# Annual Report

2021

Gi Group
HOLDING

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# Company report



1.1

# 2021 financial highlights

REVENUES
€3,2 bn

GROSS PROFIT
€423 mn

EBITDA
€115 mn

NET PROFIT
€40 mn

DIRECT PRESENCE
29 COUNTRIES

BRANCHES AND OFFICES WORLDWIDE
650+

INTERNAL STAFF
6,750 PERSONE

CLIENT COMPANIES
20,000+

NFP/EQUITY
1,47

NFP/EBITDA
1,81

CONVERSION RATE
23,7%

OPERATING CASH FLOW
€73 mln

1.2

# Letter from the CEO

Dear Stakeholders,

**Gi Group Holding**[1] is the first Italian multinational employment agency, as well as one of the leading companies worldwide in services dedicated to development of the job market, through a diversified range of solutions. Headquartered in Milan and with a staff of more than 6,750 employees worldwide, the Group is directly active in 29 countries in Europe, America and Asia.

The Group's offering is represented by a high degree of specialisation and differentiation, which aims to respond to the increasingly complex needs of businesses and individuals alike and, as a result, to generate value by striving to be a leader in sustainable work.

The guiding principle of Gi Group Holding's activities is a strong focus on businesses and people; its work is based, on the one hand, on the principle of the unyielding value of people and the awareness of the great importance that employment has for people, and, on the other hand, profound respect for businesses as a fundamental tool for the development of the Company.

The skills required by the labour market are evolving very abruptly, and this creates a constant, widening mismatch between labour market needs and labour market availability, due to geographic, technological, and cultural reasons. This thus becomes the key issue, also working on profile creation: the Group takes responsibility for personal and professional development through guidance and training paths; people are a key asset, valuable at all levels. The goal is to constantly work on reskilling and upskilling to support the ability to maintain an adequate level of employability in the labour market.

*[1] In the Annual Report, reference is made to "Gi Group Holding" to indicate the Parent Company and the Group, although the former was founded in the course of 2022.*

2021 was a year characterised by profound changes in all of our professional and personal lives. Along with our families, we lived through a period of global uncertainty triggered by the COVID-19 pandemic and the spread of its subsequent variants. Alongside the delicate economic and social context and the emergency situation caused by the pandemic, which is still ongoing, a serious geopolitical crisis between Russia and Ukraine also began in February 2022.

Despite these events, which have a strong impact on future outlooks, Gi Group Holding promptly reacted by adapting its business model, strengthening its global positioning and confirming the resilience of its business with respect to adverse scenarios, with highly satisfying and improving results, even compared to the pre-pandemic situation.
This flexibility enabled us to continue on our path of growth, maintaining a high level of services dedicated to our customers, collaborators and candidates, as well as achieve excellent financial results.

## FINANCIAL PERFORMANCE AND POSITIONING

The economic-financial results of **Gi Group Holding** in 2021 were **the best in our history**, with double-digit growth in revenue, which reached **more than Euro 3.2 billion**, +30.4% compared to the previous year, and positive performance across every foreign country, particularly in the temporary staffing business. Our international dimension is also confirmed by the contribution to revenue from foreign countries, which accounted for roughly 51% of the total.

Profitability was also up, with a Gross Profit of **Euro 423 million**, +37% compared to 2020, EBITDA of **Euro 115 million**, +43% compared to 2020, and a Net Profit of **Euro 40 million**, +15% in the comparison with the previous year. We achieved healthy growth while maintaining a limited level of debt.

The results for 2021 represent the latest step on a path of growth that began long ago and which has brought the Group to **5th place at European level** and **16th globally** - considering its 2020 revenues - amongst staffing companies, giving us the confidence to continue to conquer even more ambitious goals in the future.

## GI GROUP HOLDING AND THE NEW CORPORATE BRAND

In the course of 2022, the launch was announced and completed of **Gi Group Holding S.p.A.**, underlying the new corporate structure renewal process linked to the need to align with the Group's development and the desire to respond with organisational efficiency to the growing size of the business.

In line with its strategy of enhancing its global identity and visibility, the Group has also launched the new **corporate brand** designed to represent all of the Group's Business Lines, Countries and People.

## SUSTAINABLE COMMITMENT

Sustainability is a fundamental prerogative within the Group's development, an element for the creation of value and a competitive lever for differentiation in the market, as well as of attention to the identity of the company and the brand and its relations with the community and stakeholders. Therefore, and in light of the constant attention placed on sustainability by the financial and other markets, Gi Group Holding has established bodies specifically dedicated to defining and disseminating the **CSR strategy**, to guarantee its integration at the governance and business level, supporting its implementation and guiding its development. This approach, and the awareness of the intrinsic social impact of our Group, has given rise to **Our Sustainable Work Manifesto**, which expresses our position on sustainability. It also represents our guide to the achievement of the CSR goals with respect to which we assume a development and reporting commitment.

## DIGITALISATION

Digitalisation represents one of the main drivers in development strategies and an element of fundamental importance across all sectors. In 2021, within **Gi Group Holding** we established a new function called **"Digital, Innovation and Analytics"**, with a view to designing and developing a Global Digital Transformation plan to be executed in the 2022-2023 two-year period, based on the construction of a Digital & Analytics platform common to all countries in which the Group operates. The new function is tackling important projects across the board to support the evolution of the company's organisation and business models, and in 2022 the first digitalisation plan implementation phase will be launched in 40% of the countries, creating an infrastructure capable of strengthening recruiter activities through candidate pre-selection and subsequent orientation processes, as well as sales activities, which will have strategic and decision-making support to provide customers with high value-added services.

## FUTURE STRATEGIES AND M&A

**Gi Group Holding**, strong from its new organisational structure, positive economic and financial performance and a strategy based on internal and external growth, looks to the future with determination to further boost its positioning in the global market. The business model meets the organisational and structural requirements of the current job market through a complete offering and the use of innovative solutions that exploit the technologies required of workers, helping them to develop their careers and their potential. The Group will work to strengthen and improve its core business, temporary staffing, and in parallel its Professional Staffing service, which has considerable potential as it grows its relationships with key customers.

International growth will be based primarily on the **M&A strategy**, which in the 2020-2021 two-year period made it possible to carry out 7 acquisitions and arrive on US shores. In particular, in March 2021, 100% of the share capital was acquired of Jobtome, a Job Aggregator headquartered in Switzerland and operating worldwide within a rapidly expanding sector linked to the development of digital technologies and innovative services that have become of primary importance for both candidates and companies. The transaction represents an important step in the Group's digital development and the strengthening of candidate attraction. As at the end of June 2021, 100% of the shares of a bundle of companies related to the Axxis brand and operating in the temporary employment and training market throughout France, based in Marseille, were acquired by the Onet Group in France. With this transaction, the Group strengthens its presence in such an important market as France, expanding its territorial presence.

Over the next three years, **Gi Group Holding** will therefore concentrate on consolidation within its reference markets and acceleration in countries with high opportunities for development by making further acquisitions, with a view to surpassing turnover of **Euro 6 billion in 2024**.

1.3

# Group history

**Gi Group Holding** was founded in Milan in 1998 based on the intuition of Stefano Colli Lanzi, who was driven by the desire to make a contribution to the Italian and international job market to make it more effective and efficient, making it evolve towards the idea of the common good, promoting a work culture capable of making the interests of companies, people and society converge towards **win-win-win** solutions.

The still current need is that of rejecting the stigmatised idea of a company as an organisation which "exploits" people, which considers labour a "cost" rather than a fundamental activity for the generation of value, and which involves people who are seen as driven to work by economic requirements, for survival, rather than capable of seeing work as an opportunity, as an occasion in which to rediscover a profound sense of contributing to the creation of a common good, even recognising and fuelling their own individual and professional value.

The dream that drives Gi Group Holding is that of **"changing the world of work for the better"**, generating value in the short, medium and long term through the capacity to identify and meet the increasingly complex needs of candidates and businesses alike. This dream has transformed into a concrete project, made of actions and strategies that have enabled the company to grow and evolve continuously since its founding.

The creation of **Gi Group Holding** in 2022 represents another turning point in the Group's history, through a global centre of coordination for domestic and international business activities, always following the values that have inspired the Group's actions since the start of this beautiful human and professional adventure.

*"Our global ecosystem of integrated services for human resources is designed to develop the job market by creating sustainable social and economic value and a pleasant work environment, changing people's lives for the better."*

## 1998
**Générale Industrielle was established.**

## 2004
Acquisition of **Worknet**, the temporary staffing agency of the Fiat Group. The new company became the first Italian operator, with a turnover of Euro 320 million euros and 190 branches.

## 2005
The Group entered outplacement support with the acquisition of **DBM Italia**, which was later transformed into **INTOO.**

## 2007
Beginning of the path of internationalisation with acquisitions in **Germany** and **Poland**.

## 2008
Générale Industrielle and Worknet became a single brand: **Gi Group**. International expansion continued in **China, Hong Kong, France, Brazil, Spain** and **India**.

## 2009–11
The internationalisation path continued: **United Kingdom, Argentina** and **Eastern Europe**. Gi Group joined the **World Employment Confederation**, the international confederation of employment agencies.

## 2013
Start of international practices: **OD&M** (HR Consulting) and **Wyser** (Search & Selection).

## 2014–15
Further international expansion: the Group entered **Turkey**, **Portugal**, **the Netherlands** and **Slovakia**. Further development of the partner programme.

## 2016
Acquisition of **Tack & TMI**, global leaders in training services. Opening in **Colombia**.

## 2018
Acquisition of **Grafton** and **Marks Sattin**, leading companies in the Professional segment.

## 2019
Acquisition in Germany of **OnTime Solution GmbH and House of Jobs**, specialising in International Mobility solutions.

## 2020
Additional acquisitions: **Grupo Norte** (Spain), **Kelly Services** (Brazil), **Workservice** (Poland and Germany) and **Career Arc** (outplacement business, USA).

## 2021
Acquisition of **Jobtome** in Switzerland and **Axxis** in France.

1.4

# Certifications, Rankings & Awards

The adoption of certified Management Systems in conformity with the regulations recognised at international level represents an operational tool used to strengthen governance, pursue the Mission and reach corporate goals, with a view to continuous improvement, connected to **risk-based thinking**.

The certifications obtained from an independent accredited third party demonstrate an ability to provide products and services that meet the needs of customers and the requirements of local regulations, in line with the interests of all of stakeholders.

According to this rationale, since 2001, in Italy, the Group has defined and implemented the first **Quality Management System** in compliance with the standard **UNI EN ISO 9001**, thus obtaining the first certification of the company that plans and delivers outplacement, advising, and corporate consultancy services.

Over the years, additional management system quality certifications have been obtained:

- design and delivery of training and career advising services;
- design and delivery of training programmes aimed at developing professional skills and management and organisational competences with traditional and experience-based methodologies;
- provision of search and selection and temporary and permanent staffing services;
- design, implementation and delivery of outsourced or software as a service HR management and administration services;
- design and delivery of consultancy service for the improvement of human resources and organisation and development models.

In April 2017, **Gi Group S.p.A.** received certification for its **social accountability management system** in compliance with the International Standard **SA8000:2014®** from TUV Italia, the certification organisation of Social Accountability System accredited by **SAAS** (Social Accountability Accreditation Services).

In March 2021, the Group company **GI HR Services S.r.l.** obtained the **ISO 27001** international certification, which defines the requirements for the **Information Security Management System** (**ISMS**), meeting the strict requirements established by the regulation by adopting a reliable, efficient and secure system. Adaptation to the ISO 27001 standard means compliance with new and better rules for market development through adequate risk management, making processes more solid, improving awareness of resources and bringing value to the business.

These accomplishments attest to the fact that the Group companies carry out their activities through endorsed, monitored processes subject to first, second and third party audits, with the intent of pursuing customer satisfaction and stakeholder interests, overseeing and mitigating business risks, attesting to regulatory compliance and proven business credentials and guaranteeing access to new market areas and global recognition as a reliable supplier.

The certifications obtained by the Group are listed below, distributed by country and company:

| COMPANY | REFERENCE STANDARD | CERTIFICATE NO. | FIELD OF APPLICATION | CERTIFICATION BODY | ISSUE DATE | EXPIRATION DATE |
|---|---|---|---|---|---|---|
| | | | **ITALY** | | | |
| GI GROUP SPA | UNI EN ISO 9001:2015 | N° 12236 | Provision of search and selection and temporary and permanent staffing services | CERTIQUALITY | 09/05/2007 | 17/04/2022 |
| | SA8000:2014® | N° 683 | Provision of temporary staffing and personnel search and selection services | TUV ITALIA | 12/04/2017 | 12/04/2023 |
| | UNI EN ISO 14001:2015 | N° 26468 | Provision of search and selection and temporary and permanent staffing services | CERTIQUALITY | 25/09/2018 | 23/09/2024 |
| | UNI CEI EN ISO/IEC 27001:2017 | N° 26899 | ICT services provided to support staffing services and personnel search & selection for Gi Group companies | CERTIQUALITY | 30/05/2019 | 29/05/2022 |
| GI FORMAZIONE SRL | UNI EN ISO 9001:2015 | N° 9356 | Design and delivery of training and career advising services | CERTIQUALITY | 18/05/2005 | 05/04/2023 |
| | UNI EN ISO 14001:2015 | N° 26468 | Design and delivery of training and career advising services | CERTIQUALITY | 25/09/2018 | 24/09/2024 |
| INTOO SRL | UNI EN ISO 9001:2015 | N° 25509 | Design and delivery of outplacement, advising and corporate consultancy services | CERTIQUALITY | 31/10/2001 | 11/04/2024 |
| | UNI EN ISO 14001:2015 | N° 26468 | Design and delivery of outplacement, advising and corporate consultancy services | CERTIQUALITY | 25/09/2018 | 23/09/2024 |
| GI HR SERVICES SRL | UNI EN ISO 9001:2015 | N° 16311 | Design, implementation and delivery of outsourced or SAAS (software as a service) HR management and administration services | CERTIQUALITY | 22/12/2010 | 04/12/2022 |
| | UNI CEI EN ISO/IEC 27001:2017 | N° 50240 | Design, implementation and delivery of outsourced HR management and administration services or SaaS. | CERTIQUALITY | 30/03/2021 | 29/04/2024 |
| TACK&TMI SRL | UNI EN ISO 9001:2015 | N° 17911 | Design and delivery of training programmes aimed at developing professional skills and management and organisational competences with traditional and experience-based methodologies | CERTIQUALITY | 22/05/2006 | 05/08/2022 |
| | UNI EN ISO 14001:2015 | N° 26468 | Design and delivery of training programmes aimed at developing professional skills and management and organisational competences with traditional and experience-based methodologies | CERTIQUALITY | 25/09/2018 | 23/09/2024 |
| | UNI ISO 45001:2018 | N° 27632 | Design and delivery of training programmes aimed at developing professional skills and management and organisational competences with traditional and experience-based methodologies | CERTIQUALITY | 06/08/2019 | 05/08/2022 |
| OD&M SRL | UNI EN ISO 9001:2015 | N° 25462 | Design and delivery of consultancy service for the improvement of Human Resources and organisation and development models | CERTIQUALITY | 15/02/2018 | 13/02/2024 |
| | UNI EN ISO 14001:2015 | N° 26468 | Design and delivery of consultancy service for the improvement of Human Resources and organisation and development models | CERTIQUALITY | 25/09/2018 | 23/09/2024 |
| GI ON BOARD SRL | UNI EN ISO 9001:2015 | N° 73 100 6460 | Design, sale and supervision of optimised outsourcing services within logistics on behalf of third parties, production and customer care | TÜV PROFICERT | 02/09/2019 | 01/09/2022 |

