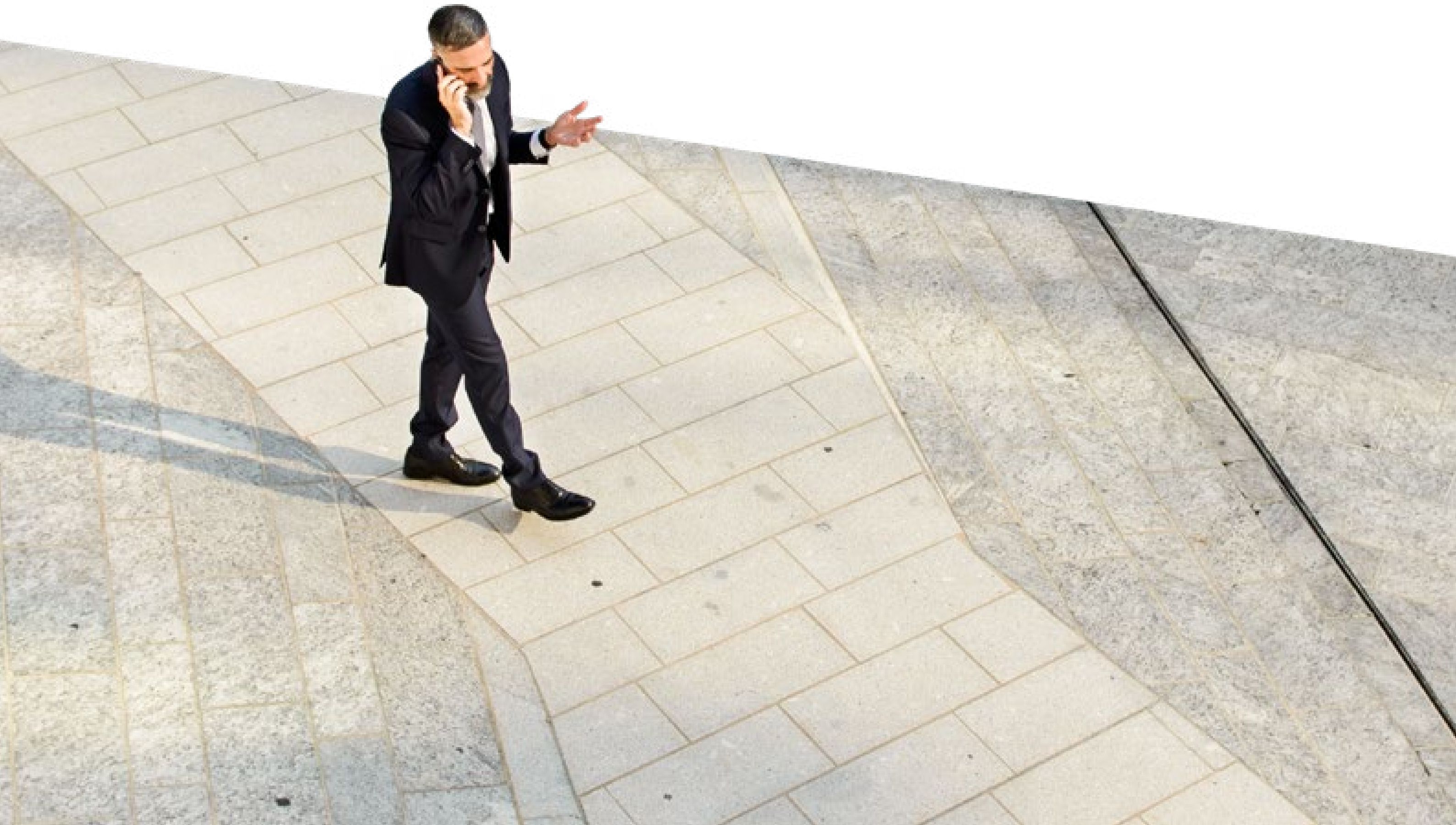
Group
YOUR JOB, OUR WORK

ANNUAL REPORT

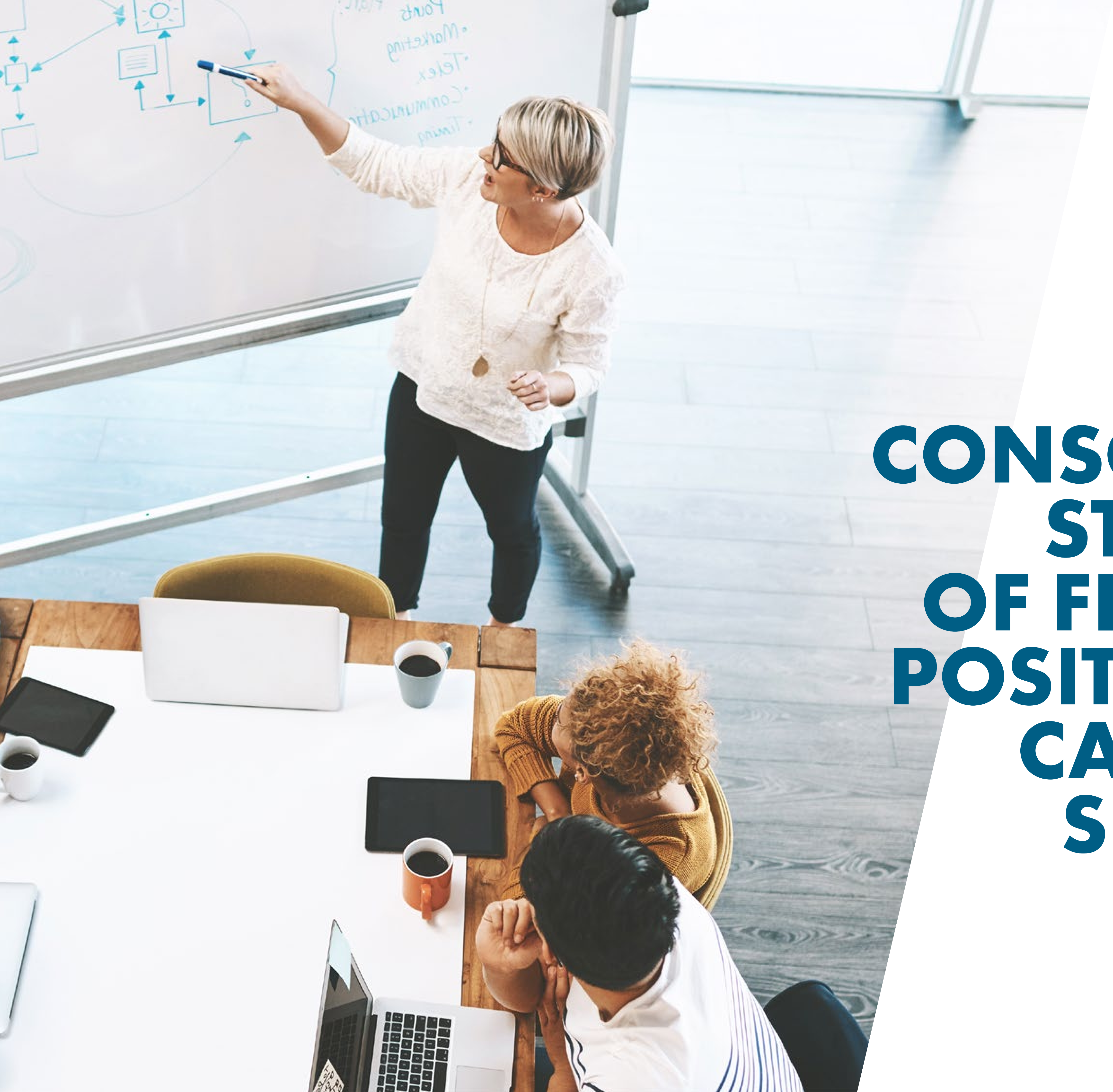
CONSOLIDATED FINANCIAL STATEMENTS

As at 31st December 2020

2020



INDEX



1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW SITUATION

ASSETS

Assets				
(in thousands of Euro)	Notes	At 31st December 2020	At 31st December 2019	As at 1st January 2019
Non-current assets				
Tangible Assets	8.1	10,957	11,837	10,799
Goodwill	8.2	100,145	75,028	69,608
Other intangible assets	8.3	21,317	13,195	12,710
Right-of-use assets	8.4	57,735	67,241	68,179
Equity interests measured using the equity method	8.5	48,681	25	25
Pre-paid tax assets	8.6	22,269	8,324	5,841
Non-current financial assets	8.7	1,746	3,490	3,279
Other non-current assets	8.8	188	1,694	1,698
TOTAL NON-CURRENT ASSETS		**263,038**	**180,834**	**172,139**
Current assets				
Inventories	8.9	953	9	79
Trade receivables	8.10	472,566	392,479	354,688
Current tax assets	8.11	2,631	2,219	4,083
Cash and cash equivalents	8.12	184,336	77,591	22,145
Current financial assets	8.13	9,960	6,263	2,232
Other current assets	8.14	66,286	54,810	23,359
TOTAL CURRENT ASSETS		**736,732**	**533,371**	**406,586**
TOTAL ASSETS		**999,770**	**714,205**	**578,725**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW SITUATION

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities and shareholders' equity				
(in thousands of Euro)	Notes	At 31st December 2020	At 31st December 2019	As at 1st January 2019
Shareholders' equity				
Share capital	8.15	12,000	12,000	12,000
Reserves	8.15	51,657	48,124	49,818
Net profit/loss of the Group	8.15	23,706	19,131	-
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP		**87,363**	**79,255**	**61,818**
Shareholders' equity of minority interests		(1,548)	1,881	832
TOTAL SHAREHOLDERS' EQUITY		**85,815**	**81,136**	**62,650**
Non-current liabilities				
Non-Current Lease Liabilities	8.4	44,393	53,098	54,132
Non-current financial liabilities	8.16	133,389	45,978	47,598
Employee Funds	8.17	9,919	7,395	6,033
Deferred tax liabilities	8.6	1,013	147	-
Provisions for risks and charges	8.18	13,920	6,887	5,683
TOTAL NON-CURRENT LIABILITIES		**202,634**	**113,505**	**113,446**
Current liabilities				
Current lease liabilities	8.4	16,211	16,240	13,921
Current financial liabilities	8.16	195,906	136,799	87,447
Current tax liabilities	8.19	4,049	4,701	888
Trade payables	8.20	46,122	39,590	36,346
Other current liabilities	8.21	449,031	322,234	264,027
TOTAL CURRENT LIABILITIES		**711,319**	**519,564**	**402,629**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**999,770**	**714,205**	**578,725**

2

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement			
(in thousands of Euro)	Notes	FY closed on 31st December 2020	FY closed on 31st December 2019
Revenues from contracts with customers	9.1	2,474,327	2,531,878
Other revenues and income	9.2	50,770	41,403
TOTAL REVENUES AND OTHER INCOME		**2,525,097**	**2,573,281**
Cost of raw, ancillary and consumable materials and goods	9.3	(5,134)	(4,632)
Service costs	9.4	(148,970)	(160,077)
Personnel costs	9.5	(2,290,370)	(2,326,783)
Other operating expenses	9.6	(16,811)	(10,637)
Net impairment losses on financial assets	9.7	(1,984)	(2,725)
Amortisation/depreciation and write-downs of tangible, intangible and right-of-use assets	9.8	(30,598)	(28,187)
Net amounts set aside to provisions for risks and charges	9.9	(2,660)	(2,542)
EBIT		**28,570**	**37,698**
Financial Income	9.10	14,264	1,109
Financial expenses	9.11	(7,448)	(6,867)
Profit/Loss on currency exchange	9.12	(3,642)	1,398
EBT - Earnings Before Taxes		**31,744**	**33,338**
Income taxes	9.13	(4,847)	(13,680)
PROFIT/LOSS FOR THE PERIOD		**26,897**	**19,658**
Net profit/loss of the Group		23,706	19,131
Net profit/loss of minority interests		3,191	527

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

Comprehensive consolidated income statement			
(in thousands of Euro)	Notes	FY closed on 31st December 2020	FY closed on 31st December 2019
Net profit/loss for the period (A)		**26,897**	**19,658**
a) Other comprehensive income components not subsequently reclassified in profit and loss;			
- Actuarial gains/(losses) on employee funds	8.17	(109)	(436)
- Tax effect on actuarial gains/(losses) on employee funds	8.6	26	105
TOTAL OTHER COMPREHENSIVE INCOME COMPONENTS NOT SUBSEQUENTLY RECLASSIFIED IN PROFIT AND LOSS;		**(83)**	**(331)**
b) Other comprehensive income components subsequently reclassified in profit and loss;			
- Variation on translation reserve	8.15	(6,418)	(1,027)
- Variation in fair value of cash flow hedge derivatives	8.16	(3)	3
TOTAL OTHER COMPREHENSIVE INCOME COMPONENTS SUBSEQUENTLY RECLASSIFIED IN PROFIT AND LOSS;		**(6,421)**	**(1,024)**
TOTAL OTHER COMPREHENSIVE INCOME COMPONENTS, NET OF TAX EFFECT (B)		**(6,504)**	**(1,355)**
TOTAL COMPREHENSIVE NET RESULT FOR THE FINANCIAL YEAR (A)+(B)		**20,393**	**18,303**
- Comprehensive net result for the financial year result attributable to the Group		17,240	17,854
- Net profit/loss of minority interests		3,153	449

3

STATEMENT OF CHANGES IN NET CONSOLIDATED EQUITY

STATEMENT OF CHANGES IN NET CONSOLIDATED EQUITY

Statement of changes in Net Consolidated Equity							
(in thousands of Euro)	Notes	Share capital	Reserves	Net profit/ loss of the Group	Total shareholders' equity of the Group	Shareholders' equity of minority interests	Total shareholders' equity
Balance as at 1st January 2019	**8.15**	**12,000**	**49,818**	**-**	**61,818**	**832**	**62,650**
Dividend compensation			(6)		(6)	(42)	(48)
TOTAL TRANSACTIONS WITH SHAREHOLDERS		**-**	**(6)**	**-**	**(6)**	**(42)**	**(48)**
Profit/loss for the period		-	-	19,131	19,131	527	19,658
Actuarial profits/(losses) on employee funds, net of tax effect		-	(331)	-	(331)	-	(331)
Variation on translation reserve		-	(949)	-	(949)	(78)	(1,027)
Variation in fair value of cash flow hedge derivatives		-	3	-	3	-	3
TOTAL NET PROFIT/LOSS FOR THE PERIOD		**-**	**(1,277)**	**19,131**	**17,854**	**449**	**18,303**
Acquisitions		-	(411)	-	(411)	642	231
Balance at 31st December 2019	**8.15**	**12,000**	**48,124**	**19,131**	**79,255**	**1,881**	**81,136**
Allocation of profits of the previous financial year		-	19,131	(19,131)	-	-	-
Dividend compensation			(11)		(11)	(33)	(44)
TOTAL TRANSACTIONS WITH SHAREHOLDERS		**-**	**(11)**	**-**	**(11)**	**(33)**	**(44)**
Profit/loss for the period		-	-	23,706	23,706	3,191	26,897
Actuarial profits/(losses) on employee funds, net of tax effect		-	(83)	-	(83)	-	(83)
Variation on translation reserve		-	(6,380)	-	(6,380)	(38)	(6,418)
Variation in fair value of cash flow hedge derivatives		-	(3)	-	(3)	-	(3)
TOTAL NET PROFIT/LOSS FOR THE PERIOD		**-**	**(6,466)**	**23,706**	**17,240**	**3,153**	**20,393**
Acquisitions of minority interests		-	(9,240)	-	(9,240)	(6,580)	(15,820)
Other changes		-	119	-	119	31	150
Balance at 31st December 2020	**8.15**	**12,000**	**51,657**	**23,706**	**87,363**	**(1,548)**	**85,815**

4

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement			
(in thousands of Euro)	Notes	FY closed on 31st December 2020	FY closed on 31st December 2019
A) Financial cash flow from operations (indirect method)			
Profit/loss for the period		26,897	19,658
Income taxes	9.13	4,847	13,680
Financial income/(charges) and profits/(losses) on currency exchanges	9.10 9.11 9.12	(3,174)	4,360
1) Profit (loss) for the period before income taxes, interests, dividends and gains/losses from sales of assets		**28,570**	**37,698**
Adjustments for non-monetary items without contra-entry in the net working capital			
Provisions		4,286	11,399
Amortization and depreciation of fixed assets	9.8	30,268	28,175
Write-downs for accumulated impairment losses	9.8	330	12
Other increasing (decreasing) adjustments for non-monetary items		358	(6,599)
TOTAL ADJUSTMENTS FOR NON-MONETARY ITEMS WITHOUT CONTRA-ENTRY IN THE NET WORKING CAPITAL		**35,242**	**32,987**
2) Cash flow before net working capital adjustments		**63,812**	**70,685**
Changes in net working capital			
Decrease/(Increase) in inventories	8.9	(944)	70
Decrease/(Increase) in receivables from customers	8.10	(82,317)	(38,703)
Increase/(Decrease) in payables to suppliers	8.20	8,066	3,244
Increase/(Decrease) in payables//receivables due to/from workers and social security institutions		54,708	27,458
Other decreases (other increases) in net working capital		64,226	2,229
TOTAL NET WORKING CAPITAL ADJUSTMENTS		**43,739**	**(5,702)**
3) Cash flow after net working capital adjustments		**107,551**	**64,983**
Other adjustments			
Interests received/(paid)		6,816	(5,552)
(income taxes paid)		(16,155)	(10,227)

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CONSOLIDATED CASH FLOW STATEMENT

Consolidated cash flow statement			
(in thousands of Euro)	Notes	FY closed on 31st December 2020	FY closed on 31st December 2019
(Utilisation of funds)		(618)	(11,449)
TOTAL OTHER ADJUSTMENTS		**(9,946)**	**(27,228)**
OPERATING CASH FLOW (A)		**97,605**	**37,755**
B) Cash flow from investments			
Tangible non-current assets: Investments/Disinvestments	8.1	(3,546)	(4,515)
Intangible non-current assets Investments/Disinvestments	8.2 – 8.3.	(15,243)	(7,115)
Financial assets Investments/Disinvestments		(49,261)	(4,242)
(Subsidiary acquisition, net of cash acquired)	8.7 – 8.13.	(25,117)	-
CASH FLOW FROM INVESTMENTS (B)		**(93,167)**	**(15,872)**
C) Cash flow from financing activities			
Increase/(Decrease) of payables to banks	8.16	96,576	39,944
Increase/(Decrease) in other financial liabilities	8.16	15,274	9,013
Increase/(Decrease) in lease liabilities	8.4	(9,543)	(15,394)
CASH FLOW FROM FINANCING ACTIVITIES (C)		**102,307**	**33,563**
Increase (decrease) in cash and cash equivalents (A + B + C)		**106,745**	**55,446**
Cash & cash equivalents at the beginning of the FY	**8.12**	**77,591**	**22,145**
Cash and cash equivalents at the end of the FY	**8.12**	**184,336**	**77,591**

5

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

1. GENERAL INFORMATION

Gi Group S.p.A. ("**Gi Group**", the "**Company**" or the "**Parent Company**") and its subsidiary companies (the "**Group**") are businesses operating in the labour market.

Notably, the Group, the leading Italian staffing multinational company and one of the main staffing companies in the world, offers labour market-related services in the following sectors: temporary staffing, permanent and professional staffing, search & selection, executive search, outsourcing, training, outplacement and HR consulting.

The Group operates in Italy, Europe, Asia, South America and other countries all over the world.

Gi Group S.p.A. is a company incorporated and domiciled in Italy, with registered office in Milan, no. 5 Piazza IV Novembre, and organised pursuant to Italian Law.

2. SUMMARY OF ACCOUNTING STANDARDS USED

2.1. BASIS OF PREPARATION

The Company has made use of the right set out in Italian Legislative Decree no. 30 of 28th February 2005, as subsequently amended by Italian Decree Law no. 91 of 24th June 2014 and by Italian Law no. 145/2018, which governs the exercising of options provided for in Article 5 of European Regulation no. 1606/2002 on international accounting standards, and has voluntarily adopted the International Financial Reporting Standards, issued by the International Accounting Standards Board, and adopted by the European Union (the "**International Accounting Standards**") to prepare its consolidated financial statements.

These consolidated financial statements for the financial year to 31st December 2020 (the "**Consolidated Financial Statements**") are the first consolidated financial statements prepared by the Company in accordance with International Accounting Standards (also "**EU-IFRS**") in that, previously, the Company prepared its consolidated financial statements in accordance with Italian legislation and the accounting standards issued by the Italian National Board of Accountants [CNDCEC], modified by the Italian Accounting Standards Organisation [OIC] (the "**Italian Accounting Standards**"). Therefore, it has been necessary to carry out a transition process from the Italian Accounting Standards to EU-IFRS in accordance with the provisions of IFRS1 - First-time Adoption of International Financial Reporting Standards. To this end, the date of transition to EU-IFRS is 1st January 2019 (the "**Transition Date**"). Information regarding the transition process required by IFRS1 is set out in note 18 "First-time Application of EU-IFRS".

The principal criteria and accounting standards applied when preparing these Consolidated Financial Statements are set out below.

2.2. ACCOUNTING STANDARDS ADOPTED AND DECLARATION OF CONFORMITY WITH INTERNATIONAL ACCOUNTING STANDARDS

These Consolidated Financial Statements have been prepared in accordance with International Accounting Standards adopted by the European Commission and in force at 31st December 2020. By EU-IFRS we mean all "*International Financial Reporting Standards*", all "*International Accounting Standards*" (IAS) and all interpretations of the "IFRS *Interpretations Committee*" (IFRIC), previously known as the "*Standing Interpretations Committee*" (SIC).

The International Accounting Standards were applied in conjunction with the "Conceptual Framework for Financial Reporting" and there were no deviations from the EU-IFRS standards.

These financial statements were approved by the Board of Directors of the company on 28th May 2021.

These Consolidated Financial Statements are subject to audit by the PricewaterhouseCoopers S.p.A., the Company's external auditor.

2.3. SECTION 2 - BASIS OF PREPARATION

These Consolidated Financial Statements are made up of the obligatory accounting statements set out in the IAS1 standard, that is, the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Comprehensive Income Statement, the Statement of Variations in Consolidated Shareholders' Equity and the Consolidated Statement of Cash Flow Situation, and the related Explanatory Notes.

The Group has chosen to set out the Consolidated Income Statement by type of expenditure, whilst assets and liabilities in the Consolidated Statement of Financial Position are divided into current and non-current.

An asset is classified as current when:
- it is assumed that this asset will be realised, or is held for sale or consumption, in the normal operating cycle;
- it is held mainly for the purpose of selling it;
- it is assumed that is will be realised within twelve months of the reporting date;
- it is made up of cash or cash equivalents (unless it is forbidden to exchange it or use it to extinguish a liability for at least twelve months from the reporting date).

All other assets are classified as non-current. In particular, IAS1 includes tangible assets, intangible assets and long-term financial assets among non-current assets.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

A liability is classified as current when:
- it is expected to be extinguished in the normal operating cycle;
- it is held mainly for the purpose of selling it;
- it will be extinguished within twelve months of the reporting date;
- there is no unconditional right to defer settlement for at least twelve months from the reporting date. Clauses of a liability which could, with agreement of the counterparty, be extinguished through the issue of instruments representing capital, do not affect its classification.

All other liabilities are classified as non-current.

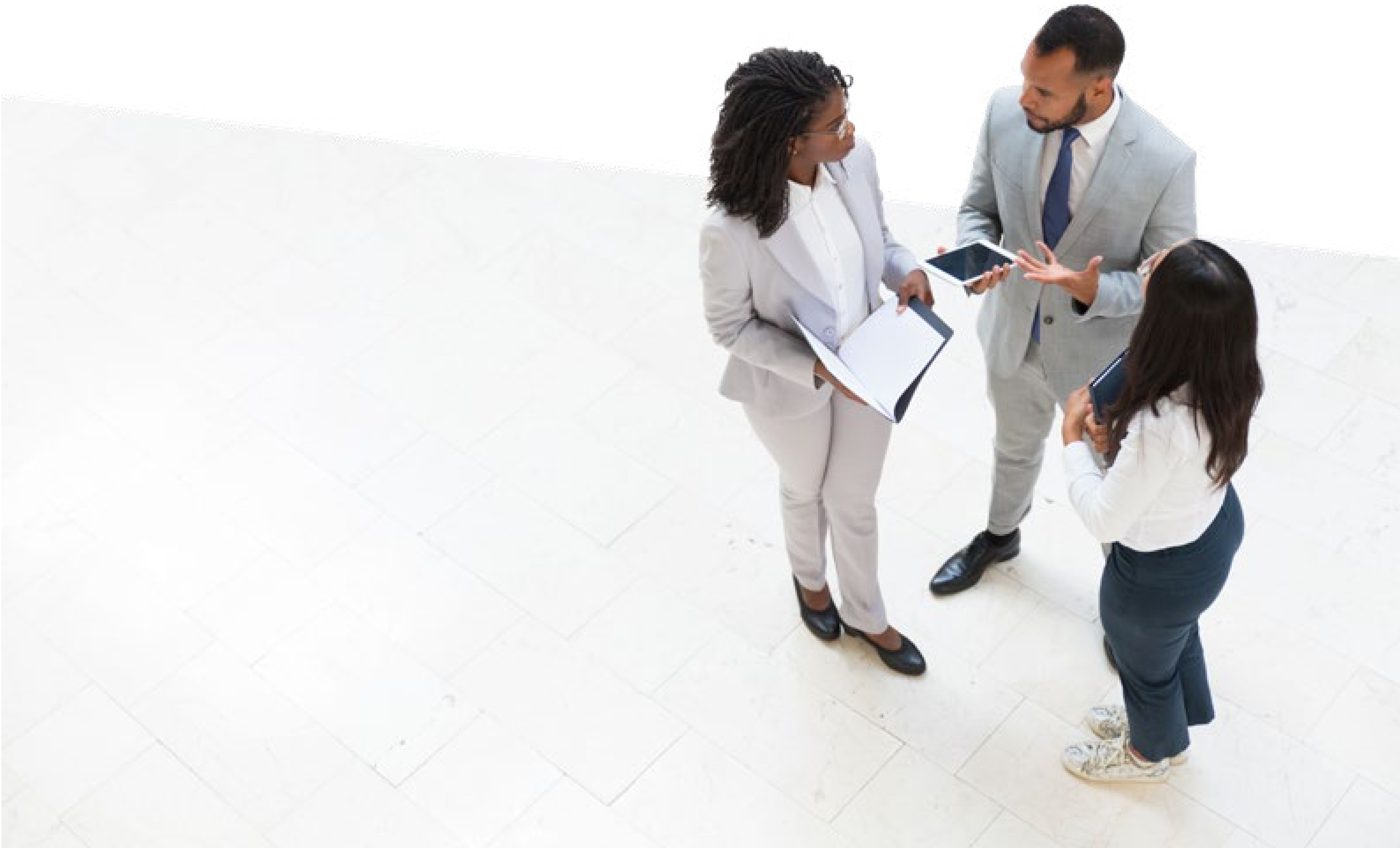
The operating cycle is the time taken between the acquisition of assets for the production process and their realisation into cash or cash equivalents. When the normal operating cycle is not clearly identifiable, a duration of twelve months is assumed.

The Statement of Cash Flow Situation is prepared using the indirect method.

These Consolidated Financial Statements have been prepared using the conventional criteria of historic cost, except for the measurement of financial assets and liabilities where it is obligatory to apply *fair value*, and for the financial statements of companies that operate in economies subject to hyperinflation, where current costs criteria are used.

These Consolidated Financial Statements have been prepared in Euro, the Company's functional currency. The financial statement schedules and the related explanatory notes are expressed in thousand of Euro, unless otherwise indicated.

These Consolidated Financial Statements have been prepared from a perspective of business continuity, using the cash basis accounting standard, in line with the principle of materiality and significance of information, prevalence, substance and form, and with the aim of ensuring that they are in line with future presentations. There are no offsets between assets and liabilities and costs and revenues, unless this is permitted or required by International Accounting Standards.



2.4. SCOPE OF CONSOLIDATION AND ITS VARIATIONS

SCOPE OF CONSOLIDATION

The Consolidated Financial Statements include the capital and financial results of the Parent Company and the companies over which it exercises direct or indirect control.

The following table sets out the list of companies included in the Group's scope of consolidation with information on their registered office, share capital at 31st December 2020, and the percentage held (directly or indirectly) by the Parent Company on 31st December 2020, 2019 and on 1st January 2019:

Company	City or foreign country	Share Capital at 31st December 2020 (in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
			% held (directly or indirectly) by the Parent Company		
A) PARENT COMPANY:					
Gi Group S.p.A.	Milan	12000	Parent Company	Parent Company	Parent Company
B) COMPANIES DIRECTLY CONTROLLED BY THE PARENT COMPANY					
INTOO S.r.l.	Milan	100	100%	100%	100%
EXS Italia S.r.l.	Milan	26	100%	100%	100%
Gi HR Services S.r.l.	Milan	100	100%	100%	100%
OD&M S.r.l.	Milan	50	100%	100%	100%
Gi International S.r.l.	Milan	1000	100%	100%	100%
C2C S.r.l.	Milan	100	100%	100%	100%
Wyser S.r.l.	Milan	50	100%	100%	100%
Tack & TMI Italy S.r.l.	Milan	100	100%	100%	100%
Asset Data S.r.l.	Milan	N/A	N/A	100%	100%
Gi On Board S.r.l.	Milan	100	100%	100%	100%
Enginium S.r.l.	Milan	100	100%	100%	100%
C) COMPANIES INDIRECTLY CONTROLLED BY THE PARENT COMPANY					
Gi Group Automotive Group S.a.S	Paris	3333	100%	100%	100%
Gi Group France S.a.S.	Paris	2100	100%	100%	100%
G.I. GROUP SPAIN Empresa de Trabajo Temporal S.L.	Madrid	1875	100%	100%	100%
Générale Industrielle Research SL	Madrid	800	100%	100%	100%

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

Company	City or foreign country	Share Capital at 31st December 2020 (in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
			% held (directly or indirectly) by the Parent Company		
G.I. Group Outsourcing 2016, S.L.	Madrid	462	100%	100%	100%
GI HOTELS, Servicios para hoteles S.L.	Madrid	3	100%	100%	N/A
Barnett McCall Recruitment S.r.l.	Bucharest	1544	100%	100%	100%
Gi Group staffing company S.r.l.	Bucharest	2965	100%	100%	100%
Consulteam Recrutare si Selectie SRL	Bucharest	-	100%	100%	100%
Grain Consulting SRL	Chisinau	N/A	N/A	100%	100%
Gi Deutschland Holding Gmbh	Düsseldorf	5205	100%	100%	100%
Gi Group Deutschland Gmbh	Düsseldorf	306	100%	100%	100%
Gi Professional Services GmbH	Düsseldorf	25	100%	100%	100%
Personal Service Niederrhein GmbH	Düsseldorf	25	100%	100%	100%
House of Jobs Group GmbH (formerly OnTime Management GmbH)	Herrenberg	25	N/A	100%	N/A
OnTime Personalservice Ulm GmbH	Herrenberg	25	N/A	80%	N/A
OnTime Solutions GmbH	Herrenberg	25	N/A	100%	N/A
GRAFTON DEUTSCHLAND GmbH	Herrenberg	25	100%	100%	N/A
OnTime Project GmbH	Herrenberg	25	N/A	100%	N/A
OnTime Aviation GmbH	Herrenberg	26	N/A	100%	N/A
GRAFTON SOLUTIONS GmbH	Herrenberg	25	100%	100%	N/A
House of Jobs GmbH	Herrenberg	25	N/A	100%	N/A
Work Service Gmbh & Co.KG	Berlin	-	100%	N/A	N/A
Gi Group Deutschland GmbH	Düsseldorf	25	100%	N/A	N/A
IT Kontrakt Gmbh	Berlin	50	100%	N/A	N/A
Work Service24 Gmbh	Berlin	25	100%	N/A	N/A
Work Service GP Gmbh	Vienna	10	100%	N/A	N/A
Work Service Professionals 360 GmbH (Enloyd Gmbh)	Berlin	25	100%	N/A	N/A

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Company	City or foreign country	Share Capital at 31st December 2020 (in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
			% held (directly or indirectly) by the Parent Company		
Work Service Deutschland Gmbh	Berlin	100	100%	N/A	N/A
Work Service Fahrschule QC Gmbh	Berlin	25	100%	N/A	N/A
Gi Group Sp.Z.o.o.	Katowice	4050	100%	100%	100%
Generale Industrielle Polska Sp.Z.o.o.	Katowice	239	100%	100%	100%
Wyser Sp.Z.o.o..	Katowice	538	100%	99%	99%
QiBit sp. Z o.o.	Katowice	633	100%	100%	100%
Grafton Recruitment Polska Sp.zoo	Warszawa	768	100%	100%	100%
Grafton Outsourcing Services Sp.zoo	Warszawa	1	100%	100%	100%
Work Service SA	Wrocław	1438	55.77%	N/A	N/A
Work Service East Lcc	Charków	12	55.77%	N/A	N/A
Finance Care Sp. z o.o.	Wrocław	985	55.77%	N/A	N/A
Virtual Cinema Studio Sp. z o.o.	Wrocław	-	55.77%	N/A	N/A
Work Express Sp. z o.o.	Katowice	-	55.77%	N/A	N/A
Sellpro Sp. z o.o.	Wrocław	10621	55.77%	N/A	N/A
Work Service SPV Sp. z o.o.	Wrocław	812	55.77%	N/A	N/A
GI WS Ukraine sp. z o.o.	Wrocław	-	55.77%	N/A	N/A
Work Service International Sp. z o.o.	Wrocław	4970	55.77%	N/A	N/A
Industry Personnel Services Sp. z o.o.	Wrocław	8773	55.77%	N/A	N/A
Krajowe Centrum Pracy Sp. z o.o.	Wrocław	800	55.77%	N/A	N/A
QiBit sp. z o.o.	Wrocław	22	55.77%	N/A	N/A
Outsourcing Solutions Partner Sp. z o.o.	Katowice	217	55.77%	N/A	N/A
Support and Care Sp. z o.o.	Warszawa	-	55.77%	N/A	N/A
WorkPort 24 GmbH	Berlin	25	55.77%	N/A	N/A
Gi Group Holdings Recruitment Limited	Chesterfield	13873	100%	100%	100%
Gi Recruitment Limited	Chesterfield	80	100%	100%	100%
Gi Group Recruitment Limited	Chesterfield	23	100%	100%	100%
Draefern Limited	Chesterfield	11	100%	100%	100%

