change
Executives - employees	2	2	0
White-collar staff - employees	637	649	(12)
Total	**639**	**651**	**(12)**

Long term incentive

On 12 May 2017 and on 15 May 2018, the Board of Directors assigned 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 for the year of the Phantom Stock Options equal to EUR 48 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 related 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 8.70, option duration of 3 years, expected dividend rate of 3.5%, 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 1.2868 for the first tranche and EUR 0.7086 for the second tranche.

The shareholders' meeting of 17 April 2019 approved the adoption of a 2019-2021 Performance Shares Plan which provides for the right of directors, key management personnel and other key employees to receive, at the end of the 3-year vesting period, ordinary shares of Openjobmetis S.p.A. subject to the achievement of certain Performance Objectives as described in the above Plan (to which explicit reference is made).

On 25 June 2019, the Board of Directors identified the beneficiaries of the first tranche of the Plan.

The assessment of the cost assigned was estimated by considering the performance components related to the achievement of the adjusted, consolidated and cumulative three-year EBITDA targets compared to the plan targets (with 50% weight) and the Company's performance in terms of Total Shareholder Return compared to the companies that make up the FTSE Italia STAR index (with 50% weight), estimated using the Monte Carlo method, which, on the basis of suitable assumptions, made it possible to define a considerable number of alternative scenarios.

The assigned estimated cost for the year of the Performances Shares equal to EUR 82 thousand corresponds to the change in the liability measured at fair value, representative of the value of the shares actually accrued by the beneficiaries in relation to the first tranches allocated in 2019. The related liability is included in the Equity item "other reserves" at the reporting date.

The parameters used in the fair value measurement at the dates of assignment and valuation of the plan are as follows: share price at the valuation date of EUR 7.16, expected dividend rate 3.5%, discount rate 1%, vesting right of the "market based" component equal to 47%, annual volatility 31%, applying a reasonable estimate on the basis of historical volatility calculated with reference to the valuation date.

The unitary fair value of the right to receive the free shares was EUR 6.68 at the reporting date.

23. Cost of raw materials and consumables

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

24. Costs for services

The item includes:

(In thousands of EUR)	**2019**	**2018**	**Change**
Costs for organising courses for temporary workers	11,919	11,666	253
Costs for tax, legal, IT, business consultancy	4,681	3,699	982
Costs for marketing consultancy	1,996	2,172	(176)
Costs for due diligence and consultancy services	543	437	106
Fees to agents and professional advisors	2,746	2,635	111
Lease expenditure	0	2,796	(2,796)
Costs for advertising and sponsorships	1,581	1,436	145
Costs for car rentals	0	1,300	(1,300)
Costs for utilities	900	907	(7)
Remuneration to the Board of Statutory Auditors	88	90	(2)
Other	4,155	3,660	495
Total costs for services	**28,609**	**30,798**	**(2,189)**

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 agents and professional advisors refers to costs incurred to promote meetings with potential customers.

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

Costs for the year for *due diligence and consultancy services* as at 31 December 2019 relate mainly to non-recurring due diligence activities on potential targets.

The reduction in lease expenditure and costs for car rentals is related to the adoption of IFRS 16 Leases.

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)	**2019**	**2018**	**Change**
Other expenses	668	768	(100)
Total other operating expenses	**668**	**768**	**(100)**

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 directors' report 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)	**2019**	**2018**	**Change**
Bank interest income	9	4	5
Interest income on other receivables	34	100	(66)
Total financial income	**43**	**104**	**(61)**
Interest expense on loans	(248)	(410)	162
Interest expense on current accounts	(17)	(25)	8
Other interest expense	(472)	(197)	(275)
Total financial expense	**(737)**	**(632)**	**(105)**
Total financial income (expense)	**(694)**	**(528)**	**(166)**

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 IFRS 9, to the non-recurring cost arising from reversal to the income statement of the value of the cost amortised following the early extinguishment of the previous loan equal to EUR 116 thousand, and the expense relating to the recognition of the right of use pursuant to IFRS 16, amounting to EUR 224 thousand.

28. Income taxes

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Current taxes	4,366	5,487	(1,121)
Deferred tax assets	203	163	40
Deferred tax liabilities	(76)	(17)	(59)
Tax from previous years	(8)	341	(349)
Total income taxes	**4,485**	**5,974**	**(1,489)**

Current taxes as at 31 December 2019 totalling EUR 4,366 thousand refer to IRAP of EUR 1,021 thousand and to IRES of EUR 3,345 thousand.

Current taxes as at 31 December 2018 totalling EUR 5,487 thousand refer to IRAP of EUR 1,142 thousand and to IRES of EUR 4,345 thousand.

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)	**2019**	**Rate**	**2018**	**Rate**
Profit (loss) before taxes	14,889		18,350	
Theoretical income taxes (a)	3,573	24.00%	4,404	24.00%
Tax effect of permanent differences including:				
- cars	192		185	
- telephony	50		46	
- prior year items and charges	32		19	
- board and lodging	20		26	
- other changes	12		19	
- ACE (Aiuto alla crescita economica, Aid to economic growth)	(190)		(192)	
- 10% IRAP deduction	(83)		(99)	
Subtotal (b)	**33**		**4**	
Income taxes recorded in the Financial Statements				
(current and deferred) excluding IRAP (a + b)	3,606	24.22%	4,470	24.36%
IRAP (current and deferred)	1,027	6.90%	1,163	6.34%
Deferred tax assets on previous years' tax losses	(140)	(0.94)%	0	0%
Income taxes recorded in the Financial Statements (current and deferred)	**4,493**	**30.18%**	**5,633**	**30.70%**
Deferred tax assets not included in the Financial Statements (on tax losses of companies acquired during the year)	0	0%	63	0.34%
Tax from previous years (allocation to tax reserve)	(8)	(0.05)%	341	1.86%
Total taxes	**4,485**	**30.12%**	**5,974**	**32.55%**

Pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (TUIR), agreements were signed between Openjobmetis S.p.A. and its subsidiaries Openjob Consulting S.r.l., Seltis S.r.l., Corium S.r.l. and Meritocracy S.r.l. concerning the exercise of the option of the domestic tax consolidation scheme, thus benefiting from the possibility of offsetting taxable income against tax losses in a single tax return. The three-year agreements will be tacitly renewed for the following three-year period unless they are 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:

- The subsidiary Openjob Consulting S.r.l., at an event held in Perugia, underwent a tax inspection by the relevant 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 charge notice was issued by INPS, later effectively suspended by the Labour Court of Perugia and still pending. In September 2018, 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. The Company and the Local Labour Office (LLO) subsequently reached a settlement in June 2019, following which Openjob Consulting S.r.l. paid about EUR 29 thousand to settle any claim by the LLO.

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)	**2019**	**2018**	**Change**
Held-to-maturity investments	43	3	40
Trade receivables	116,357	115,270	1,087
Cash and cash equivalents	6,531	6,478	53
Total	**122,931**	**121,751**	**1,180**

Receivables mainly refer to Italian customers.

There are no particular concentrations of receivables in specific sectors.

Exposure to the top 10 customers accounts for approximately 19% of total receivables as at 31 December 2019.

- **Impairment losses**

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Falling due	95,381	94,931	450
Past due from 0 to 90 days	18,270	17,786	484
Past due from 91 to 360 days	2,912	1,986	926
Past due 360 days or more	4,660	5,837	(1,177)
Total trade receivables	**121,223**	**120,540**	683

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Opening balance	**5,270**	**5,162**	**108**
Impairment loss for the year	3,062	2,158	904

Uses made during the period/year	(3,466)	(2,050)	(1,416)
Balance as at 31 December	**4,866**	**5,270**	**(404)**

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 assets. 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 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	2019					
(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	0	0	0	0	0	0
Line A New Loan	(13,417)	(14,056)	(1,611)	(1,599)	(10,846)	0
Non-guaranteed bank loans and borrowings	(11,140)	(11,140)	(11,140)	0	0	0
Lease liabilities	(12,051)	(12,542)	(1,859)	(1,859)	(8,650)	(174)
Trade payables	(7,942)	(7,942)	(7,942)	0	0	0
Other payables	(33,171)	(33,171)	(33,171)	0	0	0
Employee benefits *	(40,403)	(40,403)	(40,403)	0	0	0
Total	**(118,124)**	**(119,254)**	**(96,126)**	**(3,458)**	**(19,496)**	**(174)**

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
Employee benefits *	(39,950)	(39,950)	(39,950)	0	0	0
Total	**(109,983)**	**(110,345)**	**(101,974)**	**(4,086)**	**(4,285)**	**0**

* the item Employee benefits considers only short-term benefits that will generally be settled periodically.

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

Note that for Line B - Revolving of the New Loan outstanding as at 31 December 2019, 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)	2019	2018	Change
Non-guaranteed bank loans and borrowings	11,140	16,934	(5,794)
Tranche A Senior Loan	0	13,696	(13,696)
Line A New Loan	13,417	0	13,417
Total financial liabilities	**24,557**	**30,630**	**(6,073)**

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.

A derivative contract hedging the risk of interest rate change was put in place for a portion equal to 50% of the nominal value of the amortising line for the first three years of the New Loan.

(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)	2019		2018	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Held-to-maturity investments	43	43	3	3
Trade receivables, other receivables and tax assets	125,916	125,916	123,298	123,298
Cash and cash equivalents	6,531	6,531	6,478	6,478
Lease liabilities	(12,051)	(12,051)	(49)	(49)
Tranche A Senior Loan	0	0	(13,696)	(13,696)
Line A New Loan	(13,417)	(13,417)	0	0
Non-guaranteed bank loans and borrowings	(11,140)	(11,140)	(16,934)	(16,934)
Trade payables, other payables and tax payables	(41,137)	(41,137)	(40,039)	(40,039)
Employee benefits	(40,403)	(40,403)	(39,950)	(39,950)
Total	**14,342**	**14,342**	**19,111**	**19,111**

- **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.

- *Derivative financial liabilities*

The fair value of Interest Rate Swaps is equal to the present value of the future cash flows estimated on the basis of observable market parameters, and also compared with the prices of the financial intermediary with whom the contract was signed.

- *Trade and other receivables*

The fair value of trade and 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 to discount 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.

- *Fair value hierarchy*

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

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

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

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

31 December 2019	*(In thousands of EUR)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Hedging IRS		0	(26)	0	(26)

31 December 2018	*(In thousands of EUR)*	Level 1	Level 2	Level 3	Total
Hedging IRS		0	0	0	0

31. Leases

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

As better described in note 2a, these leases were accounted for in accordance with the new accounting standard IFRS 16.

32. Related parties

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

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

During the period, the Group carried out transactions with some of the above-mentioned entities as shown below. The general conditions that regulate said transactions have been carried out on an arm's length basis.

During the meeting of 12 October 2015, the Board of Directors approved and subsequently updated, most recently on 3 October 2019, 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 total value of the transactions and residual balances is as follows:

Description *(in thousands of EUR)*	**Total 2019**	**Other related parties**	**Total related parties**	**% weight on financial statement items**
1 Employee costs	33,224	2,734	2,734	8.23%

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%

As shown in note 33 below, the item Employee costs from Other related parties includes costs equal to EUR 1,804 thousand in 2019 (EUR 1,616 thousand in 2018) for the Board of Directors, EUR 621 thousand in 2019 (EUR 618 thousand in 2018) for Key management personnel and EUR 309 thousand in 2019 (EUR 342 thousand in 2018) for salaries paid to close relatives of the latter.