| COMPANY | REFERENCE STANDARD | CERTIFICATE NO. | FIELD OF APPLICATION | CERTIFICATION BODY | ISSUE DATE | EXPIRATION DATE |
|---|---|---|---|---|---|---|
| ENGINIUM SRL | UNI EN ISO 9001:2015 | N° 73 100 6459 | Specialist consultancy services in information technology, technological innovation and engineering. Design of complex electronic and mechanical equipment and systems. Design, development, implementation and support for software applications and systems. Design and development of new products, such as: displays, clusters and telematic equipment, for the following sectors: automotive, aerospace, railway | TÜV PROFICERT | 15/08/2019 | 14/08/2022 |
| | | | **GERMANY** | | | |
| GI GROUP DEUTSCHLAND GMBH | ISO 45001 | 100000397734 | Management of temporary employment and personnel placement | DNV | 05/11/2010 | 04/11/2022 |
| GI GROUP DEUTSCHLAND GMBH | ISO 9001: | 100000416888 | Management of temporary and permanent staffing for craft, retail, industry, office and management | DNV | 05/11/2010 | 04/11/2022 |
| | | | **CHINA** | | | |
| ZHEJIANG GI HUMAN RESOURCE CO., LTD | GB/T19001-2016 IDT ISO9001:2015 | 19818QA171R1M | Human resource outsourcing (In the form of service outsourcing), domestic labor dispatch (Only for head office) | BEIJING XINJIYUAN CERTIFICATION CO., LTD | 26/01/2018 | 25/01/2024 |
| | | | **POLAND** | | | |
| GI GROUP POLAND S.A. | ISO 9001:2015 | SWC_PW-16505-21 | Rendering services within the scope of temporary employment, personal advising, HR and payroll outsourcing, job placement in the Republic of Poland. | PCC-CERT | 01/12/2021 | 30/11/2023 |
| GI GROUP SP. Z O.O. | ISO 9001:2015 | ISO 9001 – 00031545 | Recruitment and hiring of temporary staff. Permanent recruitment. Presonal outsourcing. | LLOYD'S REGISTER | 30/06/2021 | 29/06/2024 |
| | | | **CZECH REPUBLIC** | | | |
| GRATON RECRUITMENT S.R.O. | ISO 9001:2015 | 25191/A/0001/ UK/EN | Personnel Consultancy Servicies, Recruitment and Personnel Solutions, Job Broker, Consulting for Human Recources Activities | URS | 02/02/2007 | 01/02/2022 |

| COMPANY | REFERENCE STANDARD | CERTIFICATE NO. | FIELD OF APPLICATION | CERTIFICATION BODY | ISSUE DATE | EXPIRATION DATE |
|---|---|---|---|---|---|---|
| | | | **SPAIN** | | | |
| GI GROUP SPAIN ETT, SLU | ISO 9001 | ES-0100/2006 | Recruitment, selection and placement of workers | AENOR | 25/01/2021 | 25/01/2024 |
| GI GROUP OUTSOURCING 2016, SLU | ISO 9001:2015 | ES-0649/2019 | BackOffice Division, Logistics & Industry Division, Field Marketing &Sales Division and Auxiliary Services Division of GI BPO in Spain | AENOR | 13/11/2013 | 13/11/2022 |
| GI GROUP OUTSOURCING 2016, SLU | ISO/IEC 27001:2014 | ES-SI-0036/2017 | The information systems that support the management of documentary and operational processes associated with the BackOffice Division with multichannel support in accordance with the applicability document in force on the date of issuance of the certificate (SOA) | AENOR | 15/01/2021 | 31/08/2023 |
| | | | **TURKEY** | | | |
| GI GROUP - WYSER | ISO 9001:2015 | NS.KS.070/2021 | Temporary Staff Recruitment Agency | NETSERT | 02.04.2021 | 01.04.2022 |
| GI GROUP - WYSER | ISO 14001:2015 | NS.CS.060/2021 | Temporary Staff Recruitment Agency | NETSERT | 02.04.2021 | 01.04.2022 |
| GI GROUP - WYSER | ISO 45001:2018 | AQN-TR-50115 | Temporary Staff Recruitment Agency | NETSERT | 02.04.2021 | 01.04.2022 |
| | | | **UK** | | | |
| GI GROUP | 9001:2015 | FS580144 | Supply of temporary and permanent personnel to commerce and industry and site managed services. | BSI | 21/10/2011 | 04/02/2025 |
| GI GROUP | 14001:2015 | EMS619537 | Provision of Head Office support services to the Gi Group in the UK | BSI | 05/01/2015 | 04/01/2024 |
| GI GROUP | 45001:2018 | OHS640083 | Provision of Head Office support service activities delivered at Chesterfield (Units B&C) to the Gi Group in the UK. (Previously certified to BS OSHAS 18001:2007 since 28/01/16.) | BSI | 09/12/2019 | 27/01/2025 |

1.5

# Business model

**Gi Group Holding is Italy's largest recruitment agency** and a leading business in the temporary staffing sector and in additional services for a complete offer and the development of the labour market.

During its path of growth, the Group has integrated and developed new practices, focusing on specific market segments and building structures capable of offering ad hoc solutions, without ever overlooking offer quality, skills and labour market specialisation. This path of growth has also, and especially, been travelled based on targeted acquisitions and the establishment of start-ups, while seeking to maintain a high degree of flexibility and generate internal synergies so as to guarantee sustainable growth between phases of expansion and consolidation.
Today, **Gi Group Holding** operates in the global market, with a complete offer through the following services and brands:

- **Temporary and Permanent Staffing** - with the **Gi Group brand**. With the Temporary Staffing service, the Group guarantees contractual flexibility, effectiveness, efficiency and cost monitoring. With Permanent Staffing, using a consultancy approach solutions are offered for the management of projects aimed at finding profiles to be inserted directly in our client companies. The search and selection process can count on flexible services based on the specific requirements of the client company, in every phase of the process.

- **Middle and Senior Managers Search & Selection**- with the **Wyser** and **EXS** brands. The offer includes global scale solutions, international mobility programmes and solid partnerships based on an analysis of customer needs, designing tailored solutions that include a structured candidate management strategy. Support for the evolution and transformation of Executive Selection by integrating it with scientific developments and digital evolutions in order to make it a more objective science and guarantee the best match between candidate and company, contributing value and well-being to the work of both people and companies.

- **Professional Staffing** - with the **Grafton** and **Marks Sattin** brands, in addition to the divisions of **Gi Group**. With Professional Staffing, companies' needs for specialised profiles are satisfied, thanks to a dedicated structure and a methodology which aims to transform the skills and potential of candidates into successful professional pathways.

- **Transition and career development** - with the **Intoo** brand. With a dedicated methodology that uses the most advanced technologies, the professional continuity of executives, middle managers, office staff and manual workers is supported. Companies are also supported in internal redeployment projects, proposing interventions to diagnose professional gaps and map skills.

- **HR Consulting** - with the **OD&M** brand. With HR Consulting, the Group accompanies businesses in generating sustainable performance through integrated organisational and HR solutions capable of enhancing and engaging people and giving them a leading role in the company's strategy and values, with a flexible, research-based approach.

- **Business Processes Outsourcing** - with the **Gi BPO brand.** The advanced outsourcing of GI BPO offers personalised BPO and BTO solutions and advanced services to improve our customers' productivity, efficiency and competitiveness.

- **Sales & field marketing** - with the **C2C brand.** With the advanced outsourcing of GI BPO, personalised BPO (Business Process Outsourcing) and BTO (Business Transformation Outsourcing) solutions and advanced services are offered to improve customers' productivity, efficiency and competitiveness.

- **HR Administration** - with the **Gi HR Services brand**. It includes services supporting the administration and management of personnel based on the needs of each individual customer, using the Infinity Suite, a solution that stands out in the market due to the fact that it is integrated, modular, innovative and certified.

- **Learning and Development** - with the **TACK & TMI brands**. Present in more than 55 countries through a broad network of consultants and instructors, organisations are supported through the creation of training courses that integrate different methodologies, creative design and technological tools. Training advisory courses and training for temporary workers and temporary work candidates are also organised, dedicating particular attention to seeking out qualified suppliers and entities specialised in the various areas.

The service offering is then broken down into a broad selection of products and solutions designed and focused on the needs of corporate and multinational companies as well as retail market requirements.

The versatility and know-how gained over the years also enable Gi Group Holding to direct its offering towards different sectors, diversifying market risk. The Group covers the following divisions:

**Automotive**

**Fashion & Luxury**

**Ict (Qibit)**

**Banking & Insurance**

**Fmcg**

**Industrial Machinery**

**Contact Center**

**Horeca**

**Lifescience**

**Public Administration**

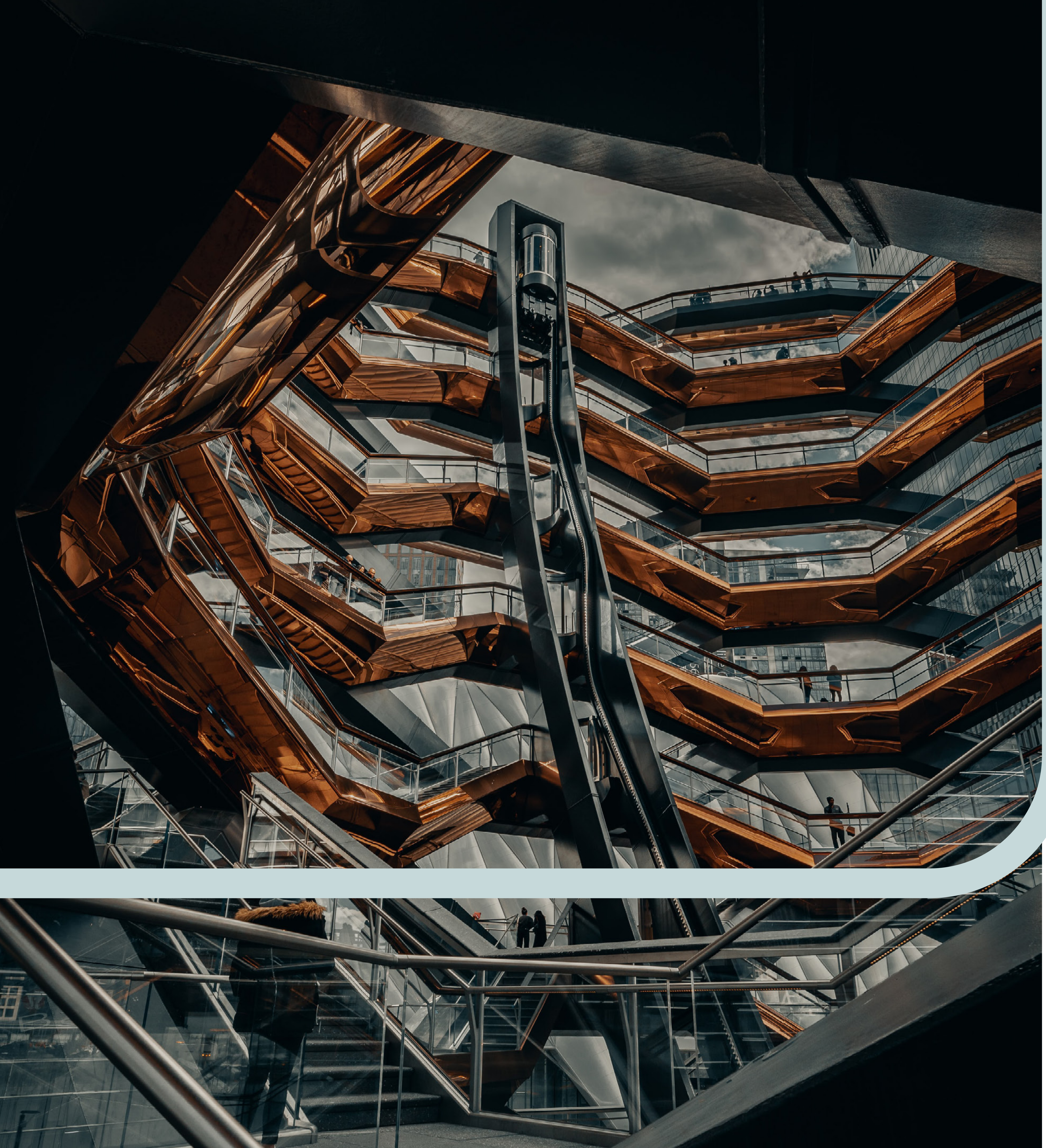
**Technical**

**Retail**

**Logistics**

**Medical**

**Naval, Railways, Aerospace & Defence**



## The Group's transversal skills can be outlined as follows:

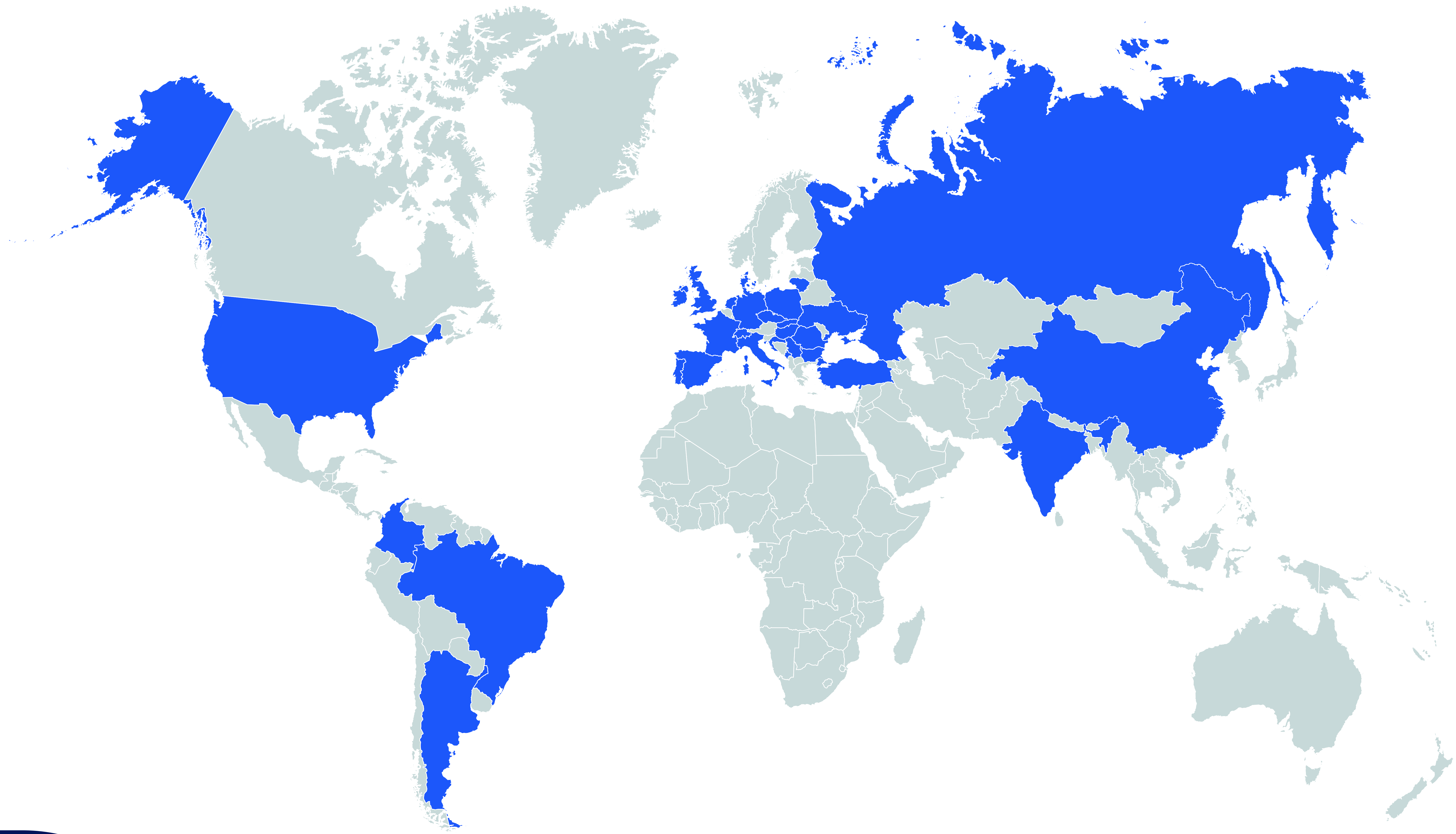
- **Global outlook** and **in-depth knowledge** of the labour market in various sectors and countries
- **Flexibility** in the solutions proposed in line with required business targets
- **Innovative**, **digital-oriented** approach
- Creation of **lasting relationships** through a global human approach
- **Commitment** and **support** for the development of the customer's organisation

1.6

# International Presence

**Gi Group Holding**, thanks to the growth strategy initiated in Italy and abroad, can boast of **international coverage** in multiple European and non-European countries.

Specifically, in 2021 the Group had a direct presence in **30 countries** all over the world through a network of **more than 650** branches and offices, employing **more than 6,750 people**.



Over the years, **Gi Group Holding** has also entered into a number of partnership agreements which make it possible to extend its indirect presence in over **100 countries** in Europe, Asia, the Americas and Africa.

Despite the complex pandemic context, the Company was able to continue on its path of development even in the years 2020-2021 through a series of acquisitions:

- Spain - Grupo Norte S.L (2020)
- Brazil - Kelly Services Brasil Investimentos, Participacoes Ltda and Kelly Services Brasil Investimentos e Participacoes II Ltda (2020)
- USA – INTOO LLC (2020)
- Poland – Work Service S.A. (2020)
- Germany - Work Service KG GmbH group (2020)
- Switzerland – Jobtome SA (2021)
- France – Axxis Francia (2021)

In 2021, the revenues deriving from abroad amounted to roughly Euro **1.6 billion**, equal to 50.8% of the total, thus exceeding the share of revenues generated in Italy. With respect to 2020, the Italian companies recorded a +26.2% increase in revenues, while the companies abroad achieved +35% growth.

With the status of **Global Corporate Member**, **Gi Group Holding** works in partnership with the **World Employment Confederation** ("WEC"), the international confederation for employment agencies, and its European branch, WEC-Europe. At a global level, WEC is constantly engaged in talks with the **ILO (International Labour Office),** the UN body dedicated to the promotion of positive global working conditions, the OECD and the **WORLD BANK** in order to promote adequate national legislation allowing private staffing companies to operate and for the triangular relationship of the staffing industry to be regulated in a proper manner. With regard to youth training aimed at preparing them for entering the labour market, since 2015, Gi Group has been a partner in the **European Alliance for Apprenticeships**, the network of businesses and training bodies formed by the European Commission to promote apprenticeships in schools and businesses and to young people and families.

Following is a table showing the breakdown by geographical area of services offered by the Group in the countries in which it operates with its own branches:

| SERVICES BY COUNTRY | TEMPORARY STAFFING | PROFESSIONAL | SEARCH & SELECTION | OUTSOURCING | TRAINING | OUTPLACEMENT | HR CONSULTING | HR PAYROLL & ADMIN. | OTHER |
|---|---|---|---|---|---|---|---|---|---|
| ITALY | • | | • | • | • | • | • | • | • |
| ARGENTINA | • | | | | • | | | • | |
| BRAZIL | • | • | • | • | • | | | | |
| BULGARIA | • | | • | • | • | | • | • | |
| CHINA AND HONG KONG | • | | • | • | | | | | |
| COLOMBIA | • | | | | • | | | | |
| CROATIA | • | | | | • | | • | • | |
| DENMARK | | | | | • | | | | |
| FRANCE | • | • | • | • | • | | | | |
| GERMANY | • | • | | • | | | | | • |
| UNITED KINGDOM AND IRELAND | • | • | | • | • | • | • | | • |
| INDIA | • | | • | | | | | | |
| LITHUANIA | • | • | | • | | | • | | |
| MONTENEGRO | • | | | | • | | • | • | |
| THE NETHERLANDS | • | • | | | | | | | • |
| POLAND | • | • | • | • | • | | | | • |
| PORTUGAL | • | | • | • | | | | | |
| CZECH REPUBLIC | • | • | | | | | | | |
| SLOVAK REPUBLIC | • | • | | | | | | | |
| ROMANIA | • | • | • | • | • | | | • | |
| RUSSIA | • | | • | | • | | | | |
| SERBIA | • | | • | | • | | • | • | • |
| SPAIN | • | | • | • | • | | | | |
| UNITED STATES | | | | | | • | | | |
| SWITZERLAND | • | • | | | | | | | • |
| TURKEY | • | • | • | | • | | | • | |
| UKRAINE | • | | | | | | | | • |
| HUNGARY | • | • | • | | | | | | |

# 1.7

# New structure with Gi Group Holding

When **Stefano Colli-Lanzi** founded his business, in 1998, three months after the Treu Law had opened up the temporary staffing sector in Italy by drawing inspiration from the French model, **Gi Group Holding** had 10 people. Today, it has over 6,750 employees, and continues to grow.

In just over 20 years the Group was able to give continuity to an ambitious development strategy which has resulted in it becoming one of the top sector players worldwide.

This sudden growth leads to new challenges and requires constant work on the part of the entire company, which must be capable of operating within a continuously evolving structure, also considering the numerous M&A transactions initiated and concluded beyond Italy's borders, avoiding inefficiencies and guaranteeing value generation for the entire Group. On the basis of these considerations, the management has decided to **define and renew the organisational structure** to optimally respond to the Group's size.

This renewal process began with the establishment of **Gi Group Holding** and the execution of additional merger and demerger transactions approved by the Extraordinary Shareholders' Meeting held on 4 April 2022.

Specifically, the following transactions were carried out:

- **Merger by incorporation** of "SCL HOLDING S.p.A." into "GI GROUP HOLDING S.r.l." and simultaneous transformation of the latter into a joint stock company with the adoption of new company by-laws;
- **Partial demerger** of "GI GROUP S.p.A." in favour of "GI GROUP HOLDING S.p.A.";
- **Merger by incorporation** of "GI INTERNATIONAL S.r.l." into "GI GROUP HOLDING S.p.A.".

**Gi Group Holding** will be the **common denominator** of a Group that is increasingly broken down into multiple business lines, but which strives to have a unique identity, a common spirit and a shared vision in the labour market.

*"We began in 1998.*
*There were 10 of us. Today, we are present in 29 countries with 20 thousand client companies.*

*Half of our business is abroad."*

The new structure, which has already been completed and is fully operative, aims to simplify hierarchical levels and governance, concentrating control under the parent company, GI GROUP HOLDING S.p.A., which is equipped with suitable resources to coordinate the activity of the Italian and foreign subsidiaries. The goal is to:

- **Maximise the overall value of the Group;**
- **Improve the governance and management structure;**
- **Boost internal synergies;**
- **Simplify monetary flows;**
- **Improve the Group's visibility and recognisability at institutional level;**
- **Improve internal communication flows;**
- **Favour the M&A strategy and any capital market transactions.**

On 20 June 2022, the Shareholders' Meeting of Gi Group Holding also appointed the company's new Board of Directors, consisting of:

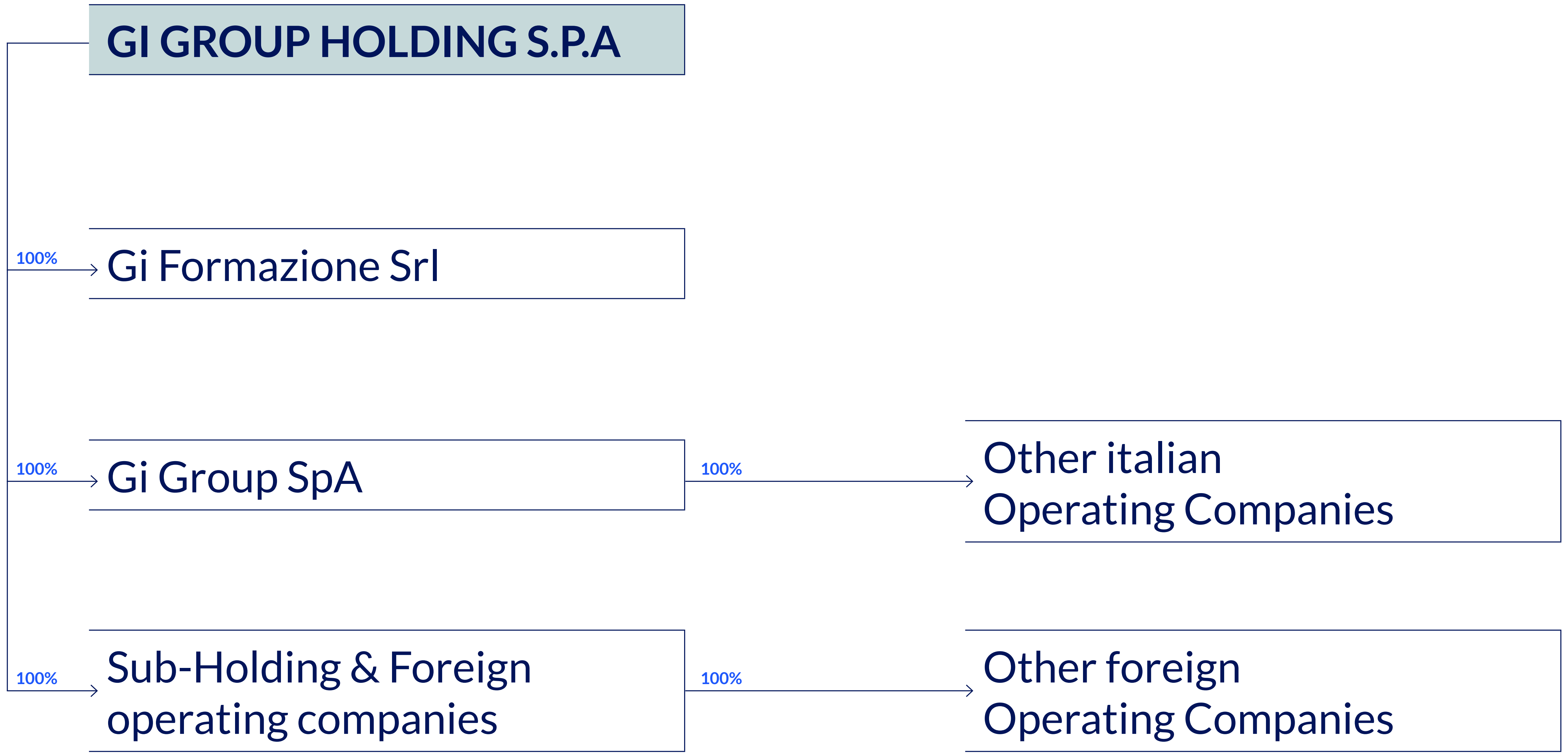
- **Stefano Colli-Lanzi** (Chairman and Chief Executive Officer)
- **Maurizio Uboldi** (Director)
- **Stefano Bombelli** (Director - external member)
- **Nicola Dell'Edera** (Director)
- **Davide Toso** (Director)

The reorganisation thus involved the following areas:

- **Corporate**
- **Organisational**
- **Governance**
- **Financial**
- **Institutional communications**

Following the transaction, **Gi Group Holding** holds the equity investments and intangible assets (trademarks and know-how), a team dedicated to the definition and control of the implementation of the Group's strategies and execution control, as well as the performance of management activities such as administration, finance, IT and marketing in favour of the investees.