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NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

Company	City or foreign country	Share Capital at 31st December 2020 (in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
			% held (directly or indirectly) by the Parent Company		
Excel Resourcing Limited	Chesterfield	2	100%	100%	100%
Protemp Recruitment Limited	Chesterfield	29	100%	100%	100%
Right4Staff Limited	Chesterfield	-	100%	100%	100%
Total Work Services Limited	Chesterfield	11	100%	100%	100%
TACK INTERNATIONAL Limited	Chesterfield	316	100%	100%	100%
INTOO UK LIMITED	Chesterfield	-	100%	100%	100%
INTERNATIONAL LEARNING Limited	Chesterfield	-	100%	100%	100%
TACK GLOBAL Limited	Chesterfield	-	100%	100%	100%
The European Academy of Sales and Sales Management Limited	Chesterfield	-	100%	100%	100%
TACK INDUSTRIES Limited	Chesterfield	-	100%	100%	100%
TACK Management Consultants Limited	Chesterfield	-	100%	100%	100%
TACK Sales & Marketing Training Limited	Chesterfield	-	100%	100%	100%
TACK Training Scotland Limited	Edinburgh	-	100%	100%	100%
TACK Training Worldwide Ltd	Chesterfield	-	100%	100%	100%
Marks Sattin(UK) Limited	London	-	100%	100%	100%
Tack TMI UK Limited	Chesterfield	-	100%	100%	N/A
Gi Staffing Solutions (Ireland) Limited	Dublin	-	100%	100%	N/A
Grafton Professional Staffing Limited	Chesterfield	-	100%	100%	N/A
Gi Group Czech Republic s.r.o.	Prague	8	100%	100%	100%
Grafton Recruitment s.r.o.	Prague	4	100%	100%	100%
Work Service Czech s.r.o.	Prague	2296	55.77%	N/A	N/A
Gi Group Temp B.V.	Amsterdam	50	100%	100%	100%
Gi Group Holding B.V.	Amsterdam	50	100%	100%	N/A
Gi Group Perm B.V.	Amsterdam	50	100%	100%	N/A
Gi Group Freelance B.V.	Amsterdam	50	100%	100%	N/A

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Company	City or foreign country	Share Capital at 31st December 2020 (in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
			% held (directly or indirectly) by the Parent Company		
Gi Group Slovakia s.r.o.	Bratislava	-	100%	100%	100%
Gi Group HR Services Slovakia s.r.o.	Bratislava	30	100%	100%	100%
Grafton Slovakia s.r.o.	Bratislava	30	100%	100%	100%
Grafton Outsourcing Services s.r.o.	Bratislava	29	100%	100%	100%
Work Service Slovakia s.r.o.	Bratislava	1341	55.77%	N/A	N/A
Work Service Outsourcing Slovakia s.r.o.	Bratislava	5	55.77%	N/A	N/A
Work Service SK s.r.o.	Bratislava	121	55.77%	N/A	N/A
Antal International s.r.o.	Bratislava	4	55.77%	N/A	N/A
GIGP Empresa De Trabalho Temporário E Recursos Humanos, LDA	Lisbon	50	99%	99%	99%
GIWYSER Search And Selection, LDA	Lisbon	5	99%	99%	99%
GIIT Prestação De Serviços A Empresas Na Área De Tecnologia E Sistemas De Informação, LDA	Lisbon	5	99%	99%	99%
Gi Group Human Resources SA	Manno	92	100%	100%	100%
CN HR HOLDING SA	Manno	232	100%	N/A	N/A
Time Manager International A/S	Skaevinge	792	100%	100%	100%
WorkSource Investments S.à r.l.	Luxembourg	30428	100%	N/A	N/A
Gi Group Brasil Recursos Humanos Ltda	São Paulo	28769	100%	100%	100%
EXS Brasil Consulting Ltda	São Paulo	N/A	N/A	55%	55%
C2C Brasil Promota De Ventas Ltda	São Paulo	4003	100%	100%	100%
Gi Brasil Consultoria em Recursos Humanos Ltda	São Paulo	N/A	N/A	100%	100%
Gi Group Services Recursos Humanos Ltda	São Paulo	4826	100%	N/A	N/A
Gi Group Search & Selection S.A.	Buenos Aires	198	100%	100%	100%
Gi Group Temporary Staffing S.A.	Buenos Aires	1055	100%	100%	100%
Gi Group BPO Colombia S.A.S.	Bogotá	1012	100%	100%	100%

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Company	City or foreign country	Share Capital at 31st December 2020 (in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
			% held (directly or indirectly) by the Parent Company		
Gi Group Temporales SAS	Bogotá	56	100%	100%	N/A
Gi Human Resources and Services Pvt. Ltd (Formerly Elixir Web Solutions Pvt. Ltd.)	New Delhi	6112	100%	100%	100%
Gi Staffing Services Pvt. Ltd.	New Delhi	3867	100%	100%	100%
Hitech Personnel Agency Co. Limited	Hong Kong	2,949	100%	100%	100%
Beijing GI Human Resource Co., Ltd	Beijing	3378	100%	100%	100%
Zhejiang GI Human Resources Co., Ltd.	Zhejiang	1086	100%	56%	56%
Shanghai Gi Human Resources Service Co., Ltd	Shanghai	224	100%	56%	56%
Suzhou Gi Human Resources Service Co., Ltd	Suzhou, Jiangsu	237	100%	56%	56%
Shanghai Gi Enterprise Management Consulting Co.Ltd.	Shanghai	1521	100%	100%	100%
Ningbo Gepu Enterprise Management Consulting Co., Ltd.	Ningbo	119	100%	56%	56%
Taizhou Huangyan Leibo Human Resources Co.,Ltd	Taizhou	234	70%	39%	39%
Ningbo New Century Shipping Talent Service Co.,Ltd	Ningbo, Zhejiang	136	100%	56%	56%
Ningbo Gi Supply Chain Management Co.,ltd	Ningbo, Zhejiang	243	100%	56%	56%
Shenzhen Gi Group	Shenzhen, Guangdong	259	100%	56%	56%
Beijing Gi Group	Beijing	276	100%	56%	56%
Ningbo GiPu Supply Chain Management Co.,ltd	Ningbo	256	100%	56%	56%
GI Permanent Recruitment Service Co.,Ltd	Suzhou	264	100%	100%	N/A
Haikou Gi Talent Service Co.,Ltd	Haikou, Hainan	-	100%	N/A	N/A
Jiaxing Gi Supply Chain Management Co.,ltd	Jiaxing Zhejiang	15	100%	56%	N/A
Gi HR Holding USA, Inc.	Wilmington	7145	100%	N/A	N/A
Intoo LLC	Wilmington	7589	100%	N/A	N/A

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Company	City or foreign country	Share Capital at 31st December 2020 (in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
			% held (directly or indirectly) by the Parent Company		
Wyser EOOD	Sofia	3	100%	100%	100%
Tack & TMI Bulgaria EOOD	Sofia	3	100%	100%	100%
Gi Group EOOD	Sofia	3	100%	100%	100%
Gi Group Outsourcing EOOD	Sofia	1	100%	100%	N/A
Gi Group HR Solutions d.o.o. Beograd	Belgrade	3	100%	100%	100%
Gi Group Staffing Solutions d.o.o. Beograd	Belgrade	1	100%	100%	100%
WYSER d.o.o. Beograd	Belgrade	1	100%	100%	100%
OD&M Consulting d.o.o. Beograd	Belgrade	1	100%	100%	100%
WYSER d.o.o.	Zagreb	3	100%	100%	100%
OD&M Consulting Solutions d.o.o.	Zagreb	3	100%	100%	100%
Gi Group Staffing Solutions d.o.o.	Zagreb	3	100%	100%	100%
Career Team d.o.o.	Podgorica	33	100%	100%	100%
Gi Group d.o.o.	Podgorica	-	100%	100%	100%
Gi Group Outsourcing d.o.o.	Podgorica	-	100%	100%	N/A
Gi Group And Wyser Turkey Secme Ve Yerlestirme A.S.	Besktas Istanbul	647	100%	100%	100%
Gi Group Human Resources And Consultancy İnsan Kaynaklari Ve Danişmanlik Anonim Şirketi	Besktas Istanbul	1020	100%	100%	100%
Limited Liability Company Wyser	Moscow	32	100%	100%	100%
Limited Liability Company Gi Group	Moscow	25	99%	99%	99%
Limited Liability Company OD&M consulting	Moscow	-	100%	100%	100%
UAB Gi Group Lithuania	Vilnius	6	100%	100%	100%
UAB Gi Group Outsourcing	Vilnius	3	100%	N/A	N/A
Gi GROUP Ukraine sp. z o.o.	Leopoli	48	100%	100%	100%
Grafton Recruitment Személyzeti Tanácsadó Kft.	Budapest	9	100%	100%	100%

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Company	City or foreign country	Share Capital at 31st December 2020 (in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
			% held (directly or indirectly) by the Parent Company		
Wyser Search Hungary Kft.	Budapest	9	100%	N/A	N/A
Gi Group Hungary Kft.	Budapest	9	100%	N/A	N/A
D) AFFILIATED COMPANIES					
Fare Lavoro, Società Consortile a r.l.	Terni	50	49%	49%	49%
Prohuman 2004 Kft	Budapest	-	44.74%	N/A	N/A
APT Finance Broker s.r.l.	Bucharest	-	35.79%	N/A	N/A
APT Broker s.r.l.	Bucharest	-	35.79%	N/A	N/A
APT Human Resources s.r.l.	Bucharest	-	35.79%	N/A	N/A
APT Resources&Services s.r.l.	Bucharest	-	35.79%	N/A	N/A
Naton kadrovsko svetovanje d.o.o.	Ljubljana	-	44.74%	N/A	N/A
Naton Ljudski potencial d.o.o	Zagreb	-	44.74%	N/A	N/A
Human Existence Kft	Miskolc	-	44.74%	N/A	N/A
Prohuman Outsourcing Kft	Budapest	-	44.74%	N/A	N/A
HR Rent Kft	Pécs	-	44.74%	N/A	N/A
Finance Sales Hungary Kft	Budapest	-	44.74%	N/A	N/A
Finance Care Hungary Pénzügyi Tanácsadó Kft	Budapest	-	44.74%	N/A	N/A

The reporting date for the companies falling under the scope of consolidation is 31st December. This date coincides with the Parent Company's reporting date, with the exception of the following subsidiary companies:

- Gi Human Resources and Services Pvt. Ltd, whose reporting date is 31st March;
- Gi Staffing Services Pvt. Ltd, whose reporting date is 31st March;
- Hitech Personnel Agency Co. Ltd, whose reporting date is 31st March;

Please note that, for these companies, Statements of Financial Position have been prepared to 31st December only for the purposes of the Group Consolidated Financial Statements.

CHANGES IN THE SCOPE OF CONSOLIDATION

In the year to 31st December 2020, the Group's scope of consolidation expanded mainly due to the following acquisitions:

- acquisition of a group of German companies, belonging to Work Service Gmbh & Co. KG, operating mainly in the temporary staffing and outsourcing sectors;
- acquisition of an outplacement business in the United States;
- acquisition of a Spanish company, Grupo Norte Recursos Humanos Empresa de Trabajo Temporal S.A.U, operating mainly in the temporary staffing sector;
- acquisition of a group of Brazilian companies, belonging to Kelly Services Brasil Investimentos e Participacoes Ltda and Kelly Services Brasil Investimentos e Participacoes II Ltda, operating mainly in the temporary and permanent staffing sector, particularly in the Retail, Life Science and Technology sectors;
- acquisition of a group of Polish and Central European companies, belonging to Work Service SA.

In the year to 31st December 2019, the Group's scope of consolidation expanded following the acquisition of the On Time-House of Jobs group of companies, located in Germany. In particular, the acquired group of companies includes House of Jobs Group GmbH, OnTime Personalservice Ulm GmbH, OnTime Solutions GmbH, OnTime Healthcare GmbH, OnTime Project GmbH, OnTime Aviation GmbH, ProCess Solutions GmbH and House of Jobs GmbH.

For more information regarding the acquisitions made during the financial years in question, please see note 7 "Business Combinations".

EXCLUSIONS FROM THE SCOPE OF CONSOLIDATION

The Italian companies Gi Professional Services S.r.l. and Mytalenteam S.r.l., 100% owned by Gi Group S.p.A., have been excluded from the scope of consolidation at 31st December 2019 and at 1st January 2019 because they are in liquidation and there is no control as defined in IFRS10. Such companies have drawn up, in December 2019, their closing Financial Statements and were cancelled from the Company Registry respectively on 15th January 2020 (Gi Professional Services S.r.l.) and 13th March 2020 (Mytalenteam S.r.l.). The value of these equity investments at 31st December 2019 and at 1st January 2019 is recognised in "Non-Current Financial Assets".

The international subsidiary Grafton Holdings Europe Limited has been excluded from the scope of consolidation at 31st December 2019 and at 1st January 2019 because it is in liquidation and there is no control as defined in IFRS10. The final Liquidation Financial Statements were approved on 7th April 2020.

The foreign subsidiaries House of Jobs d.o.o. (Croatia), House of Jobs Bulgaria EOOD (Bulgaria) and House of Jobs Spain SL (Spain) have been excluded from the scope of consolidation at 31st December 2019 because they are small companies acquired in 2019 together with the German group On Time/House of Jobs, and at the end of 2019 we decided to liquidate them voluntarily.

2.5. CONSOLIDATION METHOD AND CRITERIA

CONSOLIDATION METHOD

Subsidiary companies are consolidated using the full consolidation method, while interests over which the Group exercises significant influence are valued using the equity method.

A) FULL CONSOLIDATION METHOD

Subsidiary companies are those over which the Group has control. The Group controls a company when it is exposed to variabilities in the company's results and it has the power to influence these results through its power over the company. Specifically, the Group controls a shareholding if, and only if, the Group has:

- power over the entity which is the subject of investment (or it holds valid rights which give it the actual capacity to direct the key assets of the entity which is the subject of investment);
- the exposure to or right to variable returns deriving from the relationship with the entity which is the subject of investment;
- the capacity to exercise its power over the entity which is the subject of investment to affect the amount of its returns.

Generally, control is assumed when the Group directly or indirectly holds more than half of the voting rights, also taking into consideration voting rights that are potentially exercisable or convertible.

Control occurs when the Group is exposed to or has the right to variable returns. The Group considers all material facts and circumstances in order to establish with it controls the entity, which is the subject of investment, including any:

- Contractual agreements with other holders of voting rights;
- Rights deriving from contractual agreements;
- The Group's voting rights and potential voting rights.

The Group will reconsider whether or not it has control over a subsidiary if the facts and circumstances indicate that there has been a change in one or more of the three key elements used to define control.

Consolidation of a subsidiary commences when the Group obtains control over it and ceases when the Group loses control. A subsidiary's assets, liabilities, revenues and costs that are acquired or disposed of during the financial year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the financial year and each of the other components of the Comprehensive Income Statement are attributed to shareholders of the Parent Company and to minority shareholders, even if this implies that minority shareholdings have a negative balance. Where necessary, appropriate corrections are made to the financial statements of subsidiaries, to guarantee their conformance with the Group's accounting policies.

Where stakes are acquired after assuming control (acquisition of minority stakes), any difference between the acquisition cost and the corresponding fraction of shareholders' equity acquired is recognised in the Group's shareholders' equity. Similarly, the effects of disposing of a minority stake without loss of control are recognised in shareholders' equity.

The financial statements of subsidiaries used for the purposes of consolidation are prepared with reference to the same reporting period and adopting the same accounting standards as the parent company. All intra-group balances and transactions, including any unrealised profits and losses resulting from relations between Group companies, are completely eliminated. Unrealised profits and losses generated on transactions with affiliated businesses or businesses under joint control are eliminated in relation to the Group's stake in those businesses. The result shown in the Comprehensive Income Statement relating to a subsidiary is attributed to the minority stake, even if this means that minority stakes have a negative balance.

If the parent company loses control over a subsidiary, it must:

- derecognise the subsidiary's assets (including any goodwill) and liabilities;
- derecognise the carrying amount of any minority stake in the ex-subsidiary;
- derecognise the cumulative currency exchange differences recognised in shareholders' equity;
- recognise the fair value of the fee received;
- recognise the fair value of any stake retained in the ex-subsidiary;
- recognise any profit or loss in profit and loss;
- reclassify the portion, held by the parent, of the components previously recognised in comprehensive other income in profit and loss or in retained earnings, as appropriate.

B) EQUITY METHOD

Equity investments over which the Group exercises significant influence or has joint control, as defined in IAS28, are measured using the equity method.

According to this method, the equity investment is initially recognised at cost and the carrying amount is increased or reduced to recognise the parent's share in the subsidiary's profits or losses realised after the date of acquisition. The parent's share of the subsidiary's results is recognised in the parent's profit and loss. Each change in other comprehensive income relating to these subsidiaries is shown in the Group's comprehensive income statement. Also, where an associated company or joint venture recognises a variation that is directly attributable to shareholders' equity, the Group recognises its share, where applicable, in the Statement of Variations in Shareholders' Equity. Unrealised profits and losses from transactions between the Group and associated companies or joint ventures are derecognised in proportion to the stake in the associated companies or joint ventures.

Dividends received from a subsidiary reduce the carrying amount of the equity investment.

Where there are potential voting rights, the parent's share of the profits or losses and of the variations in shareholders' equity in the subsidiaries, is determined on the basis of the actual ownership structures and does not reflect the possibility of exercising or converting potential voting rights.

If the subsidiary incurs losses, and they exceed the book value of the equity investments, the book value of the equity investment will be reduced to zero and further losses will be recognised only if the parent has legal or implied obligations or has made payments on behalf of the subsidiary. If the subsidiary subsequently realises profits, the parent re-recognises its share of profits only after it equals the share of losses not previously recognised.

If there is evidence that the value of a shareholding may have been impaired, an estimate of the recoverable amount of the shareholding itself is made, taking into account the current value of future cash flows that the shareholding may generate, including

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

the value of the final shareholding divestment. If the recoverable amount is lower than the book value, the difference is entered in the income statement. If the reasons for the impairment are removed following an event occurring after recognizing the impairment, writebacks are entered in the income statement.

For the purposes of consolidating equity investments in associated companies and/or jointly-controlled companies, the financial statements prepared and approved by the each company's management board are used. In the event that there are no financial statements available that have been prepared in accordance with international accounting standards, those prepared in accordance with national accounting standards shall be used, after verifying that there are no significant differences.

The consolidating company ceases using the equity method from the date on which it ceases to exercise significant influence or joint control over the subsidiary. In the event of loss of significant influence or joint control over a subsidiary, the Group measures and recognises the residual equity investment at fair value. The difference between the book value of the equity investment at the date significant influence or joint control is lost and the fair value of the residual equity investment and the fees received, is recognised in profit and loss.

BUSINESS COMBINATIONS

A business combination is a transaction, or other event, through which an acquirer acquires control of one or more business assets. Based on the provisions of IFRS3, all business combinations are accounted for using the acquisition method, which considers the business combination from the acquirer's point of view and, consequently, presumes that an acquirer must be identified for each business combination. The date of acquisition is the date on which the acquirer obtains control of the other businesses or business assets subject to aggregation. The acquired business's financial statements must be available on the date of acquisition in order to consolidate the results into profit and loss and to measure the fair value of the acquired assets and liabilities, including good will.

The acquired assets and assumed liabilities are measured by the acquiring business at fair value at the date of acquisition, based on the definition provided in IFRS13.

In particular, based on the acquisition method:

i) the fee paid in a business combination is measured at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the group at the date of acquisition and the capital instruments issued in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss in the period in which they are incurred;

ii) at the acquisition date, the assets identifiably acquired and the liabilities assumed are recognised at fair value at the acquisition date; an exception to this are deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the acquirer, and assets (or groups of assets and liabilities) held for sale, which are instead measured in accordance with their relevant standards;

iii) goodwill is determined as the excess calculated by deducting the fair value of the net assets acquired and liabilities assumed at the acquisition date from the sum of the considerations transferred in the business combination, the value of shareholders' equity for minority interests and the fair value of any equity investment previously held in the acquiree. If the value of the net assets acquired and liabilities assumed at the acquisition date exceeds the sum of the considerations transferred in the business combination, the value of shareholders' equity for minority interests and the fair value of any equity investment previously held in the acquiree, this excess is immediately recognised in profit and loss as income from the concluded transaction;

iv) any considerations subject to conditions set out in the business combination contract are measured at fair value at the acquisition date and are included in the amount relating to the considerations transferred in the business combination used to determine goodwill.

For a business combination achieved in stages, the equity investment previously held in the acquiree is remeasured at fair value at the date control is acquired and any resulting profit or loss is recognised in profit and loss.

If the initial values of a business combination are incomplete by the end of the reporting period in which it occurs, the Group shall report in its consolidated financial statements provisional amounts for the items for which recognition is incomplete. These provisional values shall be adjusted during the measurement period to take account of the new information obtained regarding the facts and circumstances that existed at the acquisition date which, if known, would have had an effect on the value of assets and liabilities recognised at that date.

TREATMENT OF PUT OPTIONS ON SHARES IN SUBSIDIARIES

The Group has granted put options to minority shareholders which give them the right to sell their shares to the Group at a future date.

The treatment of put options relating to minority interests is not entirely regulated by EU-IFRS. In fact, whilst EU-IFRS states that the accounting of put options on minority interests requires the recognition of a liability, it does not state what its balancing entry must be. At initial recognition, the financial liability shall be recognised at the same value as the amount, appropriately discounted, which must be paid to exercise the put option. Subsequent variations in the amount of liability will be recognised in other comprehensive income in line with the provisions of IFRS9.

To identify the balancing entry at initial recognition of the above liability, one must assess whether the risks and rewards of ownership of the minority interests with the put option have been, by effect of the option having been exercised, transferred to the acquirer or remain with the owner of these interests. The results of this assessment will govern whether or not the minority interest with the put option will continue to be recognised in the consolidated financial statements.

Minority interests with put options shall continue to be recognised if the above risks and benefits are not transferred to the parent via the put option. Conversely, where the risks and rewards are transferred, these minority interests shall cease to be recognised in the consolidated financial statements.

Therefore:

- in the event that minority interests need not be recognised in the financial statements, insofar as the risks and rewards connected with them are transferred to the parent, the liability relating to the put option shall be recognised:

a) with a goodwill balancing entry, where the put option is recognised to the seller as part of a business combination; or
b) with a balancing entry in minority shareholders' equity where the contract is not part of a business combination.

- where the risks and rewards are not transferred, the balancing entry for the recognised liability shall always be the Parent Company's shareholders' equity.

CONVERSION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

The financial statements of foreign companies are prepared using the currency of the primary economy in which they operate.

The rules for converting the financial statements of foreign companies prepared in currencies other than the Euro, except for companies operating in economies subject to hyperinflation, are as follows:

- assets and liabilities are converted using the exchange rate at the reporting date;
- costs and revenues are converted using the average exchange rate for the period;
- the translation reserve includes the exchange rate differences generated by converting amounts at an exchange rate other than that in force at the reporting date and the exchange rate differences generated from the conversion of opening shareholders' equity at an exchange rate other than the one in force at the reporting date.

The following table sets out the exchange rates used for the conversion into Euro of the amounts recognised in the financial statements of foreign companies prepared in currencies other than the Euro:

Exchange rates Euro/currency		Current rate at 31st December 2020	Current rate at 31st December 2019	Current rate at 1st January 2019	2020 average exchange rate	2019 average exchange rate
Argentinian Peso	ARS (*)	103.2494	67.2749	43.1593	80.9218	53.8229
New Bulgarian Lev	BGN	1.9558	1.9558	1.9558	1.9558	1.9558
Brazilian Real	BRL	6.3735	4.5157	4.4440	5.8943	4.4134
Swiss Franc	CHF	1.0802	1.0854	1.1269	1.0705	1.1124
Chinese Yuan Renminbi	(CNY)	8.0225	7.8205	1.1269	7.8747	7.7355
Colombian Peso	COP	4202.34	3,688.66	3,721.81	4,217.06	3,674.52
Czech Koruna	CZK	26.2420	25.4080	25.7240	26.4551	25.6705
Danish Krona	DKK	7.4409	7.4715	7.4673	7.4542	7.4661
Pound Sterling	GBP	0.8990	0.8508	0.8945	0.8897	0.8778
Hong Kong Dollar	HKD	9.5142	8.7473	8.9675	8.8587	8.7715
Croatian Kuna	HRK	7.5519	7.4395	7.4125	7.5384	7.4180
Hungarian Florin	HUF	363.89	330.5300	320.9800	351.2494	325.2967
Indian Rupee	(INR)	89.6605	80.1870	79.7298	84.6392	78.8361
Polish Zloty	PLN	4.5597	4.2568	4.3014	4.443	4.2976
Romanian New Lev	RON	4.8683	4.7830	4.6635	4.8383	4.7453
Serbian Dinar	RSD	117.4097	117.8319	118.3109	117.6166	117.8182
Russian Rouble	RUB	91.4671	69.9563	79.7153	82.7248	72.4553
Turkish Lira	TRY	9.1131	6.6843	6.0588	8.0547	6.3578
Ukrainan Hryvnia	UAH	34.7689	26.7195	31.7362	30.8506	28.9220
US Dollar	USD	1.2271	n/a	n/a	1.1422	n/a

(*) Please see note 2.6 "Accounting standards and measurement criteria" (sub-paragraph "Hyperinflation") for a description of the accounting standards and measurement criteria applied in relation to economies subject to hyperinflation.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

2.6. ACCOUNTING STANDARDS AND MEASUREMENT CRITERIA

This section contains the criteria used to classify, recognise, measure and derecognise the different asset and liability items, and the measurement criteria used for the components of income.

TANGIBLE ASSETS

Tangible assets are only accounted for when the following conditions are met simultaneously:

- it is probable that the business will enjoy the future economic benefits of the asset;
- the cost can be reliably determined.

Tangible assets are initially recognised at cost, defined as the monetary amount or equivalent paid or the fair value of other considerations given to acquire an asset, at the acquisition or replacement date. Following initial recognition, tangible assets are measured using the cost method, net of accounted portions of depreciation and any accumulated impairment losses.

The cost includes charges directly incurred to make them usable, and any dismantling and removal costs which will be incurred as a result of contractual obligations that require assets to be restored to their original condition.

Costs incurred for ordinary and/or cyclical maintenance and repair are charged directly to profit and loss when they are incurred. Costs relating to expansion, modernisation or improvement of structural items that are owned or in use by third parties are capitalised to the extent that they meet the requirements to be separately classified as assets or part of an asset.

Tangible assets are depreciated at a constant rate, over their useful life. The Group's estimations of useful life for different categories of tangible asset are set out below:

Category	Estimated useful life (in years)
Buildings	33.3
Furniture	8.3
Generic facilities	6.7
Furniture	6.7
Portable phones	5.0
Phone systems	5.0
Electronic equipment	5.0
Cars, motor-vehicles and similar	4.0
Other tangible non-current assets	5.0

Improvements to third-party assets are recognised within "Tangible Assets". The period of depreciation is the lesser of the residual useful life of the tangible non-current asset and residual duration of the lease contract, taking account of any renewal period, if dependent upon the lessee.

At each reporting date, the Group assesses whether there have been any significant changes in the expected characteristics of the economic benefits deriving from the capitalised tangible asset and, if so, shall amend the depreciation criteria, which is deemed to be the change in estimation in line with the provisions of IAS8, and it is subsequently accounted prospectively, recognising the impact of the amendment on the reporting period in which the change occurs and on future reporting periods.

The value of tangible assets are completely derecognised when they are disposed of or when the business expects not to be able to derive any economic benefit from their sale.

GOODWILL

Goodwill is the residual amount of the acquisition cost in a business combination, in that it is the excess amount left when the fair value of assets, liabilities and identifiable contingent liabilities (including intangible assets and contingent liabilities which are required to be recognised in the financial statements) is deducted from the cost of the business combination.

It is the consideration transferred by the acquirer in the expectation of future economic benefits deriving from assets which cannot be identified individually and recognised separately, de facto incorporating the value of expected synergies, the acquiree's image, know-how, professionalism, procedures and other undefined factors. In particular, at the acquisition date, goodwill is measured as the excess left once the fair value of the acquiree's identifiable net assets is deducted from the sum of the following items:

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

- the consideration transferred, generally measured at fair value;
- the amount relating to minority interests;
- the fair value at acquisition date of interests already held by the acquirer prior to the business combination transaction.

Goodwill acquired in a business combination is not amortised. The Group shall verify annually, and any other time there is an indication that the value of the asset may have suffered an impairment, whether or not the goodwill shown in the consolidated financial statements following the full consolidation of the direct and indirect equity interests, has suffered an impairment loss (impairment test).

If the residual amount resulting from the allocation of the acquisition value is negative, it is instead recognised as income in profit and loss, since, in substance, this is negative goodwill.

OTHER INTANGIBLE ASSETS

An intangible asset is an asset that meets the following conditions simultaneously:

- it is identifiable;
- is is not monetary;
- it has no physical existence;
- it is under the control of the business preparing the financial statements;
- it is expected to produce future economic benefits for the business

If an asset does not meet the above requirements to be defined as an intangible asset, the cost incurred to acquire the asset or to generate it entirely is accounted for as a cost when it is incurred.

Intangible assets are initially recognised at cost. The cost of intangible assets acquired externally includes the acquisition price and any directly attributable cost.

Goodwill generated internally is not recognised as an asset, as with intangible assets deriving from research (or from the research phase of an internal project).

A intangible asset deriving from development or the development phase of an internal asset is only recognised if the following conditions are met:

- the feasibility of finishing the intangible asset so that it is available for use or sale;
- the intention to complete the intangible asset for use of sale;
- the ability to use or sell the intangible asset;
- the manner in which an intangible asset is able to generate future economic benefits and, in particular, the existence of a market for the intangible asset's product or for the intangible asset itself or, if it is to be used internally, its use;
- there are adequate technical, financial and other types of resources to complete the development of and to use or sell the asset;
- the cost attributable to the intangible asset can be reliably assessed during its development.

Intangible assets are measured using the cost method. The cost method requires that, following initial recognition, an intangible asset shall be recognised at cost net of accumulated amortisation and any accumulated impairment losses.

Intangible assets are depreciated at a constant rate, over their useful life. The Group's estimations of useful life for different categories of intangible asset are set out below:

Category	Estimated useful life
Trademarks and similar rights	10.0
Concessions and licences	3.0
Software	3.0
Other Intangible non-current Assets	5.0

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

In accordance with the provisions of IFRS16, a contract is, or contains, a lease if the contract confers the right to control, for a determined period of time and in exchange for a consideration, the use of an identified asset.

In order to assess whether or not the contract confers the right to control the use of an identified asset for a certain period of time, during the period of use, it is necessary to assess whether or not the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset and has the right to direct the use of the identified asset.

The contract must be assessed again to verify if it is, or contains, a lease only if there are amendments to the terms and conditions of the contract.

For a contract that is, or contains, a lease, each lease component is separated from the non-lease components, unless the Group applies the practical expedient in paragraph 15 of IFRS16. This practical expedient allows the Group to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. In particular, with regard to the separation of lease and non-lease components, the Group has adopted the following approach:

- for property leases, the lease components have been separated from the non-lease components (e.g., shared costs);
- for vehicle leases, the lease components have not been separated from the non-lease components (e.g., maintenance service fees), and therefore the Group has elected to account for each lease component and any associated non-lease components as a single lease component.

The lease term is determined as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether the Group is reasonably certain to exercise the option to extend the lease or not to exercise the option to terminate the lease, it shall consider all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group shall revise the lease term if there is a change in the non-cancellable period of a lease.

In particular, with regard to the lease term, the Group has adopted the following approach:

- for property leases, it has analysed the renewal and early termination clauses and in particular:
  - contract renewal clauses were considered in order to determine the term of a contract only when the Group has the option to exercise them without the need to obtain the counterpart's consent and it is reasonably certain to exercise them;
  - automatic renewal clauses in which both parties have the right to terminate the contract have not been considered in order to determine the term of a contract, if the penalties for terminating the contract are not considered to be significant;
  - early termination clauses that can be exercised unilaterally by the Group are not considered in order to determine the term of the contract if the Group is reasonable certain to not exercise the early termination option;
  - early termination clauses that can be exercised unilaterally by the lessor are not considered in order to determine the term of the contract;
- for vehicle leases, only the original term has been considered;
- contracts with a term of less than 12 months (short-term leases) have been excluded from the calculation of right-of-use assets and lease liabilities, and therefore the associated costs have been recognised in profit and loss in "Service Costs".

At the contract's commencement date, the Group recognises the right-of-use asset and the associated lease liabilities.