In the course of normal business, the Group has provided temporary worker supply services and has collaborated with related parties for immaterial amounts and under 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 2,425 thousand, of which EUR 1,804 thousand for members of the Board of Directors and EUR 621 thousand for key management personnel (EUR 2,234 thousand in 2018, of which EUR 1,616 thousand for the members of the Board of Directors and EUR 618 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 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. The shareholders' meeting of 17 April 2019 approved the adoption of a 2019-2021 Performance Shares Plan which provides for the right of directors, key management personnel and other key employees to receive, at the end of the 3-year vesting period, ordinary shares of Openjobmetis S.p.A. subject to the achievement of certain Performance Objectives as described in the above Plan (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 39 thousand in 2019 (EUR 45 thousand in 2018).

For more information regarding fees of said managers, reference is made to the 2019 Remuneration Report published in the "Corporate Governance" section of the company website.

Remuneration to the Board of Statutory Auditors for 2019 amounted to EUR 88 thousand (EUR 88 thousand in 2018).

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	989	None	415	400	1,804
Key management personnel	430	None	191	0	621
Total BoD and Key management personnel	**1,419**	**None**	**606**	**400**	**2,425**

Remuneration *(in thousands of EUR)*	**Remuneration for offices held**	**Non-monetary benefits**	**Bonuses and other incentives**	**Remuneration from subsidiaries of the Issuer**	**Total remuneration**
Board of Statutory Auditors	88	None	0	0	88
Total Board of Statutory Auditors	**88**	**None**	**0**	**0**	**88**
Total remuneration of key management personnel	**1,507**	**None**	**606**	**400**	**2,513**

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
Audit	KPMG SPA	Openjob Consulting Srl	12
Audit	KPMG SPA	Seltis Srl	12
Total compensation for audit services			**184**
Forma.Temp statement	KPMG SPA	Openjobmetis SpA	4
Non-financial statement	KPMG SPA	Openjobmetis SpA	15
Due Diligence services	KPMG SPA	Openjobmetis SpA	154
Total			**357**

Auditing services for Openjobmetis S.p.A. include statutory audit of the financial statements as at 31 December 2019 and the review of the interim consolidated financial statements as at 30 June 2019.

35. Atypical and/or unusual transactions

The consolidated financial statements as at 31 December 2019 do not show any income components or capital and financial items, whether positive or negative, arising from atypical or unusual events and transactions.

36. Significant non-recurring events and transactions

In compliance with Consob Communication no. DEM/6064293 of 28 July 2006, as regards events or transactions whose occurrence is non-recurring or those transactions or events which do not occur frequently in the ordinary course of business, reference should be made to the comments made in Note 24, in relation to consultancy and due diligence costs for potential targets of EUR 543 thousand (approximately 1.9% of costs for services and approximately 6.8% of trade payables), and in Note 27 in relation to the release of commissions paid in previous years, following the early repayment of the medium/long-term loan for EUR 116 thousand (approximately 15.7% of the financial expense).

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

It should be noted that during the year the Company did not receive any public grants, subsidies, benefits, contributions or aid, in cash or in kind, which are not general in nature and are not a form of consideration, remuneration or compensation, in addition to what has already been published on the site:

https://www.rna.gov.it/RegistroNazionaleTrasparenza/faces/pages/TrasparenzaAiuto.jspx

38. Earnings per share

The calculation of earnings per share for the years ended 31 December 2019 and 31 December 2018 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)	**2019**	**2018**
Profit (loss) for the year	10,404	12,356
Average number of shares in thousands*	13,209	13,301
Basic earnings per share (in EUR)	**0.79**	**0.93**
Diluted earnings per share (in EUR)	**0.79**	**0.93**

** The average number of shares is calculated net of treasury shares purchased following the buy-back programme, as described in more detail in Note 19, to which reference is made.*

39. Subsequent events

On 1 January 2020, the transfer to Family Care S.r.l. – Agenzia per il Lavoro of the business unit, which has as its object the assets and liabilities relating to the care activities of elderly and non-self-sufficient persons, became effective. This transfer has had no impact on the Group's consolidated financial statements.

On 24 January 2020, Corium S.r.l., a company wholly owned by Openjobmetis S.p.A., first merged HC S.r.l., previously owned 70% by Openjobmetis S.p.A., and subsequently changed its name to the name of the merged company. As a result of this operation, Openjobmetis S.p.A. directly controls 78.6% of the "new" HC S.r.l.

On 31 January 2020, Openjobmetis S.p.A. acquired 100% of the share capital of Jobdisabili S.r.l., owner of the trademark "Jobmetoo" (https://www.jobmetoo.com), an online platform specialised in the recruitment and selection of personnel with disabilities, a meeting place between those belonging to protected categories and the world of work and businesses.

With regard to the recently declared Covid-19 pandemic, the Group has acted promptly, including on the basis of the directives issued by the Government, in order to limit the possible impacts on the health of its employees.

Based on the performance of the first two months of 2020, no impact on Group revenue and on average collection times from customers has been recognised. However, the hypothetical future consequences for the national macroeconomic scenario and consequently for all the Group's activities cannot yet be estimated.

Milan, 17 March 2020

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 certify, 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, in the year from *01/01/2019 to 31/12/2019.*

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 2019 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 2019:

- correspond with 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 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 Directors' report 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 Directors' report also contains information on significant transactions with related parties. Pursuant to the provisions of Article 154-ter of Legislative Decree no. 58/98

Milan, 17 March 2020

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 2019, 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 2019 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 2019 include goodwill of €74,438 thousand (unchanged from 31 December 2018) arising from non-recurring transactions and acquisitions carried out in previous years. This goodwill is allocated to the cash-generating unit comprising the Group's operating assets and liabilities. The directors, assisted by an external advisor, prepared an impairment test of goodwill, approved by the board of directors on 17 March 2020, 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 2020-2024 business plan approved by the board of directors on 31 January 2020. 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: — updating our understanding of the process adopted to prepare the impairment test and the 2020-2024 business plan, assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of relevant controls; — 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 main 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 2019 include trade receivables of €116,357 thousand, net of the allowance for impairment of €4,866 thousand (€115,270 thousand at 31 December 2018, net of the allowance for impairment of €5,271 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 similar exposures. 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: — updating our understanding of the process adopted to monitor and manage credit risk; — assessing the design and implementation of controls and procedures to assess the operating effectiveness of relevant 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 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 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 2019 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 2019 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 2019 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, 24 March 2020

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	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	*4*	2,198,950	2,303,148
Right of use for leases	*4*	10,621,687	0
Intangible assets and goodwill	*5*	72,260,475	72,541,778
Equity investments in subsidiaries	*6*	4,264,206	3,374,206
Financial assets	*7*	27,931	2,282
Deferred tax assets	*8*	1,595,009	1,923,020
Total non-current assets		**90,968,258**	**80,144,434**
Current assets			
Cash and cash equivalents	*9*	2,348,109	2,417,661
Trade receivables	*10*	113,859,847	114,011,806
Other receivables	*11*	8,483,355	8,021,821
Current tax assets	*12*	1,043,383	0
Assets held for sale	*3*	1,536,543	0
Total current assets		**127,271,237**	**124,451,288**
Total assets		**218,239,495**	**204,595,722**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Non-current liabilities			
Financial liabilities	*13*	10,417,013	4,133,169
Lease liabilities	*13*	7,532,099	0
Derivative instruments	*13-30*	26,002	0
Employee benefits	*14*	599,923	622,345
Total non-current liabilities		**18,575,037**	**4,755,514**
Current liabilities			
Bank loans and borrowings and other financial liabilities	*13*	14,047,952	26,460,260
Lease liabilities	*13*	3,138,612	0
Trade payables	*15*	7,563,097	5,451,183
Employee benefits	*14*	39,766,152	39,634,016
Other payables	*16*	32,391,664	33,024,697
Current tax liabilities	*17*	0	638,538
Provisions	*18*	1,744,405	1,729,144
Liabilities directly related to assets held for sale	*3*	1,436,543	0
Total current liabilities		**100,088,425**	**106,937,838**
Total liabilities		**118,663,462**	**111,693,352**
SHAREHOLDERS' EQUITY			
Share capital		13,712,000	13,712,000
Legal reserve		2,292,707	1,653,597
Share premium reserve		31,545,661	31,545,661
Other reserves		41,639,879	33,208,908
Profit (loss) for the year		10,385,786	12,782,204
Total shareholders' equity	***19***	**99,576,033**	**92,902,370**
Total liabilities and shareholders' equity		**218,239,495**	**204,595,722**

As from 1 January 2019 the Group adopted IFRS 16 - Leases, applying the modified retrospective approach without recalculating the comparative information. See note 2a "*IFRS 16 – Leases*" for further information. The notes are an integral part of these separate financial statements.

Statement of Comprehensive Income

(*In EUR*)	Notes	2019	2018
Revenue	*20*	556,711,439	587,350,566
Costs of temporary work	*22*	(491,886,630)	(519,697,023)
First contribution margin		**64,824,809**	**67,653,543**
Other income	*21*	12,969,396	13,307,874
Personnel expense	*22*	(28,992,339)	(30,670,493)
Cost of raw materials and consumables	*23*	(218,671)	(215,606)
Costs for services	*24*	(28,390,020)	(31,156,047)
Amortisation, depreciation and write-downs	*4,5,6*	(5,173,392)	(869,926)
Impairment losses on trade and other receivables	*26*	(3,044,000)	(2,230,000)
Other operating expenses	*25*	(643,132)	(748,599)
Operating profit (loss)		**11,332,651**	**15,070,746**
Financial income	*27*	3,342,311	3,147,275
Financial expense	*27*	(722,126)	(619,532)
Profit (loss) before taxes		**13,952,836**	**17,598,489**
Income taxes	*28*	(3,567,050)	(4,816,285)
Profit (loss) for the year		**10,385,786**	**12,782,204**
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		(26,002)	0
Components that will not be reclassified to profit/loss			
Actuarial gain (loss) on defined benefit plans		(57,930)	41,751
Total other comprehensive income (expense) for the year		**(83,932)**	**41,751**
Total comprehensive income (expense) for the year		**10,301,854**	**12,823,955**

As from 1 January 2019 the Group adopted IFRS 16 - Leases, applying the modified retrospective approach without recalculating the comparative information. See note 2a "*IFRS 16 – Leases*" for further information. The notes are an integral part of these separate financial statements.