## The structure after reorganization:



# 1.8

# Sustainabily

The Group is guided by the profound conviction that it is through **today's actions that we shape the future**, adopting the concept of sustainable development expressed by Brundtland in its WCED Report entitled "Our Common Future" (1987).

*For more information on the sustainability strategies pursued by the Group, please refer to the 2021 CSR Report.*

This conviction drove the company, during its twentieth year, to rethink its history and analyse the context and its transformations to prepare to face the future, by including sustainability within the company Values.

The **Gi Group Holding**'s business model finds a structural driver in the **ESG (Environmental, Social and Governance)** factors: ethics, responsible management of resources and the creation of social value represent important growth levers for increased transparency and alignment of interests between the various stakeholders.

To achieve results consistent with the growth and development strategy with a view to continuous improvement in levels of transparency and sustainability, in 2014 Gi Group Holding adopted the **Code of Ethics** to ensure the utmost fairness in running the business and carrying out company activities to protect its image and reputation.

**[MISSION]** "Through our services we want to contribute, as a key player and on a global basis, to the evolution of the Labour Market and to emphasize the personal and social value of work"

**[VISION]** "We want to be recognized as the worldwide player responsible for creating a sustainable, streamlined and joyful Global Market for Candidates and Companies, reflecting Labour Market needs"

# 1. PCSR PATH

### 2014
**April**
Publication and adoption of the Group's Code of Ethics.

### 2014
**June**
Establishment of the CSR Team with a view to monitoring the application of and respect for the Code of Ethics.

### 2014
**September**
Publication and adoption of the "Adoption of the Code of Ethics, Management of requests, reports and complaints" procedure.

### 2015
**January**
Launch of the first common volunteering activity for 2015 – with a view to organising local projects intended to promote employability.

### 2015
**April**
Publication of the Gi Group's first CSR Report, which since 2015 has been published annually, describing the data and initiatives relating to the year.

### 2015
**October**
Creation of the CSR Committee, intended to create and implement the Group's CSR strategy.

### 2016
**October**
First edition of a Group volunteer activity organised on a global scale. Goal of the initiative: promoting employability in communities, involving all countries.

### 2017
**April**
Adoption by the Parent Company, Gi Group S.p.A. Italy, of a Social Accountability Management system structured according to the SA8000:2014® standard - the most widespread and recognised at international level - and receipt of the relative certification.

### 2018
**September**
Certification of the environmental management system for the Milan headquarters property on the basis of the requirements of UNI EN ISO 14001:2015.

### 2019
**July**
Renewal of the Code of Ethics and the Group's Values.

### 2019
**December**
Stefano Colli-Lanzi's endorsement of the "CEOs Call to Action" promoted by CSR Europe.

### 2020
Process of revising the Group Materiality Matrix - Development of the Sustainable Work framework by the Parent Company.

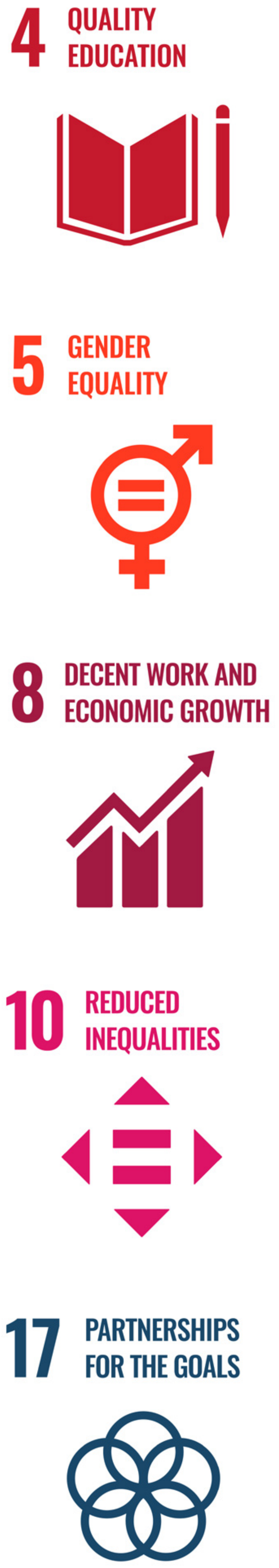
### 2021
Transformation of Gi Group SpA into a Benefit Company.

## 2. THE STAKEHOLDERS

The path of growth and construction of a multinational organisation was travelled while always keeping in mind that development must be combined with corporate accountability and meeting the needs of all **stakeholders** that have a significant impact on the achievement of the Mission of Gi Group Holding, and that therefore have a legitimate interest in the Group. Within the labour market and on the basis of the Mission, the Group's main stakeholders are: **employees, candidates and workers, customers, the community and the environment**.

## 3. CSR GOVERNANCE

CSR governance consists of i) the **Global Steering Commitee** which approves the strategic objectives and implementation and management activities of the Group's CSR programme, ii) the **CSR Commitee** which defines the CSR strategy and initiatives, ensuring their alignment with the Group's strategy and, as the body responsible for drafting the CSR Report, monitors KPIs and evaluates the investments required to develop CSR projects, iii) the **Country Manager** who is responsible for communication flows within the relevant country, guaranteeing the implementation of the CSR strategy at local level, iv) the **CSR team** which monitors the application of the Code of Ethics, supervises the information flow and training plans, and receives and manages any reports of non-compliance, v) **volunteers** that participate in volunteer activities and contribute to their planning and execution.




## 4. CONTRIBUTION TO SUSTAINABLE DEVELOPMENT THROUGH THE SDGS

Through the implementation of its business strategy and thanks to its ecosystem of values and the business model, **Gi Group Holding** is committed to pursuing a model which also aligns with the **Sustainable Development Goals (SDGs)** of the United Nations 2030 Agenda. With respect to the **17 SDGs**, which are further broken down into 169 objectives designed to deal with the most urgent global social, economic and environmental issues, Gi Group Holding is concretely committed to contributing to the pursuit of **SDGs 4-5-8-10-17**.

## 5. THE PATH FOR SUSTAINABLE WORK

With the awareness that the path towards sustainability is one of continuous growth and evolution, **Gi Group Holding** has felt the need to form a Foundation, with a view to supporting the development of the culture of work, understood as education about the personal and social value of work, through open, cultural initiatives not necessarily connected to the business and not subject to company cost effectiveness considerations.

By establishing its own **Scientific Committee** and an **Observatory**, the Foundation has managed to establish a way of thinking, a point of departure which has launched a discussion that will lead to the construction of tangible, replicable and measurable models that will lead the project towards the development of the concept of **Sustainable Work**.

With its Foundation, the Group maintains an intimate and profound exchange, allowing itself to be "contaminated", "interrogated" and "stimulated" with respect to work topics and financing its activities. **Support for the access of young people to the world of work, reduction in skill mismatches, youth unemployment, NEET rates, promotion of "virtuous" flexibility capable of meeting the needs of companies while also guaranteeing security to people, the future of work:** these have always been the concerns at the heart of the Foundation's activities.

As the Group wants to contribute through its services, as a protagonist and globally, to the evolution of the labour market and education on the personal and social value of work, it has been deemed fundamental to begin to dialogue with businesses, social partners and institutions to better define the concept of "sustainable work" for people, organisations and society within the economic contexts in which it is present, identifying the conditions that can favour its implementation.

This path has led to the construction of a framework, developed during the two-year period within the Parent Company, which guides the impact that will be given to the context in which it operates.

## THE SUSTAINABLE WORK FRAMEWORK

### THE RESPONSIBILITY OF INDIVIDUALS

- **Doing dignified work**, capturing the sense and value of work and the need to which it responds, fuelling awareness of one's value as a person and one's professional skills, pursuing work satisfaction;
- **Protecting individual mental and physical well-being**, including through a proper work-life balance;
- **Investing in the development of useful skills** to fuel one's professional profile and employability to keep pace with a world of work in continuous transformation;
- **Building professional relationships** able to generate trust, recognition, team spirit and enhancement of talent.

### THE RESPONSIBILITY OF COMPANIES

- **Boosting resilience** and the capacity to respond flexibly to market changes;
- **Privileging innovation and the creation of value** as a guide for the management of change in the medium/long term, identifying new methods with which to combine efficiency, productivity and profit distribution;
- **Ensuring human rights and dignified and inclusive work** to be able to recognise the value of even the most "vulnerable" people;
- **Investing in training and in the enhancement of people**, making them more engaged and productive;
- **Creating a work environment capable of valuing women, young people and people with significant seniority**, ensuring equity, meritocracy and work solutions consistent with their specific needs;
- **Reducing waste and focusing on environmental and social impacts, acting with a view** to promoting and supporting the competitiveness of local areas.

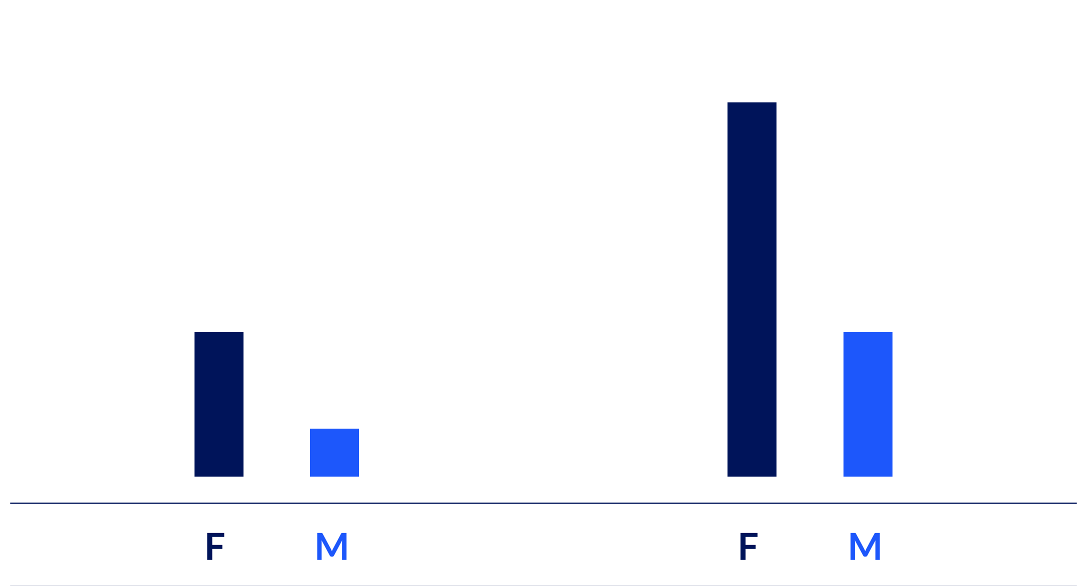
### THE RESPONSIBILITY OF INSTITUTIONS

- **Supporting company development** through effective business policies capable of creating work opportunities;
- **Effectively combating informal labour and contribution and tax evasion**;
- **Developing active labour policies** and supporting a speedier and more effective meeting between supply and demand through public/private collaborations in the implementation of employment services, with a particular focus on women, young people, people with significant seniority and vulnerable workers;
- **Promoting "sustainable" flexibility** which meets the needs of companies and people, protecting and accompanying them in attaining work-life balance and during career transitions;
- **Reducing skill mismatches** by promoting quality personal and professional training to activate, fuel and update people's capabilities and skills.

# 6. PEOPLE KPI

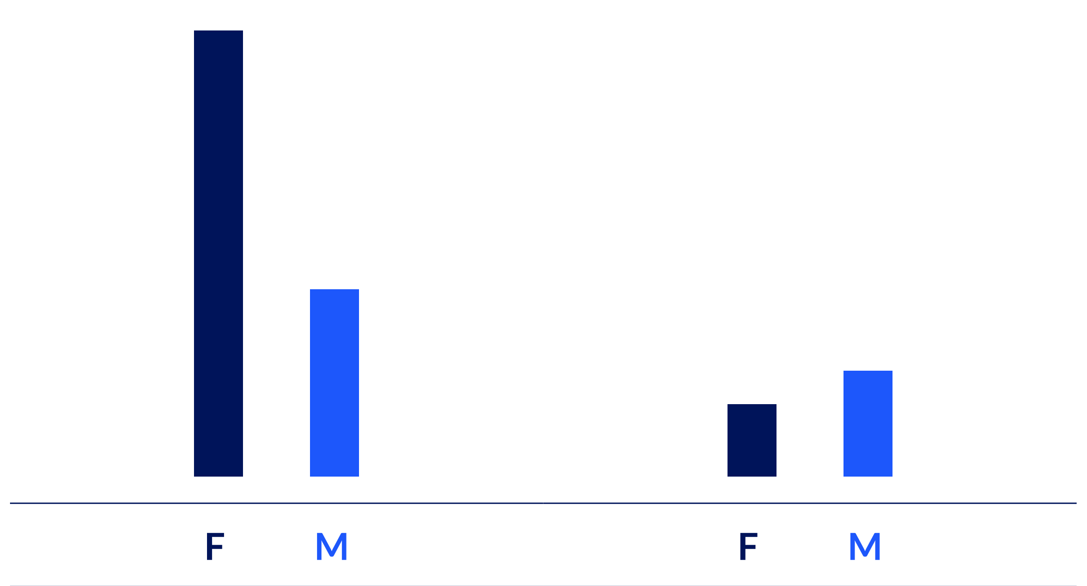
### TOTAL EMPLOYEES BY EMPLOYMENT CONTRACT (OPEN-END/LIMITED TERM) BY GENDER (2021)