At the contract's commencement date, the right-of-use asset is measured at cost. The cost of the right-of-use asset includes:

a) the amount of the initial measurement of the lease liability;
b) any lease payments made at or before the commencement date, less any lease incentives received;
c) any initial direct costs incurred by the Group; and
d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

At the commencement date, the Group shall measure the lease liability at the present value of the lease payments that are not paid at that date. Lease payments include the following amounts:

a) fixed payments, less any lease incentives receivable;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) amounts expected to be payable by the Group under residual value guarantees;
d) the exercise price of a purchase option, if the Group is reasonably certain to exercise that option; and
e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments are discounted using the Group's marginal lending rate, that is, the interest rate that the Group would pay if it took out a loan, with a similar term and guarantees, to obtain an asset of similar value as the right-of-use asset in a similar economic context. This is the risk-free rate of the country in which the contract is negotiated and based on the term of the contract, adjusted on the basis of the Group's credit spread.

Following initial recognition, a right-of-use asset is measured at cost:

a) less accumulated depreciation and accumulated impairment losses; and
b) adjusted to reflect any remeasurement of the lease liability.

A right-of-use asset is depreciated over the term of the contract or, if the contract transfers ownership of the underlying asset to the lessee at the end of the contract or if it is reasonably certain to exercise an option to purchase the underlying asset at the end of the contract, over the useful life of the underlying asset.

Following initial recognition, a lease liability is measured:

a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

If there are lease modifications that do not constitute a separate lease, the right-of-use asset shall be remeasured (upwards or downwards), in line with the variation in the lease liability at the modification date. The lease liability shall be remeasured based on the new terms and conditions of the lease contract, using the discounting rate at the modification date.

The Group has made use of two exemptions set out in IFRS16, with regard to short-term leases (i.e. lease contracts whose term is equal to or less then 12 months from the commencement date) and to the lease of low-value assets (i.e. if the value of the underlying asset, when new, is roughly below USD 5,000). In these cases, the right-of-use asset and the associated lease liability are not recognised, and the lease payments are recognised in profit and loss at a constant rate over the lease term or at another systematic rate if it better represents the way in which the lessee enjoys the benefit.

IMPAIRMENT LOSSES ON TANGIBLE ASSETS, GOODWILL, OTHER INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

At each reporting date the Group assesses whether there are any indicators of impairment losses on tangible assets, goodwill, other intangible assets and right-of-use assets not completely amortised/depreciated.

With regard to goodwill, the Group shall verify annually, and any other time there is an indication that the value of the asset may have suffered an impairment, whether or not the goodwill shown in the consolidated financial statements following the full consolidation of the direct and indirect equity interests, has suffered an impairment loss (impairment test).

In the event that these indicators are identified, the recoverable value of the above assets is estimated, recording in the Income Statement any write-downs compared with the book value represented in the financial statement. The recoverable amount of an asset is the greater of the fair value, less sales costs, and the associated value in use, calculated by discounting the estimated future cash flows for this asset, including, if significant and reasonably measurable, those deriving from its sale at the end of its useful life, less any disposal costs. In determining the value in use, the expected future cash flows are discounted by a rate which reflects the current market valuation of the cost of capital, linked to the period of investment and the specific risks of the asset.

For activities that do not generate largely independent cash flows, the net assets value is determined in relation to the cash generating unit (CGU) of financial flows such assets belong to.

An impairment loss is recognised in profit and loss where the asset's carrying amount, or the CGU to which it is allocated, is greater than the associated recoverable amount. A CGU's impairment losses are charged primarily to reduce the carrying amount of any goodwill attributed to it and, therefore, to reduce the other assets, in proportion to their carrying amount and to the extent of the associated recoverable amount. If the conditions for a previously carried out write-down no longer exist, the accounting value of an asset is reinstated by entry into the Income Statement, in the limits of the net book value that the asset in question would have had if it had not been subject to a write-down and had been amortised.

AFFILIATED SHAREHOLDINGS ARE ACCOUNTED WITH THE EQUITY METHOD

The item includes interests held in associated companies, which are measured using the equity method. Companies subject to significant influence (associated companies) are those entities in which the Group holds at least 20% of voting rights (including

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

"potential" voting rights) or in which – even with a lower portion of voting rights – it has the power to participate in determining the associate's financial and management policies by virtue of particular legal ties such as equity interests under a shareholders' agreement. For a description of the method with which the equity method has been applied, please see note 2.5 "Consolidation criteria and methodologies".

FINANCIAL ASSETS

At initial recognition, financial assets are recognised at fair value and subsequently classified into one of the following categories:

(a) financial assets measured at amortised cost;
(b) financial assets measured at fair value through other comprehensive income (and therefore with an impact on a shareholders' equity reserve);
(c) financial assets measured at fair value through profit and loss.

IFRS9 distinguishes the classification of financial assets based on whether or not it is a debt instrument (i.e. credits and debt securities), equity instruments, or derivative instruments.

Debt instruments (i.e. credits and debt securities) are classified on the basis of the following elements:

- the entity's business model for managing financial assets (the business model test); and
- the characteristics of the contractual cash flows of the financial asset (performing the "solely payments of principal and interest – SPPI – test").

In particular, the business model test considers the model used to manage the portfolios of financial assets, introducing the following three methods:

- Hold to Collect (HTC): financial assets held to collect the contractual cash flows;
- Held to Collect and Sell (HTC&S): financial assets held to collect the contractual cash flows and to realise fair value changes through sale;
- Residual portfolio (i.e. Other): financial assets held neither to collect contractual cash flows, nor to collect contractual cash flows and to realise fair value changes through sale.

In order to pass the SPPI test, the contractual terms of the financial asset must give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity interests not qualifying as controlling, associate and joint control, if at initial recognition, they are not held for trading and do not refer to a consideration recognised by an acquirer in a business combination according to IFRS3, they may be measured, irrevocably, at fair value through other comprehensive income (and thus with an impact on a shareholders' equity reserve). In all other cases, they must be measured at fair value through profit and loss.

Derivative instruments are always measured at fair value through profit and loss, regardless of the portfolio in which they are allocated and the business model associated with them, except for derivative instruments held for hedging purposes.

Financial assets are included with current assets, except for those with a contractual term greater than twelve months from the reporting date, which are classified as non-current assets.

(A) FINANCIAL ASSETS MEASURED AT AMORTISED COST;

This category includes debt instruments (i.e. credits and debt securities) which meet both of the following conditions:

- the financial asset is held under a business model whose objective is achieved through the collection of contractually expected cash flows ("Hold to Collect"); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. it passes the SPPI test).

At initial recognition these assets are measured at fair value, including associated costs directly attributable to the instrument. After initial recognition, the financial assets in question are measured at amortised cost, using the effective interest method. The amortised cost method is not used for assets – measured at historical cost – whose short-term nature means that the effects of discounting would be negligible, that is, for assets without a defined term and for revolving credit facilities

B) FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This category includes debt instruments (i.e. credits and debt securities) which meet both of the following conditions:

- the financial asset is held under a business model whose objective is achieved both through the collection of contractually expected cash flows and the realisation of fair value changes through sale ("Hold to Collect and Sell"); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (i.e. it passes the SPPI test).

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

(C) FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS.

This category includes financial assets other than those classified in "Financial assets measured at amortised cost" and "Financial assets measured at fair value through other comprehensive income".

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

Derivative financial assets are accounted for in accordance with the provisions of IFRS9.

At the contract date, derivative financial instruments are initially accounted for at fair value, as financial assets measured at fair value through profit and loss when the fair value is positive or as a financial liability measured at fair value through profit and loss when the fair value is negative.

If the financial instruments are not accounted for as hedging instruments, the variations in fair value recognised after initial recognition are recognised as components of the result for the period. If, however, the derivative instruments meet the requirements to be classified as hedging instruments, subsequent variations in fair value are accounted for using specific criteria, which are set out below.

A derivative financial instrument is classified as a hedging instrument if there is formal documentation of the relationship between the hedging instrument and the hedged item, including the risk management objective, the strategy for undertaking the hedge, and how the entity will assess, prospectively and retrospectively, whether the hedging relationship meets the hedge effectiveness requirements. The effectiveness of each hedge is assessed at the inception of each hedging relationship and during its life, and in particular at each reporting date or interim reporting date. Generally, a hedge is considered to be highly "effective" if, at its inception and during its life, the changes in fair value, for fair value hedges, or expected future cash flows, for cash flow hedges, of the hedged item are substantially offset by the changes in fair value of the hedging instrument.

IFRS9 allows entities to designate hedge instruments under one of the following three hedging relationships:

a) fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss
b) cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect profit or loss. Variations in the fair value of a derivative instrument recognised after initial recognition are accounted, limited only to the effective portion, in other comprehensive income and thus in a shareholders' equity reserve named "Cash flow hedge transaction reserve". When the economic effects of the hedging item occur, the portion accounted for in other comprehensive income is transferred to profit and loss. If the hedge is not completely effective, the variation in fair value of the hedging instrument referring to the ineffective portion is immediately recognised in profit and loss.
c) hedge of a net investment in a foreign operation (net investment hedge): a hedge of the exposure to exchange rate risk relating to the reference currency of the investment. Exchange rate risk hedges are recognised in a similar way to cash flow hedges: the effective part of the variation in fair value of the hedging instrument is recognised directly into shareholders' equity, whilst the ineffective part of the variation in fair value of the hedging instrument is recognised in profit and loss. The hedging instrument is accounted for in the same way as the category to which it belongs. hedge of a net investment in a foreign operation relates to currency operations defined as follows:

- net investment in a foreign operation is the portion of shareholders' equity in a foreign entity belonging to the entity preparing the financial statements;
- a foreign entity is a subsidiary, associate or branch of the entity preparing the financial statements and whose operations are located or managed in a country or in a currency other than those of the entity preparing the financial statements.

If a hedging relationship ceases to meet the hedge effectiveness requirement, from that moment, hedge accounting shall be discontinued and the derivative hedge contract shall be reclassified in financial assets measured through profit and loss or in financial liabilities measured at fair value through profit and loss. The hedging relationship shall also cease when:

- the derivative expires or is sold, terminated or exercised;
- the hedged item is sold, expires or is repaid;
- it is no longer probable that the hedged future transaction will occur.

TRADE RECEIVABLES

Trade receivables deriving from the performance of services are recognised in accordance with the terms and conditions of the contract with the customer based on the provisions of IFRS15 and classified in relation to the nature of the borrower and/or the maturity date of the receivable.

Also, since trade receivables are generally short term and do not provide for the payment of interest, they are not calculated at amortised cost, and are accounted for based on the nominal value shown on the invoices issued or in the contracts agreed with the customer: this provision is also adopted for trade receivables with a contractual duration greater than twelve months, unless the effect is not particularly significant. The choice is based on the fact that the amount of short-term receivables is similar whether measured at historical cost or amortised cost and the impact of discounting would be negligible.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised (e.g. removed from the Group's Statement of Financial Position) when:

- the contractual rights to the cash flows from the financial asset expire; or
- the Group transfers the contractual rights to the cash flows from the financial asset to a third party or has assumed a contractual obligation to pay the cash flows in full and without delay and:

a) substantially transfers the contractual rights to receive the cash flows of the financial asset, or
b) retains the contractual rights to receive the cash flows of the financial asset, but has transferred control over it.

Where the Group transfers the contractual rights to receive the cash flows of an asset or signs an agreement in which it maintains the contractual rights to receive the cash flows of a financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement (pass-through), it assesses if and to what extent it retains the risks and rewards of ownership. Where the Group has neither substantially transferred nor retained all the risks and rewards or has not lost control of the asset, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset. In this instance, the Group shall also recognise an associated liability. The transferred asset and the associated liability shall be measured in a way that reflects the rights and obligations retained by the Group.

When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement is the lower of (i) the amount of the asset and (ii) the maximum amount of the consideration received that the Group could be required to repay.

IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises an expected credit loss – or ECL – for all financial assets represented by debt instruments not measured at fair value and recognised in profit and loss. The expected losses are based on the difference between the contractual cash flows owed pursuant to the contract and all cash flows the Group expects to receive, discounted by an approximation of the original effective interest rate. The expected cash flows include cash flows from execution of real guarantees held or other guarantees on credit that are an integral part of the contractual terms and conditions.

Expected losses are recognised in two phases. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Group shall recognise credit losses that derive from an estimate of default events that are possible within the following twelve months ("12-month expected credit loss"). For credit exposures where there has been a significant increase in credit risk since initial recognition, the Group shall recognise in full the credit losses that refer to the residual term of the exposure, regardless of when a default event is expected to occur ("lifetime expected credit loss").

For trade receivables and assets from contracts with customers, the Group shall use a simplified approach in calculating expected losses. Therefore, the Group shall not monitor variations in credit risk, but shall fully recognise the expected credit loss at each reporting date. The Group has defined a matrix system based on historical information, reviewed to consider prospective elements with reference to the specific type of borrower and their financial background, as an tool to determine expected losses.

INVENTORIES

Inventories are assets:

- held for sale in the ordinary course of business;
- in the process of production for such sale;
- in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, but does not include exchange rate differences for inventories invoiced in foreign currency. In accordance with IAS2, the Group uses the weighted average cost method to determine the cost of inventories.

When the net realisable value is lower than the cost, the surplus is immediately written down in profit and loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognised, based on their nature, at nominal value or amortised cost. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, whose original maturity at the acquisition date is not greater than three months.

PAYABLES

Trade payables and other payables are initially recognised at fair value and subsequently measured at amortised cost. However, short-term trade receivables, whose term falls within normal commercial terms and conditions, are not discounted, since the effect of discounting the cash flows is insignificant.

Financial liabilities are initially recognised at fair value, net of directly attributable accessory costs, and are subsequently measured at amortised cost, using the effective interest method. If there is a change in expected cash flows and it is possible to reliably estimate them, the value of the liability is recalculated to reflect this changes based on the current value of the new cash flows and the effective internal rate initially determined. Financial liabilities are classified in current liabilities, except where the Group has an unconditional right to defer payment for at least twelve months following the reporting date.

If a financial liability is held to be traded in the short term or is part of a portfolio of specific financial instruments for which there is recent and effective demonstration of realisation of profits in the short term, it is measured at fair value through profit and loss.

Payables are removed from the financial statements when they are extinguished and when the Group has transferred all the instrument's risks and costs.

EMPLOYEE BENEFITS

A) SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. wages, salaries and social security contributions, paid annual leave and paid sick leave, and any incentive plans.

Short-term employee benefits are not discounted and the amount not yet paid at the reporting date is recognised in "Other current liabilities".

B) POST-EMPLOYMENT BENEFITS

Post-employment benefits include retirement benefits (e.g. pensions and lump sum payments on retirement), post-employment benefits to be paid pursuant to current legislation (e.g. employee severance indemnity for the Group's Italian companies) and other post-employment benefits, such as post-employment life insurance and post-employment medical care.

Post-employment benefits are divided into those based on defined contributions and defined benefit plans, linked to services provided:

- under contribution plans, the Group's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by the Group (and in some cases also the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall, in substance, on the employee;
- under defined benefit plans, the Group's obligation is to provide the agreed benefits to current and former employees, and the actuarial risk (that benefits will cost more than expected) and investment risk fall, in substance, on the Group.

With regard to the Group's Italian companies, pursuant to Italian Law no. 296 of 27th December 2006 (2007 Financial Law), please note the following:

- the employee severance indemnity fund, limited to the maturing portion, from 1st January 2007 for businesses with more than 50 employees, whichever option is chosen by the employee, represents a defined contribution plan which does not require actuarial calculation;
- the portions of employee severance indemnity matured from 1st January 2007 and destined for a supplementary social security plan, for businesses with fewer than 50 employees, represent a defined contribution plan which does not require actuarial calculation;
- the portion of employee severance indemnity matured until 31st December 2006 for all businesses, and the portions matured from 1st January 2007 and not destined for a supplementary social security plan for businesses with fewer than 50 employees, are a defined benefit plan which require actuarial calculation.

Accounting for defined benefit plans requires the use of actuarial assumptions to measure the obligation. This measurement is entrusted to an external actuary and is carried out annually. For discounting purposes, the Group uses the projected unit credit method which requires it to forecast future disbursements based on historical data and demographic assumptions and the discounting of these flows at the market interest rate. In particular, service costs are accounted for in "Staff costs", while interest payable matured on the obligation is accounted for in "Financial costs". Actuarial gains and losses, deriving from amendments to actuarial assumptions, are recognised as a balancing entry in shareholders' equity (in "Reserve for actuarial gains/losses (IAS19)") as provided for IAS19. The liability for defined benefit plans is recognised in "Employee funds".

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

C) TERMINATION BENEFITS

Termination benefits are based on the Group's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

The Group recognises a liability and expense for termination benefits at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits;
- when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

D) OTHER LONG-TERM BENEFITS

Other long-term employee benefits include items not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Other long-term benefits, where they exist, are discounted (but without recognising any remeasurement through other comprehensive income) and the amount not yet paid at the reporting date is recognised in "Other non-current liabilities".

PROVISIONS FOR RISKS AND CHARGES

As per the provisions of IAS37, provisions for risks and charges are recognised against losses and charges whose nature is determined, whose existence is certain or probable, but whose amount and/or date of occurrence is/are not determinable.

A provision shall be recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. This amount represents the best estimate of the cost of extinguishing the obligation. The rate used to determine the present value of the liability reflects present market values and takes account of the specific risk associated with each liability.

When the effect of the time value of money is material and the obligation's dates of payment can be reliably estimated, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation, using a rate that reflects market conditions, the variation in the cost of money over time and the specific risk associated with the obligation. An increase in the amount of a provision determined by variations of the cost of money over time is accounted for as a financial cost.

Risks, for which the existence of a liability is only possible, are indicated in the appropriate section of the information on contingent liabilities and as such there is no provision.

HYPERINFLATION

Companies operating in hyperinflationary countries remeasure the values of non-monetary assets and liabilities shown in their respective original financial statements to eliminate the distortive effects of the currency's loss of purchasing power. The inflation rate used to account for inflation is the consumer price index.

Companies operating in countries in which the cumulative inflation rate over three years is approaching or exceeds 100%, account for inflation and discontinue doing so where the cumulative inflation rate over three years falls below 100%.

Profits or losses on net monetary positions are charged to profit and loss.

Financial statements prepared in currencies other than the Euro of companies operating in hyperinflationary countries are converted into Euro by applying the exchange rate at the reporting date for both financial items and capital items.

REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers are recognised when the following conditions set out in IFRS15 are met:

- the contract with the customer has been identified;
- the contractual obligations (performance obligations) contained in the contract have been identified;
- the price has been established;
- the price has been allocated to individual performance obligations contained in the contract;
- the performance obligation contained in the contract has been satisfied.

The Group recognises revenues from contracts with customers when (or as) it satisfies the contractual obligation by transferring the promised service to the customer. The promised service is transferred when (or as) the customer obtains control of it.

The Group transfers control of the service over time, and therefore satisfies the performance obligation and recognises the revenues over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If the performance obligation is not satisfied over time, the performance obligation is satisfied at a point in time. In this case, the Group recognises the revenues when the customer obtains control of the promised asset.

In particular, in the Group's case, the following principal types of revenues apply:

- revenues from temporary staffing and staff leasing contracts are recognised over the duration of the contract with the customer and include the amount received or to be received from the customer for the services performed by the leased staff, including any remuneration and social security costs for the leased staff. Remuneration and social security costs for leased staff are recognised in "Staff costs";
- revenues from outsourcing services (mainly relating to planning and performing tender and outsourcing of marketing and promotional services) are recognised over the duration of the contract with the customer based on the present state of progress of the activities performed;
- revenues from staff search and selection contracts, which usually provide for the payment of a percentage of the total annual gross remuneration of the candidate pre-chosen and selected by the customer, are recognised when the performance obligation is satisfied, that is, when the letter of appointment is signed by the candidate (placement);
- revenues from outplacement contracts, in which a range of services is offered for a fixed fee paid by the customer in advance, are recognised over the term of the contract based on the estimated state of progress of the activities performed.

The contractual consideration included in the contract with the customer may include fixed amounts, variable amounts, or both. If the contractual consideration includes a variable amount (e.g. discounts, price concessions, incentives, penalties or other similar items), the Group will estimate the amount of consideration to which it is entitled in exchange for transferring the promised services to the customer. The Group includes variable amounts of consideration in the contractual price only to the extent, that it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, there is no significant adjustment downwards of the amount of cumulated revenues recognised.

Incremental costs of obtaining contracts with customers are accounted for as assets and amortised over the term of the underlying contract, if the Group requires that they are recovered. Incremental costs of obtaining contracts with customers are the costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract which would have been incurred if the contract had not been obtained are recognised as an expense when incurred.

RECOGNITION OF GRANTS

Grants for current expenses are fully recognised in profit and loss when the conditions for recognition are met and are classified in "Other Revenues and Income".

Grants received from Forma.Temp to meet costs for training temporary workers are recognised by area in direct correlation with the costs incurred and are classified in "Other Revenues and Income".

RECOGNITION OF COSTS

Costs are recognised in profit and loss using the accruals method.

DIVIDENDS

Distributed dividends are represented as movements of shareholders' equity in the reporting period in which they are approved by the Shareholders Meeting.

Dividends received are recognised in the financial statements using the accruals method in the reporting period in which the Group receives the right to collect them, as a result of resolutions passed by the subsidiary's Shareholders Meeting regarding the distribution of profits or, where appropriate, reserves.

INCOME TAXES

Current taxes were recorded on the basis of an estimate of the taxable income in compliance with current tax legislation of each country by each consolidated company, taking into account applicable exemptions and tax credits due. Current tax for current and prior periods, to the extent that they have not been paid, are recognized as liabilities.
Deferred taxes payable or receivable were calculated with reference to all the timing differences between the receivable and payable values and the corresponding values relevant for tax purposes.

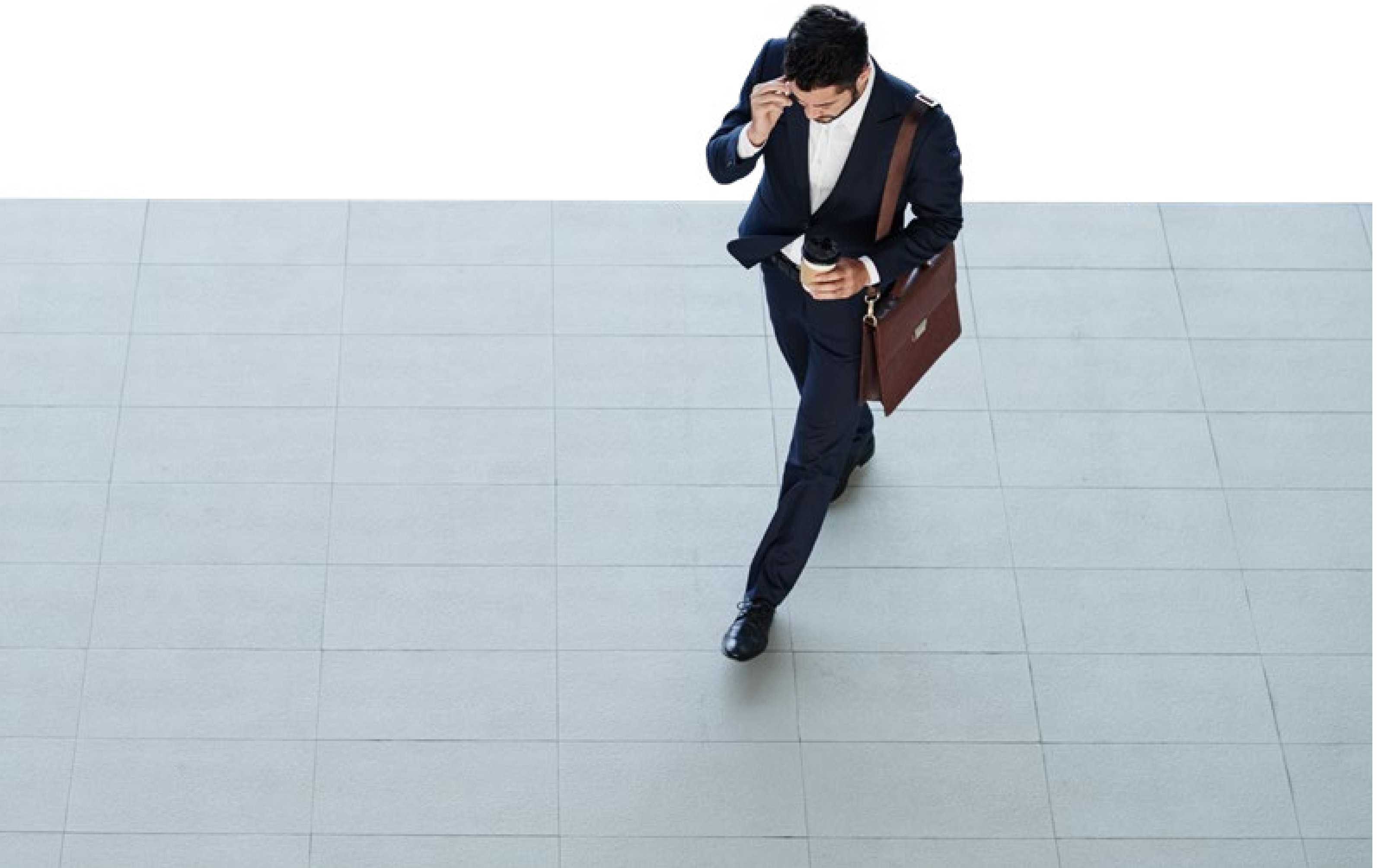
Pre-paid taxes in the Balance Sheet were recognised only with the reasonable certainty that such taxes may be recovered and that they actually exist in the future financial years in which deductible differences will be paid, pertaining to taxable income that is not lower than the amount of the differences being annulled; Deferred tax assets are not recognised if they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the moment of the transaction, does not affect either the financial result or the tax result.
Deferred tax liabilities are recognised if they result from deducti-

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

ble temporary differences which give rise to taxable amounts in forthcoming reporting periods, except for those arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the moment of the transaction, does not affect either the financial result or the tax result.

At each reporting date, deferred tax assets not recognised in the financial statements and deferred tax liabilities recognised in the financial statements are remeasured in order to confirm that the assumption still exists that there is the probability that the deferred tax liability will be collected.

Also, where there is uncertainty regarding the application of tax legislation: (i) where the Group believes that it is probable that the tax authority will accept the uncertain tax treatment, it will determine the income taxes (current and/or deferred) to be recognised in the financial statements based on the tax treatment applied and/or which is applied when the tax return is prepared; (ii) where the Group believes that it is not probable that the tax authority will accept the uncertain tax treatment, it will reflect the uncertainty when determining the income taxes (current and/or deferred) to be recognised in the financial statement.



3. RECENTLY ISSUED ACCOUNTING STANDARDS

ACCOUNTING STANDARDS NOT YET APPLICABLE, SINCE THEY ARE NOT APPROVED BY THE EUROPEAN UNION

At the date of approving these Consolidated Financial Statements, the relevant European Union bodies have not yet concluded the approval process required to adopt the following accounting standards and amendments:

Accounting standard/amendment	Adopted by the EU	Effective date
IFRS17 (Insurance contracts), including amendments to IFRS17	no	1st January 2023
Amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	no	1st January 2023
Amendments to: IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions Contingent Liabilities and Contingent Assets; Annual cycle of improvements 2018-2020	no	1st January 2022
Amendments to IAS 1 Presentation of Financial Statements and to IFRS Practice Statement 2: Information on Accounting Policies	no	1st January 2023
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: definition of accounting estimates	no	1st January 2023
Amendments to IFRS 16 Leases: concessions relating to COVID-19 till 30/06/2021	no	1st April 2021

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPROVED BY THE EU BUT NOT YET ADOPTED BY THE GROUP

At the date of approving these Consolidated Financial Statements, the relevant European Union bodies have approved the adoption of the following accounting standards and amendments, but they have not been adopted in advance by the Group:

Accounting standard/amendment	Adopted by the EU	Effective date
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform (PHASE 2)	Yes	1st January 2021
Amendments to IFRS 4 Insurance Contracts - Deferment of IFRS 9	Yes	1st January 2021

The adoption of the above accounting standards and amendments, based on the information available today, will have no impact on the Group's Consolidated Financial Statements.

4. ESTIMATES AND ASSUMPTIONS

Directors, when preparing financial statements, need to comply with accounting principles and methodologies which, in some circumstances, are based on complex, subjective evaluations and estimates based on past experience and assumptions which are considered reasonable and realistic from time to time depending on the circumstances.

The application of such estimates and assumptions influences the amounts included in the consolidated financial documents, like the balance sheet, income statement and the cash-flow statement as well as the present notes. The final results of accounting entries for which the aforementioned estimates and assumptions were used may be significantly different from the results included in the financial statements that show the effects of the event evaluated with such estimates, due to the fact that assumptions and the conditions on which estimates are based are uncertain.

The areas that most require directors to exercise greater subjectivity when developing their estimates and for which a change in conditions underpinning the assumptions used may have a significant impact on the Group's financial results, are as follows:

a) **Impairment of assets with a defined useful life**: tangible assets, intangible assets and right-of-use assets with a defined useful life are subject to checks to ascertain whether an impairment has been realised, which must be recognised via an impairment loss, when there are indicators that lead the Group to forecast that it will be difficult to recover the relative net book value through use. Directors are required to check the existence of the above indicators by making subjective assessments based on information available within the Group and on the market, and on historical experience. Also, where it is found that a potential impairment may be generated, the Group determines its size by using appropriate measurement techniques. The correct identification of elements indicating the existence of a potential impairment of tangible assets, intangible assets and right-of-use assets, and the estimates used to determine the size of impairment depend on factors which may vary over time, affecting the measurements and estimates made by the directors.

b) **Impairment of assets with an indefinite useful life (goodwill)**: the amount of impairment is checked annually in order to ascertain whether any impairment losses exist that should be recognised in profit and loss. In particular, the check requires that goodwill is allocated to its related cash generating units and that the related recoverable amount is subsequently determined. The recoverable amount is the greater of fair value and value in use. Where the recoverable value is less than the cash generating unit's carrying amount, the goodwill allocated to it is written down.

c) Provisions for uncollectibles the measurement of this provision reflects the management's estimates based on the debtor's historical and expected creditworthiness.

d) **Provisions for risks and charges**: in certain circumstances, it is not easy to determine whether or not a current obligation (legal or constructive) exists. Directors must assess this on a case by case basis, together with an estimate of the amount of financial resources required to fulfil the obligation. Where directors believe that it may only be possible that a liability will exist, the risks are indicated in the relevant section of the explanatory note on risks and commitments, without making a provision.

e) **Useful life of tangible and intangible assets**: the useful life of tangible and intangible assets is determined when the asset is recognised in the financial statements. Measurement of the term of useful life is based on historical experience, market conditions and the expectations of future events which may affect the useful life, including technological changes. Accordingly, it is possible that the actual useful life may differ from the estimated useful life.

f) **Pre-paid tax assets**: pre-paid tax assets are recognised to the extent that it is probable that there will be adequate future taxable profits against which temporary differences or any tax losses may be used.

g) **Leases**: the amount of lease liability and consequently the related right-of-use asset depends on the determination of the lease term. This term is to be assessed by management, with particular reference to whether or not to include any period covered by lease renewal and termination options set out in lease contracts. This must be reassessed to determine whether it is reasonably certain to exercise an option not previously considered when determining the lease term, or not to exercise an option previously considered when determining the lease term, upon the occurrence of either a significant event or a significant change in circumstances.

h) **Capitalised development costs**: the Group capitalises the costs incurred as part of an internal project to develop new solutions that are functional to the Group's activities, if they meet the conditions set out in IAS 38. The capitalisation of costs is based on management's judgement of the technical and economic feasibility of the project. Also, when determining the amounts to be capitalised, management makes assumptions regarding the future generation of cash, and the time period in which its economic benefits are expected.

i) **Purchase Price Allocation estimates**: the Purchase Price Allocation (PPA) process, in accordance with IFRS 3, requires the acquirer to restate assets and liabilities assumed at fair value at the acquisition date in its consolidated financial statements. The difference between the consideration transferred and the shareholders' equity restated at fair value, equal to the difference between the assets and liabilities estimated at fair value at the acquisition date, must be recognised as goodwill, if positive, or as income, if negative.

5. MANAGEMENT OF FINANCIAL RISKS

Financial risks are managed centrally by the Group's Administration and Finance Office, which detects, evaluates and carries out hedging operations for financial risks in close collaboration with the Finance Management of the foreign subsidiaries, in order to minimise potential negative effects on the Group's financial position.

In terms of financial risk control strategies, the "International Treasury Policy",offers to foreign subsidiaries some clear guidelines on internal procedures for financial borrowing strategies, the management of related financial charges and monitoring of cash flow values and exchange rate risk.

The Group's activities are potentially exposed to the following risks: credit risk, liquidity risk and exchange rate risk.

The following sections provide qualitative and quantitative indications relating to the impact of these risks on the Group.

For information on the strategic and operational risks, which may affect the Group's various areas of development, please see "Principal Risks and Uncertainties" in the Directors' Report.