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 01/01/2017	**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**
Allocation of profit (loss) for the year			639		12,143		(12,782)	
Dividend distribution					(3,059)			(3,059)
Purchase of treasury shares					(650)			(650)
Effective portion of changes in fair value of cash flow hedges						(26)		(26)
Fair Value share-based plans					81			81
Actuarial gain (loss) on defined benefit plans						(58)		(58)
Profit (loss) for the year	19						10,386	10,386
Total comprehensive income (expense) for the year	19					(84)	10,386	10,302
Balances as at 31/12/2019	**19**	**13,712**	**2,293**	**31,546**	**41,736**	**(96)**	**10,386**	**99,576**

Statement of Cash Flows

(In EUR)	Note	2019	2018
Cash flows from operating activities			
Profit (loss) for the year		10,385,786	12,782,204
Adjustments for:			
Depreciation of property, plant and equipment	*4*	419,123	546,687
Amortisation of intangible assets	*5*	322,436	323,239
Amortisation right to use IFRS 16		3,681,833	0
Capital losses/(gains) on sales of property, plant and equipment		7,528	37,203
Net decreases of financial assets	6.26	750,000	80,000
Impairment loss on trade receivables	*26*	3,044,000	2,150,000
Current and deferred taxes	*28*	3,567,050	4,816,285
Net financial (income) expense	*27*	(2,620,185)	(2,527,743)
Cash flows before changes in working capital and provisions		**19,557,571**	**18,207,875**
Change in trade and other receivables gross of impairment loss	*10,11,26*	(3,353,575)	5,425,030
Change in trade and other payables	*15.16*	1,754,379	(1,363,967)
Change in employee benefits	*3.14*	494,114	(78,913)
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*	1,276,600	1,426,882
Change in provisions	*18*	15,261	(1,011,000)
Paid income taxes		(6,197,560)	(8,082,794)
Cash and cash equivalents generated/(absorbed) by operating activities (a)		**13,546,790**	**14,523,113**
Cash flows from investing activities			
Purchase of property, plant and equipment	*3.4*	(605,726)	(636,116)
Proceeds from sales of property, plant and equipment		27,960	13,742
Purchase of equity investments		(1,275,498)	(1,300,000)
Other net increases in intangible assets	*3.5*	(67,800)	(203,043)
Change in other financial assets	*7*	(25,649)	5,004
Cash and cash equivalents generated/(absorbed) by investing activities (b)		**(1,946,713)**	**(2,120,413)**
Interest paid		(606,126)	(619,533)
Lease payments	*3.13*	(3,770,652)	0
Interest and dividends received	*27*	3,342,311	3,147,275
New loan disbursement	*13*	15,000,000	0
Dividend distribution		(3,059,147)	0
Repayment of loan instalments	*3.13*	(15,300,000)	(8,606,009)
Purchase of treasury shares	*19*	(650,909)	(3,919,617)
Capital payment	*6*	(640,000)	(350,000)
Change in short-term bank loans and borrowings and other loans		(5,687,473)	(444,174)
Cash and cash equivalents generated/(absorbed) by financing activities (c)		**(11,371,996)**	**(10,792,058)**
Cash flows from the period (a) + (b) + (c)		**228,081**	**1,610,642**
Net cash and cash equivalents as at 1 January	***9***	**2,417,661**	**807,019**
Net cash and cash equivalents as at 31 December	***3.9***	**2,645,742**	**2,417,661**

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 Law on Finance (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 2019, 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 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 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 changes in shareholders' equity, the statement of cash flows 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 assets and liabilities 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 2019 on a going concern basis and are accompanied by the Directors' report.

The Company's separate financial statements for the year ended as at 31 December 2019 were approved by the Board of Directors of the Company at the meeting held on 17 March 2020, when the distribution of the results through a press release dated 17 March 2020 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.

In compliance with Consob Resolution no. 15519 of 27 July 2006 and Consob Communication no. DEM/6064293 of 28 July 2006, note 36 indicates separately the events or transactions whose occurrence is non-recurring or those transactions or events which do not occur frequently in the ordinary course of business. Also in application of the same Consob references, any cases of non-recurring significant events and transactions are reported in note 36, while in note 32 the relative cases regarding positions and transactions with related parties are indicated separately.

The separate financial statements are the first set of annual financial statements in which the Company has applied IFRS 16 Leases, the adoption of which has 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 2019

The Company adopted IFRS 16 Leases starting from 1 January 2019. The other new standards applicable from 1 January 2019 have had no significant effect on the Company's separate financial statements.

IFRS 16 - Leases

IFRS 16 redefines the way in which lease agreements are recognised. 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 lessee accounting model for requiring, as a general rule, the recognition under assets of the right of use of the underlying asset and under liabilities of the lease liability. There are exceptions to the application of IFRS 16 for short-term leases and for low-value assets.

The Company recognised new assets and liabilities mainly for its operating leases on properties used as headquarters and in which branches operate, company cars and IT equipment. The nature of the costs relating to the above mentioned leases consequently changed since the Company amortised right-of-use assets, posting the interest expense on lease liabilities.

The Company applied IFRS 16 using the modified retrospective approach and therefore the cumulative effect of the adoption of IFRS 16 was recognised as at 1 January 2019, recognising further right-of-use assets and other lease liabilities. Therefore, comparative information was not restated, i.e. it is presented in accordance with IAS 17 and related interpretations.

Previously, the Company determined at the inception of the contract whether the contract was - or contained - a lease in accordance with IFRIC 4 *Determining whether an arrangement contains a lease*. In accordance with IFRS 16, the Company assesses whether the contract is a lease or contains it on the basis of the new definition of a lease. Under IFRS 16, the contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception of the contract or on the date of reassessment of a contract that contains a lease component, the Company allocates the consideration payable to each lease and non-lease component on the basis of the relative stand-alone prices. However, in the case of car leases in which it acts as a lessee, the Company decided not to separate non-lease components from lease components and to account for lease and non-lease components as a single component.

As a lessee, the Company previously classified leases as operating or financial, assessing whether the lease transferred substantially all the risks and rewards incidental to ownership. Under IFRS 16, the Company recognises in its Statement of Financial Position the right-of-use assets and the lease liabilities for the majority of leases.

However, the Company decided not to recognise right-of-use assets and liabilities relating to the lease of low-value assets, including IT equipment. Therefore, the Company recognises the lease payments relating to the above-mentioned leases as an expense on a straight-line basis over the lease term.

The Company shows the right-of-use assets that do not meet the definition of investment property in the specific item "Right of use for leases" and the lease liabilities in the item "Lease liabilities" that have been included in the statement of financial position at 31 December 2019.

At the inception of the lease, the Company recognises the right-of-use asset and the lease liability. The right-of-use asset is measured at cost, and subsequently at cost less accumulated amortisation/depreciation and accumulated impairment, and adjusted to reflect the revaluations of the lease liability.

The Company measures the lease liability at the present value of the lease payments not paid at the inception date, discounting them using the interest rate implicit in the lease. Where it is not possible to determine this rate easily, the Company uses the incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest accrued on this liability and decreased by the payments due for the lease made and is remeasured in the event of a change in future lease payments resulting from a change in an index or a rate, in the event of a change in the amount expected by the Company to be payable under residual value guarantees or when the Company changes its assessment with reference to whether it will exercise a purchase, extension or termination option.

The Company estimated the lease term of certain contracts in which it acts as a lessee and that provide for renewal options. The Company's assessment of whether or not there is a reasonable certainty of exercising the option affects the estimate of the lease term, significantly impacting the amount of lease liabilities and right-of-use assets recognised.

Previously, the Company recognised leases on properties used as headquarters and in which branches operate, on company cars and IT equipment as operating leases in accordance with IAS 17. In general, real estate leases have a term of six years and contain an option to renew for a further six years exercisable at the end of the binding period, while car leases have a term of three or four years and do not contain an option to renew. Real estate leases generally involve additional payments related to changes in local price indices. Real estate leases allow the Company to withdraw from the contract at 6 months notice.

At the date of initial application, in the case of operating leases in accordance with IAS 17, lease liabilities were determined at the present value of residual lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured based on the value of the lease liability adjusted by the amount of any advance or accumulated payments due under the lease.

The Company leases an office building that was classified as a finance lease under IAS 17. For such leases, the carrying amount of the right-of-use assets and of the lease liability as at 1 January 2019 corresponds to the carrying amount of the leased asset and the lease liability under IAS 17 immediately before that date.

In order to apply the modified retrospective approach to the operating leases indicated above, the Company adopted a practical expedient that allows it to rely on the experience acquired in determining the lease term.

The following tables summarise the effects of the application of IFRS 16 as at 1 January 2019.

(In thousands of EUR)	
Right-of-use assets	11,695
Lease liabilities	11,695

Based on the above, there were no effects on profits carried forward of the shareholders' equity of the Company as at 1 January 2019 from the application of IFRS 16.

When calculating the lease liabilities classified as operating leases, the Company discounted the lease payments using the incremental borrowing rate of interest as at 1 January 2019. The weighted average rate applied is 2.01%.

(In thousands of EUR)	
Commitments arising from operating leases as at 31 December 2018, as presented in the company's financial statements	11,038
Discounted using the incremental borrowing rate of interest as at 1 January 2019 (a)	10,558
Finance lease liabilities recognised as at 31 December 2018 (b)	49
Exemption from recognition for leases of low-value assets (c)	(131)
Option to extend a lease, the operation of which is reasonably certain (d)	1,268
Lease liabilities recognised as at 1 January 2019 (a+b+c+d)	**11,744**

Following the first-time application of IFRS 16 to leases previously classified as operating leases, the Company recognised right-of-use assets and lease liabilities of EUR 11,578 thousand and EUR 11,709 thousand, respectively, as at 31 December 2019, in addition to reclassifying the contract for the Aprilia property, already held by means of a finance lease agreement in previous years.

Moreover, in relation to leases recognised in accordance with IFRS 16, the Company recognised amortisation/depreciation and interests in place of costs for operating leases. During the year ended 31 December 2019, the Company recorded amortisation/depreciation and financial expense of EUR 3,682 thousand and EUR 220 thousand, respectively.

Any impairment losses for right of use are determined and recognised in accordance with IAS 36. Right-of-use assets cannot generate cash flows that are largely independent of other assets or groups of assets. The right-of-use assets were allocated to the cash generating unit consisting of all the Group's operating assets and liabilities, to which goodwill was allocated; therefore, the impairment test was carried out with reference to this CGU on an annual basis as at 31 December 2019. Details regarding the procedures for preparing the impairment test are provided in note 5.

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.

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.

The main subjective assessments made by the Company management in applying the accounting policies and the main sources of uncertainty in estimates were the same as those applied for the preparation of the financial statements for the year ended 31 December 2018, with the exception of the assessments relating to the application of IFRS 16, described below.

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

- *Impairment test on goodwill*

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

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

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

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

- *Measurement of 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 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.

- *Leases*

The Company estimated the lease term of certain contracts in which it acts as a lessee and that provide for renewal options. The Company's assessment of whether or not there is a reasonable certainty of exercising the option affects the estimate of the lease term, significantly impacting the amount of lease liabilities and right-of-use assets recognised.

(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, 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, cash flows exclusively represented by payments of capital and interest on the amount of capital to be returned.

At the time of initial recognition of an equity instrument not held for trading purposes, the Company may make the irrevocable decision to present subsequent changes in fair value in other comprehensive income (expense). This decision is made for each asset.

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 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

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

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

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

(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.

(g) Leased assets

As regards the accounting of lease agreements under IFRS 16 "Leases" as from 1 January 2019, reference should be made to paragraph 2(a).

With regard to the accounting of lease agreements prior to 1 January 2019, please refer to the following.

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.

(h) Intangible assets and goodwill

(h.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 *(i) Impairment losses* below.

(h.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.

(h.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 five years.

(i) Impairment losses

(i.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.

(i.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.

(i.2) Non-financial assets

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

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

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

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

(l) 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.

(m) 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.

(n) 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 by 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 and void in that they are represented by payments of contributions to supplementary pension funds or to the INPS treasury fund.

Short-term benefits

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

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

Long-term employee benefits

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

Benefits due to employees for termination of employment

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

Share-Based Payments

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

The fair value of the amount payable to employees with regard to the share revaluation rights, settled in shares, is recognised as a cost with a corresponding increase in equity over the period during which employees become entitled to the unconditional right to receive the shares. Any changes in fair value after the date of assignment do not affect the initial valuation. At the end of each financial year, the estimate of the number of rights that will accrue at maturity ("non-market based" component) is updated.

(o) Revenue

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.

(p) Contributions

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".

(q) 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 measured 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 measured 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.

(r) New standards published but not yet adopted

The new standards for years beginning after 1 January 2019 and for which early application is permitted are indicated below. The Company has, however, decided not to adopt them in advance for the preparation of these financial statements.

The following amendments to the standards or to the interpretations are not expected to have significant effects on the Company's financial statements.