| TEMPORARY | | PERMANENT | |
|---|---|---|---|
| 1,356 | 489 | 3,526 | 1,393 |



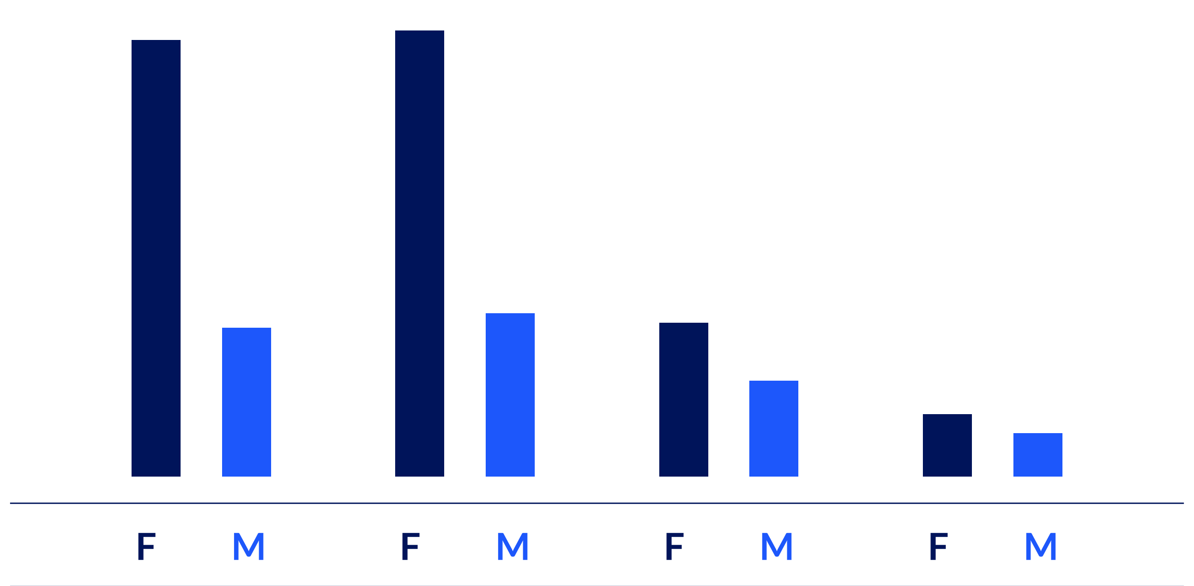

### TOTAL EMPLOYEES BY EMPLOYMENT TYPE (FULL-TIME / PART-TIME) BY GENDER (2021)

| FULL-TIME | | PART-TIME | |
|---|---|---|---|
| 4,202 | 1,780 | 680 | 102 |



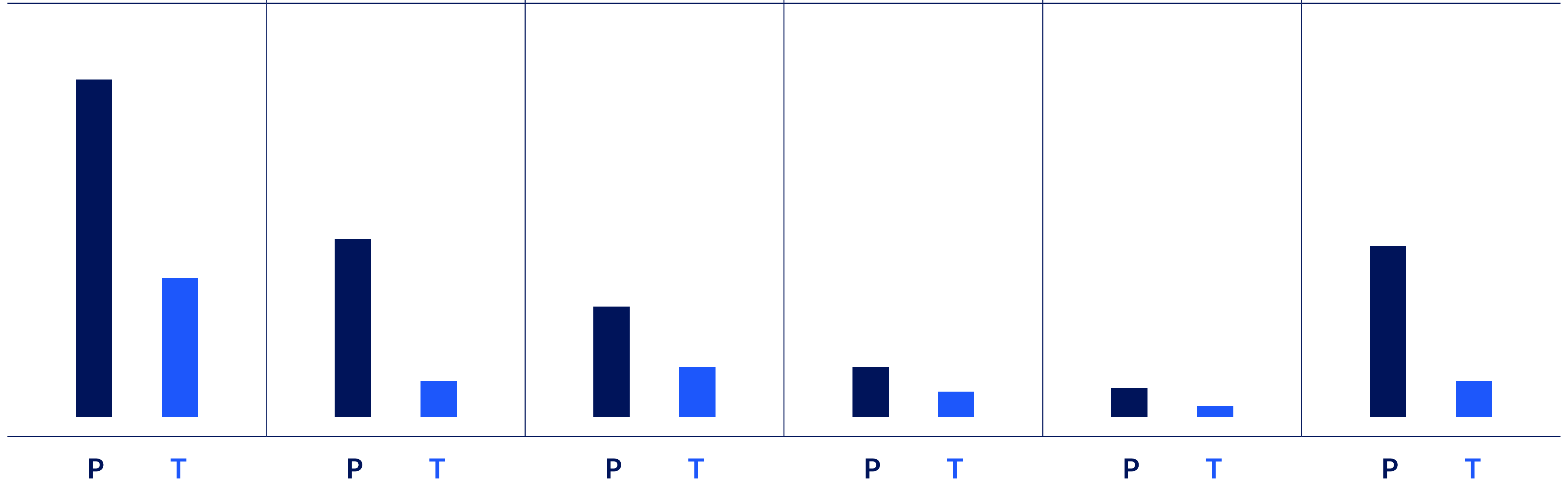

### BREAKDOWN OF WORKFORCE BY GENDER AND AGE AMONGST EMPLOYEES (2021)

| ≤ 30 | | 31–40 | | 41–50 | | 50+ | |
|---|---|---|---|---|---|---|---|
| 1,815 | 616 | 1,861 | 678 | 947 | 402 | 259 | 186 |




### TOTAL EMPLOYEES BY EMPLOYMENT CONTRACT (TEMPORARY/PERMANENT) BY REGION (2021)

| ITALY | | WESTERN EUROPE | | CENTRAL EUROPE | | APAC - SWL - LITW | | EASTERN EUROPE | | LATAM - IBE - TUR | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1,904 | 786 | 1,007 | 204 | 617 | 276 | 287 | 314 | 153 | 58 | 951 | 207 |




PERMANENT TEMPORARY

## TOTAL TRAINING HOURS 2021

158,031

+14% COMPARED TO 2020
+87% COMPARED TO 2019

## AVERAGE TRAINING HOURS 2021

23.6

-9% COMPARED TO 2020
+47% COMPARED TO 2019

# 2

# Corporate governance



2.1

# Key people

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

These principles, rules and procedures govern and guide business activities, in all its organisational and operating structures, in order to guarantee effective implementation of the company's activities, in compliance with the principles of transparency.

An adequate **Corporate Governance** system is deemed a fundamental element in order to achieve strategic objectives and create value in the long-term, capable of ensuring sustainable growth, in compliance with laws and regulations, and correct conduct with regard to all of the Group's resources.

**STEFANO COLLI-LANZI**
Chief Executive Officer & Founder

Stefano Colli-Lanzi graduated in Business Administration at Bocconi University in Milan. After his studies, for about ten years he devoted himself to corporate consultancy, working for Bersani-Vitale and Arca Merchant. At the same time, he also took on teaching experiences at LIUC University of Castellanza in Business Administration and at Bocconi University. In 1998, he began his entrepreneurial journey, founding Générale Industrielle Italia, known today as Gi Group Holding. Since then he has been following the growth of the company as Chairman and CEO.

Stefano Colli-Lanzi is also Professor of Business Economics at the Catholic University of Milan. Married with five children, three of whom are foster children, he is fond of golf and is a great Inter fan.

## MAURIZIO UBOLDI
Head of M&A

Maurizio has been in charge of the international development of Gi Group since 2007, taking on the role of Head of International Business, Mergers & Acquisitions. Prior to this, he was an international entrepreneur who covered several top management positions in many countries around the world including Brazil, China and Eastern Europe. Maurizio has an economics degree from Bocconi University and he is a member of Alumni London Business School.

## NICOLA DELL'EDERA
Global Chief Financial & Procurement Officer

Nicola joined Gi Group in 2019 as our Group Chief Financial Officer. He is a senior executive with extensive experience in the corporate and banking sector and has worked in the US as well as multiple European countries. Nicola has played a part in significant business restructuring operations. He has also taught at business schools, written several articles and contributed to books on business finance.

## LUCA GIOVANNINI
Global Chief Digital and Innovation Officer

Luca joined Gi Group in 2021 and he is leading the Global Digital and Innovation Function. Luca has over 20 years of experience in Innovation, Technology and Business Intelligence. He brings to Gi Group the experience of a career path spent shaping a methodology and winning mindset in Formula 1, breaking markets with innovative hi-tech start-ups and shaping new innovative business models for consultancy and service corporations.

## ANTONIO BONARDO

Global & Italy Pubblic Affairs Senior Director

Antonio Bonardo graduated in Business Administration at Bocconi University in Milan. He has over 20 years' experience in the staffing industry: he opened the first branch of Générale Industrielle Italia, known today as Gi Group Holding, in february 1998, in Milan. Than he covered various commercial leading position as Area Manager, Key Account Manager and Permanent Business Director, always adding value to people and customers. In January 2010 he created the new Public Affairs Function, of wich he was appointed Global Senior Director. Married with five children, he is a tennis player and is a great Juventus fan.

## DARIO DELL'OSA

Global Legal Senior Director

Dario began his legal career at an Italian boutique law firm. From 2002 to 2006 he took on key legal roles for US and Dutch multinational companies before joining Cirsa in Legal Affairs. After working with the company for eight years he decided to bring his expertise to Gi Group and joined our business in 2015 as the Global Legal Affairs Director. Since then, he has done a brilliant job managing numerous major international transactions, deals and important litigations for the company.

In 2018, Dario was included in the Legal 500 GC Powerlist for his outstanding efforts in driving our business forward, increasing the speed and quality of legal services to the Group, and in 2019 he joined our Board of Directors.

## DAVIDE TOSO

Global Corporate Affairs and Compliance Senior Director

In 1989, Davide began his career as a Contract Manager with a company belonging to the Finmeccanica Group. 11 years later he brought his skills and expertise to Gi Group and joined us as an Executive – Head of the Italian Legal and Corporate Affairs function. From 2008 to 2016 he was a valuable member of the Supervisory Board of Gi Group and has been in charge of our Global Corporate Affairs and Compliance function since 2015. Davide is also our company secretary and member of the Board of Directors of Gi Group Holding S.r.l., Gi Group S.p.A. and many Italian and foreign subsidiaries belonging to the Group.

## DOMIZIANO PONTONE

Global Sales Senior Director

Domiziano was appointed as our Global Sales Senior Director in February 2020. He joined Gi Group back in 2004 as a Sales Branch Manager in Piedmont and two years later got promoted to Area Manager for Southern Lombardy. Over the years, he has taken on eight different roles including Sales Director in Poland, Area Manager of Eastern Europe and Sales Director of Western Europe. Domiziano has a bachelor's degree in Law obtained in Turin, where he currently lives.

## LUCA GATTI

Global Marketing & Communication Senior Director

Luca joined Gi Group in September 2018 as our Global Marketing & Communications Senior Director. He has several years of experience in business management and brand building across multiple geographies. After earning a master's degree in Business Strategy in Finland, he spent most of his career working in Procter & Gamble in Geneva, Switzerland. Luca is known for his strong entrepreneurial mindset. Furthermore, he is someone who is passionate about helping businesses grow.

## MARIA LUISA CAMMARATA

Global HR Senior Director

Maria Luisa graduated in Business Economics and entered the recruitment industry in 1998, when she joined Adecco. She helped develop the French-Swiss multinational company in Italy – first as a Sales Manager and then as the Operations Manager for the North-Central area. Maria Luisa then went on to join Trenkwalder, an Austrian multinational company in 2007 as the Commercial Director and contributed to the market positioning and national development of the business.
Maria Luisa has been part of the Gi Group team since 2010 and became our Global HR Senior Director in 2014, after managing the strategic marketing and business development function in Italy for four years.

## MASSIMO BORRONI

Global IT Senior Director

Massimo joined Gi Group in October 2020 as Global IT Senior Director. He has a strong IT background and spent many years covering CTO and CIO roles in the Banking, Management Consulting and Insurance industries. Massimo began his career at Deutsche Bank where he worked for over 20 years. In 2018, he joined Marsh & McLennan Companies, covering Chief IT European roles. Over the years he has taken on several international roles which focused on complex IT reorganisations, agile digital transformation and automation of processes.

## CETTI GALANTE
Global Outplacement Practice Senior Director and Managing Director – Intoo, Italy

Continuous questioning and always looking to the future – this is the spirit with which Cetti started her career with Nielsen where she worked for close to four years. From June 2014 to December 2019, she took on the role of President at AISO, the Italian Association of Outplacement Companies, which is committed to the dissemination of outplacement and career development culture in Italy. After more than five years in this role, Cetti joined Intoo, a Gi Group company in 2011 and has been the President of Career Star Group since 2016. She helped create this global organisation in 2011 which specialises in professional outplacement, career development and coaching. Cetti is now the Managing Director of Italy and the Global Outplacement Practice Senior Director, helping coordinate the international growth of our company.

## JIM O'BRIEN
Chief Executive Officier Tack TMI

Jim is an experienced professional with extensive knowledge of the latest L&D trends and practices. He joined Gi Group in 2019 but prior to this, he was the Global Leader of Learning and Development, overviewing the EMEA and LATAM markets for Ken Blanchard Companies. Jim has worked with some of the world's foremost Learning and Development experts to design and deliver multi-year, multi-site and multi-level development interventions. He has extensive experience in creating and growing efficient training companies by creating both direct and indirect business development models and leveraging group relationships.

## LUIS DEL OLMO
Global Outsourcing Practice Senior Director

Luis has huge experience in the Outsourcing and Staffing Industry. Luis began his career in staffing in 1998 as the General Director of Flexiplan (Grupo Eulen), Umano Group (Grupo Prosegur). He went on to become the local Vice-President of Randstad in Spain. Driven by a need to improve the productivity of companies through outsourcing, in 2003, Luis founded the Avanza Externalización de Servicios, S.A. – a Spanish multinational leader in outsourcing. In 2016, he brought his expertise to Gi Group and joined us as our Global Outsourcing Practice Senior Director.

Luis has an Industrial Engineering degree from Madrid Polytechnic University and completed his MBA at IE Madrid.