5.1. CREDIT RISK

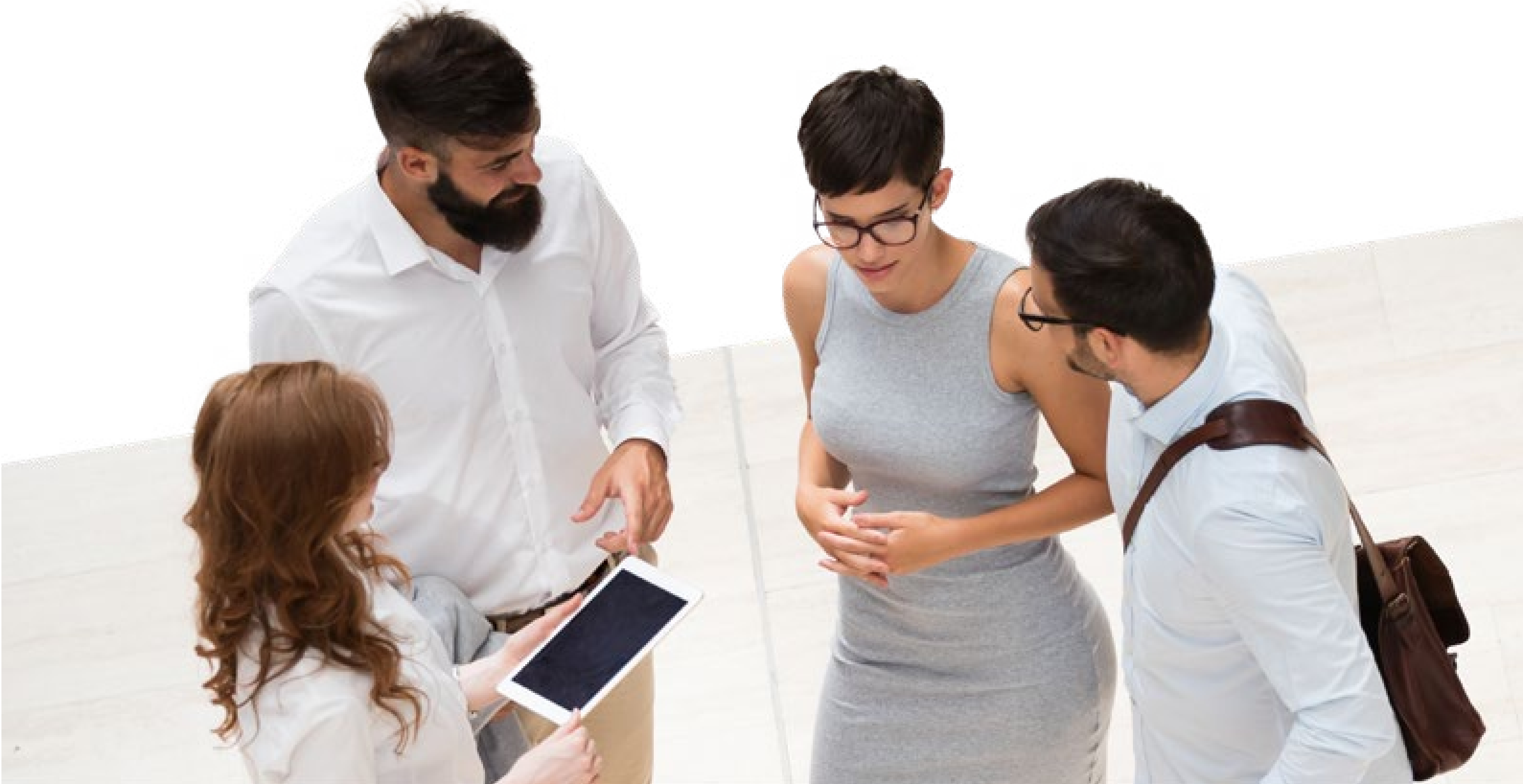
Credit risks represent Gi Group's exposure to potential losses deriving from the failure to meet mainly commercial obligations, undertaken by counterparts vis-à-vis the Group companies.

The trends of national and international markets require stricter credit monitoring procedures, prompt management of credit impairment issues, especially those receivables related to temporary staffing.

To deal with these potential risks, the Group has strengthened the analysis and monitoring of trade and treasury receivables.

As a result of the economic crisis and the slowdown in business, the Group's Days Sales Outstanding in 2020 grew compared with the previous year, despite the Group having implemented credit control measures, including customer assessment and selection policies, together with factoring transactions, which the Group has used mostly for without recourse transfer of trade receivables, in Italy, Spain, the UK and Portugal.

Trade receivables are stated net of any bad debt provision, which is believed to be appropriate to cover expected credit losses.



The table below sets out a breakdown of trade receivables at 31st December 2020, grouped by maturity date:

(in thousands of Euro)					As at December 2020
	Not yet due	Outstanding from 1 to 60 days	Outstanding from 61 to 120 days	Outstanding more than 121 days	Total
Gross Trade Receivables	**417,382**	**54,808**	**4,746**	**12,929**	**489,865**
as a % of total	85.2%	11.2%	1.0%	2.6%	100.0%

5.2. LIQUIDITY RISK

Liquidity risk represents the possibility that the Group's available financial resources are insufficient to meet the commercial obligations to workers and welfare institutions and financial obligations according to agreed contracts and deadlines.

A prudent liquidity risk management strategy requires an adequate level of cash & cash equivalents and the availability of sources of borrowings via an adequate quantity of credit lines.

Italian companies use the zero-balance cash pooling system for their treasury activities, that involves the daily zero-setting of the accounts of all the companies by means of a netting system, which transfers the balances of the transactions, by currency, to the accounts of the poolers SCL Holding S.p.A. and Gi Group S.p.A.

Other companies, abroad, currently have an independent financial management system and are periodically monitored, in compliance with the guidelines.

The table below sets out the breakdown per due date of payables and other financial liabilities at 31st December 2020:

(in thousands of Euro)	Due date expected cash flows				Total expected cash flows
	Within 1 year	Due between 1 and 2 years	Due between 1 and 5 years	After 5 years	
Non-current financial liabilities	-	54,489	71,338	11,338	137,165
Financial liabilities (current and non-current)	17,578	15,312	26,239	6,022	65,151
Current financial liabilities	197,636	-	-	-	197,636
Trade payables	46,122	-	-	-	46,122
Other current liabilities	440,030	-	-	-	440,030
TOTAL	**701,366**	**69,801**	**97,577**	**17,360**	**886,104**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

5.3. FINANCIAL SOURCE RISK

The volatility of the international financial and banking system may be a potential risk factor for new borrowings and also for the cost of such borrowings.

The Group's Administration and Finance Department constantly monitors both the relation between granted and used credit lines and the balance between short-term financial sources and mid-to-long-term financial sources. Moreover, the department works on the relevant international markets by coordinating the financial risk management activities of the company's subsidiaries.

Financial interlocutors are mainly chosen if they have a high credit standing and by limiting the concentration of exposure to such institutions.

As at 31st December 2020 total cash & cash equivalents and committed, unused credit lines, in addition to factoring credit lines, amounted to Euro 293.7 million.

The table below sets out the details of the total lending agreed by the Group, divided by country, at 31st December 2020:

Granted credit lines						
Country	Currency	CASH	Mid- and long-term	Guarantees	Total in local currency (in Euro thousands)	Total in Euro (in thousands)
Italy	EUR	160,330	130,309	60,936	351,575	351,575
Argentina	ARS	2,500	-	-	2,500	24
Brazil	BRL	48,000	-	-	48,000	7,531
Bulgaria	BGN	400	-	-	400	205
China	CNY	15,500	-	-	15,500	1,932
Denmark	DKK	750	-	-	750	101
France	EUR	170	3,500	1,352	5,022	5,022
Germany	EUR	2,500	-	1,258	3,758	3,758
UK	GBP	40,000	-	-	40,000	44,492
India	INR	70,600	-	-	70,600	787
Spain	EUR	7,200	-	7,904	15,104	15,104
Romania	RON	10,800	-	-	10,800	2,218
Poland	PNL	19,000	99,304	-	118,304	25,946
Portugal	EUR	800	-	-	800	800
Russia	RUB	19,500	-	-	19,500	213
Slovak Rep.	CZK	300,000	-	-	300,000	11,432
Slovakia	EUR	3,550	-	181	3,731	3,731
Switzerland	CHF	408	-	-	408	378
Turkey	TRY	-	-	915	915	100
TOTAL						**475,349**

5.4. INTEREST RATE RISK

The interest rate risk to which the Group is exposed mainly originates from floating rate financial loans, which may expose the company to fluctuations in payments of financial charges of said loans, since they are linked to the situation of interest rates of the markets.

The Group monitors the exposure and the fluctuations of financial expenses affecting its economic results, thus minimising the risk of a potential increase of interest rates via the use of derivative contracts, like Interest Rate Swaps (IRS), which turn the variable rate into a fixed rate for the residual portion of the loan payable, equal to the notional amount of the derivative.

The table below sets out the composition of the portfolio of derivative financial instruments used to hedge interest rate risk connected with the Group's variable rate financing:

Company	Bank	Underwriting date	Termination date	Initial notional amount (in thousands of Euro)	Residual notional amount at 31.12.2020 (in thousands of Euro)	Fair Value at 31.12.2020 (in thousands of Euro)
Gi Group S.p.A.	Interest Rate Swap (IRS) - Intesa	18/10/2016	30/09/2021	10,000	1,909	(3.8)
Gi Group S.p.A.	Interest Rate Swap (IRS) - Banco BPM	18/09/2017	31/12/2022	3,409	1,364	(13.5)
Gi Group S.p.A.	Interest Rate Swap (IRS) - UniCredit	18/09/2017	30/12/2022	3,409	1,364	(13.8)
Gi Group S.p.A.	Interest Rate Swap (IRS) - Intesa	18/09/2017	30/12/2022	3,409	1,364	(13.8)
Gi Group S.p.A.	Interest Rate Swap (IRS) - Intesa	25/02/2020	31/12/2024	10,000	8,000	(38.4)
	TOTAL					**(83.3)**

The Group's exposure to interest rate risk was measured using a sensitivity analysis which took account of current and non-current financial liabilities. As part of its assumptions, the Group assessed the effects on its profit and loss and shareholders' equity for the 2020 financial year of a hypothetical variation in market rates that discount respectively an increase and a decrease of 50 base points. The calculation was based on the assumption of a variation in actual balances of gross bank debt and in the interest rate paid during the year to repay this variable rate liability. This analysis is based on the assumption of a general and instantaneous variation in the reference interest rates.

The table below summarised the results of the analysis:

(in thousands of Euro)	Impact on net result (net of tax effect)		Impact on shareholders' equity (net of tax effect)	
	- 50 bps	+ 50 bps	- 50 bps	+ 50 bps
Financial year ended on 31st December 2020	269	(320)	121	(125)

(*) The positive sign indicates greater profit and an increase in shareholders' equity; the negative sign indicates greater profit and a decrease in shareholders' equity.

5.5. EXCHANGE RATE RISK

The exchange rate risk is generated when future transactions or assets and liabilities of the balance sheet are denominated in a different currency than the currency used by the company recognising the transaction.

The Group is subject to the risk deriving from fluctuations in currency exchange rates, since the Group operates internationally and holds controlling equity investments in companies located in countries with currencies other than the Euro.

The value of the equity investments (and of the related Equity) is subject to fluctuations in the exchange rate used for the local currencies. Gi Group S.p.A. prepares its Consolidated Financial Statements expressed in Euro, the analysed exchange rate fluctuations to translate the financial statements of subsidiaries expressed in foreign currencies, affected the Group's financial standing: Such net equity variations are recognised in a net equity reserve, the "translation reserve".

Business activities with the foreign subsidiaries, subject to the exchange risk, mainly concern financing and economic transactions: the exchange rate differential is recognised in the Income Statement.

Currency fluctuations had economic and financial impacts in these Financial Statements, but, to date, the Group did not adopt specific exchange rate risk hedging activities, since the Administration and Finance Department is closely monitoring the risk.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

6. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES AND INFORMATION ON FAIR VALUE

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The table below sets out a breakdown of financial assets by category, in accordance with the provisions of IFRS 9, at 31st December 2020, 31st December 2019 and 1st January 2019:

Financial assets			
(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Financial assets measured at amortised cost:			
Total non-current financial assets	1,548	3,222	2,930
Other current financial assets	188	1,694	1,698
Trade receivables	472,566	392,479	354,688
Current tax assets	2,631	2,219	4,083
Cash and cash equivalents	184,336	77,591	22,145
Current financial assets	9,902	6,211	2,231
Other current financial assets	59,197	50,229	18,959
FINANCIAL ASSETS CARRIED AT AMORTISED COST:	**730,368**	**533,645**	**406,734**
Financial assets measured at fair value through profit and loss:			
Total non-current financial assets	198	268	349
Current financial assets	58	52	1
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	**256**	**320**	**350**
TOTAL FINANCIAL ASSETS	**730,624**	**533,965**	**407,084**

The table below sets out a breakdown of financial liabilities by category, in accordance with the provisions of IFRS 9, at 31st December 2020, 31st December 2019 and 1st January 2019:

Financial liabilities:			
(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Financial liabilities measured at amortised cost:			
Non-Current Lease Liabilities	44,393	53,098	54,132
Non-current financial liabilities	132,357	45,908	47,525
Current lease liabilities	16,211	16,240	13,921
Current financial liabilities	195,906	136,799	87,447
Current tax liabilities	4,049	4,701	888
Trade payables	46,122	39,590	36,346
Other current liabilities	440,030	316,959	258,235
TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	**879,068**	**613,295**	**498,494**
Financial liabilities measured at fair value through profit and loss:			
Non-current financial liabilities	949	-	-
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS	**949**	**-**	**-**
Hedging financial instruments:			
Non-current financial liabilities	83	70	73
TOTAL HEDGING FINANCIAL INSTRUMENTS	**83**	**70**	**73**
TOTAL FINANCIAL LIABILITIES	**880,100**	**613,365**	**498,567**

Given the short term characteristics of trade receivables and payables, the Group believes that book values, net of any provision for credits of doubtful collectibility, represent a good approximation of fair value.

With regard to lease liabilities, taking account of interest rate trends and contractual maturities, the Group believes that fair value is not discounted significantly by the related carrying amount.

INFORMATION ON FAIR VALUE

With regard to assets and liabilities recognised in the Consolidated Statement of Financial Position and measured at fair value, IFRS 13 requires that these amounts are classified based on a hierarchy of levels, which reflect the significance of the inputs used in determining fair value. The information below sets out the fair value classification of financial instruments based on the following hierarchical levels:

- **Level 1**: fair value determined using prices quoted (non-adjusted) on active markets for identical financial instruments. Therefore, Level 1 places emphasis on determining the following elements: (a) the principal market for the asset or liability, or where there is no principal market, the most advantageous market for the asset or liability; (b) the possibility that the Group will perform a transaction with the asset or liability at the price on that market at the measurement date.
- **Level 2**: fair value determined using measurement techniques that refer to variables that can be observed on active markets. Inputs for this level include: (a) prices quoted for similar assets or liabilities on active markets; (b) prices quoted for identical or similar assets or liabilities on inactive markets; (c) data other than observable prices quoted for assets or liabilities, for example: interest rates or performance curves observable at commonly quoted intervals, implied volatility, credit spread, inputs corroborated by the market.
- **Level 3**: fair value determined using measurement techniques that refer to variables that cannot be observed on active markets.

The tables below set out the financial assets and liabilities measured at fair value, divided based on hierarchical levels, at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)				As at 31st December 2020
	Carrying amount	Level 1	Level 2	Level 3
Non-current financial assets				
Investments in other companies	**198**	-	-	198
Current financial assets				
Securities	**58**	-	58	-
Non-current financial liabilities				
Liabilities for options on minority interests	**949**	-	-	949
Long term derivative financial instruments for liabilities	**83**	-	83	-

(in thousands of Euro)				As at 31st December 2019
	Carrying amount	Level 1	Level 2	Level 3
Non-current financial assets				
Investments in other companies	**268**	-	-	268
Current financial assets				
Securities	**52**	-	52	-
Non-current financial liabilities				
Long term derivative financial instruments for liabilities	**70**	-	70	-

(in thousands of Euro)				As at 1st January 2019
	Carrying amount	Level 1	Level 2	Level 3
Non-current financial assets				
Investments in other companies	**349**	-	-	349
Current financial assets				
Securities	**1**	-	1	-
Non-current financial liabilities				
Long term derivative financial instruments for liabilities	**73**	-	73	-

7. BUSINESS COMBINATIONS

This paragraph describes the business combination processes affecting the Group during the financial year in question.

FOR THE FINANCIAL YEAR TO 31ST DECEMBER 2019

ACQUISITION OF 100% OF THE SHARE CAPITAL OF HOUSE OF JOBS GROUP GMBH

On 7th June 2019, the Group, via its subsidiary Gi Group Deutschland GmbH, signed a contract to purchase 100% of the share capital of House of Jobs Group GmbH.

House of Jobs Group GmbH and its subsidiaries (OnTime Personalservice Ulm GmbH, OnTime Solutions GmbH, OnTime Healthcare GmbH, OnTime Project GmbH, OnTime Aviation GmbH, ProCess Solutions GmbH, House of Jobs GmbH, House of Jobs d.o.o., House of Jobs Bulgaria EOOD and House of Jobs Spain SL) are companies that are active in the temporary and permanent staffing sector and in the national and international mobility sector.

The contractually agreed purchase price is based exclusively on a potential consideration, calculated based on the EBITDA and net financial position of the acquired companies in 2019, 2020, 2021 and 2022. This potential consideration was agreed by the parties with the assumption that the selling shareholder manages and develops the group's companies based on a service contract, and the parties agreed that this potential consideration will not be recognised by the acquirer in the event that the selling shareholders ceases to perform its activities as agreed in the service contract or in the event of breaches of contractual agreements.

Based on the provisions of IFRS3, paragraph 52, this potential consideration agreement is deemed to be a transaction that remunerates employees or former owners of the acquiree for future services, and therefore has not been included in the business combination consideration.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

The table below sets out the calculation of goodwill resulting from the acquisition in question:

(in thousands of Euro)	
Total acquisition consideration	-
Net assets acquired	(4,777)
GOODWILL	**4,777**

The acquisition costs, of EUR 306,000, have been recognised in profit and loss for the period.

FOR THE FINANCIAL YEAR TO 31ST DECEMBER 2020

ACQUISITION OF 100% OF THE SHARE CAPITAL OF WORK SERVICE GMBH & CO. KG

On 5th June 2020, the Group, via its subsidiary Gi Group Deutschland GmbH, signed a contract to purchase 100% of the share capital of Work Service Gmbh & Co. KG.

Work Service Gmbh & Co. KG and its subsidiaries (Work Service Deutschland Gmbh, Work Service Outsourcing Deutschland Gmbh, IT Kontrakt Gmbh, Work Service24 Gmbh, Work Service GP Gmbh, Enloyd Gmbh e Work Service Fahrschule QC Gmbh) are companies that are mainly active in the temporary staffing and outsourcing sectors.

The contractually agreed purchase price is PLN (Polish Złoty) 4,500,000.

The table below sets out the calculation of goodwill resulting from the acquisition in question:

(in thousands of Euro)	
Total acquisition consideration	1,022
Net assets acquired	(2,144)
GOODWILL	**3,166**

The values indicated in the previous table are provisional. In accordance with IFRS 3, due to the complexity of determining the fair value of assets, liabilities and contingent liabilities, accounting for business combination operations may be completed definitively within twelve months of the acquisition date. This is to ensure that the measurements accurately reflect all information available at the acquisition date. At the date these Consolidated Financial Statements were approved, this process was still ongoing. On completion of the measurement process, the definitive values of assets acquired and liabilities assumed will be identified with retrospective effect, to reflect their fair value at the acquisition date, with a consequent remeasurement of goodwill.

The acquisition costs, of EUR 15,000, have been recognised in profit and loss for the period.

ACQUISITION OF AN OUTPLACEMENT BUSINESS FROM CAREERARC GROUP LLC

On 30th June 2020, the group, through its subsidiary INTOO LLC, acquired the outplacement business of CareerArc Group LLC.

The contractually agreed purchase price to be paid to CareerArc Group LLC is USD 8,000,000.

The contract includes a cross call/put option on the minority interest of 5.88%, exercisable from 31st March 2024 to 30th June 2024. Given that on the basis of the conditions required to exercise this option, the risks and rewards of ownership of the minority interests were transferred to the acquirer, the liability relating to the option has been recognised with a balancing entry in goodwill.

The table below sets out the calculation of goodwill resulting from the acquisition in question:

(in thousands of Euro)	
Total acquisition consideration	7,101
Net assets acquired	(2,063)
GOODWILL	**9,164**

The acquisition costs, of EUR 213,000, have been recognised in profit and loss for the period.

The values indicated in the previous table are provisional. In accordance with IFRS 3, due to the complexity of determining the fair value of assets, liabilities and contingent liabilities, accounting for business combination operations may be completed definitively within twelve months of the acquisition date. This is to ensure that the measurements accurately reflect all information available at the acquisition date. At the date these Consolidated Financial Statements were approved, this process was still ongoing. On completion of the measurement process, the definitive values of assets acquired and liabilities assumed will be identified with retrospective effect, to reflect their fair value at the acquisition date, with a consequent remeasurement of goodwill.

ACQUISITION OF 100% OF THE SHARE CAPITAL OF GRUPO NORTE RECURSOS HUMANOS EMPRESA DE TRABAJO TEMPORAL S.A.U.

On 29th July, the Group, via its subsidiary Gi Group Spain Empresa de Trabajo Temporal S.L., signed a contract to purchase 100% of the share capital of Grupo Norte Recursos Humanos Empresa de Trabajo Temporal S.A.U.

The acquiree operates in Spain in the temporary staffing sector.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

The table below sets out the calculation of goodwill resulting from the acquisition in question:

(in thousands of Euro)	
Total acquisition consideration	8,361
Net assets acquired	6,848
GOODWILL	**1,513**

The acquisition costs, of EUR 266,000, have been recognised in profit and loss for the period.

ACQUISITION OF 100% OF THE SHARE CAPITAL OF KELLY SERVICES BRASIL INVESTMENTS E PARTICIPANCES LTDA AND KELLY SERVICES BRASIL INVESTMENTS E PARTICIPANCES II LTDA

In FY 2020, the Group, via its subsidiary Gi Group Brasil Recursos Humanos Ltda, signed a contract to purchase 100% of the share capital of Kelly Services Brasil Investments e Participances Ltda and Kelly Services Brasil Investments e Participances II Ltda and, indirectly, 100% of the share capital of Kelly Services do Brasil Recursos Humanos Ltda and Kelly Services Recursos Humanos Ltda.

The acquirees operate in the temporary and permanent staffing sector, in particular in Retail, Life Science and Technology.

The total acquisition price is BRL 7,500,000.

The table below sets out the calculation of goodwill resulting from the acquisition in question:

(in thousands of Euro)	
Total acquisition consideration	1,177
Net assets acquired	(6,019)
GOODWILL	**7,196**

The values indicated in the previous table are provisional. In accordance with IFRS 3, due to the complexity of determining the fair value of assets, liabilities and contingent liabilities, accounting for business combination operations may be completed definitively within twelve months of the acquisition date. This is to ensure that the measurements accurately reflect all information available at the acquisition date. At the date these Consolidated Financial Statements were approved, this process was still ongoing. On completion of the measurement process, the definitive values of assets acquired and liabilities assumed will be identified with retrospective effect, to reflect their fair value at the acquisition date, with a consequent remeasurement of goodwill.

ACQUISITION OF A BUSINESS BRANCH OF INFO SOLUTIONS S.P.A.

On 9th November, the Group, via its subsidiary Enginium S.r.l., signed a contract to acquire a business branch of Info Solutions S.p.A. The business branch acquired creates software platforms and architecture, systems engineering, plans and executes technical drawings, develops complex electronic mechanical, electrical and digital systems, through its contracts to provide qualified and equipped staff (Time & Material and Work Packages) and by developing turnkey projects (Fixed Price) for clients operating in the following sectors: defence, aviation, security, transport, energy, and manufacturing in general.

The table below sets out the calculation of goodwill resulting from the acquisition in question:

(in thousands of Euro)	
Total acquisition consideration	3,182
Net assets acquired	(321)
GOODWILL	**3,503**

ACQUISITION OF A CONTROLLING INTEREST IN WORK SERVICE SA

During 2020, the Group, via its subsidiary Gi International S.r.l., acquired a controlling interest in the Polish company, Work Service SA and its subsidiaries.

The operation began on 13th February 2020 with the signature of an Investment Agreement in which the parent, Gi International S.r.l. formalised its interest in acquiring a majority stake in the groups' share capital and beginning a process to restructure the Polish holding company's debt with financial institutions, and the Polish tax and local social security authorities.

From February to July 2020, Gi International provided 3 bridging loans totalling PLN 20 million and, on 10th August 2020, at the same time as completing the acquisition, signed a Financing Agreement, aimed at providing a total of PLN 210 million in financial support to Work Service SA, in order to provide the financial resources required to meet the payment plans agreed with banks and local tax and social security authorities (ZUS, US, PFRON); PLN 60.8 million had been provided at 31st December 2020.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

The table below sets out the calculation of goodwill resulting from the acquisition in question:

(in thousands of Euro)	
Total acquisition consideration	1,585
Net assets acquired	(1,208)
GOODWILL	**2,793**

The values indicated in the previous table are provisional. In accordance with IFRS 3, due to the complexity of determining the fair value of assets, liabilities and contingent liabilities, accounting for business combination operations may be completed definitively within twelve months of the acquisition date. This is to ensure that the measurements accurately reflect all information available at the acquisition date. At the date these Consolidated Financial Statements were approved, this process was still ongoing. On completion of the measurement process, the definitive values of assets acquired and liabilities assumed will be identified with retrospective effect, to reflect their fair value at the acquisition date, with a consequent remeasurement of goodwill.

The acquisition costs, of EUR 1,692,000, have been recognised in profit and loss for the period.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

8. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8.1 TANGIBLE ASSETS

The table below sets out movements in "Tangible Assets" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other tangible non-current assets	Improvement works on third-party assets	Tangible assets under construction and advances	Total
Net book value at 1st January 2019	**16**	**-**	**40**	**7,490**	**3,177**	**76**	**10,799**
Depreciation	(5)	-	(8)	(2,443)	(1,236)	-	(3,692)
Investments/ Disinvestments	329	-	13	2,339	1,788	(6)	4,463
Write-downs	-	-	-	(10)	-	-	(10)
Variation in the scope of consolidation	-	-	3	239	-	-	242
Exchange rate differences from conversion	-	-	-	51	2	(1)	52
Other changes	-	-	(12)	420	(417)	(8)	(17)
Net book value as at 31st December 2019	**340**	**-**	**36**	**8,086**	**3,314**	**61**	**11,837**
Depreciation	(8)	-	(5)	(2,879)	(1,204)	-	(4,096)
Investments/ Disinvestments	-	-	-	1,814	569	(18)	2,365
Write-downs	-	-	-	(330)	-	-	(330)
Variation in the scope of consolidation	615	55	-	813	20	-	1,503
Exchange rate differences from conversion	(16)	(2)	(9)	(232)	(56)	(15)	(330)
Other changes	-	-	-	8	-	-	8
Net book value as at 31st December 2020	**931**	**53**	**22**	**7,280**	**2,643**	**28**	**10,957**

"Land and Buildings" mainly refers to:

- The item "Land and buildings" refers to the redemption value of the property located in Varese, as per deed drawn up under the hand and seal of Notary Public Alba Maria Ferrara on 17th October 2011 Vol. No. 98739 File No. 17190 17190; and
- the value of the investment property realised by Gi Group S.p.A. during 2019, relating to the acquisition of a warehouse located in Cesano Maderno. This investment was required in order to manage company records and to temporarily store goods. The purchase was made on the basis of an economic-financial value for money assessment, preferring to buy it than lease it, thanks to extremely low interest rates.

Tangible non-current assets in the "Other assets" category are made up of all the necessary technical equipment needed for operations at the central offices and branches (IT equipment, furniture, phone and fax, air-conditioning plants) of Italian and foreign companies.

"Improvements to third-party assets" mainly refers to costs capitalised by Gi Group S.p.A. for an amount of Euro 1,839 thousand at 31st December 2020 (Euro 2,397 thousand at 31st December 2019 and Euro 2,061 thousand at 1st January 2019) relating to renovations and improvement to branches throughout Italy, aimed at rationalising of and improving efficiencies within the business network.

Investments made in the financial year to 31st December 2020 refer mainly to investments to renovate some branches, especially to improve the functionality of spaces for agile working methods and ensuring that anti-COVID protocols meet safety legislation. Tangible assets were acquired to carry out activity at branches, such as signage, furniture and equipment, and technological tools such as computers and accessories.

At 31st December 2020, the Group has not identified impairment loss indicators relating to tangible assets.

8.2 GOODWILL

The table below sets out movements in "Goodwill" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Goodwill
Balance as at 1st January 2019	**69,608**
Increases	5,035
Exchange rate differences from conversion	385
Balance as at 31st December 2019	**75,028**
Increases	27,388
Exchange rate differences from conversion	(2,271)
Balance as at 31st December 2020	**100,145**

The table below sets out details of goodwill divided into CGUs at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Germany	23,366	20,200	15,424
United Kingdom – GI Group (UK GI)	8,598	8,822	8,613
United Kingdom - Marks Sattin (UK MS)	10,772	10,772	10,772
Central Europe - Poland	4,711	4,711	4,711
Central Europe - Czech Republic	5,847	5,847	5,847
Central Europe - Slovakia	2,340	2,340	2,340
Central Europe - Hungary	1,355	1,355	1,355
Brazil	12,209	7,072	6,896
Tack & TMI International	5,015	5,015	5,015
Adria Balkan - Bulgaria (AB Bulgaria)	3,610	3,610	3,610
Adria Balkan - Serbia (AB Serbia)	-	-	-
Adria Balkan – Croatia (AB Croatia)	-	-	-
China – GI Tempered	2,284	2,284	2,284
China – GI Search Selection	342	342	342
India	1,330	1,330	1,330
Spain	2,042	529	529
Colombia	271	259	-
Lithuania	101	101	101
Romania	392	392	392
Switzerland	47	47	47
France	53	-	-
Work Service Central Europe	2,793	-	-
USA	9,164	-	-
Italy - Enginium	3,503	-	-
TOTAL	**100,145**	**75,028**	**69,608**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

The Group's management has identified the following CGUs and combinations of CGUs:

- United Kingdom – Gi Group (UK GI)
- United Kingdom - Marks Sattin (UK MS)
- Germany
- Brazil
- Central Europe - Poland
- Central Europe - Czech Republic
- Central Europe - Slovakia
- Central Europe - Hungary
- Work Service Central Europe
- Tack & TMI Italy
- Adria Balkan - Bulgaria (AB Bulgaria)
- Adria Balkan - Serbia (AB Serbia)
- Adria Balkan – Croatia (AB Croatia)
- China – Gi Temp
- China – Gi Search Selection
- India
- Spain
- Colombia
- Lithuania
- Switzerland
- Romania
- France
- USA
- Italy - Enginium

CGUs are the smallest group of independent cash inflow generating activities to which goodwill is allocated.

CGUs are identified based on an analysis of the control model, the information system, the organisation of the Group's Governance, i.e. the roles through which decisions are taken regarding activities and the attribution of responsibilities assigned to reach the desired results. They are determined based on criteria which are largely set out on geographical lines (corresponding to the country in which the Group has offices and, in some cases, to an area that includes several countries that are closely integrated) and, for the Group's specific types of business model, on service activities that can produce autonomous and independent cash flows.

The CGUs identified with a country are considered to be autonomous business areas which generate revenues independently from those of other areas, in that commercial activity (staffing) is mainly characterised as a national matrix service: workers' contractual terms and conditions are governed by local legislation and supply is localised within the territory of the single country.

GOODWILL IMPAIRMENT TEST AT 31ST DECEMBER 2020

At 31st December 2020, an impairment test was carried out on goodwill recognised in the Group's Consolidated Financial Statements.

As part of the test, the recoverable amount of the CGUs identified were compared with their respective carrying amount.

For the purposes of the impairment test, the recoverable amount of the CGU to which goodwill is allocated includes a measurement of external and internal synergies that the Group benefits from by integrating the acquired assets.

For the purposes of allocating goodwill, the following CGUs are considered as combinations, in that it is believed that these CGUs benefit from integrated synergies, in relation to the control model described above.

CGU "United Kingdom"	CGU "Central Europe"	CGU "Adria Balkan"	CGU "China"
United Kingdom – GI Group (UK GI)	Central Europe – Poland	Adria Balkan - Bulgaria (AB Bulgaria)	China – GI Tem-pered
United Kingdom - Marks Sattin (UK MS)	Central Europe - Czech Republic	Adria Balkan - Serbia (AB Serbia)	China – GI Search Selection
	Central Europe - Slovakia	Adria Balkan – Croatia (AB Croatia)	
	Central Europe - Hungary		

The recoverable amount of all CGUs has been determined by estimating the value in use, applying Discounted Cash Flow (DCF), a common calculation method inspired by the general concept that the value of an asset largely coincides with the discounting of the two following elements:

- cash flows that can be generated within a specific forecast horizon;
- terminal value, i.e. the value resulting from the period beyond a specific forecast horizon.

Cash flow forecasts within a specific forecast horizon are largely based on the most recent business plans relating to 2021-2025, which take account of the concrete potential of the acquired companies, based on historical results and on growth initiatives identified.

The CGUs' related cash flows have been discounted using the weighted average cost of capital – WACC – rate. The WACC was determined using market parameters, setting out the weighted average cost of the Group's capital and the cost of third-party capital, net of tax effects, and reflecting, among other things, the country risk.

The terminal value of the CGUs identified was calculated by taking account of:

- a normalised cash flow equal to the final year of the plan (2025) increased by the inflation rate forecasted for the individual CGU;
- zero variation in working capital in line with the companies' steady state assumptions;
- CapEx (excluding IFRS 16) in line with amortisation;
- CapEx for IFRS 16 equal to the amount of instalment fees paid annually in 2020;
- growth rate g assumed to be equal to the inflation rate forecasted by the International Monetary Fund for 2025.

The table below sets out the principal figures (WACC and growth rate g) used in the impairment test performed at 31st December 2020.