- *Amendments to References to Conceptual Framework in IFRS Standards;*
- *Definition of Material (Amendments to IAS 1 and IAS 8);*
- *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).*

(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.

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 Company, increasing the need for additional sources of funding.

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 *i) Impairment losses (i.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:

2019

- EUR 15 million of cash revolving credit lines backed by collateral, at an average interest rate equal to the 6-month Euribor plus 1.65%, subject to compliance with an economic and financial covenant as described below;
- EUR 92 million of credit lines that can be used against presentation of short-term trade receivables, generally at a variable rate linked to the Euribor.

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 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.

As described below, the Company is subject to compliance with an economic and financial covenant included in the loan agreement and calculated at the level of the Parent's consolidated financial statements.

The New Loan existing as at 31 December 2019, provides for 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.

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

(*In thousands of* EUR)				
Beneficiary	***Type***	**2019**	**2018**	**Change**
A.N.P.A.L.	Authorisation pursuant to Italian Legislative Decree no. 276	29,277	28,808	469
Third Parties	Sureties for participating in tenders	168	115	53
Third Parties	Sureties for leases	698	665	33
Third Parties	Other	51	164	(113)
Total		**30,194**	**29,752**	**442**

The guarantees given in favour of the A.N.P.A.L. (Italian National Agency for Active Labour Market Policies) 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's financial indebtedness has variable interest rates, therefore the Company could be exposed to the risks related to fluctuations in these rates. To address these risks, the Company has adopted partial hedging instruments against the risk of interest rate changes. More specifically, derivative contracts that qualify as "hedging instruments" have been concluded, aimed at transforming the variable rates applied into average fixed rates on the hedged portion of the loan, equal to 50% of the nominal value of the amortising line for the first three years.

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

(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 Directors' report.

(u) 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. amounted to 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 by incorporation of Metis S.p.A. on 31 December 2011, a merger deficit was generated, allocated entirely to goodwill, equal to EUR 27,164 thousand.

3. Assets held for sale

Non-current assets or disposal groups consisting of assets and liabilities are classified as held for sale when their carrying amount is highly likely to be recovered mainly through a sale transaction rather than by their continued use.

The assets or disposal group are usually valued at the lower of the carrying amount and the fair value net of selling costs. Any impairment loss of a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities proportionally, with the exception of inventories, financial assets, deferred tax assets, employee benefits, real estate investments and biological assets, which continue to be measured in accordance with other Group accounting standards. Impairment losses arising from the initial classification of an asset as held for sale or distribution and subsequent valuation differences are recognised in the profit/(loss) for the year.

Once classified as held for sale, intangible assets and property, plant and equipment cease to be amortised/depreciated and equity investments recognised using the equity method are no longer recognised.

Non-current assets or disposal groups consisting of assets and liabilities are classified as held for sale when their carrying amount is highly likely to be recovered mainly through a sale transaction rather than by their continued use.

On 3 October 2019 "Family Care Srl - Agenzia per il lavoro", which is fully controlled by the Company, was set up. On 18 October 2019, the Company decided to confer to this subsidiary a business unit for activities related to the care of the elderly and those who are not self-sufficient; this decision was subject to the subsidiary obtaining the Ministerial Authorisation to operate as an Employment Agency, an authorisation that it obtained in November 2019 (Auth. Prot. No. 199 of 18/11/2019), and that is expected to become effective from 1 January 2020.

On the basis of the above, the assets related to the business unit and the liabilities related to these assets were classified as held for sale in the Company's financial statements as at 31 December 2019:

(*In EUR*)	**31 December 2019**
ASSETS	
Non-current assets	
Property, plant and equipment	147,313
Right of use for leases	1,064,930
Intangible assets	26,667
Total non-current assets	**1,238,910**
Current assets	
Cash and cash equivalents	297,633
Total current assets	**297,633**
Total assets held for sale	**1,536,543**
LIABILITIES	
Non-current liabilities	
Lease liabilities	813,926
Employee benefits	56,199
Total non-current liabilities	**870,125**
Current liabilities	
Lease liabilities	262,152
Employee benefits	304,266
Total current liabilities	**566,418**
Total liabilities held for sale	**1,436,543**

It should be noted that the revenue from activities related to the care of the elderly and non-self-sufficient persons included in the Company's financial statements as at 31 December 2019 and 31 December 2018 amounted to EUR 10.6 million and EUR 7.9 million respectively. Taking into account the fact that the average first margin as a percentage of revenue for these activities is substantially in line with the average of the temporary worker supply services for the Company, its first contribution margin as at 31 December 2019 and 31 December 2018 was equal to EUR 1.2 million and EUR 0.9 million respectively.

4. Property, plant and equipment and Right of use for leases

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**	**Other assets**	**Leasehold improvements**	**Total**
Cost:						
Balances as at 1 January 2019	**1,862**	**910**	**3,944**	**109**	**182**	**7,007**
Increases	0	64	541	0	0	605
Decreases	0	(2)	(527)	0	0	(529)
Reclassification	(180)	0	0	0	0	(180)
Assets held for sale	0	(14)	(169)	0	0	(183)
Balances as at 31 December 2019	**1,682**	**958**	**3,789**	**109**	**182**	**6,720**
Depreciation and impairment losses:						
Balances as at 1 January 2019	**805**	**615**	**2,993**	**109**	**182**	**4,704**
Increases	55	82	282	0	0	419
Decreases	0	(1)	(493)	0	0	(494)
Reclassification	(72)	0	0	0	0	(72)
Assets held for sale	0	(4)	(32)	0	0	(36)
Balances as at 31 December 2019	**788**	**692**	**2,750**	**109**	**182**	**4,521**
Carrying amounts:						
As at 1 January 2019	**1,057**	**295**	**951**	**0**	**0**	**2,303**
As at 31 December 2019	**894**	**266**	**1,039**	**0**	**0**	**2,199**

(In thousands of EUR)	Land and buildings	Plant and equipment	Other items of property, plant and equipment	Other assets	Leasehold improvements	Total
Cost:						
Balances as at 1 January 2018	**1,862**	**843**	**3,492**	**109**	**182**	**6,488**
Increases	0	85	550	0	0	635
Decreases	0	(18)	(98)	0	0	(116)
Reclassification	0	0	0	0	0	0
Balances as at 31 December 2018	**1,862**	**910**	**3,944**	**109**	**182**	**7,007**
Depreciation and impairment losses:						
Balances as at 1 January 2018	**750**	**541**	**2,641**	**109**	**182**	**4,223**
Increases	55	89	403	0	0	547
Decreases	0	(15)	(51)	0	0	(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**	**0**	**0**	**2,265**
As at 31 December 2018	**1,057**	**295**	**951**	**0**	**0**	**2,303**

The item includes buildings in the province of Udine, Brescia and in Rodengo Saiano (BS). The Aprilia building, already held by means of specific finance lease agreement, was reclassified under the item "Right of use for leases". 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.

The following table shows the changes in the item "Right of use for leases":

(In thousands of EUR)	**Motor vehicles**	**Property**	**Other fixed assets**	**Total**
Cost:				
Balances as at 1 January 2019	**1,573**	**10,056**	**66**	**11,695**
Increases	1,733	1,853	15	3,601
Decreases	(199)	(109)	(15)	(323)
Reclassification	0	180	0	180
Assets held for sale	(168)	(1,119)	0	(1,287)
Balances as at 31 December 2019	**2,939**	**10,861**	**66**	**13,866**
Depreciation and impairment losses:				
Balances as at 1 January 2019	**0**	**0**	**0**	**0**
Increases	1.081	2,555	40	3,676
Decreases	(190)	(77)	(15)	(282)
Reclassification	0	72	0	72
Assets held for sale	(55)	(167)	0	(222)
Balances as at 31 December 2019	**836**	**2,383**	**25**	**3,244**
Carrying amounts:				
As at 1 January 2019	**1,573**	**10,056**	**66**	**11,695**
As at 31 December 2019	**2,103**	**8,478**	**41**	**10,622**

Motor vehicles

This item mainly includes vehicles assigned to personnel under lease agreements. The increases represent the new agreements signed during the year.

Property

This item mainly includes property owned by the Group's head office and operating branches under lease agreements. The increases refer to new lease agreements signed during the year following the opening of new branches and the renewal of existing agreements concluded during the period.

Other fixed assets

This item mainly includes electronic equipment held by the Group under lease agreements.

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 2019	**71,736**	**8,152**	**2,468**	**55**	**82,411**
Increases	0	0	0	68	68
Decreases	0	0	0	0	0
Reclassification	0	0	0	0	0
Assets held for sale	0	0	(80)	0	(80)
Balances as at 31 December 2019	**71,736**	**8,152**	**2,388**	**123**	**82,399**
Amortisation and impairment losses:					
Balances as at 1 January 2019	**0**	**8,063**	**1,806**	**0**	**9,869**
Increases	0	44	279	0	323
Decreases	0	0	0	0	0
Assets held for sale	0	0	(53)	0	(53)
Balances as at 31 December 2019	**0**	**8,107**	**2,032**	**0**	**10,139**
Carrying amounts:					
As at 1 January 2019	**71,736**	**89**	**662**	**55**	**72,542**
As at 31 December 2019	**71,736**	**45**	**356**	**123**	**72,260**

(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**	**0**	**82,208**
Increases	0	0	148	55	203
Decreases	0	0	0	0	0
Reclassification	0	0	0	0	0
Balances as at 31 December 2018	**71,736**	**8,152**	**2,468**	**55**	**82,411**
Amortisation and impairment losses:					
Balances as at 1 January 2018	**0**	**8,019**	**1,527**	**0**	**9,546**
Increases	0	44	279	0	323
Decreases	0	0	0	0	0
Balances as at 31 December 2018	**0**	**8,063**	**1,806**	**0**	**9,869**
Carrying amounts:					
As at 1 January 2018	**71,736**	**133**	**793**	**0**	**72,662**
As at 31 December 2018	**71,736**	**89**	**662**	**55**	**72,542**

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 approved five-year business plan.

The impairment test as at 31 December 2019 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 2020-2024 business plan, which was adjusted by cancelling out the expected growth relating to the opening of new branches, and directly based on that approved by the Company on 31 January 2020, prepared by management on the basis of the Group's historical economic and financial performance, and expected future trends.

In view of the Group's strategy, the expected trend of the reference market and the overall macroeconomic situation, projected cash flows were estimated on the basis of the following assumptions:

- Revenue from temporary work: revenue for the Company is expected to increase, on a like-for-like basis, by 3.7% in 2020 and then a drop slightly to around 3.0% from 2021 to 2024;
- Revenue from other HR services including Personnel Recruitment and Selection: growth of 10% over the years of the plan.

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 1.2 million;
- maintenance investments in right-of-use assets, equal to EUR 4.5 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.

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 2019 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 2019 (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 2019 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 2019, 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 of the group	Recoverable amount	Amount in excess, recoverable with respect to the carrying amount
2017	124,393	163,880	39,487
2018	121,816	156,348	33,770
2019	122,369*	166,081	43,712

* Net of lease liabilities equal to EUR 12,051 thousand

Due to their nature, the forecasts used for impairment testing are subject to unforeseen elements that could still affect them, such as GDP not increasing as expected, changes in interest rates and inflation rates, changes in revenue, margins and collection terms from customers because of the macroeconomic trend. Such unforeseen elements could therefore result in having to amend the above-described impairment test. It is noted in this regard that the sensitivity analysis as at 31 December 2019 shows that the value in use is equal to the carrying amount of the Cash Generating Unit (gross of the lease liabilities) in the event of an increase in the discount rate of 2.2 percentage points, all the other conditions being equal; similarly, in the case of a reduction in non-discounted cash flows by 18.8% throughout the plan period and for the flow on which the determination of the terminal value is based, the value in use would equal the carrying amount of the Cash Generating Unit.