## BARBARA BRUNO

Global Temp & Perm Practice Senior Director

Barbara joined Gi Group in 2002 and developed her career path in our Temporary and Permanent Staffing business in Italy. She took on the role of Service & Delivery Manager from 2007 to 2011 and was also our Operations Manager for the Search & Selection business in Italy in 2010. Two years later, Barbara was appointed as the Senior Director of International Service and was given the opportunity to develop the Temporary and Permanent Staffing corporate service model at a global level. Over the years, Barbara has moved up the career ladder several times – from Service Director for Germany in 2013 to International Talent & Candidate Senior Director in 2018. In 2019, Barbara took charge of the Global T&P Practice with the aim of developing the strategy and business model of the Group's core business.

## JEROME LAFUITE

Global Search & Selection Practice Senior Director

Jerome began his career at Michael Page where he worked for nine years. He then joined Multiposting as the Managing Director for two years and in 2016, took on the role of Chief Operating Officer (COO) at Grafton Recruitment in Poland, Czech Republic, Slovakia and Hungary before the company was acquired by Gi Group. He played a key role in leading the integration of Grafton and Gi Group as Country Manager in Poland. In 2021, Jerome got promoted to Global Search & Selection Practice Senior Director at Wyser.

**FRANCESCO BARONI**
Regional Head Italy

Francesco has a bachelor's degree in Mechanical Engineering from Milan Polytechnic. In 2006, he joined IBM as Partner of the Global Business Services Division where he led management consulting, system integration and outsourced projects mainly for the industrial sector. After four years, he moved to the Lombardy region as the General Manager for Strategic Planning and Finance. Francesco joined Gi Group in 2014. After being in charge of the Global Business Innovation and IT function as Senior Executive, since 2019 he has been the Regional Head of Italy.

**PAOLO CARAMELLO**
Regional Head Central Europe and Country Manager Poland

Paolo has over 15 years' experience in the staffing industry. He joined Gi Group in 2016 as the International Practice Temp & Perm Senior Director and worked closely with the Innovation & Change function to add value through innovative business models and value propositions. After three years, Paolo became a board member and Regional Head of Western Europe. Today he continues to be a board member and is the Regional Head of Central Europe. Furthermore, he is the Country Manager of Poland.

**DANIELE MERLERATI**
Regional Head – APAC, Switzerland, Lithuania

After graduating with a bachelor's degree in Modern Literature from Pavia University, Daniele started his career with Fastweb in Customer Care and Training. In 2007, he joined Gi Group as a Branch Manager in Italy and rapidly moved up the career ladder taking on multiple roles including Country Manager in China and several interim Country Manager roles in Romania, Bulgaria and France. Over the years, Daniele has supported the development and organisation of our Global operations and consistently made a positive impact on our people and the business. In 2019, he got promoted to Regional Head and today he is in charge of our business in APAC, Switzerland and Lithuania.

## RUI ROCHETA

Regional Head – LATAM, Iberia, Turkey

Rui joined Gi Group in 2012 as the Country Manager of Brazil. He has contributed to the transformation and development of the business, successfully led the growth of multiple business lines and effectively supported the presence and success of Gi Group in Latin America. He is now the Regional Head of Iberia, LATAM & Turkey.

Rui has a bachelor's degree in English and Portuguese Philology as well as a master's degree in Anglo-American Literature and an MBA in International Management.

## THIBAULT LEFEBVRE

Regional Head Western Europe

Thibault has years of experience in the general management of finance and business operations for mid- to large-sized organisations. In board functions, he has helped businesses maximise profits and secure private equity. He has held key financial roles at Richmond, Gucci, Parisot Group and Valeo. In 2004, Thibault joined Page Group as the Managing Director for Russia, Switzerland and Central & Eastern Europe. Almost nine years later, he took on the role of Chief Executive Officer at Grafton Recruitment Group where he managed operations performance and the organisation of the business. He then got promoted to Regional Head of Central Europe and today he is the Regional Head of Western Europe.

## TIZIANO RODOLFO ROSETO

Regional Head Eastern Europe
and Country Manager, Bulgaria and Ukraine

Tiziano graduated in Economics from the University of Bari. He started his career at Manpower in 1999 and in 2001 moved to Fiat Group as Area Manager. He joined Gi Group in 2004 as Chief Operations Officer and since 2007 he has been responsible for the international expansion of the Group. Today he is in charge of the Eastern Europe region and he is also the Country Manager of Gi Group Bulgaria and Ukraine. He has built a global network of external partners and holds various positions in Confindustria and other employer associations abroad.

2.2

# Governance and organisational model

## CORPORATE GOVERNANCE

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

In 2002, Gi Group Holding initiated, in line with the **corporate reorganisation process**, an initial adjustment of its corporate governance, which will be followed by a further renewal based on the Group's new structure.

## BOARD OF DIRECTORS

The **Board of Directors** in office until the date of the Shareholders' Meeting which will be called to approve the 2021 statutory financial statements consists of 3 members.

Details are provided below of the composition of the Board of Directors in office at 31 December 2021 for the parent company Gi Group S.p.A.:

- Chair and Chief Executive Officer **FRANCESCO BARONI**
- Chief Executive Officer **ZOLTAN DAGHERO**
- Director **DAVIDE TOSO**

Following the process of renewing the Group's structure, the new Board of Directors was appointed as set forth in the "New structure with Gi Group Holding" section.

## BOARD OF STATUTORY AUDITORS

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

Details are provided below of the composition of the Board of Statutory Auditors in office for the 2021-2023 three-year period:

- Chair **FRANCESCO CARNEVALI**
- Standing Auditor **CORRADO COLOMBO**
- Standing Auditor **PIERGIORGIO GUSSO**
- Alternate Auditor **SILVIO FORMENTI**
- Alternate Auditor **MARCO GIRELLI**

## SUPERVISORY BOARD PURSUANT TO ITALIAN LEGISLATIVE DECREE NO. 231/2001

The **Supervisory Board** (SB) is made up of three members whose term of office is for a three-year period and it has its own programme and Internal Regulations, pursuant to **Italian Legislative Decree no. 231/2001**.

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

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

Details are provided below of the composition of the Supervisory Board in office for the 2021-2023 three-year period:

- Chair **FRANCESCO CARNEVALI**
- Member **MARCELLO TRABUCCHI**
- Member **ANNA RITA MARRA**

## INDEPENDENT AUDITORS

The statutory **audit of the accounts** is entrusted, for the 2019-2021 three-year period, in application of current relevant regulatory provisions, to the independent auditors **PricewaterhouseCoopers S.p.A.**, registered in the special register maintained by Consob [Italian Financial Markets Regulator].

## INTERNAL COMMITTEES

The Directors, in organising activities and designing action plans, are supported by internal committees.

*At an international level:*

- **Strategic Committee** for the implementation of new Group development strategies for the launch of new services, solutions and organisational structures and the evaluation and roll out of strategic projects. This is made up of the main international managers, from Global Practice and Global Functions.

- **Global Steering Committee** to share and implement the Group's international development guidelines. This is made up of Country Managers and the main international managers from Global Practice and Global Functions.

*In Italy:*

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

## LAW ON PERSONAL DATA PROTECTION

With a view to corporate compliance with the **GDPR**, the Group has **an internal privacy organisational model**.

For the purpose of proper management and implementation of the privacy organisational model, special attention is given to the training process, through:

- a solid base of compulsory training provided online, which, at the same time as disseminating knowledge of the general principles of data protection and safeguarding, leaves room for a phase of concrete application of the processes developed and the role that each person will play within the Model;

- the dissemination and/or publication, on the corporate intranet of the relevant Policies and Procedures and of all the documentation drawn up so that it can be freely used and viewed by all employees.

In addition, the Group **DPO**, as part of the performance of their duties and in fulfilling the tasks outlined in Regulation (EU) 2016/679 ("GDPR"), conducted the following activities:
- provided information on issues relating to the protection of personal data, through periodic newsletters and/or update notes on major regulatory innovations that occurred during the reporting period;
- monitored GDPR compliance:
  - follow-up activities in cases where the DPO has been involved in the evaluation of Group initiatives with privacy implications
  - analysis of data breaches that occurred during the reporting period.
- DPO service coordination.

## CODE OF ETHICS AND ORGANISATIONAL MODEL

Set against the background of the activities inherent to its Corporate Governance system, Gi Group S.p.A., has adopted in Italy, pursuant to Italian Legislative Decree no. 231/2001, its own **Organisational Model**, which is the tool for raising awareness of all those who operate in the name and on behalf of the company, so that in the performance of their activities they adopt correct and transparent behaviour.

The path of growth that has characterised Gi Group Holding has also led the Company to expand in terms of people, experience, culture and organisational levels, so the need has been identified to maintain a strong sense of belonging, making the Group progress under the guidance of a set of shared values and goals.

The **Code of Ethics** is the most effective means of reinforcing, sharing and disseminating the values and principles that must guide the work of each individual Group company, based on a set of values (**Attention, Passion, Continuous Learning and Innovation, Collaboration, Sustainability, Responsibility**) that standardise the company's approach to the labour market and to the civil society in which it operates. It recognises the values in which we believe helps each person grow in the application of corporate social responsibility. Doing so publicly enhances its effectiveness through a commitment to accountability, as a company and as individuals, before all Stakeholders.

The recipients of the Code of Ethics are the **employees** - who are the primary Stakeholders, in addition to the members of the decision-making and control bodies of the Group companies, Executives and employees belonging to the operational structures and the collaborators and external consultants who act in the name and on behalf of the Group companies, as well as the temporary workers on temporary contracts. The provisions contained in the Code of Ethics are also addressed, where expressly provided for, to those **external stakeholders** with whom the companies of the Group have relationships (candidates, suppliers, customers, institutions etc.), which represent the other primary Stakeholders.

With regard to all these parties, the Group structures its actions according to strong ethical principles **(Legality, Impartiality, Confidentiality, Honesty, Transparency, Health And Safety, and Environmental Sustainability)**, supported by a clear assumption of responsibility.

It is in the interest of the company that the Code of Ethics be disseminated as widely as possible to all recipients and third parties, and that the principles and values contained therein be shared, in order to create a virtuous network capable of creating positive impacts on the communities in which the Group operates.
The Code of Ethics is publicly displayed on the websites and its contents are integrated into the contractual clauses that govern relationships with the various Stakeholders.

Internally, the Code is published on the corporate intranets of the Group companies, and the executives and managers of the companies must explicitly represent the values and contents of the Code of Ethics through their actions.

There is also a dedicated **training course**, which is compulsory for all new-start employees and was revived for all existing staff, regardless of their seniority in the company, in order to refocus employees' attention on renewing the Group's values.

**The Corporate Social Responsibility Team** (CSRT) is responsible for monitoring compliance with, interpreting and verifying the principles contained in the Code of Ethics and has independent powers of initiative and control, and is expressly charged with the following tasks:

- supervising the application and functioning of this Code;
- supervising the information provided and training of all Recipients;
- proposing and validating updates with respect to legislative changes and the evolution of activities and organisation;
- receiving and taking responsibility for reports of violations relating to the contents of the Code, treating them with the utmost confidentiality, so as to ensure the anonymity of the providers and excluding any form of recourse or discrimination against the same.

Depending on the issues, the CSR Team can then redirect the handling of reports to different corporate levels. In fact, the Code of Ethics is issued and adopted by the parent company and is valid for all companies in the network, who share it and apply its contents to all second level codes, further regulations or policies expressed by the individual Group companies in response to the mandatory requirements that govern the activities of various countries.

In 2021, the Supervisory Board carried out audit activities, both by reviewing the usual reports and through interviews with corporate representatives. Training activities of internal staff were also monitored, with suggestions in relation to the adoption of additional information and/or training initiatives, aimed at highlighting the contents of the Organisational Model and the regulatory framework of reference, bearing in mind any legislative updates.

Preventive actions put in place by companies to contain the risk of COVID-19 infection continued to be monitored throughout the year.

2.3

# Benefit Company

As a result of the sustainable approach to the world of employment, detailed in our Mission and the Sustainable Work Framework, **on 22 July 2021 Gi Group SpA embraced the legal status of a Benefit Company**.

"Benefit Company" refers to a legally recognised status that a for profit company can adopt in order to publicly state its commitment to the pursuit of shared long-term value creation, in addition to profit goals.

This statement of commitment is made with the formal modification of the company by-laws and the inclusion in the corporate purpose of the common benefit goal that it intends to pursue in parallel with the company's core business.

To oversee governance and operations coherence in relation to the correct pursuit of the stated common benefit, the role of the **Impact Manager** has been assigned to a collegiate organism made up of company **directors**, the heads of the **HR, Marketing and Compliance - CSR** functions, plus a member identified by the **Gi Group Foundation**, so as to underline the important and constant contamination among the Group hubs.

This choice enables more effective and organic governance of the risks and opportunities associated with **ESG topics**, committing the management and all the company's employees to achieving higher standards in terms of purpose, responsibility and transparency.

Specifically:

**Purpose**
as a Benefit Company, the company is committed to having a **positive impact on society and the biosphere, besides generating a profit** (according to the Triple Bottom Line model: People, Planet, Profit). Sustainability - that for the Gi Group we reiterate is understood as focusing on Sustainable Labour - is an integral part of the business model and a guideline for creating favourable conditions for social and environmental prosperity, now and in the future.

**Responsibility**
as a Benefit Company, the company is committed to assessing the impact of the company on **society and the environment**, in order to create long-term sustainable value for all stakeholders - promoting these responsibilities within the Sustainable Labour framework, so that the responsibility of each stakeholder has a positive impact on that of the other interested parties.

**Transparency**
as a Benefit Company, the company undertakes to **communicate and report on an annual basis according to independent standards acknowledged on an international level** all results achieved, the progress and future commitments - both towards the shareholders and the general public - relative to the achievement of the common benefit goals established in the Company by-laws.

## THE COMMON BENEFIT GOALS

**Common benefit goals** have been identified with respect to the following stakeholders:

### The people (candidates, workers and employees)

- Promotion/tabling of initiatives/support activities in accessing the job market, creating and updating skills in line with the market, in order to **maximise occupational levels**;
- Promotion/tabling of initiatives/support activities for personal/professional growth and the management of job transitions in order to maintain a **position in the job market**;
- Promotion/tabling of initiatives/support activities for a **correct work-life balance**.