<table>
<tr><th>CGU</th><th>WACC</th><th>Growth rate g</th></tr>
<tr><td>Germany</td><td>10.1%</td><td>2.0%</td></tr>
<tr><td>United Kingdom – GI Group (UK GI)</td><td rowspan="2">11.0%</td><td rowspan="2">2.0%</td></tr>
<tr><td>United Kingdom - Marks Sattin (UK MS)</td></tr>
<tr><td>Central Europe – Poland</td><td rowspan="4">11.4%</td><td rowspan="4">2.2%</td></tr>
<tr><td>Central Europe - Czech Republic</td></tr>
<tr><td>Central Europe - Slovakia</td></tr>
<tr><td>Central Europe - Hungary</td></tr>
<tr><td>Brazil</td><td>14.3%</td><td>3.3%</td></tr>
<tr><td>Tack & TMI International</td><td>10.0%</td><td>1.8%</td></tr>
<tr><td>Adria Balkan - Bulgaria (AB Bulgaria)</td><td rowspan="3">12.7%</td><td rowspan="3">2.4%</td></tr>
<tr><td>Adria Balkan - Serbia (AB Serbia)</td></tr>
<tr><td>Adria Balkan – Croatia (AB Croatia)</td></tr>
<tr><td>China – GI Temp&Perm</td><td rowspan="2">12.1%</td><td rowspan="2">2.6%</td></tr>
<tr><td>China – GI Search&Selection</td></tr>
<tr><td>India</td><td>14.2%</td><td>4.0%</td></tr>
</table>

The measurements show that the recoverable amount of goodwill at 31st December 2020 is greater than the carrying amount, and therefore the Group need not recognise any write down in profit and loss for the financial year to 31st December 2020.

The Group also performed sensitivity analyses on results based on variations in the WACC and long-term growth rate g parameters. These analyses did not indicate any further problems.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

8.3 OTHER INTANGIBLE ASSETS

The table below sets out movements in "Other Intangible Assets" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Development costs	Conces-sions, licences, trademarks and similar rights	Contract acquisition costs	Other Intangible non-current Assets	Fixed assets under construction and advances	Total
Net book value as at 1st January 2019	**840**	**7,640**	**-**	**2,321**	**1,909**	**12,710**
Depreciation	(285)	(5,305)	(131)	(1,145)	-	(6,866)
Investments/ Disinvestments	94	4,494	1,941	33	552	7,114
Write-downs	-	(2)	-	-	-	(2)
Variation in the scope of consolidation	-	77	-	-	-	77
Exchange rate differences from conver-sion	-	4	-	(3)	-	1
Other changes	-	26	-	135	-	161
Net book value as at 31st December 2019	**649**	**6,934**	**1,810**	**1,341**	**2,461**	**13,195**
Depreciation	(42)	(6,390)	(278)	(413)	-	(7,123)
Investments/ Disinvestments	(558)	8,074	125	120	(2,038)	5,723
Write-downs	-	-	-	-	-	-
Variation in the scope of consolidation	-	14	-	9,145	519	9,678
Exchange rate differences from conver-sion	-	(4)	-	(143)	(9)	(156)
Other changes	-	101	-	-	(101)	-
Net book value at 31st December 2020	**49**	**8,729**	**1,657**	**10,050**	**832**	**21,317**

At 31st December 2020, "Development Costs" mainly consists of costs capitalised by the subsidiary ENGINIUM S.r.l. in relation to the investment plan for the HRPRO project (under the responsibility of the subsidiary ASSET DATA S.r.l.), i.e. relating to the implementation and completion of a further phase of the project, with further evolving technical specifications.

"Concessions, licences, trademarks and similar rights" mainly includes costs incurred to acquire software and applications to implement new business solutions and to update the Group companies' IT systems.
Investments during the year at 31st December 2020 refer mainly to investments in Gi Group S.p.A. for software that improves the Group's architectural infrastructure, to support business and back office functions, particularly:

- the "Spinner" solution to manage the search and selection processes for candidates for EUR 2,112 thousand;
- the "Candidate Suite" candidate management solution for EUR 1,599 thousand;
- My Gi Group, a portal used to manage the formal aspects of relationships with customers and candidates for EUR 836 thousand;
- DWH an internal business reporting system for EUR 386 thousand;
- HR Pro software used in the management of office staff in post for EUR 198 thousand;
- Electronic invoice management software, for EUR 194 thousand;
- App GINET, a corporate intranet mobile app, for EUR 190 thousand.

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

"Contract acquisition costs" refer mainly to the Spanish subsidiary Gi Group Spain SL, and include capitalised costs to acquire various commercial contracts with important Spanish customers.

At 31st December 2020, "Other intangible non-current assets" refers mainly to the value of the list of customers and relations with the Spanish companies' clientèle for EUR 7.9 million.

"Intangible non-current assets under construction" include costs for the capitalisation of intangible non-current assets under implementation related to core-business and organisation-dedicated products; such investments are not being amortised, since they have not been completed yet.

At 31st December 2020, the Group has not identified impairment loss indicators relating to intangible assets.

8.4 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets and lease liabilities refer mainly to lease contracts for the various operational offices and vehicle lease contracts.

RIGHT-OF-USE ASSETS

The table below sets out details of right-of-use assets and related depreciation, divided into each underlying business segment, at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Right-of-use assets (property)	49,637	58,382	60,952
Right-of-use assets (vehicles)	8,098	8,859	7,227
TOTAL RIGHT-OF-USE ASSETS	**57,735**	**67,241**	**68,179**
Depreciation of right-of-use assets (property)	14,436	13,655	-
Depreciation of right-of-use assets (vehicles)	4,613	3,962	-
TOTAL DEPRECIATION OF RIGHT-OF-USE ASSETS	**19,049**	**17,617**	**-**

At 31st December 2020, the Group has not identified impairment loss indicators relating to right-of-use assets.

LEASE LIABILITIES

The table below sets out the value of lease liabilities at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Non-Current Lease Liabilities	44,393	53,098	54,132
Current lease liabilities	16,211	16,240	13,921
TOTAL CARRYING AMOUNT	**60,604**	**69,338**	**68,053**

For more detailed information on the maturity dates of cash outflows for leases, please see note 5.2 "Liquidity Risk".

COSTS RECOGNISED IN PROFIT AND LOSS

The table below sets out costs recognised in profit and loss in relation to the Group's lease contracts for the financial years at 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Depreciation of right-of-use assets	19,049	17,617
Lease interest payable	1,986	2,001
Lease and associated service costs recognised in profit and loss	9,690	11,679

Lease and associated service costs recognised in profit and loss (without therefore recognising the right-of-use asset and the related lease liability) refer mainly to:

- lease costs for intangible assets (software) and costs for their related accessory services;
- lease costs with a term of less than 12 months, which have been recognised in profit and loss as permitted by IFRS 16, paragraph 5;
- lease costs for underlying assets of low value (i.e. if the value of the underlying asset, when new, is roughly less than USD 5,000), which have been recognised in profit and loss as permitted by IFRS 16, paragraph 5;
- other minor costs, referring mainly to accessory contractual costs, such as shared costs for leased properties.

The Group has applied practical expedient introduced by the amendment to IFRS 16 "COVID-19-Related Rent Concessions", published by the IASB at the end of May 2020.

This practical expedient states that lease contracts renegotiations taking place as a result of the COVID-19 pandemic and that lead to a reduction in instalments owed for the period from 1st January 2020 to 30th June 2021, are not considered as contractual amendments and their effects can be accounted for as variable instalments with a positive impact on profit and loss.

The application of practical expedient led to a benefit of EUR 734 thousand.

8.5 AFFILIATED SHAREHOLDINGS ARE ACCOUNTED WITH THE EQUITY METHOD

The table below sets out the details of and movements in "Equity investments measured using the equity method" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Fare Lavoro, Società Consortile a.m.	Prohuman 2004 Kft	Total
Balance as at 1st January 2019	**25**	**-**	**25**
Income/(costs) of measuring equity investments using the equi-ty method	-	-	-
Variation in the scope of consolidation	-	-	-
Balance at 31st December 2019	**25**	**-**	**25**
Income/(costs) of measuring equity investments using the equi-ty method	-	-	-
Variation in the scope of consolidation	-	48,656	48,656
Balance at 31st December 2020	**25**	**48,656**	**48,681**

"Variations in the scope of consolidation" only includes the value of the equity investment in Prohuman 2004 Kft recognised following the acquisition of Work Service SA.

The table below sets out the principal information relating to equity investments measured using the equity method at 31st December 2020:

Company	City or foreign country	Percentage held	Share capital at 31.12.2020 (in thouands of €)	Carrying amount (in thousands of €)
Fare Lavoro, Società Consortile a r.l.	Terni	49%	50	25
Prohuman 2004 Kft	Hungary	80.22%	n/a	48,656
TOTAL				**48,681**

8.6 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities result from temporary differences in the value attributed to an asset or liability in the financial statements and the value attributed to the same asset or liability for tax purposes.

The table below sets out the movements in "Deferred tax assets and liabilities" for the financial years at 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Current tax assets	(Deferred tax liabilities)	Net balance
Balance as at 1st January 2019	**5,841**	**-**	**5,841**
Provisions/Releases in profit and loss	2,499	(147)	2,352
Provisions/Releases in shareholders' equity	105	-	105
Variation in the scope of consolidation	-	-	-
Exchange rate differences from conversion	(121)	-	(121)
Other changes	-	-	-
Balance at 31st December 2019	**8,324**	**(147)**	**8,177**
Provisions/Releases in profit and loss	11,020	147	11,167
Provisions/Releases in shareholders' equity	26	-	26
Variation in the scope of consolidation	4,720	(1,781)	2,939
Exchange rate differences from conversion	(1,053)	-	(1,053)
Other changes	(768)	768	-
Balance at 31st December 2020	**22,269**	**(1,013)**	**21,256**

At 31st December 2020, deferred tax assets of EUR 8.3 million have been recognised that refer to the cancellation of remeasurements carried out in the financial statements of the subsidiary Gi Group S.p.A., in line with the provisions of Article 110, Italian Law 126/2020, relating to software, licences and trademarks.

"Variations in the scope of consolidation" in the financial year at 31st December 2020 refers mainly, in terms of "Deferred tax assets", to the impact from the acquisition of a controlling interest in the Polish company Work Service SA, whilst, for "Deferred tax liabilities", it refers to the impact from the acquisition of all the share capital of the Spanish company Grupo Norte Recursos Humanos Empresa de Trabajo Temporal S.A.U.

Deferred tax assets and liabilities have been recognised in reference to the period in which the temporary differences that generated them will be recovered and through the application of the relevant tax rates.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

8.7 NON-CURRENT FINANCIAL ASSETS

The table below sets out details of "Non-current financial assets" at 31st December 2020, 31st December 2019 and 1st January 2019.

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Long-term security deposits	1,188	3,222	2,930
Investments in other companies	198	268	349
Other long-term loan receivables	360	-	-
TOTAL	**1,746**	**3,490**	**3,279**

LONG-TERM SECURITY DEPOSITS

This item includes security deposits due beyond the following financial year and refer mainly to leases for offices, operating units and service contracts.

INVESTMENTS IN OTHER COMPANIES

The table below sets out details on "Equity investments in other businesses" at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Gi Professional Services S.r.l	-	25	25
Mytilene S.r.l.	-	-	161
Fondazione Virtus Hallucinator Bologna	100	100	100
Made Scarl	8	80	-
Fondazione Institute Technicon Superior per la Flier die Transport e Della Logistica Intermodal (Advanced Technical Institute for Inter-Modal Logistics and Transports)	50	50	50
Tourism and hospitality Foundation	6	6	6
EXS Executive Search GmbH	-	7	7
WSS Foundation	34	-	-
TOTAL	**198**	**268**	**349**

At 31st December 2020, equity investments in other businesses refer mainly to:

- Fondazione Virtus Pallacanestro Bologna, founded on 8th June 2012 with the aim of protecting and maintaining a precious sports and cultural heritage in the city of Bologna and its territory, of which Gi Group S.p.A. has been partner since December 2018.
- MADE Scarl, founded on 11th January 2019 with the aim of developing a technical skill accelerator with private funds, to best present and define technologies on the

Italian and international markets to show companies, especially SMEs, innovative industrial process improvement solutions.
- Advanced Technical Institute for Inter-Modal Logistics and Transport Foundation, founded in Italy with the aim of organising training courses for the production and maintenance of means of transport and/or the relevant infrastructure, of which Gi Group S.p.A. has been a partner since November 2016;
- "Istituto tecnico superiore del Turismo e dell'Ospitalità" ("Advanced Technical Institute for Tourism and Hospitality") Foundation, hereinafter referred to as "Tourism Foundation", founded in Italy in the Cernobbio municipality with the aim of promoting the spread of the technical and scientific culture, and to support active labour market and economic policy development projects of which Gi Group S.p.A. has been a partner since 2014.

8.8 OTHER CURRENT FINANCIAL ASSETS

The table below sets out details of "Other non-current assets" at 31st December 2020, 31st December 2019 and 1st January 2019.

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Receivables due from social security institutions (non-current portion)	73	-	-
Non-current tax credits	115	1,694	1,698
TOTAL	**188**	**1,694**	**1,698**

Non-current tax credits refer mainly to the credit for Gi Group S.p.A.'s application for IRAP repayment.

8.9 INVENTORIES

The table below sets out details on "Inventories" at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Finished products and goods	953	9	79
TOTAL	**953**	**9**	**79**

8.10 TRADE RECEIVABLES

The table below sets out details on "Trade Receivables" at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Gross Trade Receivables	489,865	409,042	370,953
Provisions from uncollectible trade receivables	(17,299)	(16,563)	(16,265)
TOTAL	**472,566**	**392,479**	**354,688**

The table below sets out trade receivables divided into geographical area at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Italy	217,166	192,435	177,360
Western Europe	177,166	138,508	118,015
Eastern Europe	47,136	31,907	34,706
North America	926	-	-
South America	22,578	21,398	18,563
Asia	7,594	8,231	6,044
TOTAL	**472,566**	**392,479**	**354,688**

The table below sets out movements in "Bad debt provision" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Bad debt provision
Balance as at 1st January 2019	**16,265**
Provisions	4,025
Utilizations/Releases	(3,765)
Variation in the scope of consolidation	-
Translation differences	38
Balance at 31st December 2019	**16,563**
Provisions	2312
Utilizations/Releases	(1,769)
Variation in the scope of consolidation	401
Translation differences	(208)
Balance at 31st December 2020	**17,299**

Amounts were set aside to bad debt provision taking account of the age of the credit, the expected credit losses, and the legal opinions received.

During the financial year to 31st December 2020, a total of EUR 1,083 thousand of the bad debt provision was used to fully cover the losses suffered during the year.

Trade receivables at 31st December 2020 refer mainly to receivables due from Gi Group S.p.A.'s customers totalling EUR 198,006 thousand (EUR 173,846 thousand at 31st December 2019 and EUR 160,512 thousand at 1st January 2019), which represents 42% of credit granted; EUR 71,832 thousand relates to the United Kingdom (15%), EUR 45,118 thousand relates to Germany (10%) and EUR 37,457 thousand relates to Spain (8%).

For Gi Group S.p.A., trade receivables include credit granted for insolvency proceedings other than bankruptcy, such as pre-bankruptcy composition with creditors and extraordinary administrations, for EUR 7,968 thousand at 31st December 2020 (EUR 8,281 thousand at 31st December 2019 and EUR 8,867 thousand at 1st January 2019). Based on the legal opinion obtained by the company, these credits are subject to adjustment totalling EUR 7,587 thousand at 31st December 2020 (EUR 7,533 thousand at 31st December 2019 and EUR 7,457 thousand at 1st January 2019). The value of losses from insolvency proceedings other than bankruptcy amounts to EUR 133 thousand in the financial year at 31st December 2020 (EUR 131 thousand in the financial year at 31st December 2019). The loss of the entire receivables from the liquidated companies has been prudentially allocated even though the company has receivables from the repayment of preferential wage and social security taxes of temporary employees. The value of losses from bankruptcies amounts to EUR 434 thousand in the financial year at 31st December 2020 (EUR 977 thousand in the financial year at 31st December 2019).

In the financial year in question the Group has performed transactions to assign without-recourse credits, which led to the derecognition of the credit in line with the provisions of IFRS 9. The value of without-recourse factoring transactions on non-overdue credits at 31st December 2020, for Gi Group S.p.A., is EUR 78.40 million (EUR 78.54 million at 31st December 2019 and EUR 59.28 million at 1st January 2019). Foreign companies of the Group in Germany, Spain, Portugal, India and UK operated with factoring transactions without recourse for Euro 24.08 million as at 31st December 2020 (Euro 25.50 million as at 31st December 2019 and Euro 14.30 million Euro in FY 2019).

8.11 CURRENT TAX ASSETS

The table below sets out details of "Current tax assets" at 31st December 2020, 31st December 2019 and 1st January 2019.

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Income tax credits (Italian companies)	1,386	63	1,481
Income tax credits (foreign companies)	516	2,156	2,602
Income tax credits (parent companies)	729	-	-
TOTAL	**2,631**	**2,219**	**4,083**

8.12 CASH AND CASH EQUIVALENTS

The table below sets out details on "Cash and cash equivalents" at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Bank and postal deposits	184,279	77,521	22,079
Cash on hand	55	66	66
Cheques	2	4	-
TOTAL	**184,336**	**77,591**	**22,145**

Cash and Cash Equivalents as at 31st December 2019 amounted to 77.6 million Euro and refer to cash in current accounts and cash in company cashiers at the end of the financial year, including payments accrued at the end of the financial year:

The increase in the amount recognised during 2020 is due mainly to the anticipated use of commercial credit lines, destined mainly for the imminent payment of December remuneration, and not yet used at 31st December. This increase is correlated to a similar variation which is stated in liabilities relating to bank debts.

8.13 CURRENT FINANCIAL ASSETS

The table below sets out details of "Current financial assets" at 31st December 2020, 31st December 2019 and 1st January 2019.

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Short-term security deposits	3,579	1,595	475
Securities	58	52	1
Receivables from cash-pooling activities	3,232	1,907	98
Other current financial assets	3,091	2,709	1,658
TOTAL	**9,960**	**6,263**	**2,232**

SHORT-TERM SECURITY DEPOSITS

This item includes security deposits due before the end of the following financial year and refer mainly to leases for offices, operating units and service contracts.

SECURITIES

The table below sets out details on "Securities" at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
BNA public securities (GI Group Temporary Staffing S.A.)	49	51	-
Other minor securities	9	1	1
TOTAL	**58**	**52**	**1**

This refers mainly to BNA - Banco del la Nación Argentina – public securities acquired in 2019 by the Argentine subsidiary Gi Group Temporary Staffing S.A.

RECEIVABLES FROM CASH-POOLING ACTIVITIES

Cash-pooling credits derive from the Group's centralised treasury management, carried out by Gi Group S.p.A., through the adoption of a cash pooling system used to optimise financial resources.

The balance of this item is made up of the cash-pooling credit granted by the Parent Company, Gi Group S.p.A. to its subsidiary Gi Group Holding S.r.l., and includes the portion of interest for the period.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

OTHER CURRENT FINANCIAL ASSETS

Item "other financial assets" amounted to Euro 3,091 thousand as at 31st December 2020 (Euro 2,709 thousand as at 31st December 2019 and Euro 1,658 thousand as at 1st January 2019) and mainly included:

- amounts to guarantee the Spanish subsidiaries' factoring transactions, for EUR 712 thousand at 31st December 2020 (EUR 989 thousand at 31st December 2019 and EUR 599 thousand at 1st January 2019);
- amounts to guarantee the Portuguese subsidiaries' factoring transactions, for EUR 220 thousand at 31st December 2020 (EUR 123 thousand at 31st December 2019 and EUR 258 thousand at 1st January 2019);
- bank deposits to guarantee some of the German subsidiaries' customers, for EUR 146 thousand at 31st December 2020 (EUR 131 thousand at 31st December 2019 and EUR 225 thousand at 1st January 2019);
- financing granted to third parties for EUR 409 thousand at 31st December 2020, provided by the German and Polish subsidiaries;
- financing provided by the German subsidiaries to Group companies outside the scope of consolidation for EUR 237 thousand at 31st December 2020.

8.14 OTHER CURRENT ASSETS

The table below sets out details of "Other current assets" at 31st December 2020, 31st December 2019 and 1st January 2019.

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
VAT credits	1,930	3,081	290
Receivables from employees	1,311	1,215	887
Receivables due from social security institutions	2,122	1,429	348
Accrued income and prepaid expenses	7,089	4,581	4,400
Advances to suppliers	1,455	2,989	2,824
Other tax receivables	13,194	9,868	9,738
Other current receivables	39,185	31,647	4,872
TOTAL	**66,286**	**54,810**	**23,359**

"Accrued income and prepaid expenses" mainly refer to accrued income for interest on security deposits and deferred liabilities for fees for database access, insurance and IT costs.

"Other current receivables" refers mainly to receivables due to Gi Group S.p.A. totalling Euro 31,496 thousand at 31st December 2020 (Euro 28,432 thousand at 31st December 2019 and Euro 1,993 thousand at 1st January 2019), most of which relates to receivables due from the FormaTemp training body for courses accounted for and approved.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

8.15 SHAREHOLDERS' EQUITY

The table below sets out details on "Shareholders' equity" at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Shareholders' equity of the Group	87,363	79,255	61,818
Shareholders' equity of minority interests	(1,548)	1,881	832
TOTAL	**85,815**	**81,136**	**62,650**

CAPITAL AND RESERVES OF THE GROUP

The table below sets out details on "Group shareholders' equity" at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Share capital	12,000	12,000	12,000
Reserves			
Legal reserve	2,400	2,400	2,400
Cash flow hedge	(62)	(59)	(62)
Translation reserve	(5,690)	691	1,640
IFRS first-time adoption reserve	23,044	23,044	23,044
Reserve for actuarial gains/losses	(414)	(331)	-
Reserves and retained earnings (losses carried forward)	33,355	23,355	23,772
Negative reserve for treasury shares	(976)	(976)	(976)
Net profit/loss of the Group	23,706	19,131	-
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP	**87,363**	**79,255**	**61,818**

SHARE CAPITAL

The Parent Company's share capital is EUR 12,000 thousand, fully paid up, and is made up of 12,000,000 shares with a nominal value of EUR 1.00 each.

LEGAL RESERVE

The legal reserve, of EUR 2,400 thousand, relates to the Parent Company and represents an amount equal to one-fifth of its share capital as set out in Article 2430 of the Italian Civil Code.

CASH FLOW HEDGE

This item refers exclusively to Gi Group S.p.A., includes the effective portion of the variation in fair value of the derivatives designed to hedge interest rate risk.

TRANSLATION RESERVE

The translation reserve includes all differences resulting from the translation into Euro of the financial statements of the subsidiaries included in the scope of consolidation that are expressed in currency other than the Euro.

FIRST-TIME ADOPTION RESERVE

This reserve includes the impact generated by the first-time application of EU-IFRS (1st January 2019).

RESERVE FOR ACTUARIAL GAINS/LOSSES (IAS 19)

The reserve for actuarial gains/losses (IAS 19) represents the cumulative amount of the effects of the actuarial components of the employee severance indemnity fund measured in accordance with IAS 19.

RESERVES AND RETAINED EARNINGS (LOSSES CARRIED FORWARD)

This item includes the financial results of the previous financial years for the part of the reserve not distributed nor set aside and other minor reserves.

NEGATIVE RESERVE FOR TREASURY SHARES

The reserve for treasury shares relates to the acquisition of 60,000 shares in the Parent Company.

SHAREHOLDERS' EQUITY OF MINORITY INTERESTS

Minority interests have a negative value of EUR 1,547 thousand at 31st December 2020 (positive value of EUR 1,881 thousand at 31st December 2019 and a positive value of EUR 832 thousand at 1st January 2019) and includes minority interests in the subsidiaries that are not wholly owned, directly or indirectly, by the Parent Company.

The tables below set out the reconciliation of the Parent Company's shareholders' equity and net result with the consolidated shareholders' equity and net result (belonging to the Group) at 31st December 2020:

(in thousands of Euro)	As at 31st December 2020
Shareholders' equity (from the Parent Company's separate financial statements)	**246,611**
Derecognition of the parent company's net result and recognition of the consolidated net result	8,875
Derecognition of minority interests	1,548
Difference between the book value of the consolidated equity investments and the per-share value of sharehold-ers' equity	(265,691)
Goodwill from business combinations (net value)	68,927
Derecognition of infra-group write-downs	62,414
Infra-group retained earnings dividends provided	67
Reversal of asset remeasurement reserve	(32,397)
Effects of applying IFRS	(2,520)
Other changes	(471)
Consolidated shareholders' equity of the Group	**87,363**

(in thousands of Euro)	Financial year ended on 31st December 2020
Net result (from the Parent Company's separate financial statements)	**18,022**
Per-share results of the subsidiaries	(9,981)
Derecognition of net result attributable to minority interests	(3,190)
Derecognition of infra-group margins	(10)
Derecognition of infra-group dividends	(65)
Derecognition of infra-group write-downs	13,829
Recognition of tax effect on reversal of asset remeasurement	8,350
Effects of applying IFRS	(2,673)
Other changes	(576)
Consolidated net result attributable to the Group	**23,706**

8.16 NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The table below sets out the details regarding "Non-current financial assets" and "Current financial liabilities" at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Long-term bank debts	116,107	33,658	43,525
Long term derivative financial instruments for liabilities	83	70	73
Liabilities for options on minority interests	949	-	-
Long-term financial debt to parent companies	16,250	12,250	4,000
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**133,389**	**45,978**	**47,598**
Short-term payables to banks	140,800	125,886	77,348
Payables due to factoring companies	42,345	10,363	7,999
Short-term financial debt to parent companies	105	37	1,250
Financial accrued expenses	177	49	28
Other current loans payable	12,479	464	822
TOTAL CURRENT FINANCIAL LIABILITIES	**195,906**	**136,799**	**87,447**

PAYABLES TO BANKS

Payables to banks derived both from the Group's need to financially support its acquisitions in previous years and the financing for ordinary operations for the growth of consolidated turnover. Payables to banks included the liquidation of the trade portfolio and medium/long-term loans, mainly referring to the Parent Company Gi Group S.p.A., and also included interests payable accrued at the relevant financial statement closing dates.

The table below sets out details on bank debts at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Bank financing	116,107	33,658	43,525
TOTAL LONG-TERM BANK DEBTS	**116,107**	**33,658**	**43,525**
Overdrafts	104,382	101,459	51,895
Bank debt	34,142	19,311	24,626
Bills financing accounts	2,276	5,116	827
TOTAL SHORT-TERM PAYABLES TO BANKS	**140,800**	**125,886**	**77,348**

Item "Bills financing accounts" includes financial payables of Spanish companies for the advances of bills of exchange.

The table below sets out the details and composition of "Bank debt" at 31st December 2020:

(in thousands of Euro)	Company	Loan Amount	Contract start date	Termination date	Residual debt at 31st December 2020	Amount to expire WITHIN the year 2021	Amount to expire after the year 2021
BNL	Gi Group SpA	5,000	15/03/2019	15/03/2024	3,500	1,000	2,500
Pool financing with SACE guarantee (BNL, Banco BPM, UniCredit, Intesa Sanpaolo)	Gi Group SpA	50,000	26/11/2020	30/09/2026	50,000	-	50,000
Banco BPM	Gi Group SpA	10,000	29/10/2018	29/12/2023	6,069	1,999	4,070
Pool financing (Banco BPM, UniCredit, Intesa Sanpaolo)	Gi Group SpA	30,000	23/03/2017	31/12/2022	12,121	6,060	6,061
INTESA SANPAOLO	Gi Group SpA	10,000	17/10/2016	30/09/2021	1,904	1,904	-
Credito Valtellinese	Gi Group SpA	5,000	04/03/2016	31/03/2021	266	266	-
Credito Valtellinese	Gi Group SpA	2,500	21/11/2017	05/01/2022	952	633	319
Credito Valtellinese	Gi Group SpA	5,000	25/06/2020	25/12/2021	5,000	5,000	-
Cassa Depositi e Prestiti SpA	Gi Group SpA	15,000	13/08/2020	13/08/2025	13,500	3,000	10,500
INTESA SANPAOLO	Gi Group SpA	10,000	28/02/2020	31/12/2024	8,000	2,000	6,000
MPS	Gi Group SpA	10,000	29/01/2018	31/12/2022	5,000	2,500	2,500
MPS	Gi Group SpA	5,000	31/10/2019	31/12/2024	4,000	1,000	3,000
MPS bank with SACE guarantees	Gi Group SpA	10,000	30/12/2020	30/09/2026	10,000	-	10,000
BPER Banca (formerly UBI Banca)	Gi Group SpA	10,000	31/01/2020	31/01/2023	10,000	-	10,000
Bank BGŻ BNP Paribas	Work Service	4,840	18/11/2015	30/06/2023	1,936	602	1,334
Bank Millennium S.A	Work Service	4,840	18/11/2015	30/06/2023	1,936	602	1,334
Bank Zachodni BZ WBK	Work Service	4,840	18/11/2015	30/06/2023	1,936	602	1,334
Raiffeisen Bank Polska	Work Service	4,840	18/11/2015	30/06/2023	1,936	602	1,334
PKO Bank Polski	Work Service	4,840	18/11/2015	30/06/2023	1,936	602	1,334
BNP Paribas	Gi Group Automotive Group S.a.S	3,570	25/05/2020	27/05/2021	3,570	3,570	-
Banco Santander	GIIT Prestação De Serviços LDA	200	15/05/2020	15/05/2022	200	-	200
Banco Santander	G.I. GROUP SPAIN Empresa de Trabajo Temporal S.L.	2,500	03/04/2020	03/04/2023	2,500	-	2,500
Bankia	G.I. GROUP SPAIN Empresa de Trabajo Temporal S.L.	600	19/05/2020	31/12/2022	586	-	586
Banco Santander	G.I. Group Outsourcing 2016, S.L.	1,000	03/04/2020	03/04/2023	1,000	-	1,000
Intesa	Gi Group Sp.Z.o.o	1,755	17/11/2020	30/09/2021	1,755	1,755	-
KFW (Kreditanstalt für Wiederauf-bau)	Work Service Gmbh & Co.KG	500	18/06/2020	17/06/2030	500	-	500
Bank of Ningbo Baizhang	Zhejiang GI Human Resources Co., Ltd.	623	25/03/2020	19/03/2021	623	623	-
Other minor debts		12			12	12	-
Ancillary expenses					(489)	(190)	(299)
TOTAL BANK FINANCING		**212,460**			**150,249**	**34,142**	**116,107**

(continued on the next page)

Almost of the item "Ancillary expenses" relating to financing are for pool financing agreed by Gi Group S.p.A., totalling EUR 30 million.

The loans mentioned above were all entered into at a floating rate, adjusted to the Euribor.

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

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

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

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

As at 31st December 2020, all financial covenants were complied with.

FINANCIAL DEBT TO PARENT COMPANIES

This item refers mainly to liabilities relating to the residual principal portion of financing granted to Gi Group S.p.A. and Gi International S.r.l. by the parent company SCL Holding S.p.A.

PAYABLES DUE TO FACTORING COMPANIES

Payables due to factoring companies are the advances received from the factor for credit assignment contracts in relation to which the risks and rewards of the assigned credits have not been transferred.

The table below sets out details on payables due to factoring companies at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	Country	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Gi Group S.p.A.	Italy	14,680	3,133	3,783
Gi Group Deutschland GmbH	Germany	10,942	-	-
G.I. GROUP SPAIN Empresa de Trabajo Temporal S.L.	Spain	7,377	-	-
Grafton Recruitment S.r.o.	Czech Repub-lic	3,272	3,644	3,150
Gi Group Automotive S.a.S.	France	2,142	-	-
Work Service SA	Poland	1,821	-	-
Work Service Deutschland Gmbh	Germany	801	-	-
On Time Solutions Gmbh	Germany	540	2,008	-
Grafton Slovakia S.r.o.	Slovakia	283	950	565
Grafton Recruitment Sp Z.o.o.	Poland	267	462	501
Other minor companies		220	166	-
TOTAL PAYABLES DUE TO FACTORING COMPANIES		**42,345**	**10,363**	**7,999**

DERIVATIVE FINANCIAL INSTRUMENTS - LIABILITIES

Such derivatives are underwritten to reduce volatility of variable interest rates to which Gi Group S.p.A is exposed due to its mid-to-long term debt. To this end, Gi Group S.p.A. negotiated derivative instruments with technical-financial characteristics needed for interest rate risk hedging for existing bank loans, with the hedge accounting method. Such transactions, indeed, are stated with the cash flow hedge rule, according to which the effective portion of the value change of the derivative leads to a net equity reserve.

The table below sets out details on derivative financial instruments - liabilities at 31st December 2020, 31st December 2019 and 1st January 2019:

Company	Bank	Underwriting date	Termination date	Fair Value at 31.12.2020 (in thousands of Euro)	Fair Value at 31.12.2019 (in thousands of Euro)	Fair Value at 01.01.2019 (in thousands of Euro)
Gi Group S.p.A.	Interest Rate Swap (IRS) - Intesa	18/10/2016	30/09/2021	(3.8)	(10.3)	(8.7)
Gi Group S.p.A.	Interest Rate Swap (IRS) - Banco BPM	18/09/2017	31/12/2022	(13.5)	(19.5)	(20.9)
Gi Group S.p.A.	Interest Rate Swap (IRS) - UniCredit	18/09/2017	30/12/2022	(13.8)	(20.0)	(21.9)
Gi Group S.p.A.	Interest Rate Swap (IRS) - Intesa	18/09/2017	30/12/2022	(13.8)	(20.1)	(21.9)
Gi Group S.p.A.	Interest Rate Swap (IRS) - Intesa	25/02/2020	31/12/2024	(38.4)	n.a.	n.a.
	TOTAL			**(83.3)**	**(69.9)**	**(73.3)**

For more information on the Group's interest rate risk, its hedging strategies and its derivative financial instruments, please see note 5.4 "Interest rate risk".

LIABILITIES FOR OPTIONS ON MINORITY INTERESTS

This item only includes the estimated value of the cross call/put option on the 5.88% minority interest in INTOO LLC relating to the acquisition of the outplacement business from CareerArc Group LLC.