With reference to the recent identification of outbreaks of the Covid-19 virus in Italy, it is noted that the hypothetical consequences deriving from the spread of the virus across the country and from the relative countermeasures imposed by the Italian Government could in future have particular impacts, that are currently not foreseeable, on the assumptions reflected in the approved business plan at the end of January 2020 and the financial variables used in the impairment test.

It should also be noted that appraisals drawn up by independent experts were used in the preparation of the impairment test as at 31 December 2019 approved by the Board of Directors of the Company on 17 March 2020. Finally, it should be noted that as at 31 December 2019 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 114,920 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 2019 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 2020 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 S.r.l.	HC S.r.l.	Family Care S.r.l.	Total
Balance as at 1 January 2018	**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**
Acquisitions	**-**	**-**	**-**	**-**	**-**	**1,000**	**1,000**
Value increases	**-**	**-**	**240**	**400**	**-**	**-**	**640**
Value decreases	**-**	**-**	**-**	**(750)**	**-**	**-**	**(750)**
Balance as at 31 December 2019	**598**	**329**	**637**	**1,000**	**700**	**1,000**	**4,264**

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)
Openjob Consulting S.r.l.	100	2,390	100%	2,390	329	2,061
Seltis S.r.l.	110	1,082	100%	1,082	598	484
Corium S.r.l.	32	29	100%	29	637	(608)
Meritocracy S.r.l.	25	133	100%	133	1,000	(867)
HC S.r.l.	10	305	70%	213	700	(487)
Family Care S.r.l.	1,000	988	100%	988	1,000	(12)
Total	**1,277**	**4,927**		**4,835**	**4,264**	**571**

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 is focused on personnel recruitment, as a digital head hunter; and HC is an educational company that carries out activities dedicated to the development and motivation of human resources.

On 3 October 2019, "Family Care Srl - Agenzia per il lavoro" was established, for which ministerial authorisation (Auth. Prot. No. 199 of 18/11/2019) to operate as an Employment Agency was requested and obtained. All the activities relating to the care of the elderly and those who are not self-sufficient, previously managed by the Family Care Division, are brought together under Family Care S.r.l., wholly owned by Openjobmetis S.p.A., which became operational as from 1 January 2020.

The decrease 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 losses 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.

Since the increases in value of the equity investment for Meritocracy S.r.l. correspond to the capital payments resulting from the operating losses, it was decided, as a precautionary measure, to proceed with an impairment of the equity investment of the same amount.

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**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Property, plant and equipment	0	0	171	177	(171)	(177)
Intangible assets	0	4	0	0	0	4
Employee benefits	9	0	0	5	9	(5)
Provisions	323	319	0	0	323	319
Allowance for impairment	1,013	1,104	0	0	1,013	1,104
Costs with deferred deductibility	421	497	0	0	421	497
Listing costs	0	181	0	0	0	181
Total	**1,766**	**2,105**	**171**	**182**	**1,595**	**1,923**

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 2018**	**Changes in profit or loss**	**Balance 31 December 2019**
Property, plant and equipment	(177)	6	(171)
Intangible assets	4	(4)	0
Employee benefits	(5)	14	9
Provisions	319	4	323
Allowance for impairment	1,104	(91)	1,013
Costs with deferred deductibility	497	(76)	421
Listing costs	181	(181)	0
Total	**1,923**	**(328)**	**1,595**

9. Cash and cash equivalents

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Bank and postal deposits	2,624	2,394	230
Cash in hand and cash equivalents	22	24	(2)
Assets held for sale	(298)	0	(298)
Total cash and cash equivalents	**2,348**	**2,418**	**(70)**

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

10. Trade receivables

The item is made up as follows:

(In thousands of EUR)	**2019**	**2018**	**Change**
From third-party customers	118,606	119,174	(568)
From related parties	66	34	32
Allowance for impairment	(4,812)	(5,196)	384
Total trade receivables	**113,860**	**114,012**	**(152)**

As at 31 December 2019 and 2018, 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.

Trade receivables from related parties totalled EUR 66 thousand in 2019 (EUR 34 thousand in 2018) and refer to the cost of the personnel seconded to HC S.r.l. The amount for the previous year of EUR 34 thousand is the receivable from Openjob Consulting Srl for secondments of personnel.

The item is recorded in the financial statements net of an allowance for impairment of EUR 4,812 thousand.

An analysis of the DSO shows that the extension days granted on average to customers appear to have slightly increased, compared with the same period of last year, from 70 to 74 days. Calculating the DSO only on the fourth quarter of 2019, i.e. receivables/quarterly revenue * 90 days, a DSO of 70 days is achieved, in line with the same period of 2018 (69 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)	**2019**	**2018**	**Change**
Receivables for refunding of VAT and IRES on 2007-2011 IRAP	1,245	1,263	(18)
Receivables from the INPS treasury funds for post-employment benefits	1,273	2,475	(1,202)
Prepayments for insurance costs	16	32	(16)
Other prepayments	795	859	(64)
Other disputed receivables	1,095	1,095	0
Receivable for domestic tax consolidation scheme	80	70	10
Receivables from Forma.Temp	3,928	1,003	2,925
Receivable from tax authorities for disputes	0	1,143	(1,143)
Other sundry receivables	52	82	(30)
Total other receivables	**8,484**	**8,022**	**462**

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 795 thousand mainly refer to advance costs entirely recognised during the current year, relating to sponsorships, bank fees and sundry rentals.

The item “Receivables from Forma.Temp” refers to approved courses in excess of those already available in the year.

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 2019, the current income tax assets amounted to EUR 1,043 thousand and refer to the receivable from tax authorities for IRAP of EUR 149 thousand and EUR 894 thousand for IRES from tax consolidation.

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)	**2019**	**2018**	**Change**
Non-current liabilities:			
Tranche A Senior Loan	0	4,096	(4,096)
Line A New Loan	10,417	0	10,417
Lease liabilities	8,346	37	8,309
Liabilities held for sale – Lease liabilities	(814)	0	(814)
Derivative instruments	26	0	26
Total non-current liabilities	**17,975**	**4,133**	**13,842**
Current liabilities			
Tranche A Senior Loan	0	9,600	(9,600)
Line A New Loan	3,000	0	3,000
Non-guaranteed bank loans and borrowings	11,048	16,848	(5,800)
Liabilities held for sale – Lease liabilities	(262)	0	(262)
Lease liabilities	3,401	12	3,389
Total current liabilities	**17,187**	**26,460**	**(9,273)**
Total current and non-current liabilities	**35,162**	**30,593**	**4,569**

In March 2019, a medium to long-term amortising loan of EUR 15 million was subscribed and issued, which also envisages a revolving credit line of EUR 15 million not used on the date of approval of the financial statements.

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

(In thousands of EUR)				2019		2018	
	Curr.	**Nominal interest rate**	**Year of maturity**	**Nominal amount**	**Carrying amount**	**Nominal amount**	**Carrying amount**
Tranche A Senior Loan	EUR	Euribor	-	0	0	13,800	13,696
Line A New Loan	EUR	Euribor*	2024	13,500	13,417	0	0
Non-guaranteed bank loans and borrowings	EUR	0.1%**	-	11,048	11,048	16,848	16,848
Lease liabilities	EUR	2.01%**	2020-2025	11,104	10,671	49	49
Liabilities held for sale – Lease liabilities	EUR	2.01**	2020-2025	1,120	1,076	0	0
Total interest-bearing liabilities				**36,772**	**36,212**	**30,697**	**30,593**

* 6-month Euribor plus a spread ranging from a minimum of 1.45% to a maximum of 2.00% in relation to compliance with a financial restriction

** These are approximate average rates

*** Weighted average incremental interest rate

The new outstanding medium to long-term loan requires compliance with a financial restriction known as leverage ratio, consisting of the NFI/EBITDA ratio as defined in the loan agreement. The measurement of this financial restriction is performed on an annual basis as at 31 December, since it is based on the values of the Group's consolidated financial statements. The lending bank has the right to request the termination of the loan agreement if, at the date of calculation, the restriction is not complied with.

The financial restriction that must be complied with on a consolidated basis is shown below:

Calculation Dates	**NFI EBITDA ≤**
31 December 2019	2.25
31 December 2020	2.25
31 December 2021	2.25
31 December 2022	2.25

NFI = Net Financial Indebtedness

EBITDA = Consolidated net profit for the year before income taxes, net financial expense, amortisation/depreciation, provisions and impairment losses

It should be noted that as at 31 December 2019 the financial restriction had been complied with.

Branch leases contain extension options that can be exercised up to 6 months before the end of the binding period. If, at their respective deadlines, all extension actions are carried out, the potential cash flows that are not currently reflected in the lease liability would amount to approximately EUR 12,000 thousand.

The table below shows the net financial indebtedness of the Company as at 31 December 2019 and as at 31 December 2018, calculated in accordance with the provisions of Recommendation ESMA/2013/319 and Consob Communication no. DEM/6064293 of 28 July 2006.

	(amounts in thousands of EUR)	**Financial statements for the year ended 31 December**		**2019/2018 Change**	
		2019	**2018**	**Value**	**%**
A	Cash	22	24	(2)	(8.3%)
B	Other cash and cash equivalents	2,624	2,394	230	9.6%
C	Securities held for trading	-	-	-	-
D	**Cash and cash equivalents (A+B+C)**	**2,646**	**2,418**	**228**	9.4%
E	Current financial receivables	-	-	-	-
F	Current bank loans and borrowings	(11,048)	(16,848)	5,800	(34.4%)
G	Current portion of non-current debt	(3,000)	(9,600)	6,600	(68.8%)
H	Other current loans and borrowings	(3,427)	(12)	(3,415)	28458.3 %
I	**Current financial indebtedness (F+G+H)**	**(17,475)**	**(26,460)**	**8,985**	(34.0%)
J	**Net current financial indebtedness (D+E+I)**	**(14,829)**	**(24,042)**	**9,213**	(38.3%)
K	Non-current bank loans and borrowings	(10,417)	(4,096)	(6,321)	154.3%
L	Bonds issued	-	-	-	-
M	Other non-current payables	(8,346)	(37)	(8,309)	22456.8 %
N	**Non-current financial indebtedness (K+L+M)**	**(18,763)**	**(4,133)**	**(14,630)**	354.0%
O	**Net Financial Indebtedness (J+N)**	**(33,592)**	**(28,175)**	**(5,417)**	19.2%

Assets held for sale relating to cash and cash equivalents and included in the item "B Other cash and cash equivalents" are equal to EUR 298 thousand. The liabilities held for sale relating to lease liabilities and included in the items "H Other current financial payables" and "K Non-current bank loans and borrowings" are equal to EUR 262 thousand and EUR 814 thousand, respectively.

Below is the reconciliation of the changes in lease liabilities, bank borrowings and other financial liabilities arising from financing activities.