### The community

- **Development of initiatives/tools** that promote the meeting of offer and demand in the job market;
- **Development of initiatives/tools that favour the evolution of the job market** in a more inclusive, non-discriminatory and safe way and where fairness and meritocracy are guaranteed;
- **Promotion of studies and research, tabling of initiatives**, even of a cultural nature, either directly or through networking in order to implement replicable economic models on the job market, including the dissemination of a "sustainable work" culture;
- **Collaboration with not-for-profit organisations**, associations and other institutions engaged in the promotion of projects and services consistent with common benefit goals.

### The institutions

- **Formulation/promotion of proposals** that help the evolution of occupational legislation, combining market flexibility requirements with people's need to be continuously employed;
- With a view to **promoting subsidiarity, the promotion of public-private collaboration** aimed at finding work opportunities for the disadvantaged.

### Environment and territory

- **Paying attention to the social and environmental impact**, by reducing waste and enhancing assets and local infrastructure.

# 3

# Management report 2021



THE DOCUMENT CONTAINS FEW CHAPTERS EXTRACTED FROM THE MANAGEMENT REPORT APPROVED BY THE MANAGEMENT BOARD. THE FULL VERSION OF THE MANAGEMENT REPORT IS AVAILABLE AT THE CHAMBER OF COMMERCE OF MILAN.

# 3.1

# The macroeconomic scenario

Following a year marked by the Covid-19 pandemic, 2021 has witnessed a significant **global economic recovery**, thanks to fiscal policies adopted by governments around the world and the launch of the vaccination campaign.

Economic activity **rebounded strongly**, mainly due to the easing of restrictive measures imposed by individual countries, and growth in the summer months accelerated compared with the early months of the year. The leaders of this revival have been China, the Eurozone, albeit in a mixed manner, and the United States. However, in the second half of the year, growth slowed down due to several obstacles, such as the spread of the **Delta and Omicron** variants of the Coronavirus (Covid-19), supply-side bottlenecks, and rising commodity prices due to supply difficulties. Furthermore, energy product inflation has been, and still remains, a potential drag on overall production.
Taken together, these elements have led to strong **inflationary pressures** in all economies; specifically, in the last quarter of 2021 alone there is an overall price increase of 4% in Europe, which has continued into the early months of 2022.

Although it has not recovered from losses as a result of the pandemic crisis, **world GDP growth exceeds forecasts**, standing at 6.1%.
A more detailed overview that includes both the final figures for 2021 and the GDP growth forecasts for future years is provided by the World Economic Outlook:

| | | PROJECTIONS | | DIFFERENCE FROM JANUARY 2022 WEO UPDATE | | DIFFERENCE FROM OCTOBER 2021 WEO | |
|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| **WORLD OUTPUT** | **6.1** | **3.6** | **3.6** | **-0.8** | **-0.2** | **-1.3** | **0.0** |
| **ADVANCED ECONOMIES** | **5.2** | **3.3** | **2.4** | **-0.6** | **-0.2** | **-1.2** | **0.2** |
| UNITED STATES | 5.7 | 3.7 | 2.3 | -0.3 | -0.3 | -1.5 | 0.1 |
| EURO AREA | 5.3 | 2.8 | 2.3 | -1.1 | -0.2 | -1.5 | 0.3 |
| GERMANY | 2.8 | 2.1 | 2.7 | -1.7 | 0.2 | -2.5 | 1.1 |
| FRANCE | 7.0 | 2.9 | 1.4 | -0.6 | -0.4 | -1.0 | -0.4 |
| ITALY | 6.6 | 2.3 | 1.7 | -1.5 | -0.5 | -1.9 | 0.1 |
| SPAIN | 5.1 | 4.8 | 3.3 | -1.0 | -0.5 | -1.6 | 0.7 |
| JAPAN | 1.6 | 2.8 | 2.3 | -0.9 | 0.5 | -0.8 | 0.9 |
| UNITED KINGDOM | 7.4 | 3.7 | 1.2 | -1.0 | -1.1 | -1.3 | -0.7 |
| CANADA | 4.6 | 3.9 | 2.8 | -0.2 | 0.0 | -1.0 | 0.2 |
| OTHER ADVANCED ECONOMIES | 5 | 3.1 | 3.0 | -0.5 | 0.1 | -0.6 | 0.1 |

[FIGURE 9. – GLOBAL GDP PERFORMANCE]

As shown above, the figures illustrated show **significant growth globally** of 6.1% for 2021, which in the Eurozone, on the other hand, stands at 5.3%. However, even within the Eurozone itself, different performance levels are evident for different countries: Germany grew slightly, by only 2.8% during 2021, while Italy shows remarkable growth compared to the European average, standing at 6.6% growth over the previous year.

Projected economic development in 2021 in the Asian market, especially in China, is slowing down compared to earlier in the year, due to new waves of infection in the second half of the year, and subsequent lockdowns in metropolitan areas. The U.S. market has also experienced a slowdown in economic growth since the summer months, in contrast to the early months of the year when growth was faster than in other Western countries, thanks to the extensive vaccination campaign.

On the Italian front, GDP rebounded significantly, well above market forecasts. Growth is concentrated in the middle quarters of the year, thanks to an easing of restrictive measures, while the first and fourth quarters record a contraction in GDP, corresponding to new waves of infection.

In fact, the fiscal policies implemented by the Italian government and the European institutions, the expansive monetary policies of the European Central Bank and the approval of the **Recovery Fund** within the **Next Generation EU** package by the European Union, have made it possible not only to contain the impact of the pandemic in terms of the employment level but also to foster a gradual recovery of economic activity, which has gradually consolidated and strengthened over the course of 2021, leading to GDP growth that is significantly higher than forecast as at the beginning of the year.

The recovery has mainly favoured the services sector, more specifically the trade, transportation, accommodation and catering sector characterised by the recovery of tourism activities, with accommodation and catering services playing a leading role.

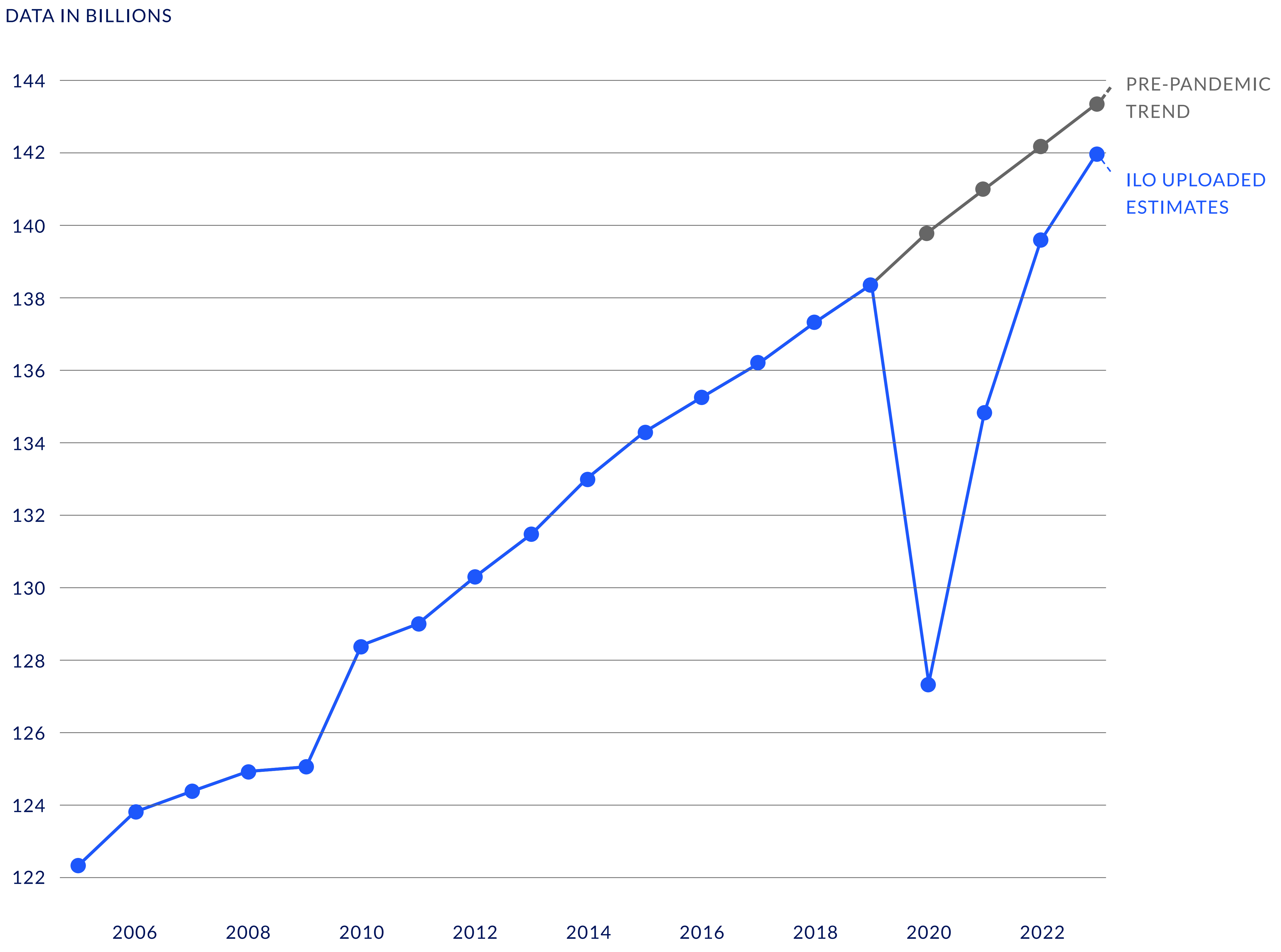
Forecasts for 2022 were, up to the first month of the year, very favourable, thanks to market signals such as steady growth in international trade, and once again, an improvement in labour market figures in the last quarter of the year.

The forecast picture has changed substantially due to two events: on the one hand, the uncertainty caused by the **war between Ukraine and Russia**, which broke out in February 2022, resulting in a slowdown of the global economy, and a significant increase in prices for commodities from Russia, including gas. On the other hand, the **high level of inflationary pressures**, which could reach 8% during the course of the year, easing, according to forecasts, only in the second half of the year. The expected consequences are as follows: reduced spending propensity by the population, lower investment by businesses, partly due to higher bank rates, and slowdown in global trade.

# 1. THE SCENARIO IN THE INTERNATIONAL LABOUR MARKET

Research conducted by the **International Labour Organisation - ILO** - estimates that the global job market has seen a significant improvement, in terms of employment, albeit not recovering what was lost before the pandemic crisis. One indicator that can provide a snapshot of the level of employment is the **number of hours worked** on a global scale during 2021, up 5.9% from 2020. A more pronounced recovery can be seen in high-income countries, while low- and middle-income countries note a more tentative recovery, linked to the low incidence of vaccines in the population. Asia and Latin America show the largest increase in hours recovered, while in Europe, the countries with the most significant recovery are, in order, Spain, Italy and Portugal. Germany reports a slight growth of 0.5%, mainly due to the difficulties encountered in the procurement of raw materials, with particular reference to the automotive sector.

The **unemployment rate** on a global scale is not expected to return to pre-pandemic levels until 2024. In fact, the unemployment rate decreased by only 0.4%, from 6.6% to 6.2% on a global scale.
Still using the number of hours worked per week globally as an indicator, this year's figure is expected to be just under 140 billion, compared to the more than 142 billion that would have been reached, according to ILO estimates, in the counterfactual scenario of no pandemic outbreak.
The graph below shows the pre-pandemic trend and the trend impacted by the effects of Covid-19:




[FIGURE 10 - NUMBER OF HOURS WORKED PER WEEK GLOBALLY (SOURCE: CALCULATIONS FROM ILO ESTIMATES)]

## 2. THE SCENARIO IN THE ITALIAN LABOUR MARKET

In 2021, **the Italian labour market recorded a sharp recovery in terms of employment**; as at December 2021, the number of people employed in the country is 22.8 million, still showing 200,000 fewer people employed than pre-pandemic levels. Workers hired on a permanent basis and self-employed workers are declining, leaving room instead for growth in the number of temporary workers: this figure reflects the prudent strategy of businesses, which seek more flexibility because of the instability that has characterised the past few years.

However, the positive figures cannot be separated in their analysis from a fundamental and preliminary consideration: we are clearly dealing with a job market in strong transition. Indeed, the concomitant and synergistic overlapping of the digital transition, the environmental transition and the demographic transition will profoundly and on many fronts affect society and, above all, the employment structure in the near future.

The **digital revolution** is having an impact with the creation of new jobs and professions and, in parallel, will fuel change in the skills needed to carry out "old" professions. In any case, the professions of the future will be more complex, resulting in the need to essentially rethink the role of professional and/or educational training.

In another respect, in light of the tragic events related to the Russian-Ukrainian conflict, there is a growing and renewed commitment in the energy and environmental field focussed on the so-called "**green transition**". This will inevitably favour the development of employment opportunities for all those activities related to renewable technologies, while penalising energy-intensive sectors that may require major restructuring. Active labour policies will play a key role in this area, which will be most effective where marked by the synergistic contribution of the private sector.

Lastly, **demographic processes**: an ageing population is now a distinctive factor in advanced economies and will bring about, in addition to a generational change, the need to recalibrate welfare policies as well as, in the absence of labour, a rethinking of immigration policies.
Precisely in the face of the described dynamics of change, accelerated by the pandemic shock, the **National Recovery and Resilience Plan (Piano Nazionale di Ripresa e Resilienza - PNRR)** was implemented and approved in the first half of 2021. The Plan presented by the Italian government and approved by the European Commission is succinctly divided into six "missions," among which, that related to inclusion and cohesion will be fundamental for the Italian labour market, which includes a structural revision of active labour policies, a strengthening of employment centres and their integration with social services and the network of private operators.