8.17 EMPLOYEE FUNDS

The table below sets out movements in "Employee Funds" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Employee severance indemnity (Italian companies)	Other employee funds (foreign companies)	Total
Balance as at 1st January 2019	**5,164**	**869**	**6,033**
Current service cost	990	-	990
Financial expenses	81	-	81
Other allocations	-	2,560	2,560
Actuarial gains/(losses)	436	-	436
Utilizations/Releases	(519)	(2,263)	(2,782)
Variation in the scope of consolidation	-	96	96
Translation differences	-	(19)	(19)
Balance at 31st December 2019	**6,152**	**1,243**	**7,395**
Current service cost	1,595	-	1,595
Financial expenses	46	-	46
Other allocations	-	3,153	3,153
Actuarial gains/(losses)	109	-	109
Utilizations/Releases	(366)	(2,805)	(3,204)
Variation in the scope of consolidation	519	406	925
Translation differences	-	(133)	(133)
Balance at 31st December 2020	**8,055**	**1,864**	**9,919**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

EMPLOYEE SEVERANCE INDEMNITY (ITALIAN COMPANIES)

This item only includes the value of the employee severance indemnity due to employees of the Group's Italian companies pursuant to national legislation.

The table below sets out details on "Employee severance indemnity" funds divided by company for the financial years at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Gi Group S.p.A.	2,354	2,387	2,204
Gi On Board S.r.l.	996	503	339
Enginium S.r.l.	972	144	52
Wyser S.r.l.	464	353	318
INTOO S.r.l.	1,280	1,085	928
Gi HR Services S.r.l.	629	491	409
TACK & TMI ITALY S.r.l.	311	237	205
C2C S.r.l.	548	402	308
Asset Data S.r.l.	-	101	52
OD&M S.r.l.	321	291	229
EXS Italia S.r.l.	180	158	120
TOTAL	**8,055**	**6,152**	**5,164**

The value of employee severance liability fund liability which meets the definition of defined benefit plans in accordance with IAS 19 has been determined on an actuarial basis. The principal assumptions used to obtain the value of the liability at 31st December 2020, 31st December 2019 and 1st January 2019, are set out below:

A) Demographic assumptions:	At 31st December 2020, 31st December 2019 and 1st January 2019
Probability of death	Tables from the Italian State General Accounting Department named RG48, separated by gender
Probability of disability	INPS model for projections at 2010, separated by gender
Pension age	Reaching the first of the valid pension requirements for Italian old-age pension
Probability of exit due to causes other than death	5.00% (GI Group SpA, INTOO Srl, Asset Data Srl, GI Formazione Srl, EXS Italia Srl, GI Group Holding Srl); 20.00% (Gi On Board Srl, Enginium Srl, Wyser Srl, C2C Srl); 10.00% (GI HR Services Srl, Tack & TMI Italy Srl); 0.50% (OD&M Srl)
Probability of early retirement	Year on year value equal to 3%

B) economic and financial assumptions	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Annual technical discounting rate	0.34%; -0.02%	0.37%; 0.77%	1.13%; 1.57%
Annual rate of inflation	1.00%	1.00%	1.50%
Annual rate of overall increase in remuneration	2.50%	2.50%	2.50%
Annual rate of increase in employee severance indemni-ty	2.25%	2.25%	2.63%

The discounting rate used as a reference is the iBoxx Eurozone Corporates AA 10+ and AA 7-10, taken at the measurement date and taking account of the average residual employee retention of the separate companies.

The table below sets out a sensitivity analysis at 31st December 2020 relating to the principal actuarial assumptions used when calculating the employee severance indemnity fund. The sensitivity analysis was carried out by using the above description as a base scenario and increasing and reducing the annual discounting rate, the annual rate of inflation and the annual turnover rate by 0.25%, 0.25% and 2%, respectively. The values of liabilities obtained in this are summarised in the table below:

(in thousands of Euro)	Annual discounting rate		Annual rate of inflation		Annual turnover rate	
	+ 0,25%	- 0,25%	+ 0,25%	- 0,25%	+ 2,00%	- 2,00%
As at 31st December 2020	7,888	8,226	8,128	7,980	7,865	8,264

OTHER EMPLOYEE FUNDS (FOREIGN COMPANIES)

The item includes:

- provisions for supplementary social security funds based on national contracts or internal business agreements for an amount of EUR 786 thousand at 31st December 2020 (EUR 328 thousand at 31st December 2019), refer mainly to some of the Group's German, Indian and Polish companies;
- provisions due to employees, pursuant to legislation or to contracts, at termination of employment for an amount of EUR 1,078 thousand at 31st December 2020 (EUR 915 thousand at 31st December 2019), refer mainly to the Group's Spanish companies.

8.18 PROVISIONS FOR RISKS AND CHARGES

The table below sets out movements in "Provisions for Risks and Charges" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Provisions for Risks and Charges
Balance as at 1st January 2019	**5,683**
Provisions	3824
Utilizations/Releases	(6,836)
Variation in the scope of consolidation	3,956
Translation differences	260
Balance at 31st December 2019	**6,887**
Provisions	3,816
Utilizations/Releases	(3,219)
Variation in the scope of consolidation	7,161
Translation differences	(725)
Balance at 31st December 2020	**13,920**

Provisions for Risks and Charges include an estimate of the amount if contingent liabilities believed to be probable in relation to existing litigation under employment law, civil law and administrative proceedings, mainly for companies located in Italy (please see the explanatory note to Gi Group S.p.A.'s statutory financial statements), Germany and Brazil.

8.19 CURRENT TAX LIABILITIES

The table below sets out details of "Current tax liabilities" at 31st December 2020, 31st December 2019 and 1st January 2019.

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Income tax liabilities (Italian companies)	291	3,257	68
Income tax liabilities (foreign companies)	1,088	1,444	820
Income tax liabilities (parent companies)	2,670	-	-
TOTAL	**4,049**	**4,701**	**888**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

8.20 TRADE PAYABLES

"Trade payables" are equal to EUR 46,122 thousand at 31st December 2020 (EUR 39,590 thousand at 31st December 2019 and EUR 36,346 thousand at 1st January 2019) and also includes liabilities for invoices yet to be received for services received during the financial year, net of credits due.

The table below sets out trade payables divided into geographical area at 31st December 2020, 31st December 2019 and 1st January 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Italy	29,786	25,459	26,420
Western Europe	7,500	6,672	4,528
EASTERN EUROPE	2,901	1,535	1,842
Asia	4,381	4,466	2,791
North America	235	-	-
South America	1,319	1,458	765
TOTAL	**46,122**	**39,590**	**36,346**

8.21 OTHER CURRENT LIABILITIES

The table below sets out details of "Other current liabilities" at 31st December 2020, 31st December 2019 and 1st January 2019.

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019	As at 1st January 2019
Receivables against employees	177,641	149,815	127,771
Payables to social security and welfare institutions	86,371	58,627	51,804
Payables for VAT	70,001	32,927	27,329
Total Tax payables	51,545	45,233	41,297
Accrued payables and deferred income	9,001	5,275	5,792
Advances from customers	781	1,386	1,705
Other current payables	53,691	28,971	8,329
TOTAL	**449,031**	**322,234**	**264,027**

"Payables to employees" mainly consisted of payables accrued in respect of employees in the company and temporary workers of Group companies . The increase recognised during 2020 includes variations in the scope of consolidation of EUR 7,608 thousand.

It includes current payables at the end of the financial year to the social security and welfare institutions for contributions paid by the companies and the employees, mainly concerning salaries and wages for the month of December. The increase recognised during 2020 includes variations in the scope of consolidation, mainly relating to Work Service Poland, of EUR 15,136 thousand.

"VAT Liabilities" is solely comprised of VAT liabilities due to the Tax Authority. The increase recognised during 2020 is mainly due to the postponement of VAT payments granted by various local governments as a support measure during the pandemic, particularly in: Germany, the Netherlands and the UK.

"Other tax liabilities" refers mainly to withholding tax liabilities for office, temporary and self-employed staff in the Group's Italian companies.

"Advances from customers" refers mainly to advances received from customers, in particular for companies operating in Spain, Brazil, China and Colombia.

"Accrued liabilities and deferred income" refer mainly to:

- accrued liabilities refer mainly to the Group's British companies for an amount of EUR 1,596 thousand at 31st December 2020 (EUR 1,508 thousand at 31st December 2019 and EUR 1,901 thousand at 1st January 2019);
- deferred income refers mainly to the suspension of the portion of revenues of the American company, Intoo LLC for an amount of EUR 3,108 thousand, and those of the Italian company, Intoo S.r.l. for an amount of EUR 1,330 thousand at 31st December 2020) (EUR 1,468 thousand at 31st December 2019 and EUR 1,871 thousand at 1st January 2019 for the Italian company, Intoo S.r.l.), in relation to the performance of services (mostly staff outplacement) already invoiced, but not yet completed.

"Other current liabilities", chiefly referring to Gi Group S.p.A. for EUR 28,174 thousand at 31st December 2020 (EUR 27,079 thousand at 31st December 2019 and EUR 6,931 thousand at 1st January 2019) and to Work Service SA for EUR 19,946 thousand, refer mainly to liabilities due to bodies connected with the management of temporary staff and liabilities relating to other existing contractual forms of employment, including interns, contract workers, directors and other liabilities of a general nature.

9. NOTES TO THE CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

9.1 REVENUES FROM CONTRACTS WITH CUSTOMERS

The table below sets out the details of "Revenues from contracts with customers" divided into types of services provided for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Temporary Staffing and Staff Leasing	2,202,240	2,257,869
Outsourcing services	116,267	121,696
Search & selection	119,164	88,754
Training	5,581	8,904
Outplacement	11,015	9,165
Mgmt work consulting	1,734	2,416
Work service adm. & mgmt	6,611	6,298
Special projects	11,715	36,776
TOTAL	**2,474,327**	**2,531,878**

The table below sets out the details of "Revenues from contracts with customers" divided by geographical area for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Italy	1,258,044	1,288,949
Western Europe	760,941	704,957
Eastern Europe	127,145	188,687
Asia	240,458	251,618
North America	2,679	-
South America	85,060	97,667
TOTAL	**2,474,327**	**2,531,878**

9.2 OTHER REVENUES AND INCOME

The table below sets out the details of "Other revenues and income" divided by geographical area for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Contributions and repayments for training courses	21,682	24,636
Contributions during the year	10,978	5,477
Other revenues and income	18,110	11,290
TOTAL	**50,770**	**41,403**

CONTRIBUTIONS AND REPAYMENTS FOR TRAINING COURSES

The item "contributions for courses provided" included the amount of contributions the company approved and that were charged to Temporary Training for the organisation and the provision of courses for temporary workers.

CONTRIBUTIONS DURING THE YEAR

The table below sets out the details of "Grants for current expenses" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
ITALY - Contributions for courses provided	4,444	2,080
CHINA - Free financial cash injection from the Government	625	2,892
CHINA - Tax exemption incentives by local governments to attract businesses to the area and develop local business	3,788	462
OTHER COUNTRIES - economic public contributions	98	43
OTHER COUNTRIES - COVID contributions	2,023	-
TOTAL	**10,978**	**5,477**

OTHER REVENUES AND INCOME

This item refers mainly to revenues and income relating to previous financial years, regarding statutory liabilities due to temporary staff and no longer collectible by the beneficiary and receipts for bankrupt customers whose credits were reduced to zero by recognising a loss in previous financial years. The item also includes non-recurring revenues totalling EUR 107 thousand during the financial year to 31st December 2020.

9.3 COST OF RAW MATERIALS, CONSUMABLES AND MERCHANDISE

The table below sets out the details of "Costs of raw, auxiliary and consumable materials and goods" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Fuels and Lubricants	1,700	2,573
Consumables	3,378	1,412
Office supplies and forms	390	608
Changes in inventories	(334)	39
TOTAL	**5,134**	**4,632**

This item refers mainly to costs for fuels and lubricants and for consumable, promotional and office materials.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

9.4 COST OF SERVICES

The table below sets out the details of "Service costs" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Personnel Training and Other Services	35,142	43,260
Travel Expenses and Lunch Vouchers for Employees	31,439	34,547
Costs for usage of third-party assets	9,690	11,679
Professional Consultancy and Other Services	15,399	14,314
Tax, Administration and Management Consulting Services	11,873	9,546
IT consultancy and software maintenance service costs	9,367	8,279
Advertisement Expenses	2,700	3,170
Utilities, Cleaning Services and Surveillance Expenses	3,651	4,198
Graphic Design and Ads Expenses	4,288	4,010
Telephone and data network costs	2,860	3,105
Insurance costs	2,625	2,401
Statutory/Criminal Legal fees and Credit Collection Expenses	2,294	1,969
Directors' costs	2,508	2,690
Audit and auditors' costs	1,045	966
Other cost of services	14,089	15,943
TOTAL	**148,970**	**160,077**

"IT consultancy and software maintenance service costs" refers mainly to costs to implement new business tools and to implement existing infrastructure.

"Costs for use of third-party assets" refers mainly to software lease and user licence costs, costs to lease assets which, when new, are of low value (i.e. when the value of the underlying asset, when new, is roughly less than USD 5,000) and costs of leases with an overall lease term of twelve months or less. For these contracts, the underlying right-of-use assets have not been recognised and the lease liability and related lease payments are recognised directly in profit and loss using constant portion criteria.

"Directors' costs" includes remuneration for Group company directors.

In the financial year to 31st December 2020, service costs include non-recurring costs totalling EUR 3,156 thousand, referring mainly to:

- strategic consultancy services regarding acquisitions realised during the year by Gi International for EUR 1,960 thousand;
- extraordinary tax, legal, IT and marketing consultancy services connected with the acquisition and integration of Grupo Norte in Spain, incurred by Gi Group Spain's companies, and totalling EUR 416 thousand;
- notarial, legal and IT costs incurred by the German companies relating to the business restructuring plan, totalling EUR 370 thousand.

In the financial year to 31st December 2019, service costs include non-recurring costs totalling EUR 1,212 thousand, referring mainly to:

- Extraordinary tax and legal consulting services for the Spanish companies Gi Group Spain and Gi Group Outsourcing amounting to Euro 125 thousand and Euro 125 thousand, respectively, and the companies Beijing Gi Human Resource Co., Ltd, Gi Group BPO Colombia S.A.S and Gi Group Portugal for Euro 13 thousand each;
- non-recurring costs incurred by the German companies relating to the business restructuring plan (mainly notarial and travel costs, totalling EUR 267 thousand);
- extraordinary costs to transfer some branches connected with the business restructuring plan relating to the German companies Gi Group Deutschland GmbH, House of Jobs Gmbh, On Time Solutions GmbH, House of Jobs Group GmbH, totalling EUR 769 thousand.

9.5 PERSONNEL COSTS

The table below sets out the details of "Staff costs" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Wages and salaries	1,826,908	1,866,143
Social security contributions	406,280	405,038
Employee post-employment benefits	53,956	51,644
Provision for employee funds	445	452
Other personnel costs	2,781	3,506
TOTAL	**2,290,370**	**2,326,783**

Staff costs include costs for direct employees, which make up the company's structure, and costs for indirect employees, representing staffing personnel for the Group's third-party customers.

The following table includes the average number of direct and indirect internal and temporary/staff leasing employees by geographical area as at 31st December 2019:

Average number of employees (in units)	Financial year ended on 31st December 2020		Financial year ended on 31st December 2019	
	Direct employees (office staff)	Indirect employees (temporary/staff leasing)	Direct employees (office staff)	Indirect employees (temporary/staff leasing)
Italy	2,258	36,898	2,232	33,433
Western Europe	1285	31,977	1,287	32,061
Eastern Europe	800	11,959	872	18,165
Asia	435	41,436	462	39,132
North America	31	-	-	-
South America	513	49,479	372	26,094
TOTAL	**5,322**	**171,749**	**5,225**	**148,885**

In the financial year to 31st December 2019, staff costs include non-recurring costs totalling EUR 1,173 thousand, referring mainly to:

- business restructuring costs and employee conciliation costs totalling EUR 107 thousand relating to British companies and EUR 869 thousand relating to German subsidiaries (mainly Work Service Deutschland GmbH);
- bonuses for some workers in the Czech Republic, defined during acquisition of the Grafton companies, totalling EUR 127 thousand.

In the financial year to 31st December 2019, staff costs include non-recurring costs totalling EUR 2,764 thousand, referring mainly to:

- business restructuring costs and employee conciliation costs totalling EUR 666 thousand relating to British companies and EUR 1,413 thousand relating to German subsidiaries (mainly Work Service Deutschland GmbH);
- bonuses for some workers in Poland, the Czech Republic and Slovakia, defined during acquisition of the Grafton companies, totalling EUR 569 thousand;
- performance-related remuneration for managerial staff, following positive performance reports, such as results of long-term actions taken by Gi Group Spain, totalling EUR 116 thousand.

9.6 OTHER OPERATING COSTS

The table below sets out the details of "Other operating costs" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Taxes	4,110	3,110
Memberships	1,109	1,039
Penalties, sanctions and fines	914	497
Losses on receivables	245	122
Magazine subscriptions	47	60
Other operating costs	10,386	5,809
TOTAL	**16,811**	**10,637**

The item, "Other operating charges" includes all residual costs such as offers and gifts to employees and third parties, costs for document in public offices, sales of assets and costs for lower provisions allocated in the previous financial years.
In the financial year to 31st December 2020, other operating costs include non-recurring costs totalling EUR 718 thousand, referring mainly to the acquisition of Grupo Norte in Spain.

In the financial year to 31st December 2019, other operating costs include non-recurring costs totalling EUR 114 thousand, referring mainly to non-recurring costs generated by the disposal and sale of furniture from some branches that were closed under the business restructuring plan and relating to the British companies Gi Group Recruitment Limited, Draefern Limited e TACK INTERNATIONAL Limited.

9.7 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

The table below sets out the details of "Net impairment losses on financial assets" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Net amounts set aside to bad debt provision	1,626	2,721
Other impairment losses on financial assets	358	4
TOTAL	**1,984**	**2,725**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

9.8 AMORTISATION/DEPRECIATION AND WRITE-DOWNS OF TANGIBLE, INTANGIBLE AND RIGHT-OF-USE ASSETS

The table below sets out the details of "Amortisation/depreciation and write-downs of tangible, intangible and right-of-use assets" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Depreciations	4,096	3,692
Amortisations	7,123	6,866
Depreciation of right-of-use assets	19,049	17,617
Impairment losses on tangible and intangible assets:	330	12
TOTAL	**30,598**	**28,187**

9.9 NET AMOUNTS SET ASIDE TO PROVISIONS FOR RISKS AND CHARGES

This item includes amounts set aside to provisions for risks and charges, minus related uses. For detailed information on the movements of provisions for risks and charges, please see note 8.18 "Provisions for risks and charges".

9.10 FINANCIAL INCOME

In the financial year to 31st December 2020, "Financial income", equal to EUR 14,264 thousand, refers mainly to financial income of the companies belonging to the Work Service group, totalling EUR 13,009 thousand. This income arises from a cooperation agreement entered into with the Polish group's principal banks which included settlement of 50% of its financial liability.

Financial income as at 31st December 2019 amounted to 1,109 thousand Euro (1,151 thousand Euro as at 31st December 2018) mainly accrued by the Italian company Gi Group S.p.A., for interests on arrears collected after credit collection legal recovery actions and the Brazilian subsidiary Gi Group Brasil Recursos Humanos Ltda for current-account payments for credit balance period.

9.11 FINANCE COSTS

The table below sets out the details of "Finance costs" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Lease interest payable	1,986	2,001
Interest payable on employee funds	46	81
Financial charges to parent companies	105	37
High inflation adjustment costs	91	70
Other financial charges	5,220	4,678
TOTAL	**7,448**	**6,867**

"High inflation adjustment costs" are exclusively attributable to the effect on monetary items deriving from the application of IAS 29 - Hyperinflation by the Group's Argentine subsidiaries. For further details, please see Note 10.

"Other finance costs" refer mainly to interest payable to banking institutions.

In the financial year to 31st December 2020, finance costs include non-recurring costs amounting to EUR 91 thousand (EUR 70 thousand in the financial year to 31st December 2019), incurred by the Argentinian companies and originating from the adjustments calculated for the high inflation that hit the country and that were obligatory at state level.

9.12 PROFIT/LOSS ON CURRENCY EXCHANGE

This item shows a loss of EUR 3,642 thousand in the financial year to 31st December 2020 (compared with the profit of EUR 1,398 thousand in the financial year to 31st December 2019).

The loss in the financial year to 31st December 2020 refers mainly to negative exchange rate variations recognised by Gi International S.r.l. amounting to EUR 3,262 thousand, deriving principally from adjustments to financing and to credit for dividends matured relating to the British holding company, both measured in Pound Sterling, and from adjustments to financing provided to the Polish group, Work Service, fixed in local currency, and from foreign exchange losses realised on infra-group financing fixed in Pound Sterling and Brazilian Real.

The profit in the financial year to 31st December 2019 refers mainly to:

- Positive exchange rate variations recognised by Gi International S.r.l. totalling Euro 1.58 million for adjustments of loans and receivables for dividends accrued towards the British Holding company (both in Pounds Sterling) and exchange rate losses on intercompany loans in Turkish Lira and new Romanian Lei;
- Negative exchange rate variations recognised by the subsidiary in Turkey amounting to 21 thousand Euro, mainly related to an adjustment of an intercompany loan expressed in Euro;
- Negative exchange rate variations recognised by the subsidiary in Romania, totalling 35 thousand Euro, mainly related to adjustments in intercompany loans expressed in Euro.

9.13 INCOME TAXES

The table below sets out the details of "Income taxes" for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Income taxes of Italian companies (IRES - corporate income tax/IRAP- regional tax on produc-tion)	10,907	12,951
Income taxes of foreign companies	5,107	3,081
TOTAL CURRENT TAXES	**16,014**	**16,032**
Deferred tax assets/liabilities	(11,167)	(2,352)
TOTAL DEFERRED TAX ASSETS/LIABILITIES	**(11,167)**	**(2,352)**
TOTAL	**4,847**	**13,680**

Taxes were calculated on an accrual basis, highlighting, whenever necessary, prepaid and deferred taxes taking into account tax regulations that could result in a variance between the fiscal and the financial period.

Deferred tax assets have been recognised on deductible temporary differences in the financial year to the extent that it is reasonable to believe that, in the financial years in which the above temporary differences will be reversed, there will be enough taxable income to cover the differences to be reversed.

For detailed information on "Deferred tax assets/liabilities", please see note 8.6 "Deferred tax assets and liabilities".

10. HYPERINFLATION

In accordance with the provisions of IAS 29, the Argentine subsidiaries, Gi Group Search&Selection S.A. and Gi Group Temporary Staffing S.A. have accounted for inflation from 1st January 2019 and are the only Group companies operating a hyperinflationary regime. The adoption of this standard is due to the fact that the cumulative rate of inflation in the last three years in Argentina exceeded 100% and is based on the characteristics of the country's economy.

The national consumer price index, as published by the Argentine National Institute of Surveys and Censuses (INDEC), has been unsed for these purposes.

The loss on the net monetary position, recognised in profit and loss in "Finance costs", amounts to EUR 91 thousand in the financial year to 31st December 2020 (EUR 70 thousand in the financial year to 31st December 2019).

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

11. NON-RECURRING INCOME AND COSTS

The table below sets out the non-recurring income and costs for the financial years to 31st December 2020 and 31st December 2019:

Non-recurring costs/(income)		
(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Other revenues and income	(107)	-
Service costs	3,156	1,212
Personnel costs	1,173	2,764
Other operating expenses	718	114
Financial expenses	91	70
TOTAL NET NON-RECURRING COSTS/(INCOME)	**5,031**	**4,160**

For a description of non-recurring income and costs, please see the comments for the individual financial statement items detailed in the previous paragraph 9 "Notes to the Consolidated Statement of Other Comprehensive Income".

12. RELATED-PARTY TRANSACTIONS

Relations between Group companies and between the Group and related parties, identified using the criteria defined in IAS 24 - Related-party Transactions, relate to transactions carried out under normal market conditions and refer mainly to:

- These business relations are commercial in nature when companies supply staffing, selection, outsourcing, outplacement and other HR services inside the Group.
- (General, organizational, professional) services provided by the Head Office to the Group companies benefiting from them;
- financial relations with parent companies and affiliated companies;
- remuneration paid to Directors and Executives with strategic responsibilities.

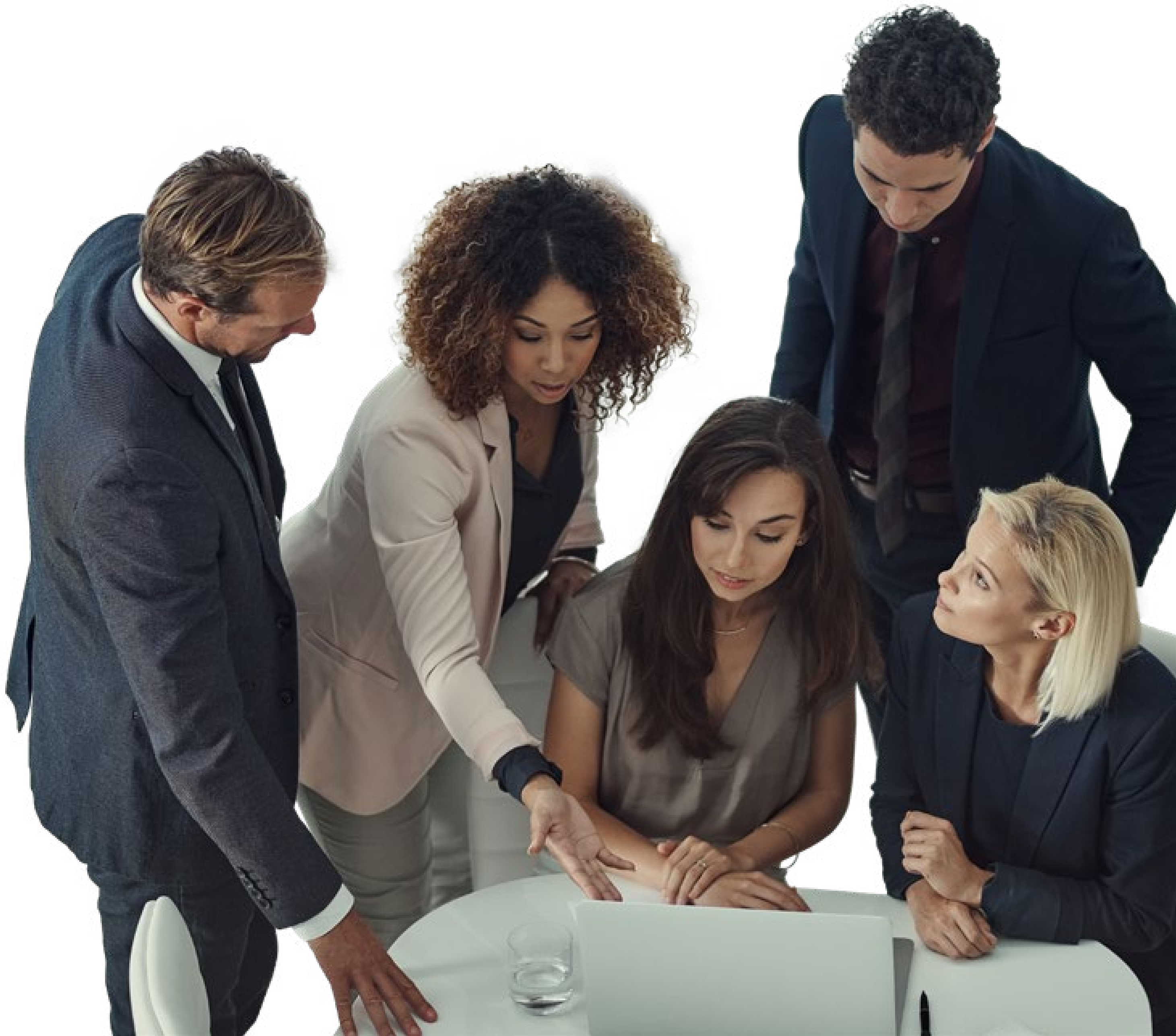
With regard to services, all related-party transactions are governed via a Cost Share Agreement predisposed by Gi Group S.p.A., aimed at creating synergies within the group and making the structure more efficient.

As part of financial relations, in Italy, in order to optimize the structure of treasury and conditions that give access to bank funding, organizational solutions based on centralized financial management in Gi Group S.p.A. were adopted.

With this in mind, cash pooling for Italian companies was adopted through central bank management of available resources within the Group for the daily operation of the assets and the financial support to the international holding Gi International Srl.

Structural investments and operating needs of foreign companies are supported by short- and mid-term funding from the international holding Gi International S.r.l. to its subsidiaries.

From a tax perspective, in compliance with Article 118 of the new T.U.I.R. (Consolidated Law on Income Tax), Italian companies exercise the option for the tax consolidation of the Group, which leads to the transfer of consolidated companies payables/receivables for IRES (corporation tax) to the consolidating company. For tax purposes, the consolidating company is the parent company SCL Holding S.p.A.



The tables below set out the Group's equity relations with related parties at 31st December 2020 and 2019:

(in thousands of Euro)							As at 31st December 2020
	Trade receivables	Current tax assets	Current financial assets	Current tax liabilities	Trade payables	Current financial liabilities	Non-current financial liabilities
Parent companies:							
GI Group Holding S.r.l.	170	-	3,232	-	3,768	-	-
SCL Holding SpA	-	729	-	2,670	5	105	16,250
TOTAL PARENT COMPANIES:	**170**	**729**	**3,232**	**2,670**	**3,773**	**105**	**16,250**
Subsidiaries:							
House of Jobs GmbH	-	-	25	-	-	-	-
TOTAL SUBSIDIARIES	**-**	**-**	**25**	**-**	**-**	**-**	**-**
Affiliated companies:							
GI Formazione S.r.l.	829	-	-	-	6,625	-	-
TOTAL - ASSOCIATED COMPANIES:	**829**	**-**	**-**	**-**	**6,625**	**-**	**-**
Affiliated companies							
Fare Lavoro, Società Consortile a r.l.	-	-	-	-	2	-	
Prohuman 2004 Kft	-	-	-	-	-	11,078	-
TOTAL - ASSOCIATED COMPANIES:	**-**	**-**	**-**	**-**	**2**	**11,078**	**-**
Other related parties:							
Directors	-	-	-	-	341	-	-
TOTAL OTHER RELATED PARTIES:	**-**	**-**	**-**	**-**	**341**	**-**	**-**
TOTAL BUSINESS RELATIONS WITH RELATED PARTIES	**999**	**729**	**3,257**	**2,670**	**10,741**	**11,183**	**16,250**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

(in thousands of Euro)					As at 31st December 2019
	Trade receivables	Current financial assets	Trade payables	Current financial liabilities	Non-current financial liabilities
Parent companies:					
GI Group Holding S.r.l.	83	1,907	1,656	-	
SCL Holding SpA	-	-	2	37	12,250
TOTAL PARENT COMPANIES:	**83**	**1,907**	**1,658**	**37**	**12,250**
Subsidiaries:					
House of Jobs Bulgaria EOOD		70			
House of Jobs GmbH		38			
House of Jobs Spain SL		43			
TOTAL SUBSIDIARIES		**151**			
Affiliated companies:					
GI Formazione S.r.l	437	-	4,487	-	-
TOTAL - ASSOCIATED COMPANIES:	**437**	**-**	**4,487**	**-**	**-**
Other related parties:					
Directors	-	-	-	-	-
TOTAL OTHER RELATED PARTIES:	**-**	**-**	**-**	**-**	**-**
TOTAL BUSINESS RELATIONS WITH RELATED PAR-TIES	**520**	**2,058**	**6,145**	**37**	**12,250**

Payables to the parent company SCL Holding S.p.A. include interests and principal of two loans paid to Gi Group S.p.A. in FY 2017 totalling 5.2 million Euro as at 31st December 2020 and to the subsidiary Gi International for a new loan paid in January 2020 totalling 4 million Euro and a loan totalling 7 million Euro, requested in FY 2019. All loans expire after the financial year and in line with contract terms.

Transactions with Gi Formazione S.r.l., related party of Gi Group, refer to organisation, management and coordination activities of training and professional upgrade initiatives with accreditation Gi Formazione S.r.l. holds with Forma.Temp, the body that regulates professional training activities for all staffing companies. Overall costs for training cour-ses in FY 2020 were around Euro 20 million.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

The tables below set out the Group's financial relations with related parties for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)					Financial year ended on 31st December 2020
	Contractual revenues from customers	Other revenues and income	Financial Income	Service costs	Finance costs
Parent companies:					
Gi Group Holding S.r.l.	-	224	18	3,914	-
SCL Holding SpA	-	-	-	19	105
TOTAL PARENT COMPANIES:	**-**	**224**	**18**	**3,933**	**105**
Affiliated companies:					
Gi Formazione S.r.l.	660	601	-	20,420	-
TOTAL - ASSOCIATED COMPANIES:	**660**	**601**	**-**	**20,420**	**-**
Affiliated companies					
Fare Lavoro, Società Consortile a r.l.	-	-	-	14	-
TOTAL - ASSOCIATED COMPANIES:	**-**	**-**	**-**	**14**	**-**
Other related parties					
Directors	-	-	-	2,508	-
TOTAL OTHER RELATED PARTIES:	**-**	**-**	**-**	**2,508**	**-**
TOTAL BUSINESS RELATIONS WITH RELATED PARTIES	**660**	**825**	**18**	**26,874**	**105**

(in thousands of Euro)					Financial year to 31st December 2019
	Contractual revenues from customers	Other revenues and income	Financial Income	Service costs	Finance costs
Parent companies:					
Gi Group Holding S.r.l.	20	164	1	3,897	-
SCL Holding SpA	20	-	-	19	37
TOTAL PARENT COMPANIES:	**40**	**164**	**1**	**3,917**	**37**
Affiliated companies:					
Gi Formazione S.r.l	453	668	-	23,268	-
TOTAL - ASSOCIATED COMPANIES:	**453**	**668**	**-**	**23,268**	**-**
Other related parties:					
Directors	-	-	-	2,690	-
TOTAL OTHER RELATED PARTIES:	**-**	**-**	**-**	**2,690**	**-**
TOTAL BUSINESS RELATIONS WITH RELATED PARTIES	**493**	**833**	**1**	**29,875**	**37**

Except for what is set out in the above tables, there have been no further financial or equity relations of significant size with related parties.

13. COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

A) COMMITMENTS

The Vhernier Group does not currently have commitments not recorded in the financial statements.

B) GUARANTEES AND SURETIES

The table below sets out the value of guarantees at 31st December 2020 and 31st December 2019:

(in thousands of Euro)	As at 31st December 2020	As at 31st December 2019
Personal Guarantees		
Sureties		
To others	136,163	117,259
TOTAL SURETIES	**136,163**	**117,259**
TOTAL PERSONAL GUARANTEES	**136163**	**117,259**
TOTAL REAL GUARANTEES	**-**	**-**
TOTAL GUARANTEES PROVIDED	**136,163**	**117,259**

Third party guarantees mainly include Euro 59.022 million for the surety issued to the Ministry of Labour by the Parent Company Gi Group S.p.A., as per the compulsory requirement in compliance with Leg. Decree 276/2003 art. 5, as a guarantee for temporary staffing services.

Moreover, Gi Group S.p.A. issued banking and insurance sureties of Euro 1.564 million to third parties related to rented properties and Euro 14.009 million related to insurance guarantees for tenders and commercial agreements.

The other Italian companies issued commercial contracts and bank sureties amounting to Euro 122 thousand to third parties for rented properties.

The table below sets out the guarantees provided to foreign subsidiaries at 31st December 2020:

Issuer	Type of guarantee	Beneficiary	Guaranteed company	Nation	Amount in local currency (in thousands)	Currency	Amount in euro (in thousands)
Gi Group S.p.A.	Corporate Guarantee	Itau-Unibanco Sa	Gi Group Recursos Humanos Ltd	Brazil	15,000	BRL	2,353
Gi Group S.p.A.	Corporate Guarantee	Bnp Paribas Brasil Sa	Gi Group Recursos Humanos Ltd	Brazil	8,800	BRL	1,381
Gi Group S.p.A.	Corporate Guarantee	Unikredit Bulbank	Od&M-Gi Group-Wyser Eood-Tack Tmi-Gi Group Outsourcing	Bulgaria	400	BGN	205
Gi Group S.p.A.	Corporate Guarantee	Unicredit S.p.A.	Shanghai Gi Enterprise Management Co Ltd	China	2,899	CNY	361
Gi Group S.p.A.	Corporate Guarantee	Unicredit S.p.A.	Shanghai Gi Enterprise Management Co Ltd	China	2,230	CNY	278
Gi Group S.p.A.	Corporate Guarantee	Unicredit S.p.A.	Shanghai Gi Enterprise Management Co Ltd	China	5,070	CNY	632
Gi Group S.p.A.	Corporate Guarantee	Intesa San Paolo	Bejing E4u Human Resource Co. Ltd	China	4,000	CNY	499
Gi Group S.p.A.	Corporate Guarantee	Unicredit S.p.A.	Shanghai Gi Enterprise Management Co Ltd	China	275	EUR	275
Gi Group S.p.A.	Corporate Guarantee	Unicredit S.p.A.	Bejing E4u Human Resource Co. Ltd	China	550	EUR	550
Gi Group S.p.A.	Corporate Guarantee	Bnp Paribas	Gi Group Automotive	France	1,900	EUR	1,900
Gi Group S.p.A.	Corporate Guarantee	Intesa San Paolo	Gi Group Deutschland	Germany	2,000	EUR	2,000
Gi Group S.p.A.	Corporate Guarantee	Bank Polska Kasa Opieki S.a.	Gi Group Sp Zoo	Poland	3,000	PLN	658
Gi Group S.p.A.	Corporate Guarantee	HSBC	Grafton Recruitment S.r.o. Z.o.o.	Poland	8,000	PLN	1,755
Gi Group S.p.A.	Corporate Guarantee	Intesa San Paolo	Gi Group Sp Zoo	Poland	13,000	PLN	2,851
Gi Group S.p.A.	Corporate Guarantee	Barclays Bank Plc	Gi Group Recrutment Ltd - Draefern Ltd	United Kingdom	5,000	GBP	5,562
Gi Group S.p.A.	Corporate Guarantee	HSBC France	Grafton Recruitment Sro	Czech Republic	85,877	CZK	3,273
Gi Group S.p.A.	Corporate Guarantee	Intesa San Paolo Romania	Barnett Mccall Recruitment	Romania	3,500	RON	719
Gi Group S.p.A.	Corporate Guarantee	Intesa San Paolo Romania	Gi Group Staffing Company	Romania	3,000	RON	616
Gi Group S.p.A.	Corporate Guarantee	Unicredit Tiriac Bank	Barnett Mccall Recruitment / Gi Group Staffing	Romania	867	RON	178
Gi Group S.p.A.	Corporate Guarantee	Unicredit Bank Czech Republic And Slovakia	Gi Group Hr Services Slovakia Sro	Slovakia	270	EUR	270
Gi Group S.p.A.	Corporate Guarantee	HSBC France	Grafton Slovakia Sro	Slovakia	283	EUR	283
Gi Group S.p.A.	Corporate Guarantee	Bnpp Factor	Gi Group Spain	Spain	4,000	EUR	4,000
Gi Group S.p.A.	Corporate Guarantee	Intesa San Paolo	Gi Group Spain	Spain	3,000	EUR	3,000
Gi Group S.p.A.	Letter of Comfort	Gi Group Spain	Banks Of Grupo Norte Recursos Empresa De Trabajo	Spain	4,977	EUR	4,977
Gi Group S.p.A.	Corporate Guarantee	American Express Italia Srl	Intoo Llc	USA	50	USD	41
Gi International	Corporate Guarantee	Lear Corporation Gmbh	Leoni Kabel Gmbh	Germany	10	EUR	10
Gi International	Corporate Guarantee	Commerzbank	On Time - House Of Jobs	Germany	1,500	EUR	1,500
Gi International	Corporate Guarantee	Banco Santander	Gi Group Spain	Spain	3,000	EUR	3,000

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

Issuer	Type of guarantee	Beneficiary	Guaranteed company	Nation	Amount in local currency (in thousands)	Currency	Amount in euro (in thousands)
Unicredit	Bank Guarantee	Yapi Ve Kredi Bankasi As	Gi Group & Wyser Turkey Secme Ve Yerkestirme Anonim	Turkey	512	TRY	56
Unicredit	Bank Guarantee	Yapi Ve Kredi Bankasi As	Gi Group & Wyser Turkey Secme Ve Yerkestirme Anonim	Turkey	51	TRY	6
Bnl Gruppo Bnp Paribas	Bank Guarantee	Bnp Paribas Lisbon	Gi Gp Empresa De Trabalho Temporario	Portugal	800	EUR	800
Unicredit	Bank Guarantee	Unicredit Bank Sa	Barnett Mccall Recruitment	Romania	3,500	RON	719
Unicredit	Bank Guarantee	Unicredit Bank Zao	Gi Group Llc	Russia	20,000	RUB	219
Unicredit	Stand By Letter Of Credit	Gi Group Temporary Staffing	Gi Group Temporary Staffing	Argentina	2,500	ARS	24
Bnl Gruppo Bnp Paribas	Stand By Letter Of Credit	Gi Group Automotive	Gi Group Automotive	France	100	EUR	100
Unicredit	Stand By Letter Of Credit	Gi Staffing Services Ltd	Gi Staffing Services Ltd	India	51,000	INR	569
Unicredit	Stand By Letter Of Credit	Gi Human Resources & Services	Gi Human Resources & Services	India	20,600	INR	230
Unicredit	Bank Guarantee	Yapi Ve Kredi Bankasi As	Gi Group & Wyser Turkey Secme Ve Yerkestirme Anonim	Turkey	512	TRY	56

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

Issuer	Type of guarantee	Beneficiary	Guaranteed company	Amount in local currency (in thousands)	Currency
Gi Group S.p.A.	Corporate Guarantee	Banco Bpm	Intoo	2,250	EUR
Gi Group S.p.A.	Corporate Guarantee	Banco Bpm	Gi On Board	1,363	EUR
Gi Group S.p.A.	Corporate Guarantee	Credito Valtellinese	Gi Hr Services	1,650	EUR
Gi Group S.p.A.	Corporate Guarantee	Credito Valtellinese	Wyser	1,500	EUR

The table below sets out the commercial guarantees provided for subsidiaries at 31st December 2020:

Issuer	Type of guarantee	Beneficiary	Guaranteed company	Nation	Amount in local currency (in thousands)	Currency	Amount in euro (in thousands)	Purpose
Unicredit	Bank guarantee	Yapi ve kredi bankasi as	Gi group & wyser turkey secme ve yerkestirme anonim	Turkey	352	TRY	39	Leases
Unicredit	Bank guarantee	Unicredit bank ag	Gi group deutschland	Germany	158	EUR	158	Leases
Gi Group S.p.A.	Corporate guarantee	Gi group deutschland	Sundry guarantees	Germany	825	EUR	42	Clients

At 31st December 2020, the Group had not issued any undertakings.

C) CONTINGENT LIABILITIES

As at December 2019 no potential risks or liabilities were present for the Group, stemming from existing scenarios, for which a reasonable projection of the future risk was not possible and, as such, they were not included in the Provisions for Risks and Charges in compliance with accounting standards.

14. INFORMATION ON DIRECTORS' AND AUDITORS' REMUNERATION

The table below sets out the remuneration due to the directors and auditors of the Group companies for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	Financial year ended on 31st December 2020	Financial year ended on 31st December 2019
Directors	2,508	2,690
Statutory auditors	86	79

Costs for Director remunerations amounting to 3.4 million Euro decided upon their appointment with a resolution of the General Shareholders' Meeting of the companies;

Costs for Auditors' remuneration refer mainly to the Parent Company and to the Italian subsidiaries, Gi Group S.p.A., Gi Formazione S.r.l., INTOO S.r.l. and Gi International S.r.l.

15. INFORMATION ON REMUNERATION FOR AUDIT ACTIVITIES

The Consolidated Financial Statements as at 31st December 2019 of SCL Holding S.p.A. were submitted for review to the auditing company PricewaterhouseCoopers S.p.A. (PwC S.p.A.), based on the audit contract for the 2019–2021 period, in compliance with Article 14 of Leg. Decree dated 27th January 2010, n°39 and art. 2409 of the Italian Civil Code.

The tables below contain a summary of the remuneration due to the audit companies engaged by Group companies for the financial years to 31st December 2020 and 31st December 2019:

(in thousands of Euro)	For the financial year to 31st December 2020										
	Italy	UK	Spain	Germany	Poland	Romania	France	Brazil	Slovak Rep.	Other countries	Total
PwC Financial Statements - Statutory and Consolidated	77	209	65	-	26	14	-	52	24	-	467
PwC Audit Package	35	46	21	-	5	6	-	-	5	-	118
PwC Other services (tax, certifications, etc.)	5	5	-	-	-	-	-	-	-	-	10
Other audit companies - Statutory Financial Statements	21	-	-	112	64	-	51	-	-	98	346
Other auditors Package Review	18	-	-	-	-	-	-	-	-	-	18
Other audit companies - other services (taxation, certifications, etc.)	-	-	-	-	-	-	-	-	-	-	-
TOTAL	**156**	**260**	**86**	**112**	**95**	**20**	**51**	**52**	**29**	**98**	**959**

(in thousands of Euro)	For the financial year to 31st December 2019										
	Italy	Uk	Spain	Germany	Poland	Romania	France	Brazil	Slovak Rep.	Other Countries	Total
Statutory and Consolidated Financial Statements	62	142	47	-	39	20	-	71	-	-	381
PwC Audit Package	37	61	-	-	-	-	-	-	-	-	98
Other services (taxes, certifications, etc.)	5	-	-	-	-	-	-	6	-	-	11
Other audit companies - Statutory Financial Statements	20	33	-	80	-	-	33	-	42	105	313
Other auditors Package Review	18	-	-	-	-	-	-	-	11	-	29
Other audit companies - other services (taxation, certification, etc.)	-	-	-	47	-	-	-	-	-	8	55
TOTAL	**142**	**236**	**47**	**127**	**39**	**20**	**33**	**77**	**53**	**113**	**887**

In 2020, the Group paid the independent auditor the following fees:

- for Italy, based on the auditing assignment entrusted by Gi Group S.p.A. to PwC S.p.A., the annual remuneration is Euro 77 thousand plus costs for additional services.
- Companies in the UK, Spain, Poland, Romania, Brazil and Czech Republic appointed the PwC network for their 2020 audit, while all other companies abroad appointed other auditing companies.

16. PUBLIC LOANS - INFORMATION PURSUANT TO ITALIAN LAW NO. 124/2017

In compliance with the provisions as per Article 1, paragraph 125, Italian Law 124/2017, in relation to the obligation to state in the financial statements any sums of money received during the financial year relating to investments, contributions, remunerated work and any financial advantage of any kind from public administration bodies and from entities referred to in paragraph 125 of the same Article, please see the indications contained in the Italian National Register of State Aid referred to in Article 52, Italian Law no. 235 of 24th December 2012 and the information contained in the financial statements of the Group's Italian companies.

17. SIGNIFICANT EVENTS THAT OCCURRED AFTER THE END OF THE FINANCIAL YEAR

During the first quarter of 2021, the Group completed the acquisition of Jobtome SA, a company founded in 2014 with registered office in Switzerland that operates in 35 countries thanks to the use of its programmatic advertising platform and technology. Jobtome has more than 10 million users and more than 9 million vacancies indexed from 10,000 websites worldwide.

As part of extraordinary infra-group operations, on 12th February 2021, the Polish subsidiary, Gi Group Sp.Z.o.o transferred 100% of its equity interest in Gi Group Ukraine LLC to Gi International S.r.l.

Also, on 24th February 2021, the infra-group sale of Work Service Czech s.r.o. and Work Service Slovakia s.r.o. from Work Service SA to Gi International S.r.l. was completed: this operation will allow the Group to reorganise its commercial activity in the Czech Republic and the Slovak Republic, obtaining new synergies and cost efficiencies.

Finally, on 15th March 2021, Gi International S.r.l. announced a Tender Offer on Work Service SA shares in order to reach 100% of its share capital. The subscription period for the tender offer opened on 2nd April and closed on 4th May, which led to the market acquisition of 16,164,779 shares.

18. FIRST-TIME ADOPTION OF THE EU IFRS ACCOUNTING STANDARDS

CRITERIA FOLLOWED FOR THE TRANSITION FROM ITALIAN ACCOUNTING STANDARDS TO EU-IFRS

The company prepared its consolidated financial statements in compliance with EU IFRS principles for the first time as at 31st December 2020. Therefore, the date of first application of EU-IFRS ("**Transition Date**"), based on the provisions of IFRS 1, is 1st January 2019.

The following information describes the procedure followed to transition from Italian Accounting Standards to EU-IFRS in order to prepare the Consolidated Financial Statements (the "**Transition Process**").

A) GENERAL PRINCIPLES

The Group applied EU-IFRS retrospectively to all periods closing prior to the Transition Date, except for the obligatory exemptions and for some voluntary exemptions adopted in line with IFRS 1, as described in the following paragraph.

In particular, the accounting standards referred to are those described in note 2.6 "Accounting standards and measurement criteria".

The Consolidated Statement of Financial Position at 1st January 2019 reflects the following differences in treatment compared with the Group's Consolidated Financial Statements to 31st December 2018, prepared in accordance with Italian Accounting Standards:

- all assets and liabilities were recognised and measured that were required to be recognised by EU-IFRS, including those not required in application of Italian Accounting Standards;
- all assets and liabilities that were required to be recognised under Italian Accounting Standards, but not permitted under EU/IFRS criteria, were derecognised;
- some financial statement items were reclassified in line with the provisions of EU-IFRS.

At the Transition Date, the effect of adjusting the initial balances of the Group's assets and liabilities to new accounting criteria, is recognised in "EU-IFRS First-time adoption reserve" in consolidated shareholders' equity, taking account of the related tax effects, where applicable.

B) OBLIGATORY EXEMPTIONS TO THE COMPLETE RETROSPECTIVE ADOPTION OF EU-IFRS

The obligatory exemptions to the complete retrospective adoption of EU-IFRS, in accordance with IFRS 1, were applied during the Transition Process if and to the extent that they relate to instances applicable to the Group.

The estimates made at the Transition Date and at the subsequent reporting date are in line with the estimates made at the same dates under Italian Accounting Standards (following the adjustments necessary to reflect any differences in accounting standards).

C) VOLUNTARY EXEMPTIONS TO THE COMPLETE RETROSPECTIVE ADOPTION OF EU-IFRS

C.1) LEASE CONTRACTS

At the Transition Date, the Group decided to assess whether or not a contract contains a lease, applying paragraphs 9-11 of IFRS 16 to the contract, based on the facts and circumstances existing at that date. A contract is, or contains, a lease if, in exchange for a consideration, it confers the right to control the use of a specified asset for a period of time.

As part of the transition to IFRS 16, the Group decided to make the following choices:

- to measure the lease liability at the Transition Date at the current value of the remaining lease payments owed, discounted using the incremental borrowing rate, at the Transition Date, applied by the Group company acting as lessee (IFRS 16, App. C, para. C8);
- to measure the right-of-use asset at the Transition Date at an amount equal to the lease liability, adjusted by the amount of any deferred or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the Transition Date (IFRS 16, App. C, para. C8);
- not to make any adjustments on transition for leases for which the underlying asset is of low value (IFRS 16, App. C, para. C9);
- to apply, lease by lease, a single discount rate to a portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment (IFRS 16, App. C, para. C10);
- to measure the right-of-use asset and the lease liability at the Transition Date at the carrying amount of the lease asset and lease liability measured immediately before the Transition Date applying IAS 17 (IFRS 16, App. C, para. C11).

C.2) BUSINESS COMBINATIONS

As permitted by IFRS 3, Appendix C, paragraph C1, the Group has decided to retrospectively apply IFRS 3 to the business combinations realised since 2008. Therefore:

- with regard to business combinations realised prior to 2008, there have been no amendments to the way in which they are accounted for. The carrying amount of goodwill in the opening Statement of Financial Position prepared in accordance with IFRS is the carrying amount of goodwill determined in line with Italian Accounting Standards;
- with regard to business combinations realised since 2008, the IFRS 3 accounting standard has been applied retrospectively and therefore the way in which they are accounted for has been amended.

Also, as permitted by IFRS 3, Appendix C, paragraph C2, the Group has not applied IAS 21 – The Effects of Changes in Foreign Exchange Rates retrospectively to adjustments in fair value and goodwill resulting from business combinations which were realised prior to the Transition Date.

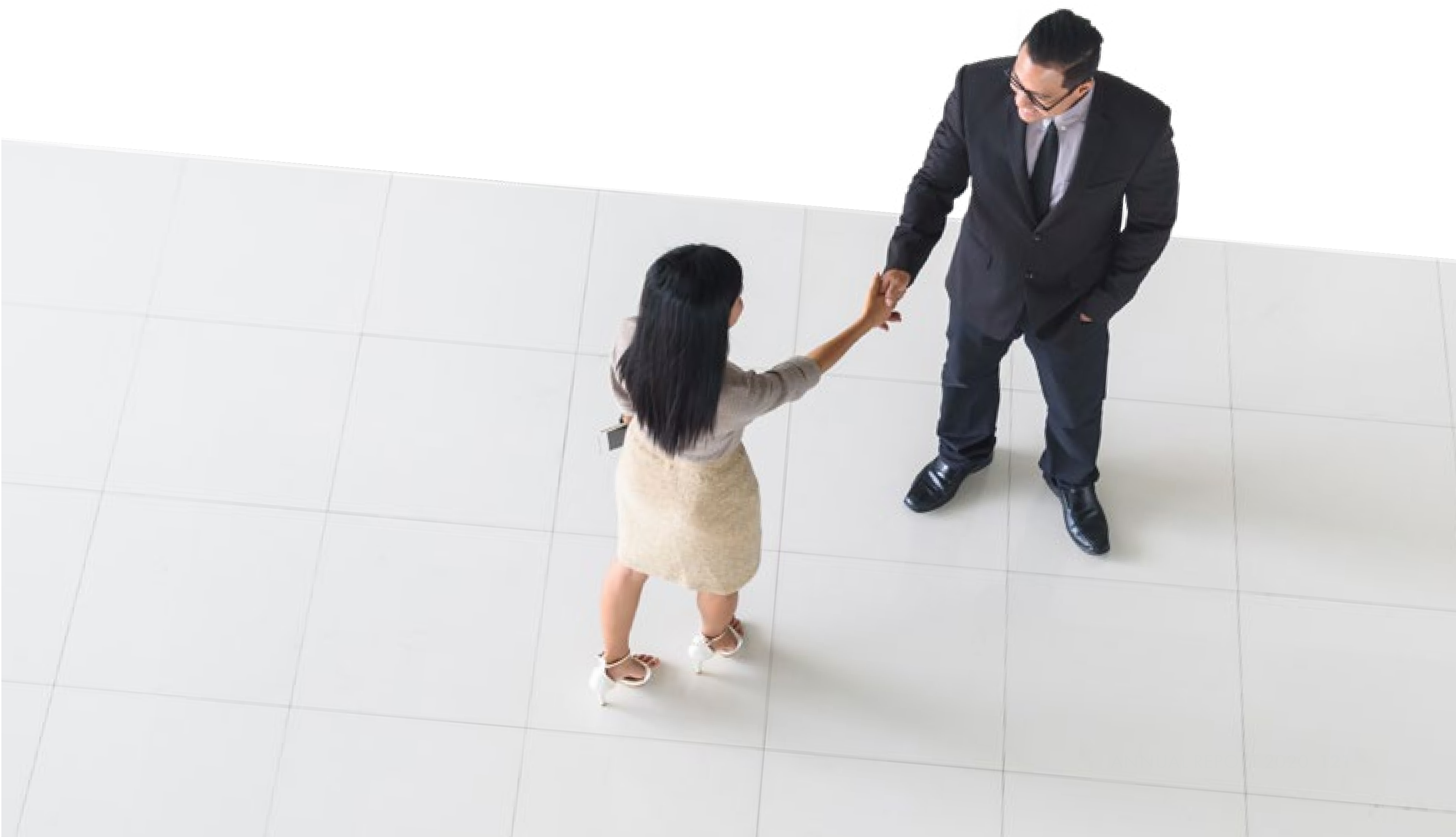
C.3) OTHER VOLUNTARY EXEMPTIONS TO THE COMPLETE RETROSPECTIVE ADOPTION OF EU-IFRS

Other voluntary exemptions set out in IFRS 1 have not been used, in that they relate to instances where: i) Italian Accounting Standards are already aligned with EU-IFRS; ii) the Group has opted to apply it retrospectively; or iii) they do not apply to the Group.

D) TREATMENTS CHOSEN AS PART OF ACCOUNTING OPTIONS SET OUT IN EU-IFRS

EU-IFRS permit some accounting options. The Group's main choices are set out below:

- Measurement of tangible, intangible and right-of-use assets: following initial recognition at cost, IAS 16 – Property, Plant and Machinery, IAS 38 – Intangible Assets, and IFRS 16 – Leases, state that tangible, intangible and right-of-use assets may be measured at cost less accumulated amortisation/depreciation and impairment losses, or the market value may be remeasured periodically and the accountable balance adjusted to this value ("Revaluation Model"). The Group has decided to continue measuring tangible, intangible and right-of-use assets at cost.
- Measurement of inventories: in compliance with IAS 2, the cost of inventories must be calculated with the FIFO method, or the average weighted cost method. The Group has chosen to use the average weighted cost method.



STATEMENTS OF RECONCILIATION OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONSOLIDATED INCOME STATEMENT

Following is the reconciliation between the equity and financial position of the Company as at 1st January 2016 prepared in compliance with Italian Accounting Principles, reclassified in compliance with classification criteria chosen for the EU-IFRS financial statements with the reconciliation prepared in compliance with EU-IFRS criteria.

Appendix 3 and Appendix 4 show the reconciliation between the Group's Consolidated Income Statement and Consolidated Statement of Other Comprehensive Income for the financial year to 31st December 2019 prepared in accordance with Italian Accounting Standards and reclassified using the classification criteria chosen by the Group for its financial statements prepared in accordance with EU-IFRS.

SHAREHOLDERS' EQUITY AS AT 1ST JANUARY 2019 AND 31ST DECEMBER 2019 AND NET CONSOLIDATED RESULT FOR THE FY THAT ENDED ON 31ST DECEMBER 2019

Following is the reconciliation between the shareholders' equity of the Company as at 1st January 2019 and 31st December 2019 and the net consolidated result for the year that ended on 31st December 2019 prepared in compliance with Italian Accounting Principles, with the corresponding values prepared in compliance with EU-IFRS criteria.

(in thousands of Euro)	Shareholders' equity at 1st January 2019	Result for the financial year to 31st December 2019	Other comprehensive income	Other movements	Shareholders' equity 31st December 2019
Italian Accounting Standards (OIC)	**39,686**	**16,139**	**(1,838)**	**183**	**54,170**
Derecognition of non-capitalisable intangible assets	(5)	2	-	-	(3)
Application of IFRS 16 to lease contracts	-	(1,637)	(4)	-	(1,641)
Adjustment of business combinations	23,357	5,188	835	-	29,380
Application of IAS 29 - Hyperinflation	-	17	(17)	-	-
Actuarial valuation of Employee Severance Indemnity	(388)	(51)	(331)	-	(770)
International Accounting Standards (UE-IFRS)	**62,650**	**19,658**	**(1,355)**	**183**	**81,136**

The information below describes the principal adjustments made during transition to EU-IFRS accounting standards.

DERECOGNITION OF NON-CAPITALISABLE INTANGIBLE ASSETS

Some intangible assets capitalised in accordance with Italian Accounting Standards (Start-up and expansion costs) do not meet the capitalisation requirements set out in IAS 38. Therefore, these costs have been removed from Assets in the Consolidated Statement of Financial Position prepared in accordance with EU-IFRS.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

APPLICATION OF IFRS 16 TO LEASE CONTRACTS

In the financial statements prepared in accordance with Italian Accounting Standards, lease payment costs were recognised as a cost in profit and loss using the cash basis.

In accordance with IFRS 16, for each lease contract, the Group has recognised the following:

- a right-of-use asset in Assets in the Consolidated Statement of Financial Position, representing the right-of-use of the underlying asset, depreciated:
  - over the term of the contract, if the contract does not include an option to purchase the underlying asset at the end of the contract or if it is reasonably certain to exercise an option to purchase the underlying asset at the end of the contract; or
  - over the useful life of the underlying asset (if the contract transfers ownership of the underlying asset to the lessee at the end of the contract or if it is reasonably certain to exercise an option to purchase the underlying asset at the end of the contract);
- a lease liability in Liabilities in the Consolidated Statement of Financial Position, representing the obligation to pay the lease payments set out in the lease contract; and
- lease payments have been recognised, in terms of the principal portion, to reduce the lease liability and, in terms of the interest portion, to profit and loss using the cash basis.

ADJUSTMENT OF BUSINESS COMBINATIONS

As permitted by IFRS 1, the Group has decided to retrospectively apply IFRS 3 to the business combinations realised since 2008. For more information, please see paragraph C - Voluntary exemptions to the complete retrospective adoption of EU-IFRS.

APPLICATION OF IAS 29 - HYPERINFLATION

In line with IAS 29, the companies operating in hyperinflationary countries have remeasured the values of non-monetary assets and liabilities shown in their respective original financial statements to eliminate the distortive effects of the currency's loss of purchasing power. The inflation rate used to account for inflation is the consumer price index. Profits or losses on net monetary positions are charged to profit and loss. Financial statements prepared in currencies other than the Euro of companies operating in hyperinflationary countries have been converted into Euro by applying the exchange rate at the reporting date for both financial and equity items.

ACTUARIAL MEASUREMENT OF EMPLOYEE SEVERANCE INDEMNITY

In the financial statements prepared in accordance with Italian Accounting Standards, the employee severance indemnity liability of the Group's Italian companies was determined pursuant to current legislation, and in particular to Article 2120, Italian Civil Code and employment contracts.

In accordance with IAS 19, the employee severance indemnity fund recognised in the financial statements is similar to a defined benefits plan, and therefore has been measured using statistical and demographic assumptions, and actuarial calculation methods.

PRINCIPAL RECLASSIFICATIONS APPLIED DURING THE TRANSITION TO EU-IFRS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW SITUATION

IMPROVEMENT WORKS ON LEASED ASSETS

Improvements to third-party assets, classified in "Intangible non-current assets" in the Consolidated Financial Statements prepared in accordance with Italian Accounting Standards, have been reclassified into "Tangible assets" in the Consolidated Financial Statements prepared in accordance with EU-IFRS.

CONSOLIDATED INCOME STATEMENT

INCREASES OF NON-CURRENT ASSETS FROM IN-HOUSE PRODUCTION

Increases in non-current assets from in-house production, classified in "Other revenues and income" in the Consolidated Financial Statements prepared in accordance with Italian Accounting Standards, have been reclassified, reducing the associated costs.

CONTINGENT ASSETS

Contingent assets from the use of funds, classified in "Other revenues and income" in the Consolidated Financial Statements prepared in accordance with Italian Accounting Standards, have been reclassified into "Net amounts set aside to provisions to risks and charges" if they refer to the use of provisions for risks and charges or into "Net write-downs of financial assets" if they refer to the use of bad debt provisions.

On behalf of the Board of Directors

The President, Francesco Baroni

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

ANNEX 1: Following is the reconciliation between the equity and financial position of the Company as at 1 January 2019 prepared in compliance with Italian Accounting Principles, reclassified in compliance with classification criteria chosen for the EU IFRS financial statements with the reconciliation prepared in compliance with EU IFRS criteria.

(in thousands of Euro)	Statement of Financial Position at 1st January 2019 prepared in accordance with Italian Accounting Standards and stated in accordance with the IFRS method	Derecognition of non-capitalisable intangible assets	Application of IFRS 16 to lease contracts	Adjustment of business combinations	Application of IAS 29 - Hyperinflation	Actuarial measurement of Employee Severance Indemnity	Statement of Financial Position at 1st January 2019 following IFRS adjustments	Improvement works on leased assets	Set-off of deferred tax assets and liabilities	Statement of Financial Position at 1st January 2019 prepared in accordance with IFRS
Tangible Assets	7,622	-	-	-	-	-	7,622	3,177	-	10,799
Goodwill	46,287	-	-	23,321	-	-	69,608	-	-	69,608
Other intangible assets	13,950	(5)	-	1,942	-	-	15,887	(3,177)	-	12,710
Right-of-use assets	-	-	68,179	-	-	-	68,179	-	-	68,179
Equity interests measured using the equity method	25	-	-	-	-	-	25	-	-	25
Pre-paid tax assets	6,106	-	-	(379)	-	123	5,850	-	(9)	5,841
Non-current financial assets	3,279	-	-	-	-	-	3,279	-	-	3,279
Other non-current assets	1,698	-	-	-	-	-	1,698	-	-	1,698
TOTAL NON-CURRENT ASSETS	**78,967**	**(5)**	**68,179**	**24,884**	**-**	**123**	**172,148**	**-**	**(9)**	**172,139**
Inventories	79	-	-	-	-	-	79	-	-	79
Trade receivables	354,688	-	-	-	-	-	354,688	-	-	354,688
Current tax assets	4,083	-	-	-	-	-	4,083	-	-	4,083
Cash and cash equivalents	22,145	-	-	-	-	-	22,145	-	-	22,145
Current financial assets	2,232	-	-	-	-	-	2,232	-	-	2,232
Other current assets	23,485	-	(126)	-	-	-	23,359	-	-	23,359
TOTAL CURRENT ASSETS	**406,712**	**-**	**(126)**	**-**	**-**	**-**	**406,586**	**-**	**-**	**406,586**
TOTAL ASSETS	**485,679**	**(5)**	**68,053**	**24,884**	**-**	**123**	**578,734**	**-**	**(9)**	**578,725**
Share capital	12,000	-	-	-	-	-	12,000	-	-	12,000
Reserves	26,854	(5)	-	23,357	-	(388)	49,818	-	-	49,818
Net profit/loss of the Group	-	-	-	-	-	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP	**38,854**	**(5)**	**-**	**23,357**	**-**	**(388)**	**61,818**	**-**	**-**	**61,818**
Shareholders' equity of minority interests	832	-	-	-	-	-	832	-	-	832
TOTAL SHAREHOLDERS' EQUITY	**39,686**	**(5)**	**-**	**23,357**	**-**	**(388)**	**62,650**	**-**	**-**	**62,650**
Non-Current Lease Liabilities	-	-	54,132	-	-	-	54,132	-	-	54,132
Non-current financial liabilities	47,598	-	-	-	-	-	47,598	-	-	47,598
Employee Funds	5,522	-	-	-	-	511	6,033	-	-	6,033
Deferred tax liabilities	9	-	-	-	-	-	9	-	(9)	-
Provisions for risks and charges	5,683	-	-	-	-	-	5,683	-	-	5,683
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	**58,812**	**-**	**54,132**	**-**	**-**	**511**	**113,455**	**-**	**(9)**	**113,446**
Current lease liabilities	-	-	13,921	-	-	-	13,921	-	-	13,921
Current financial liabilities	87,447	-	-	-	-	-	87,447	-	-	87,447
Current tax liabilities	888	-	-	-	-	-	888	-	-	888
Trade payables	36,346	-	-	-	-	-	36,346	-	-	36,346
Other current liabilities	262,500	-	-	1,527	-	-	264,027	-	-	264,027
TOTAL CURRENT LIABILITIES	**387,181**	**-**	**13,921**	**1,527**	**-**	**-**	**402,629**	**-**	**-**	**402,629**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**48,5679**	**(5)**	**68,053**	**24,884**	**-**	**123**	**578,734**	**-**	**(9)**	**578,725**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

ANNEX 2: Following is the reconciliation between the equity and financial position of the Company as at 1 January 2016 prepared in compliance with Italian Accounting Principles, reclassified in compliance with classification criteria chosen for the EU IFRS financial statements with the reconciliation prepared in compliance with EU IFRS criteria.