	Lease liabilities	Financial liabilities, bank loans and borrowings and other liabilities
Balance restated as at 1 January 2019	**11,695**	**30,593**
Change in financial liabilities		
- Lease payments	(3,771)	-
- Interest expense	219	-
- New leases and reclassifications	3,604	-
- New loan disbursement	-	15,000
- Repayment of loan instalments	-	(15,300)
- Other loans and borrowings and interest	-	(5,828)
- Assets held for sale	(1,076)	-
Total change in financial liabilities	**(1,024)**	**(6,128)**
Balance as at 31 December 2019	**10,671**	**24,465**

14. Employee benefits

(a) current

The balance of the item current employee benefits includes:

(In thousands of EUR)	**2019**	**2018**	**Change**
Salaries payable to temporary workers	28,331	28,122	209
Remuneration payable to temporary workers	8,124	7,620	504
Post-employment benefits of temporary workers	207	417	(210)
Remuneration payable to employees	3,408	3,475	(67)
Liabilities held for sale	(304)	0	(304)
Total payables for employee benefits	**39,766**	**39,634**	**132**

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 on average 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.

The liabilities amount as at 31 December 2019 is stable compared to 31 December 2018.

(b) non-current

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Payables for employee benefits as at 1 January	622	701	(79)
Cost recognised in profit or loss	15	15	0
Payments during the year	(39)	(52)	13
Actuarial valuation	58	(42)	100
Liabilities held for sale	(56)	0	(56)
Total payables for employee benefits	**600**	**622**	**(22)**

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Current service cost	0	0	0
Interest expense on the obligation	15	15	0
Total	**15**	**15**	**0**

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

	2019	**2018**
Projected future salary increases (average amount)	1.0%	1.0%
Projected staff turnover	9%	9.0%
Discount rate	1.35%	2.7%
Average inflation rate	1.5%	1.5%

15. Trade payables

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

Total payables at the reporting date are 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)	**2019**	**2018**	**Change**
Trade payables to third parties	7,563	5,444	2,119
Trade payables to related parties	0	7	(7)
Total trade payables	**7,563**	**5,451**	**2,112**

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)	**2019**	**2018**	**Change**
Social security charges payable	18,766	19,226	(460)
Tax payables	11,004	12,489	(1,485)
Payables to Forma.Temp	2,225	629	1,596
Payables to subsidiaries for tax consolidation scheme	177	113	64
Other payables	220	568	(348)
Total other payables	**32,392**	**33,025**	**(633)**

Social security charges payable mainly refers to amount due 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 20 thousand to Openjob Consulting S.r.l., the payable of EUR 53 thousand to Corium S.r.l. and the payable of EUR 105 thousand to Meritocracy 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)	**2019**	**2018**	**Change**
Withholding taxes - Employees	10,402	12,314	(1,912)
VAT and other minor payables	602	175	427
Total tax payables	**11,004**	**12,489**	**(1,485)**

17. Current tax liabilities

As at 31 December 2019 there were no payables to the tax authorities for current taxes.

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).

18. Provisions

Changes in this item are broken down as follows:

(In thousands of EUR)	**Balance as at 1/1/2019**	**Increases**	**Uses**	**Balance as at 31/12/2019**
Disputes	1,729	16	(1)	1,744

The item refers to possible future charges related to disputes with personnel, a dispute related to a non-trade asset, in addition to other minor risks.

19. Shareholders' Equity

(a) Share capital

(In thousands of shares)	**2019**	**2018**
Ordinary shares		
Issued as at 1 January	13,712	13,712
Issued as at 31 December	13,712	13,712

As at 31 December 2019, 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 (3.67%) and the remainder (66.76%) 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 for 15 May 2018 resolved to launch the buyback programme from 16 May 2018. Note that on 31 December 2019, Openjobmetis S.p.A. directly held 502,806 treasury shares, equating to approximately 3.67% 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 2019, in accordance with IAS 19, the net actuarial loss of EUR 58 thousand - resulting from the difference between the amount of expected benefits calculated for the period of reference and the actual benefit resulting from the new measurement assumptions at the end of the period - was accounted for in equity.

Moreover, the fair value as at 31 December 2019 of the derivative contract put in place to hedge the risk of changes in the interest rate risk granted to the New Loan totalling EUR 26 thousand, was accounted for as a reduction of equity. The effective portion of the change in the fair value of hedging instruments is accumulated in the cash flow hedge reserve as a separate component of equity.

The value of *Other reserves* is net of the separate negative reserve for the purchase of treasury shares held for EUR 4,571 thousand as at 31 December 2019.

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	2,293	B	2,293	--
Share premium reserve	31,545	A, B	31,545	--
Other reserves	41,640	A, B, C	41,640	--
Total	**89,190**			--
Available portion			**75,478**	

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 41,640 thousand, plus the *Share premium reserve* of EUR 31,096 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)	**2019**	**2018**	**Change**
Revenue from temporary work	555,363	585,542	(30,179)
Revenue from personnel recruitment and selection	369	584	(215)
Revenue from other activities	609	937	(328)
Expenses charged to Group companies	370	288	82
Total Revenue	**556,711**	**587,351**	**(30,640)**

The item "Revenue from other activities" mainly refers to services provided for the starting up of traineeships, revenue for active labour policies, the sale of ad hoc training and other minor income. 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)	2019	2018	Change
Recognition of contributions from Forma.Temp and Ebiref	11,919	11,656	263
Other sundry income	1,050	1,652	(602)
Total other income	**12,969**	**13,308**	**(339)**

The contributions 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 for services.

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

The item *Other sundry income* mainly includes income 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)	2019	2018	Change
Wages and salaries of temporary workers	350,580	368,657	(18,077)
Social security charges of temporary workers	105,615	114,241	(8,626)
Post-employment benefits of temporary workers	19,006	19,577	(571)
Forma.Temp contributions for temporary workers	13,535	14,280	(745)
Other costs of temporary workers	3,151	2,942	209
Total personnel expense	**491,887**	**519,697**	**(27,810)**

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

Employee costs

(In thousands of EUR)	2019	2018	Change
Salaries and wages of employees	19,180	20,325	(1,145)
Social security costs of employees	5,856	5,995	(139)
Post-employment benefits of employees	1,320	1,327	(7)
Remuneration to the Board of Directors and committees	1,404	1,439	(35)
Social security costs of the Board of Directors	66	66	0
Other employee costs	1,036	1,142	(106)
Long term incentive	130	376	(246)
Total personnel expense	**28,992**	**30,670**	**(1,678)**

Other costs of 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	**2019** no.	**2018** no.	**Change**
Executives - employees	2	2	0
White-collar staff - employees	568	583	(15)
Total	**570**	**585**	**(15)**

Long term incentive

On 12 May 2017 and on 15 May 2018, the Board of Directors assigned 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 for the year of the Phantom Stock Options equal to EUR 48 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 related 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 8.70, option duration of 3 years, expected dividend rate of 3.5%, 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 1.2868 for the first tranche and EUR 0.7086 for the second tranche.

The shareholders' meeting of 17 April 2019 approved the adoption of a 2019-2021 Performance Shares Plan which provides for the right of directors, key management personnel and other key employees to receive, at the end of the 3-year vesting period, ordinary shares of Openjobmetis S.p.A. subject to the achievement of certain Performance Objectives as described in the above Plan (to which explicit reference is made).

On 25 June 2019, the Board of Directors identified the beneficiaries of the first tranche of the Plan.

The assessment of the cost assigned was estimated by considering the performance components related to the achievement of the adjusted, consolidated and cumulative three-year EBITDA targets compared to the plan targets (with 50% weight) and the Company's performance in terms of Total Shareholder Return compared to the companies that make up the FTSE Italia STAR index (with 50% weight), estimated using the Monte Carlo method, which, on the basis of suitable assumptions, made it possible to define a considerable number of alternative scenarios.

The assigned estimated cost for the year of the Performances Shares equal to EUR 82 thousand corresponds to the change in the liability measured at fair value, representative of the value of the shares actually accrued by the beneficiaries in relation to the first tranches allocated in 2019. The related liability is included in the Equity item "other reserves" at the reporting date.

The parameters used in the fair value measurement at the dates of assignment and valuation of the plan are as follows: share price at the valuation date of EUR 7.16, expected dividend rate 3.5%, discount rate 1%, vesting right of the "market based" component equal to 47%, annual volatility 31%, applying a reasonable estimate on the basis of historical volatility calculated with reference to the valuation date.

The unitary fair value of the right to receive the free shares was EUR 6.68 at the reporting date.

23. Cost of raw materials and consumables

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

24. Costs for services

The item includes:

(In thousands of EUR)	**2019**	**2018**	**Change**
Costs for organising courses for temporary workers	11,919	11,666	253
Costs for tax, legal, IT, business consultancy	4,907	4,405	502
Costs for marketing consultancy	1,996	2,168	(172)
Costs for due diligence and consultancy services	543	437	106
Fees to agents and professional advisors	2,694	2,618	76
Lease expenditure	0	2,781	(2,781)
Costs for advertising and sponsorships	1,384	1,330	54
Costs for car leases	0	1,239	(1,239)
Costs for utilities	889	898	(9)
Remuneration to the Board of Statutory Auditors	88	90	(2)
Other	3,970	3,524	446
Total costs for services	**28,390**	**31,156**	**(2,766)**

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 agents and professional advisors refers to costs incurred to promote meetings with potential customers.

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.

Costs for the year for *due diligence and consultancy services* as at 31 December 2019 relate mainly to non-recurring due diligence activities on potential targets.

The reduction in lease expenditure and costs for car leases is related to the adoption of IFRS 16 Leases.

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)	**2019**	**2018**	**Change**
Other expenses	643	749	(106)
Total other operating expenses	**643**	**749**	**(106)**

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 directors' report 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)	2019	2018	Change
Bank interest income	0	1	(1)
Interest income on other receivables	42	100	(58)
Dividends from subsidiaries	3,300	3,046	254
Total financial income	**3,342**	**3,147**	**195**
Interest expense on loans	(248)	(410)	162
Interest expense on current accounts	(15)	(23)	8
Other interest expense	(459)	(186)	(273)
Total financial expense	**(722)**	**(619)**	**(103)**
Total net financial income (expense)	**2,620**	**2,528**	**92**

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 IFRS 9, to the non-recurring cost arising from reversal to the income statement of the value of the cost amortised following the early extinguishment of the previous loan equal to EUR 116 thousand, and the expense relating to the recognition of the right of use pursuant to IFRS 16, amounting to EUR 220 thousand.

28. Income taxes

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

(In thousands of EUR)	2019	2018	Change
Current taxes	3,245	4,312	(1,067)
Deferred tax assets	340	166	174
Deferred tax liabilities	(12)	(1)	(11)
Tax from previous years	(6)	339	(345)
Total income taxes	**3,567**	**4,816**	**(1,249)**

Current taxes as at 31 December 2019 totalling EUR 3,245 thousand refer to IRAP of EUR 819 thousand and to IRES of EUR 2,426 thousand.

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.

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)	**2019**	**Rate**	**2018**	**Rate**
Profit (loss) before taxes	13,953		17,599	
Theoretical income taxes (a)	3,349	24.00%	4,224	24.00%
Tax effect of permanent differences including:				
- cars	171		167	
- telephony	48		42	
- prior year items and charges	32		19	
- board and lodging	20		25	
- Other changes	154		0	
- ACE (Aiuto alla crescita economica, Aid to economic growth)	(190)		(192)	
- 10% IRAP deduction	(78)		(93)	
- Dividends/income from liquidation	(757)		(695)	
Subtotal (b)	**(600)**		**(727)**	
Income taxes recorded in the Financial Statements				
(current and deferred) excluding IRAP (a + b)	2,749	19.7%	3,497	19.87%
IRAP (current and deferred)	824	5.91%	980	5.57%
Income taxes recorded in the Financial Statements (current and deferred)	**3,573**	**25.61%**	**4,477**	**25.44%**
Tax from previous years (allocation to tax reserve)	(6)	(0.04)%	339	1.93%
Total taxes	**3,567**	**25.56%**	**4,816**	**27.37%**

Pursuant to Articles 117 to 129 of the Consolidated Income Tax Act (TUIR), agreements were signed between Openjobmetis S.p.A. and its subsidiaries Openjob Consulting S.r.l., Seltis S.r.l., Corium S.r.l. and Meritocracy S.r.l. concerning the exercise of the option of the domestic tax consolidation scheme, thus benefiting from the possibility of offsetting taxable income against tax losses in a single tax return. The three-year agreements will be tacitly renewed for the following three-year period unless they are 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.

30. Financial instruments

(a) Credit risk

- **Exposure to credit risk**

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Held-to-maturity investments	28	2	26
Trade receivables	113,860	114,012	(152)
Cash and cash equivalents	2,646	2,418	228
Assets held for sale – cash and cash equivalents	(298)	0	(298)
Total	**116,236**	**116,432**	**(196)**

Receivables mainly refer to Italian customers.

There are no particular concentrations of receivables in specific sectors.

Exposure to the top 10 customers accounts for approximately 19% of total receivables as at 31 December 2019.

- **Impairment losses**

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Falling due	93,547	94,330	(783)
Past due from 0 to 90 days	17,667	17,180	487
Past due from 91 to 360 days	2,819	1,881	938
Past due 360 days or more	4,639	5,817	(1,178)
Total trade receivables	**118,672**	**119,208**	(536)

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

(In thousands of EUR)	**2019**	**2018**	**Change**
Balance as at 1 January	**5,196**	**5,095**	**101**
Impairment loss for the year	3,044	2,150	894
Uses made during the period/year	(3,428)	(2,049)	(1,379)
Balance as at 31 December	**4,812**	**5,196**	(384)

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	**2019**					
(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	0	0	0	0	0	0
Line A New Loan	(13,417)	(14,056)	(1,611)	(1,599)	(10,846)	0
Non-guaranteed bank loans and borrowings	(11,048)	(11,048)	(11,048)	0	0	0
Lease liabilities	(10,671)	(11,104)	(1,635)	(1,635)	(7,684)	(150)
Liabilities held for sale – leases	(1,076)	(1,120)	(165)	(165)	(775)	(15)
Trade payables	(7,563)	(7,563)	(7,563)	0	0	0
Other payables	(32,392)	(32,392)	(32,392)	0	0	0
Employee benefits *	(39,766)	(39,766)	(39,766)	0	0	0
Liabilities held for sale – employee benefits	(304)	(304)	(304)	0	0	0
Total	**(116,237)**	**(117,353)**	**(94,484)**	**(3,399)**	**(19,305)**	**(165)**

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
Non-guaranteed bank loans and borrowings	(16,848)	(16,848)	(16,848)	0	0	0
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**

* the item Employee benefits considers only short-term benefits that will generally be settled periodically.

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

Note that for Line B - Revolving of the New Loan outstanding as at 31 December 2019, 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)	**2019**	**2018**	**Change**
Non-guaranteed bank loans and borrowings	11,048	16,848	(5,800)
Tranche A Senior Loan	0	13,696	(13,696)
Line A New Loan	13,417	0	13,417
Total financial liabilities	**24,465**	**30,544**	**(6,079)**

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.

A derivative contract hedging the risk of interest rate change was put in place for a portion equal to 50% of the nominal value of the amortising line for the first three years of the New Loan.

(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:

	2019		2018	
(In thousands of EUR)	**Carrying amount**	**Fair Value**	**Carrying amount**	**Fair Value**
Held-to-maturity investments	28	28	2	2
Trade receivables, other receivables and tax assets	123,387	123,387	122,034	122,034
Cash and cash equivalents	2,348	2,348	2,418	2,418
Assets held for sale – cash and cash equivalents	298	298	0	0
Lease liabilities	(10,671)	(10,671)	(49)	(49)
Liabilities held for sale – lease liabilities	(1,076)	(1,076)	0	0
Tranche A Senior Loan	0	0	(13,696)	(13,696)
Line A New Loan	(13,417)	(13,417)	0	0
Non-guaranteed bank loans and borrowings	(11,048)	(11,048)	(16,848)	(16,848)
Trade payables, other payables and tax payables	(39,955)	(39,955)	(39,114)	(39,114)
Employee benefits	(40,366)	(40,366)	(40,256)	(40,256)
Liabilities held for sale – employee benefits	(360)	(360)	0	0
Total	**9,168**	**9,168**	**14,490**	**14,490**

- **<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.

- *Derivative financial liabilities*

The fair value of Interest Rate Swaps is equal to the present value of the future cash flows estimated on the basis of observable market parameters, and also compared with the prices of the financial intermediary with whom the contract was signed.

- *Trade and other receivables*

The fair value of trade and 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 to discount 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.

- *Fair value hierarchy*

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

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

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

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

31 December 2019	*(In thousands of EUR)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Hedging IRS		0	(26)	0	(26)

31 December 2018	*(In thousands of EUR)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Hedging IRS		0	0	0	0

31. Leases

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

As better described in note 2a, these leases were accounted for in accordance with the new accounting standard IFRS 16.

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.

During the meeting of 12 October 2015, the Board of Directors approved and subsequently updated, most recently on 3 October 2019, 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 total value of the transactions and residual balances is as follows:

Description	*(in thousands of EUR)*	**Total 2019**	**Subsidiaries**	**Other related parties**	**Total related parties**	**% weight on financial statement items**
1	Revenue	556,711	583	0	583	0.1%
2	Employee costs	28,992	0	2,296	2,296	7.9%
3	Costs for services	28,390	1,278	0	1,278	4.5%
4	Financial income	3,342	3,300	0	3,300	98.7%

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 2019	Subsidiaries	Other related parties	Total related parties	% weight on financial statement items
1	Equity investments	4,264	4,264	0	4,264	100%
2	Receivables	113,860	66	0	66	0.1%
3	Other receivables	8,483	80	0	80	0.9%
4	Trade payables	7,563	0	0	0	0.0%
5	Other payables	32,392	178	0	178	0.5%

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%

The item "Revenue from subsidiaries" includes amounts charged to the companies of the Openjob Consulting S.r.l. Group EUR 251 thousand (EUR 252 thousand in 2018), Seltis S.r.l. EUR 152 thousand (EUR 124 thousand in 2018), Corium S.r.l. EUR 15 thousand (EUR 15 thousand in 2018), Meritocracy S.r.l. EUR 29 thousand (EUR 5 thousand in 2018) and HC S.r.l. for EUR 136 thousand (EUR 0 thousand in 2018). 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 66 thousand as at 31 December 2019 (EUR 0 thousand as at 31 December 2018) from HC S.r.l., while the receivable of EUR 34 thousand as at 31 December 2018 was from Openjob Consulting S.r.l., in both cases for the charge for the cost of seconded personnel.

The item Employee costs from Other related parties includes costs equal to EUR 1,404 thousand in 2019 (EUR 1,439 thousand in 2018) for the Board of Directors, EUR 621 thousand in 2019 (EUR 618 thousand in 2018) for Key management personnel and EUR 271 thousand in 2019 (EUR 342 thousand in 2018) 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 1,278 thousand (EUR 1,312 thousand in 2018) for payslip processing costs for temporary workers and training, EUR 0 thousand for the purchase of services from the subsidiary Corium S.r.l. to deliver to their customers (EUR 15 thousand in 2018) and EUR 0 thousand (EUR 6 thousand in 2018) charged by the subsidiary Meritocracy S.r.l. for the production of a video. The payable towards Meritocracy S.r.l. as at 31 December amounts to EUR 0 thousand (EUR 7 thousand as at 31 December 2018).

Financial income from Subsidiaries, equal to EUR 3,300 thousand (EUR 3,046 thousand in 2018), refers to the dividend paid by Openjob Consulting S.r.l. in the amount of EUR 2,400 thousand (EUR 2,700 thousand in 2018) and by Seltis S.r.l. in the amount of EUR 900 thousand in the course of 2019 (Euro 346 thousand in 2018). The income was collected in full during the year.

Other receivables include Company receivables from group companies for participation in the domestic tax consolidation scheme in the amount of EUR 80 thousand as at 31 December 2019 from Seltis S.r.l. (EUR 70 thousand as at 31 December 2018).

The item “Other payables” includes Company payables to group companies for participation in the domestic tax consolidation scheme in the amount of EUR 53 thousand as at 31 December 2019 (EUR 14 thousand as at 31 December 2018) to Corium s.r.l., EUR 20 thousand as at 31 December 2019 to Openjob Consulting Srl (EUR 99 thousand as at 31 December 2018) and EUR 105 thousand as at 31 December 2019 to Meritocracy s.r.l. (EUR 0 thousand as at 31 December 2018).

For Equity investments, see note 6 of this document.

In the course of normal business, the Group has provided temporary worker supply services and has collaborated with related parties for insignificant amounts and under 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 2,025 thousand, of which EUR 1,404 thousand to members of the Board of Directors and EUR 621 thousand to key management personnel (EUR 2,057 thousand in 2018, of which EUR 1,439 thousand to members of the Board of Directors and EUR 618 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 39 thousand (EUR 45 thousand in 2018).

For more information regarding fees of said managers, reference is made to the 2019 Remuneration Report published in the "Corporate Governance" section of the company website.

Remuneration to the Board of Statutory Auditors for 2019 amounted to EUR 88 thousand (EUR 88 thousand in 2018).

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	989	None	415	1,404
Key management personnel	430	None	191	621
Total	**1,419**	**None**	**606**	**2,025**

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	**1,507**	**None**	**606**	**2,113**

34. Atypical and/or unusual transactions

The financial statements as at 31 December 2019 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

On 1 January 2020, the transfer to Family Care S.r.l. – Agenzia per il Lavoro of the business unit, which has as its object the assets and liabilities relating to the care activities of elderly and non-self-sufficient persons, became effective. This transfer has had no impact on the Group's consolidated financial statements.

On 24 January 2020, Corium S.r.l., a company wholly owned by Openjobmetis S.p.A., first merged HC S.r.l., previously owned 70% by Openjobmetis S.p.A., and subsequently changed its name to the name of the merged company. As a result of this operation, Openjobmetis S.p.A. directly controls 78.6% of the "new" HC S.r.l.

On 31 January 2020, Openjobmetis S.p.A. acquired 100% of the share capital of Jobdisabili S.r.l., owner of the trademark "Jobmetoo" (https://www.jobmetoo.com), an online platform specialised in the recruitment and selection of personnel with disabilities, a meeting place between those belonging to protected categories and the world of work and businesses.

With regard to the recently declared Covid-19 pandemic, the Group has acted promptly, including on the basis of the directives issued by the Government, in order to limit the possible impacts on the health of its employees.

Based on the performance of the first two months of 2020, no impact on Group revenue and on average collection times from customers has been recognised. However, the hypothetical future consequences for the national macroeconomic scenario and consequently for all the Group's activities cannot yet be estimated.

36. Significant non-recurring events and transactions

In compliance with Consob Communication no. DEM/6064293 of 28 July 2006, as regards events or transactions whose occurrence is non-recurring or those transactions or events which do not occur frequently in the ordinary course of business, reference should be made to the comments made in Note 24, in relation to consultancy and due diligence costs for potential targets of EUR 543 thousand (approximately 1.9% of costs and approximately 7.2% of trade payables), and in Note 27 in relation to the release of commissions paid in previous years, following the early repayment of the medium/long-term loan for EUR 116 thousand (approximately 16.1% of the financial expense).