(in thousands of Euro)	Statement of Financial Position for the financial year to 31st December 2019 prepared in accordance with Italian Accounting Standards and stated in accordance with the IFRS method	Derecognition of non-capitalisable intangible assets	Application of IFRS 16 to lease contracts	Adjustment of business combinations	Application of IAS 29 - Hyperinflation	Actuarial measurement of Employee Severance Indemnity	Statement of Financial Position at 31st December 2019 following IFRS adjustments	Improvement works on leased assets	Set-off of deferred tax assets and liabilities	Statement of Financial Position at 31st December 2019 prepared in accordance with IFRS
Tangible Assets	8,523	-	-	-	-	-	8,523	3,314	-	11,837
Goodwill	48,187	-	-	26,841	-	-	75,028	-	-	75,028
Other intangible assets	13,438	(3)	-	3,074	-	-	16,509	(3,314)	-	13,195
Right-of-use assets	-	-	67,241	-	-	-	67,241	-	-	67,241
Equity interests measured using the equity method	25	-	-	-	-	-	25	-	-	25
Pre-paid tax assets	9,294	-	590	(534)	-	243	9,593	-	(1,269)	8,324
Non-current financial assets	3,490	-	-	-	-	-	3,490	-	-	3,490
Other non-current assets	1,694	-	-	-	-	-	1,694	-	-	1,694
TOTAL NON-CURRENT ASSETS	**84,651**	**(3)**	**67,831**	**29,381**	**-**	**243**	**182,103**	**-**	**(1,269)**	**180,834**
Inventories	9	-	-	-	-	-	9	-	-	9
Trade receivables	392,479	-	-	-	-	-	392,479	-	-	392,479
Current tax assets	2,219	-	-	-	-	-	2,219	-	-	2,219
Cash and cash equivalents	77,591	-	-	-	-	-	77,591	-	-	77,591
Current financial assets	6,263	-	-	-	-	-	6,263	-	-	6,263
Other current assets	54,939	-	(129)	-	-	-	54,810	-	-	54,810
TOTAL CURRENT ASSETS	**533,500**	**-**	**(129)**	**-**	**-**	**-**	**533,371**	**-**	**-**	**533,371**
TOTAL ASSETS	**618,151**	**(3)**	**67,702**	**29,381**	**-**	**243**	**715,474**	**-**	**(1,269)**	**714,205**
Share capital	12,000	-	-	-	-	-	12,000	-	-	12,000
Reserves	24,676	(5)	(4)	24,193	(17)	(719)	48,124	-	-	48,124
Net profit/loss of the Group	15,612	2	(1,637)	5,188	17	(51)	19,131	-	-	19,131
TOTAL SHAREHOLDERS' EQUITY OF THE GROUP	**52,288**	**(3)**	**(1,641)**	**29,381**	**-**	**(770)**	**79,255**	**-**	**-**	**79,255**
Shareholders' equity of minority interests	1,881	-	-	-	-	-	1,881	-	-	1,881
TOTAL SHAREHOLDERS' EQUITY	**54,169**	**(3)**	**(1,641)**	**29,381**	**-**	**(770)**	**81,136**	**-**	**-**	**81,136**
Non-Current Lease Liabilities	-	-	53,098	-	-	-	53,098	-	-	53,098
Non-current financial liabilities	45,978	-	-	-	-	-	45,978	-	-	45,978
Employee Funds	6,382	-	-	-	-	1,013	7,395	-	-	7,395
Deferred tax liabilities	1,411	-	5	-	-	-	1,416	-	(1,269)	147
Provisions for Risks and Charges	6,887	-	-	-	-	-	6,887	-	-	6,887
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	**60,658**	**-**	**53,103**	**-**	**-**	**1,013**	**114,774**	**-**	**(1,269)**	**113,505**
Current lease liabilities	-	-	16,240	-	-	-	16,240	-	-	16,240
Current financial liabilities	136,799	-	-	-	-	-	136,799	-	-	136,799
Current tax liabilities	4,701	-	-	-	-	-	4,701	-	-	4,701
Trade payables	39,590	-	-	-	-	-	39,590	-	-	39,590
Other current liabilities	322,234	-	-	-	-	-	322,234	-	-	322,234
TOTAL CURRENT LIABILITIES	**503,324**	**-**	**16,240**	**-**	**-**	**-**	**519,564**	**-**	**-**	**519,564**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**618,151**	**(3)**	**67,702**	**29,381**	**-**	**243**	**715,474**	**-**	**(1,269)**	**714,205**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

ANNEX 3: Following is the reconciliation between the consolidated income statement reconciliation scheme of the Company as at 31st December 2019 prepared in compliance with Italian Accounting Principles, reclassified in compliance with classification criteria chosen for the EU IFRS financial statements with the reconciliation prepared in compliance with EU IFRS criteria:

(in thousands of Euro)	Statement of Other Comprehensive Income for the financial year to 31st December 2019 prepared in accordance with Italian Accounting Standards and stated in accordance with the IFRS method	Derecognition of non-capitalisable intangible assets	Application of IFRS 16 to lease contracts	Adjustment of business combinations	Application of IAS 29 - Hyperinflation	Actuarial measurement of Employee Severance Indemnity	Statement of Other Comprehensive Income for the financial year to 31st December 2019 following IFRS adjustments	Contingent assets	Increases of non-current assets from in-house production	Statement of Other Comprehensive Income for the financial year to 31st December 2019 prepared in accordance with IFRS
Revenues from contracts with customers	**2,532,113**	**-**	**-**	**-**	**(235)**	**-**	**2,531,878**	**-**	**-**	**2,531,878**
Other revenues and income	**44,135**	**-**	**-**	**-**	**(2)**	**-**	**44,133**	**(1,963)**	**(767)**	**41,403**
TOTAL REVENUES AND OTHER INCOME	**2,576,248**	**-**	**-**	**-**	**(237)**	**-**	**2,576,011**	**(1,963)**	**(767)**	**2,573,281**
Cost of raw, auxiliary and consumable materials and goods	(4,632)	-	-	-	-	-	(4,632)	-	-	(4,632)
Service costs	(177,241)	(2)	17,455	(306)	17	-	(160,077)	-	-	(160,077)
Personnel costs	(2,326,476)	-	-	(1,328)	211	14	(2,327,579)	29	767	(2,326,783)
Other operating expenses	(10,683)	-	-	(45)	91	-	(10,637)	-	-	(10,637)
Net impairment losses on financial assets	(3,377)	-	-	-	-	-	(3,377)	652	-	(2,725)
Amortisation/depreciation and write-downs of tangible, intangible and right-of-use assets	(17,860)	4	(17,617)	7,284	2	-	(28,187)	-	-	(28,187)
Net amounts set aside to provisions for risks and charges	(3,564)	-	-	(263)	3	-	(3,824)	1,282	-	(2,542)
EBIT	**32,415**	**2**	**(162)**	**5,342**	**87**	**14**	**37,698**	**-**	**-**	**37,698**
Financial Income	1,112	-	-	-	(3)	-	1,109	-	-	1,109
Financial expenses	(4,663)	-	(2,059)	-	(64)	(81)	(6,867)	-	-	(6,867)
Profit/Loss on currency exchange	1,399	-	-	-	(1)	-	1,398	-	-	1,398
EBT - Earnings Before Taxes	**30,263**	**2**	**(2,221)**	**5,342**	**19**	**(67)**	**33,338**	**-**	**-**	**33,338**
Income taxes	**(14,124)**	**-**	**584**	**(154)**	**(2)**	**16**	**(13,680)**	**-**	**-**	**(13,680)**
Profit/loss for the period	**16,139**	**2**	**(1,637)**	**5,188**	**17**	**(51)**	**19,658**	**-**	**-**	**19,658**
Net profit/loss of the Group	15,612	2	(1,637)	5,188	17	(51)	19,131	-	-	19,131
Net profit/loss of minority interests	527	-	-	-	-	-	527	-	-	527

NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2020

ANNEX 4: Following is the reconciliation between the consolidated income statement reconciliation scheme of the Company as at 31st December 2019 prepared in compliance with Italian Accounting Principles, reclassified in compliance with classification criteria chosen for the EU IFRS financial statements with the reconciliation prepared in compliance with EU IFRS criteria:

(in thousands of Euro)	Statement of Other Comprehensive Income for the financial year to 31st December 2019 prepared in accordance with Italian Accounting Standards and stated in accordance with the IFRS method	Derecognition of non-capitalisable intangible assets	Application of IFRS 16 to lease contracts	Adjustment of business combinations	Application of IAS 29 - Hyperinflation	Actuarial measurement of Employee Severance Indemnity	Statement of Other Comprehensive Income for the financial year to 31st December 2019 following IFRS adjustments	Contingent assets	Increases of non-current assets from in-house production	Statement of Other Comprehensive Income for the financial year to 31st December 2019 prepared in accordance with IFRS
Profit/Loss for the Period	**16,139**	**2**	**(1,637)**	**5,188**	**17**	**(51)**	**19,658**	**-**	**-**	**19,658**
a) Other income components that will not be subsequently reclassified in profit and loss;										
- Defined benefit plans	-	-	-	-	-	(436)	(436)	-	-	(436)
- Tax effect on defined benefit plans	-	-	-	-	-	105	105	-	-	105
TOTAL OTHER INCOME COMPONENTS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED IN PROFIT AND LOSS;	**-**	**-**	**-**	**-**	**-**	**(331)**	**(331)**	**-**	**-**	**(331)**
b) Other income components that will be subsequently reclassified in profit and loss;										
- Variation on translation reserve	(1,841)	-	(4)	835	(17)	-	(1,027)	-	-	(1,027)
- Variation in fair value of cash flow hedge derivatives	3	-	-	-	-	-	3			3
TOTAL OTHER INCOME COMPONENTS THAT WILL BE SUBSEQUENTLY RECLASSIFIED IN PROFIT AND LOSS;	**(1,838)**	**-**	**(4)**	**835**	**(17)**	**-**	**(1,024)**	**-**	**-**	**(1,024)**
TOTAL OTHER FINANCIAL COMPONENTS, NET OF TAX EFFECT (B)	**(1,838)**	**-**	**(4)**	**835**	**(17)**	**(331)**	**(1,355)**	**-**	**-**	**(1,355)**
TOTAL COMPREHENSIVE NET RESULT FOR THE FINANCIAL YEAR (A)+(B)	**14,301**	**2**	**(1,641)**	**6,023**	**-**	**(382)**	**18,303**	**-**	**-**	**18,303**
- Comprehensive net result for the financial year result attributable to the Group	13,852	2	(1,641)	6,023	-	(382)	17,854	-	-	17,854
Net profit/loss of minority interests	449						449			449

6

STATUTORY AUDITORS' REPORT

GI GROUP S.P.A.
Agenzia per il lavoro
Piazza IV Novembre 5 - MILANO
Capitale sociale Euro 12.000.000 i.v.
Reg. imprese Milano 11629770154 - R.E.A. 1482329
Codice fiscale 11629770154

Direzione e coordinamento ex art. 2497 c.c.: GI GROUP HOLDING S.R.L.

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RELAZIONE DEL COLLEGIO SINDACALE AI SENSI DELL'ART. 2429, c. 2 DEL CODICE CIVILE

Agli azionisti di GI Group s.p.a

Signori Azionisti,
nel corso dell'esercizio chiuso il 31 dicembre 2020 il collegio Sindacale di GI GROUP S.p.A. (la "Società " o "GI Group") ha svolto la propria attività di vigilanza in conformità alla legge, adeguando in ultimo la propria operatività alle Norme di comportamento del collegio sindacale di società non quotate emanate dal Consiglio Nazionale dei Dottori commercialisti e degli Esperti contabili, pubblicate a dicembre 2020 e vigenti dal 1° gennaio 2021. Vi portiamo a conoscenza con la presente relazione dell'attività svolta e dei risultati conseguiti.
È stato sottoposto al Vostro esame il bilancio d'esercizio della Gi Group S.p.A. al 31.12.2020, redatto in conformità alle norme italiane che ne disciplinano la redazione, che evidenzia un risultato d'esercizio di euro 18.021.904. Il bilancio è stato messo a disposizione con il nostro assenso in deroga al termine di cui all'art. 2429 c.c. e gli azionisti con PEC dell'11 giugno 2021 hanno espressamente rinunciato al termine previsto dall'art. 2429 del Codice Civile e dall'articolo 41 del DLgs 127/1991, per il deposito delle relazioni della società di revisione incaricata della Revisione Legale e del Collegio Sindacale sollevandoci da ogni contestazione.

Il soggetto incaricato della revisione legale dei conti PwC S.p.A. ci ha consegnato la propria relazione datata 28 Giugno 2021. La relazione della società di revisione indipendente emessa ai sensi dell'articolo 14 del D. Lgs. 27 Gennaio 2010 n.39 presenta al paragrafo Giudizio del capitolo " Relazione sulla revisione contabile del bilancio d'esercizio" un giudizio positivo circa la rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria, del risultato economico e dei flussi di cassa relativi al bilancio d'esercizio chiuso al 31 dicembre 2020 in conformità alle norme italiane che ne disciplinano i criteri di redazione nonchè circa la coerenza della relazione sulla gestione con il bilancio d'esercizio stesso espressa con giudizio al paragrafo "Relazione su altre disposizioni di legge e regolamentari". La relazione del soggetto incaricato della revisione legale al paragrafo "Richiami d'informativa "segnala quanto segue*: "La società nel proprio bilancio di esercizio chiuso al 31 dicembre 2020 ha esercitato l'opzione di rivalutazione dei beni di impresa e delle partecipazioni immobilizzate di controllo ai sensi della Legge 13 ottobre 2020, n.126 di conversione con modificazioni del D.L. 14 agosto 2020 n.104." Gli effetti di tale rivalutazione sul valore delle immobilizzazioni e delle partecipazioni nonché sul patrimonio netto e i debiti tributari sono riflessi in bilancio e descritti in nota integrativa al paragrafo "Effetti della rivalutazione prevista dalla L. 126/2020*".

STATUTORY AUDITORS' REPORT

GI GROUP SPA - Relazione del Collegio Sindacale al bilancio chiuso al 31 dicembre 2020

Il Collegio sindacale, non essendo incaricato della revisione legale, ha svolto sul bilancio le attività di vigilanza previste Norma 3.8. delle "Norme di comportamento del collegio sindacale di società non quotate" consistenti in un controllo sintetico complessivo volto a verificare che il bilancio sia stato correttamente redatto. La verifica della rispondenza ai dati contabili spetta, infatti, all'incaricato della revisione legale.

Attività di vigilanza ai sensi degli artt. 2403 e ss. c.c.

1. Abbiamo vigilato sull'osservanza della legge e dell'atto costitutivo e sul rispetto dei principi di corretta amministrazione in particolare, sull'adeguatezza degli assetti organizzativi, del sistema amministrativo e contabile sul loro concreto funzionamento.
2. Abbiamo partecipato alle assemblee dei soci ed alle adunanze del Consiglio di Amministrazione dell'esercizio, svoltesi nel rispetto delle norme statutarie, legislative e regolamentari che ne disciplinano il funzionamento.
3. Abbiamo ottenuto dagli Amministratori durante le riunioni svolte informazioni sul generale andamento della gestione e sulla sua prevedibile evoluzione nonché sulle operazioni di maggiore rilievo, per le loro dimensioni o caratteristiche, effettuate dalla società e dalle sue controllate tenuto conto del perdurare degli impatti prodotti dall'emergenza sanitaria Covid-19 anche nei primi mesi dell'esercizio 2021 nonché dei fattori di rischio e le incertezze significative relative alla continuità aziendale. Abbiamo altresì acquisito i piani aziendali predisposti per far fronte a tali rischi ed incertezze nonché dettagli sulle operazioni di maggiore rilievo; possiamo ragionevolmente assicurare che le azioni poste in essere, sono conformi alla legge ed allo statuto sociale e non sono manifestamente imprudenti, azzardate, in potenziale conflitto di interesse o in contrasto con le delibere assunte dall'assemblea dei soci o tali da compromettere l'integrità del patrimonio sociale.
4. Abbiamo tenuto regolari contatti con il soggetto incaricato della revisione legale la società di revisione PwC S.p.A. che ha effettuato l'attività prevista dalle norme vigenti in materia e dalla quale non sono emersi dati o informazioni rilevanti che debbano essere evidenziati nella presente relazione. Il Collegio sindacale ai sensi dell'art. 2409 septies si è costantemente confrontato con la società di revisione al fine di valutare il piano di audit e i suoi esiti sia nella fase di impostazione, sia in quella di analisi delle verifiche effettuate e dei relativi follow up. In particolare il Collegio sindacale e la società di revisione hanno mantenuto scambi informativi con riferimento alle difficoltà operative che si sono manifestate in conseguenza dell'emergenza sanitaria da Covid 19; il Collegio ha altresì vigilato sugli impatti del lavoro a distanza del revisore con il supporto delle funzioni aziendali. Il Collegio sindacale ha provveduto tempestivamente a condividere con la società di revisione le informazioni rilevanti per l'espletamento dei rispettivi incarichi.
5. Abbiamo acquisito conoscenze e vigilato sull'adeguatezza dell'assetto organizzativo della società, anche tramite la raccolta di informazioni dai responsabili delle funzioni, periodici scambi di informazione con i soggetti incaricati della revisione legale delle controllate e a tale riguardo non abbiamo osservazioni particolari da riferire. In particolare il Collegio sindacale rileva che GI Group aggiorna periodicamente il modello organizzativo previsto dal D. Lgsl.231/2001 finalizzato a prevenire la possibilità di commissione di illeciti

rilevanti ai sensi del Decreto stesso e, conseguentemente, la responsabilità amministrativa della società. Abbiamo ricevuto informazioni dall'Organismo di Vigilanza e abbiamo preso visione delle relazioni periodiche redatte da quest'ultimo; non sono emerse criticità rispetto alla corretta attuazione del modello organizzativo che debbano essere evidenziate nella presente relazione.

6. Abbiamo valutato e vigilato sull'adeguatezza del sistema amministrativo e contabile nonché sull'affidabilità di quest' ultimo a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle funzioni amministrative e l'esame dei documenti aziendali e a tale riguardo non abbiamo osservazioni particolari da riferire.
7. Il Collegio Sindacale ha scambiato informazioni con i Collegi Sindacali delle società direttamente controllate senza ricevere evidenza di fatti di rilievo da segnalare specificatamente nella presente relazione.
8. Non sono pervenute denunce ex art. 2408 c.c.
9. Nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi ulteriori fatti significativi tali da richiederne la menzione nella presente relazione.

Osservazioni in ordine al bilancio d'esercizio

Per quanto attiene al bilancio d'esercizio chiuso al 31 dicembre 2020 che Vi viene sottoposto per l'approvazione dal Consiglio di Amministrazione, Vi informiamo che non essendo demandato al Collegio Sindacale il controllo analitico di merito sul contenuto del bilancio civilistico, abbiamo vigilato sull'impostazione generale data allo stesso e sulla sua generale conformità alla legge per quel che concerne la sua formazione e struttura, essendo il documento contabile accompagnato:

- dalla relazione sulla gestione predisposta dal Consiglio di Amministrazione ai sensi dell'art. 2428 C.C., che espone dati e notizie sull'andamento dell'esercizio e le prospettive per il corrente anno e che riteniamo esauriente ed esplicativa dell'andamento dello stesso;
- dal rendiconto finanziario;
- dalla nota integrativa redatta ai sensi dell'art. 2427 del C.C. che contiene le altre indicazioni utili al completamento del quadro informativo;
- dalla relazione della società di revisione indipendente, delle cui risultanze teniamo conto al fine dell'espressione del parere sull'approvazione del bilancio.

Il Collegio ha constatato che la valutazione del patrimonio sociale è stata attuata dagli Amministratori con l'applicazione dei criteri prescritti dall'art. 2426 C.C. cosi come modificato dal D.Lgs. 139/2015, che sono stati osservati i principi di redazione del bilancio indicati dall'art. 2423 bis C.C. e che nella redazione del bilancio civilistico, gli Amministratori non hanno derogato alla disposizione prevista dall'art. 2423 c. 4 C.C.

Quanto alla rivalutazione dei beni effettuata ai sensi e per gli effetti di cui all'art. 11, co. 3, della L. 21 novembre 2000, n. 342, richiamato dall'art. 110, co. 1-7 della L. 13 ottobre 2020, n. 126 di conversione con modificazioni del D.L. 14 agosto 2020, n. 104, attestiamo che la stessa non eccede il valore effettivamente attribuibile ai beni medesimi come determinato ai sensi dell'art. 11, co. 2, della stessa L. 21 novembre 2000, n. 342.

Abbiamo verificato la rispondenza del bilancio ai fatti ed alle informazioni di cui abbiamo conoscenza a seguito dell'espletamento dei nostri doveri e non abbiamo osservazioni al riguardo.

In particolare il Collegio dà atto che:

- ✓ i criteri che presiedono alla formazione del bilancio sono in coerenza e continuità con quelli utilizzati nel precedente esercizio;
- ✓ la valutazione delle voci di bilancio si ispira a criteri di prudenza e competenza nella prospettiva della continuità aziendale;
- ✓ le immobilizzazioni immateriali sono state iscritte al costo di acquisto comprensivo dei costi accessori;
- ✓ la società, nel corso dell'esercizio 2020, ha provveduto alla rivalutazione di alcuni beni immateriali e materiali iscritti in bilancio alla data del 31.12.2019, secondo quanto disposto dall'art. 110 della L. 126/2020. Sulla base delle perizie redatte per ogni singola categoria di beni, che hanno valutato la sussistenza di elementi fondati per la rivalutazione (stima della vita utile residua del software, verifica della sostenibilità economica e prezzo corrente di mercato per le licenze, comparabilità delle royalties di mercato per i marchi), la società ha adottato i seguenti criteri di rivalutazione:
  Software e licenze mediante la riduzione del fondo ammortamento;
  Marchi mediante sia l'incremento del cespite che la riduzione del fondo.
  Mobili, arredamento e macchine d'ufficio mediante la riduzione del fondo ammortamento
- ✓ la società ha aderito alla rivalutazione facoltativa prevista dall'art. 110 L. 126/2020 per le partecipazioni in società controllate già iscritte in bilancio al 31.12.2019 e con riferimento ai valori alla data del 31.12.2020. Al fine di supportare la rivalutazione delle partecipazioni gli amministratori hanno conferito a professionista esperto specifico mandato per la redazione di una perizia di stima. Le partecipazioni oggetto di rivalutazione sono state.
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Per quanto riguarda la voce Partecipazioni pari a 84,1 milioni di euro, gli Amministratori di Gi Group S.p.A. nella nota integrativa segnalano che la strategia sviluppata nel corso del 2020, tenuto conto delle circostanze eccezionali indotte dalla pandemia, si è focalizzata sul mantenimento dei margini di tutte le linee di business mediante una incisiva azione di razionalizzazione dei costi di struttura, anche ricorrendo all'utilizzo degli ammortizzatori sociali.

Segnalano altresì che le differenze tra il valore di carico delle partecipazioni, anche tenuto conto della rivalutazione effettuata sopra descritta, e il valore di patrimonio netto delle stesse trova ragione sia nel valore specifico relativo all'avviamento della singola società, sia nella value proposition globale del gruppo, che mira all''offerta di servizi HR integrati alla clientela.

GI GROUP SPA - Relazione del Collegio Sindacale al bilancio chiuso al 31 dicembre 2020

Il piano strategico di Gi Group infatti declinato nelle attività delle sue partecipate, attribuisce al gruppo un ruolo di player globale sul mercato dei servizi al lavoro, con particolare riferimento al segmento della clientela Corporate.
Sulla base di quanto sopra specificato, gli amministratori ritengono complessivamente che non si siano verificate perdite durevoli di valore delle partecipazioni, con l'eccezione di alcuni specifici casi descritti nell'informativa.
Gli Amministratori nella nota integrativa segnalano inoltre che, per quanto riguarda le partecipate italiane, l'anno 2020 è stato caratterizzato a livello globale dalla crisi sanitaria legata al Covid-19, le cui ripercussioni di tale sono state evidenti in tutti i mercati Italia compresa.
Le modalità con cui le partecipate italiane hanno fronteggiato tale situazione si possono sintetizzare come segue:
Mantenimento della strategia di sviluppo nel lungo periodo per tutti i business nonostante il contesto di difficoltà esistente nei vari mercati;
valutazione immediata dei possibili rischi derivanti dalla situazione sanitaria (impatto su ricavi e margini; rischi sul credito; rischi sulle risorse umane);
valutazione dei possibili rischi relativi alla continuità dei servizi per i clienti e contestuale progettazione di soluzioni alternative di fornitura del servizio compatibili con le restrizioni alla mobilità;
Analisi ed immediata implementazione di strategie di controllo dei costi, anche tenendo conto delle misure di sostegno alle imprese che, di volta in volta, sono state deliberate dallo Stato.

Sul fronte internazionale, già dal 2019, il Gruppo ha introdotto una nuova organizzazione che delinea l'attività internazionale, adottando un modello Globale organizzato per Aree, per Practice e per Funzioni Centrali al fine di garantire il perseguimento di una strategia comune. La crescente consistenza degli investimenti internazionali rafforza il ruolo di Gi Group come Partner globale per i grandi clienti multinazionali e diversifica il rischio dell'attività attraverso una localizzazione geografica ad ampia copertura: tale strategia si è rivelata efficace nel 2020, riuscendo a compensare il rallentamento dell'attività in specifici settori (es. Industrial, Automotive) e servizi (es. Ricerca e Selezione), dovuto agli effetti della pandemia, con canali alternativi meno impattati dalla situazione contingente (es. Logistic, On line).
Nell'ambito della propria strategia di globalizzazione, nel 2020 Gi International e il Gruppo hanno investito in modo rilevante sul rafforzamento del proprio posizionamento e delle quote di mercato in alcuni Paesi esteri dove già vi era una presenza diretta, in modo da ampliare il portafoglio clienti. La controllata GI International S.r.l. in particolare opera come Holding e detiene tutte le partecipazioni relative agli investimenti e i finanziamenti esteri necessari per lo sviluppo del Gruppo sul mercato internazionale.
Per quanto attiene alla controllata Gi International gli amministratori nella nota integrativa segnalano che la partecipata ha rilevato nell'esercizio 2020 un risultato netto negativo di 5,7 milioni di euro, imputabile principalmente alle svalutazioni pari a 2,4 milioni di euro, per adeguare il valore di carico al patrimonio netto delle partecipazioni in Germania e Russia e alle perdite su cambi per attualizzare i finanziamenti infragruppo.
Tenuto conto degli effetti dell'evento pandemico e dell'andamento del 2020, gli Amministratori di Gi Group

5

GI GROUP SPA - Relazione del Collegio Sindacale al bilancio chiuso al 31 dicembre 2020

S.p.A. hanno deliberato in data 3 Dicembre 2020 un incremento delle riserve di Gi International pari a 10 milioni di Euro, rettificando poi il valore della partecipazione per il medesimo importo. Gli Amministratori ritengono altresì che il ruolo di GI International Srl sia strategico nel coordinamento degli investimenti esteri del Gruppo e che tale funzione esprima la motivazione, in misura ragionevole nel rispetto del principio della prudenza, del differenziale tra il valore di carico della partecipazione e il valore del patrimonio netto 2020, in linea con il costante andamento in crescita della redditività e profittabilità degli investimenti esteri del Gruppo.
Per quanto riguarda la voce attività finanziarie che non costituiscono immobilizzazioni pari ad euro 58,1 milioni, gli stessi per 51,2 milioni sono vantati nei confronti di Gi International e sono costituiti da crediti finanziari per la gestione accentrata della tesoreria nonché dai flussi finanziari erogati a supporto dell'operatività economica e della crescita nei ricavi delle controllate estere dirette.
Abbiamo poi esaminato il bilancio consolidato chiuso al 31 dicembre 2020, in merito al quale riferiamo quanto segue:
la Società si è avvalsa della facoltà prevista dal Decreto Legislativo 28 febbraio 2005, n. 38, come successivamente modificato dal Decreto Legge n. 91 del 24 giugno 2014 e dalla Legge n. 145/2018, che disciplina l'esercizio delle opzioni previste dall'articolo 5 del Regolamento Europeo n. 1606/2002 in materia di principi contabili internazionali, e ha adottato in via volontaria, per il solo bilancio consolidato, gli International Financial Reporting Standards, emanati dall'International Accounting Standards Board, e adottati dall'Unione Europea (i "Principi Contabili Internazionali") per la predisposizione del proprio bilancio consolidato. Il bilancio consolidato relativo all'esercizio chiuso al 31 dicembre 2020 rappresenta il primo bilancio consolidato della Società predisposto in accordo con i Principi Contabili Internazionali in quanto, in precedenza, la Società predisponeva il proprio bilancio consolidato in accordo con le norme applicabili in Italia e i principi contabili emanati dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, modificati dall'Organismo Italiano di Contabilità (i "Principi Contabili Italiani"). Si è reso pertanto necessario effettuare un processo di transizione da tali principi contabili agli EU-IFRS in conformità a quanto disciplinato dall'IFRS 1 - Prima Adozione degli International Financial Reporting Standards; a tal fine è stata identificata quale data di transizione agli EU-IFRS il 1° gennaio 2019 (la "Data di Transizione").
Non essendo a noi demandato il controllo analitico di merito sul contenuto del bilancio consolidato, abbiamo vigilato sull'impostazione generale data allo stesso, sulla sua generale conformità alla legge per quel che riguarda la sua formazione e struttura nonché la correttezza del contenuto della relazione sulla gestione.
Per quanto a nostra conoscenza, gli Amministratori, nella redazione del bilancio consolidato, non hanno derogato alle norme di legge ai sensi dell'art. 2423, comma quattro, c.c.. e ritengono che il bilancio consolidato completi l'informativa offerta ai terzi e quanto già comunicato con il bilancio d'esercizio.
Abbiamo pertanto verificato la rispondenza del bilancio consolidato ai fatti ed alle informazioni di cui abbiamo conoscenza a seguito dell'espletamento dei nostri doveri e non abbiamo osservazioni al riguardo.
Le informazioni specifiche riguardanti il gruppo unitariamente considerato, così come espresso nei suoi aspetti economico finanziari attraverso i valori contenuti nel bilancio consolidato, sono ampiamente

6

riportate nella relazione sulla gestione che illustra l'andamento della gestione complessiva delle imprese del gruppo, mettendo in evidenza le scelte strategiche intraprese. Le informazioni assunte dalla società PwC S.p.a., incaricata della revisione del bilancio consolidato, consentono di affermare che i valori espressi nel bilancio stesso corrispondono alle risultanze contabili della controllante e alle informazioni a questa formalmente trasmesse dalle sue controllate. La relazione sulla revisione contabile del bilancio consolidato della società di revisione indipendente presenta un giudizio positivo circa la rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria, del risultato economico e dei flussi di cassa relativi al bilancio consolidato chiuso al 31 dicembre 2020 in conformità agli International Financial Reporting Standards adottati dall'Unione Europea. nonchè circa la coerenza della relazione sulla gestione con il bilancio consolidato stesso espressa con giudizio al paragrafo " Relazione su altre disposizioni di legge e regolamentari".

Osservazioni e proposte in ordine alla approvazione del bilancio

Considerando le risultanze dell'attività da noi svolta e il giudizio espresso nella relazione di revisione rilasciata dal soggetto incaricato della revisione legale dei conti, invitiamo gli azionisti ad approvare il bilancio d'esercizio chiuso al 31 dicembre 2020, così come redatto dagli amministratori.

Il Collegio sindacale concorda con la proposta di destinazione del risultato d'esercizio formulata dagli amministratori nella nota integrativa.

Milano, 28 giugno 2021
Il Collegio Sindacale

(dott. Francesco Carnevali)

(dott. Corrado Colombo)

(dott. Piergiorgio Gusso)

7

INDEPENDENT AUDITORS' REPORT

Relazione della società di revisione indipendente

ai sensi dell'articolo 14 del DLgs 27 gennaio 2010, n° 39

Agli azionisti di GI Group SpA

Relazione sulla revisione contabile del bilancio consolidato

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato del gruppo GI Group (il Gruppo), costituito dalla situazione patrimoniale-finanziaria consolidata al 31 dicembre 2020, dal conto economico consolidato, dal conto economico complessivo consolidato, dal prospetto delle variazioni del patrimonio netto consolidato, dal rendiconto finanziario consolidato per l'esercizio chiuso a tale data e dalle note illustrative al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2020, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto alla società GI Group SpA (la Società) in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Responsabilità degli amministratori e del collegio sindacale per il bilancio consolidato

Gli amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

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Gli amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo GI Group SpA o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale

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circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;
- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'articolo 14, comma 2, lettera e), del DLgs 39/10

Gli amministratori di GI Group SpA sono responsabili per la predisposizione della relazione sulla gestione del gruppo GI Group al 31 dicembre 2020, incluse la sua coerenza con il relativo bilancio consolidato e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n° 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio consolidato del gruppo GI Group al 31 dicembre 2020 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio consolidato del gruppo GI Group al 31 dicembre 2020 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'articolo 14, comma 2, lettera e), del DLgs 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Milano, 28 giugno 2021

PricewaterhouseCoopers SpA

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