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

It should be noted that during the year the Company did not receive any public grants, subsidies, benefits, contributions or aid, in cash or in kind, which are not general in nature and are not a form of consideration, remuneration or compensation, in addition to what has already been published on the site: https://www.rna.gov.it/RegistroNazionaleTrasparenza/faces/pages/TrasparenzaAiuto.jspx

38. 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 2019:

- Allocation to the legal reserve: EUR 519,289.30
- Allocation to other reserves: EUR 7,092,565.87
- Allocation of a dividend to shareholders of EUR 0.21 per each entitled share (excluding treasury shares equal to 502,806) for a total of EUR 2,773,930.74.

Milan, 17 March 2020

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 certify, 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, during the year from *01/01/2019 to 31/12/2019*.

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 2019 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 separate financial statements as at and for the year ended 31 December 2019:

- correspond with 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 38/2005;
- provide a true and fair view of the financial position, results of operations and cash flows of the issuer.

II. The Directors' report 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 Directors' report also contains information on significant transactions with related parties. Pursuant to the provisions of Article 154-ter of Legislative Decree no. 58/98.

Milan, 17 March 2020

Managing Director	Manager in charge of financial reporting
Rosario Rasizza (signed on the original)	Alessandro Esposti (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 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 2019, 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 2019 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 2019 include goodwill of €71,736 thousand (unchanged from 31 December 2018) 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 an impairment test of goodwill, approved by the board of directors on 17 March 2020, 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 2020-2024 business plan approved by the board of directors on 31 January 2020. 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: — updating our understanding of the process adopted to prepare the impairment test and the 2020-2024 business plan, assessing the design and implementation of controls and performing procedures to assess the operating effectiveness of relevant controls; — 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 main 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 2019 include trade receivables of €113,860 thousand, net of the allowance for impairment of €4,812 thousand (€114,012 thousand at 31 December 2018, net of the allowance for impairment of €5,196 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 similar exposures. 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: — updating our understanding of the process adopted to monitor and manage credit risk; — assessing the design and implementation of controls and procedures to assess the operating effectiveness of relevant 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 entire expected 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 2019 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 2019 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 2019 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, 24 March 2020

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 Italian Legislative Decree No. 58/1998 and Art. 2429, paragraph 3, of the Italian Civil Code to the Shareholders' Meeting of Openjobmetis SpA of 21 April 2020

Dear Shareholders,

The Board of Statutory Auditors, pursuant to Art. 153 of Italian Legislative Decree No. 58/1998 (TUF, "Consolidated Law on Finance") and Art. 2429, paragraph 3, 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 on the date of this report, was appointed by the Shareholders' Meeting of 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 Managing Director, during meetings of the Board of Directors in which the Board of Statutory Auditors participates, 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, in compliance with the frequency established by law. For a description of the most important transactions, please refer to the Board of Directors' Report on Operations, section 'Main significant events in 2019' and 'Main significant subsequent events' which, as far as the Board of Statutory Auditors is aware, comprehensively summarises the most important events that concerned the Openjobmetis Group in 2019 and early 2020. The Board of Statutory Auditors acknowledges that the transactions of which it acquired knowledge conformed to the law and to the Articles of Association, were not manifestly imprudent or hazardous, did not involve a conflict of interests, and were in keeping with the resolutions adopted by the Shareholders' Meeting and, in any case, were not such as 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 2019, 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 and secondment. For full details, please refer to the section on ‘Transactions with subsidiaries and related parties’ in the Report on Operations and the ‘Related Parties’ notes to the Separate and Consolidated financial statements.

Pursuant to Art. 2391-*bis* of the Italian Civil Code and the Regulation on transactions with related parties approved by means of Consob Resolution No. 17221 of 12 March 2010 and subsequent amendments, the Board of Directors adopted a “Related Party Transactions Procedure” (last updated on 3 October 2019, having lost the status of ‘smaller company’) and set up a “Related Party Transactions Committee” which, composed exclusively of independent directors, 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 identified and 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, also as the Internal Control and Audit Committee, in accordance with the provisions of Art. 19 of Italian Legislative Decree No. 39/2010, carried out the prescribed monitoring activity.

On 24 March 2020, 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 Italian Legislative Decree No. 39/2010 and Art. 10 of (EU) Regulation No. 537/2014, its Report in which it expressed, outlining the key aspects of the audit of the financial statements, for the Separate financial statements and the Consolidated financial statements:

a) a judgement without findings and information requests, showing that they conform to the regulations that govern their drafting and give a true and fair view of the financial and equity position, of the economic result and of the cash flows of the Openjobmetis SpA Group as at 31.12.2019;
b) a judgement of consistency with respect to the Report on Operations and some specific information contained in the Report on Corporate Governance and Ownership Structures with the Consolidated Financial Statements of the Openjobmetis SpA Group;
c) a judgement of compliance with applicable laws with respect to the drafting of the Report on Operations and some specific information contained in the Report on Corporate Governance and Ownership Structures.

On 24 March 2020, the Independent Auditors also presented to the Board of Statutory Auditors, as the Internal Control and Audit Committee, the Additional report set forth in Art. 11 of (EU) Regulation 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. In addition, no audit differences were identified to be brought to the attention of the Internal Control and Audit Committee that would have an impact on operating profit and/or equity.

The Board of Statutory Auditors, in turn, sends this report to the Board of Directors according to the provisions of Art. 19 of Italian Legislative Decree No. 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. During these meetings, the Board of Statutory Auditors was informed about the key and significant aspects that emerged during the audit and no censurable events or irregularities came to light such as 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 24 March 2020, the Independent Auditors issued, as required by Art. 3, paragraph 10, of Italian Legislative Decree No. 254/2016 and Art. 5 of the Consob Regulation implementing Italian Legislative Decree No. 254/2016, the certification of compliance of the information contained in the Consolidated Non-Financial Statement, which was approved by the Board of Directors on 17 March 2020 as a separate document from the Report on Operations accompanying the 2019 Annual Financial Report.

The Independent Auditors declared the fulfilment of the independence requirement, as required by Art. 19 of Italian Legislative Decree No. 39/2010 and Art. 6 of (EU) Regulation No. 537/2014; the Board of Statutory Auditors, acknowledging the Transparency Report prepared by the independent auditors and published on its website pursuant to Art. 18 of Italian Legislative Decree No. 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.

In 2019, KPMG S.p.A. was entrusted by the Company with a different task in addition to that of legal review and of a significant amount. Importantly, the Team responsible for this activity is different from the Audit Team. Before being assigned the task, the Board of Statutory Auditors, in its continuous monitoring activities regarding the possible assignment to the independent auditors of services other than those pursuant to Art. 5, paragraph 1, of (EU) Regulation No. 537/2014, carried out the checks provided for in Art. 4, paragraph 2, of (EU) Regulation No. 537/2014, acknowledging that, despite the date of entry into force being planned for 2020, the company complies with the provisions of Art. 4, paragraph 2, of (EU) Regulation No. 537/2014.

During the financial year ended 31 December 2019, KPMG S.p.A. carried out the following services for the Company and for the Group companies for a total amount of Euro 357,000.00, broken down as follows:

a) audit: Euro 184,000.00;
b) activities regarding the Consolidated Non-Financial Statement pursuant to Italian Legislative Decree No. 254/2016: Euro 15,000.00;
c) due diligence: Euro 154,000.00;
d) activities other than audit Forma.Temp: Euro 4,000.00.

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 2019, the Board of Statutory Auditors expressed:

- a favourable opinion on the determination of the 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 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 2018 consolidated financial statements pursuant to Application Criteria 7 C.2. 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;
- a favourable opinion pursuant to Art. 19, paragraph 1, letter e), of Italian Legislative Decree No. 39/2010 concerning the assignment to the independent auditors of tasks other than those provided for in Art. 5 of (EU) Regulation No. 534/2016;

In 2020 and up until today's date, the Board of Statutory Auditors issued the following opinions:

- a favourable opinion on the approval of the 2020 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 2019 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 auditors 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 determination of the remuneration of the directors vested with special positions and/or executive roles pursuant to Art. 2389, paragraph 3.

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

In 2019, the Board of Statutory Auditors' supervisory activities were carried out over the course of the 19 meetings of the Board of Statutory Auditors, taking part in the 12 meetings of the Board of Directors in which the Board of Statutory Auditors also took part, as well as through the participation of the Board of Statutory Auditors, jointly or through its Chairman, in the 8 meetings of the Control and Risk Committee, in the 9 meetings of the Remuneration Committee and in the 7 meetings of the Related Party Committee and the Shareholders' Meeting of 17 April 2019. The Board of Statutory Auditors also participated in the induction session organised by the company in 2019.

The Board of Statutory Auditors met 7 times in 2020 up until the date of drafting of this Report. In February 2020, the Board of Statutory Auditors in office carried out the annual 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, constantly gathering information during its mandate, verifying the system of delegations, powers, procedures and company organisational charts, and periodically meeting the managers of the various functions, receiving constant information flows from the Managing Director and from the managers of the identified functions.

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 judgements issued by the Director in charge of the internal control and risk management system;
- by acquiring the reports and judgements 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 and 2020 Audit Plan; by acquiring information on the improvements and remediation 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 judgements issued by the Independent Auditors; by periodically meeting the Independent Auditors;
- by verifying that the company has an Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001 that is regularly updated; 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 additional non-planned audit in the event anomalies are identified by the Director in charge of internal control and risk management system;
- by acknowledging the positive judgement of the Board of Directors in relation to the adequacy and effective functioning of the Internal Control and Risk Management System for 2019.

As regards subsidiaries, the Board of Statutory Auditors has acknowledged that the company has conducted a risk analysis pursuant to Italian Legislative Decree No. 231/2001 in order to evaluate the opportunity to implement the Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001 for said subsidiaries; the Board of Statutory Auditors, while considering the limited size of the various subsidiaries, has ensured that the internal control system strictly monitors all the subsidiaries, also in view of the fact that they do not have autonomous Internal Audit functions and internal control bodies. The Board of Statutory Auditors considers the internal control and risk management system to be largely adequate; during 2019 and early 2020, the internal control and risk management system was strengthened and improved. It should be noted that the company has, among other things, fully updated the Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/2001, and adopted a Regulation for the functioning of the management body and a Regulation for the Internal Audit function. The company also tasked an external company with the Business Risk Assessment, using assessment methods and parameters in line with the reference best practices. Finally, it updated the Board Evaluation questionnaire.

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 Manager in charge of financial reporting;
- the acknowledgement of the certifications issued by the Managing Director and the Manager in charge of financial reporting pursuant to Art. 154-bis of Italian Legislative Decree No. 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 Italian Law No. 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 Italian Legislative Decree No. 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, which was last updated in January 2020.

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 2019.

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 Italian Legislative Decree No. 254/2016 and Consob Regulation No. 20267/2018, monitored the observance of the provisions established in Art. 3, paragraph 1, of Italian Legislative Decree No. 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 regarding the recommendations formulated in the letter of 19/12/2019 by 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' Regulations and the Remuneration Policy for 2020.

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 Italian Legislative Decree No. 58/98

The Board of Statutory Auditors does not believe that elements exist such as 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.

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Taking account of the information outlined above 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 Managing Director and the Manager in charge of financial reporting, the report prepared by the Independent Auditors and the relevant judgement on the financial statements, has no objections to the approval of the financial statements for the year ended as at 31 December 2019, 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 2019 and the distribution of available reserves.

Milan, 24.03.2020

The Board of Statutory Auditors

Chiara Segala
(signed on the original)

Manuela Paola Pagliarello
(signed on the original)

Roberto Tribuno
(signed on the original)

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

Legal information
Approved and subscribed share capital: EUR 13,712,000
Registered in the Milan Register of Companies under tax code 13343690155

Website
www.openjobmetis.it