## 3. TEMPORARY EMPLOYMENT

2021 was a year of great recovery for companies engaged in staffing services: with a particular focus on the Italian market, from April 2020, the most critical time of the pandemic, to December 2021, there was a **54% increase in agency workers.**

In addition to recovering pre-pandemic levels, the temporary staffing market **is experiencing an all-time high**, with more than 525,000 contributory positions in Italy in November 2021. Confirming this is a study conducted by Assolavoro on industry trends, which records the number of temporary employees from January 2020 to November 2021: from pre-pandemic levels, the number of agency workers grew by 36.2%.

There are many reasons attributable to such a growth in the sector: one of these is the flexibility that temporary employment provides companies in uncertain times, such as those experienced in recent years; another key element is most likely that of outsourcing recruitment activities, to benefit from the know-how that characterises the employment agency sector.

It should also be noted that on 25th May 2021, the Italian government issued the so-called "**Support Decree Bis" (Italian Legislative Decree no. 73/2021),** introducing changes in relation to the Dignity Decree: employers will have more flexibility than previously in the use of temporary contracts, including agency contracts.

The national scenario, at the economic level and with specific reference to the labour market, is detailed in the Management Report of Gi Group S.p.A.

3.2

# Expected development of operations

The Group, in relation to its own mission and in the role of HR Business Partner, responding to customers' needs through an integrated value proposition, identified strategic actions and guidelines for the purpose of pursuing objectives that have priority:

- for **growth and market positioning**, increasing volumes in administration will be fundamental in guaranteeing the staff development, and acquisitions, to consolidate the company's presence of markets where the Group is already operative;

- for economic profitability, the increase of the margin is a priority to be achieved through attention to territorial business, the practice of permanent staffing, and other services that offer high added value; the attention paid to working capital and terms of payment are fundamental elements for improving the financial position;

- in order to meet customers' needs, the Group must develop its Value Proposition with **integrated solutions** between temporary staffing and complementary businesses like outsourcing and professional, as well as consolidate the generation of value of the other businesses, like search & selection and training, reinforcing the commercial model oriented toward narrow diversification;

- be **candidate-driven** and make the difference in proposals that target candidates;

- the **individuals, processes, and technology** are key elements for achieving efficiency, effectiveness, and competitiveness of the Group.

Therefore, understanding the expected development of operations cannot be separated from an illustration of the performance in 2021, by Region and Practice, and by the Group's dynamic reaction to the events that have characterised the past year..

# 1. OPERATING PERFORMANCE, LINES OF DEVELOPMENT AND MAJOR INITIATIVES BY REGION

2021 was characterised by a **significant recovery** for Italian companies, and in particular **Gi Group S.p.A.** in the employment business, and by sustained growth in all foreign countries, compared to the previous year and, in general, to past results.

The Group operated through a Global model organised and structured by Geographic Areas, in specific, **Regions, Practices and Central Functions**, in order to ensure the pursuit of a common strategy and the execution of key initiatives in support of the entire Group.

The identified Regions are as follows:
- Italy
- Western Europe
- Central Europe
- Eastern Europe
- Latam & Hiberia,
- APAC – Switzerland – Lithuania.

It should be noted that the countries included in the Regions have not been solely selected based on geographic criterion but also on the basis of reasons of internal organisation in the Group and professional experience of the Regional Heads, the persons responsible for coordination; consequently, the Regions do not necessarily correspond to the Areas identified in the explanatory document of the Financial Statements, which pursues a purely geographic criterion.

Growth in foreign operations was mainly organic, including through the contribution of acquisitions carried out in 2020.

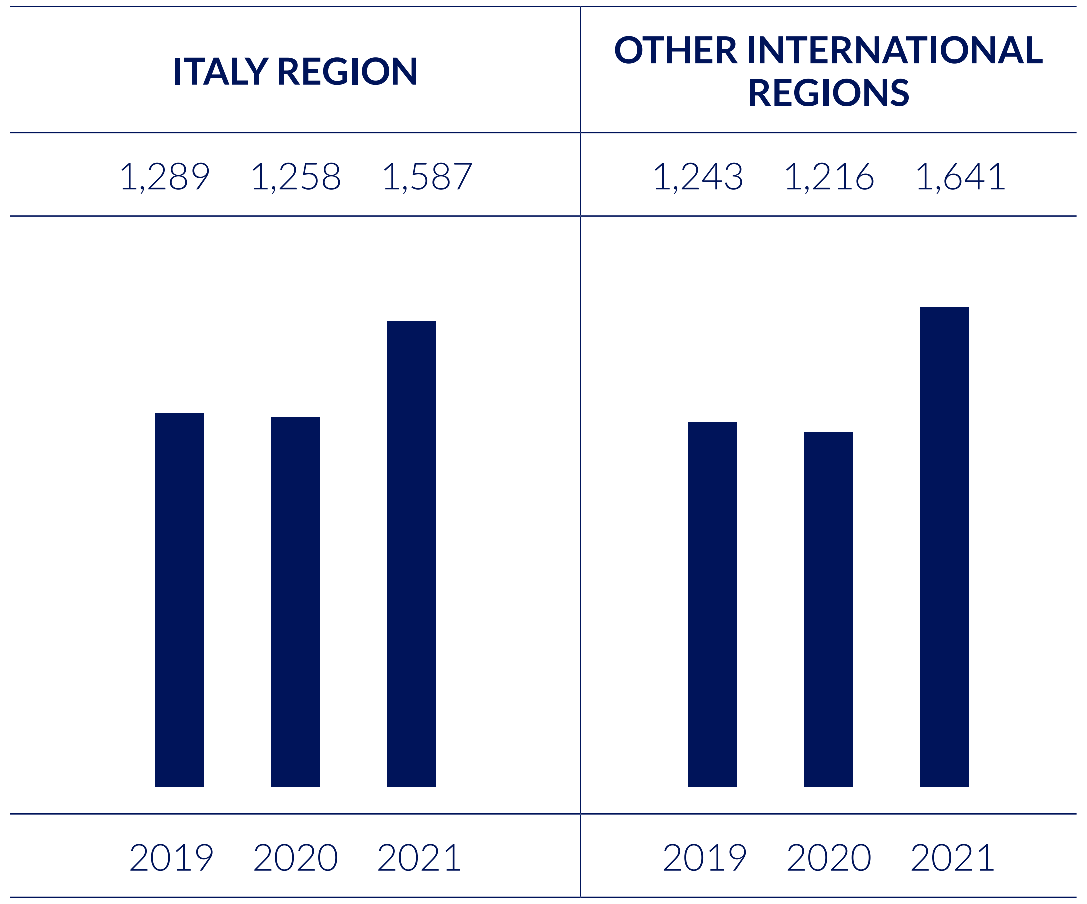
The increasing consistency of **international investments strengthens** Gi Group's role as a global partner for **large multinational customers** and diversifies the risk of its activity by broadening its geographical spread: this strategy proved effective in 2021, managing to offset the reduction of activity in specific sectors (e.g. Industrial, Automotive) and services (e.g., Search and Selection) with alternative channels less impacted by the contingent situation (e.g. Logistics, On line).

The strategy followed in 2021 focussed on three directions:

- **development and enhancement of businesses** not impacted by the slowdown in global markets, such as Temporary Staffing, Outsourcing and Professional staffing, particularly in the Logistics and On line fields,
- **optimisation of operating costs** and support for operations including through public support interventions, particularly Poland and Italy.
- **international M&A transactions** to support the growth of the Group and related integrations, with a view to structuring the business.

In terms of volumes of services provided, in 2021, Gi Group S.p.A. and the Group's subsidiaries have been able to seize the opportunities offered by a dynamic recovery context and, achieving results beyond expectations, have continued on the **path of growth and strengthening** of their skills, complementary services to temporary staffing and positioning as a market leader recognised for the quality and sustainability of services offered: Italian companies have recorded an increase of +26.2% compared to 2020, together with the Group's foreign companies, characterised by different businesses and structures depending on the countries, which have achieved +35% of Turnover compared to 2020.

The graph below shows the progress of turnover over the last three years, with the slight decline shown in 2020 in the face of the pandemic crisis and the sharp recovery noted in 2021:




[FIGURE 11 - EVOLUTION OF THE GROUP'S TURNOVER IN FY 2021 FOR ITALY AND OTHER INTERNATIONAL REGIONS]

As part of its globalisation strategy, in 2021 the Group continued to invest in **strengthening its positioning and market shares** in several foreign countries where there was already a direct presence, so as to increase the differentiation of the services provided and increase turnover volumes and economies of scale in the Group:

- in March, the Group completed the acquisition of **Jobtome**, among the world's leading online job aggregators. Founded in 2014, with registered office in Switzerland, today, Jobtome operates in 35 countries, with over 10 million users and more than 9 million offers indexed by 10 thousand sites worldwide. According to Colli-Lanzi, Jobtome's platform and implementation of programmatic advertising technology will enable the Group to further differentiate its service and improve its ability to match candidates and companies;
- May saw the consolidation of the Group's acquisition in Poland, through the **increase of the controlling stake**, acquired in 2020, of the group listed on the Warsaw Stock Exchange and a leader in Poland in human resources services;
- the end of June saw the **acquisition of 6 companies under the Axxis brand** (of which the main ones are Axxis Intérim & Recrutement, Axxis Formation and SES Recrutement), French companies based in Marseille; for more than 45 years active in the French territory with 54 branches, offering temporary and permanent staffing and training solutions to more than 1,700 customer companies.

**Internationality and multiculturalism** are the attributes of the Group: **Gi Group** operates in 3 continents with more than 6,700 internal employees, and 60.3% of employees (57.2% as at 31st December 2020) work in the international context. The countries with the **highest number of employees** remain Italy, Brazil and the United Kingdom:

| COUNTRY | % OF TOTAL (DEC. 2021) | COUNTRY | % OF TOTAL (DEC. 2021) |
|---|---|---|---|
| ITALY | 39.7% | HUNGARY | 0.9% |
| BRAZIL | 8.4% | SWITZERLAND | 0.9% |
| UK | 7.7% | THE NETHERLANDS | 0.7% |
| POLAND | 7.4% | BULGARIA | 0.6% |
| GERMANY | 6.0% | COLOMBIA | 0.6% |
| CHINA | 5.0% | USA | 0.6% |
| SPAIN | 4.7% | SERBIA | 0.5% |
| CZECH REPUBLIC | 4.0% | LITHUANIA | 0.3% |
| FRANCE | 3.6% | RUSSIA | 0.3% |
| INDIA | 2.6% | ARGENTINA | 0.1% |
| ROMANIA | 1.4% | HONG KONG | 0.1% |
| TURKEY | 1.4% | MONTENEGRO | 0.1% |
| PORTUGAL | 1.3% | UKRAINE | 0.1% |
| SLOVAKIA | 1.0% | CROATIA | 0.0% |

[FIGURE 12 – PERCENTAGE OF THE NUMBER OF EMPLOYEES PER COUNTRY IN RELATION TO THE GROUP TOTAL]

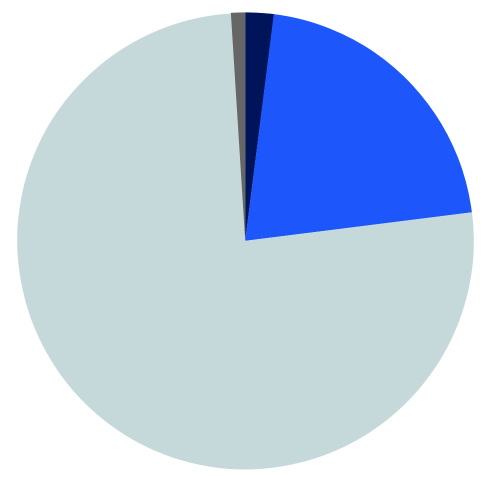
In 2021, more than 1,400 new corporate employees joined the Group, partly the result of new acquisitions in France and Switzerland, 17.4% (418) of whom were on Internship/Apprentice-trainee contracts, once again demonstrating the Group's willingness to invest in training **young people**.

The average age in the company was 35 years and the average seniority was 4 years.

The distribution of Group employees based on age is subdivided into the following five ranges:

WORKFORCE DISTRIBUTION

| | |
|---|---|
| THE BABY BOOMERS 1946-1964 | GENERATION X 1965-1979 |
| GENERATION Y MILLENNIALS 1980-2000 | GENERATION Z >2000 |



[FIGURE 13 – DISTRIBUTION BY AGE OF GI GROUP EMPLOYEES]

In the field of statistical data on the internal structure of the Group, the average age in the company is 35.6, the average seniority in the company is 5.2 years and 72% of the employees are **women**.

## 1.1. NATIONAL SCENARIO – ITALY

In 2021, the Italian market was characterised by the **strong "rebound" of the economy post Covid**. The structured vaccination campaign and safety measures undertaken throughout the country have enabled the gradual and accelerated recovery of the market despite the continuing infection spikes that forced the extension of the state of emergency throughout the year.

Although it has not fully recovered what was lost during the pandemic and growth dynamics have been uneven due to different phases of infection trends, **GDP at market prices, as estimated by Istat, grew by 6.6%.**
In general, almost all production sectors followed positive trends in terms of added value generated, but the recovery was driven, most of all, by the construction sector, followed by industry and manufacturing activities in particular. Services, including tourism, and trade contributed less as they only began to recover in the second quarter due to the easing of restrictions and social distancing measures.

The dynamics of continuous growth in fixed-term employment reverberates the very uneven dynamics of economic growth, the emergence of new variants of the virus, the difficulty in finding certain products, semi-finished goods and raw materials, and the rise in consumer prices, factors that, overall, have fuelled a climate of instability and uncertainty. It is worth noting that the positive employment figures could have been even stronger if there had not been skill mismatches and labour shortages, even in traditional sectors, as well as in specific sectors such as automation, ICT and e-commerce.

Figures for Italian companies demonstrate the **growing positioning of staffing services** that combine flexibility with the ability to select the most suitable personnel, teach hard-to-find skills and manage opportunities not only for younger people but also for staff with high seniority, guaranteeing employability and stabilisation performance far superior to temporary contracts entered into directly by companies.

In the Italian employment agency market, Gi Group S.p.A. has been able to confirm its role as an enabler, supporting and facilitating worker transitions.
Thanks, in part, to a very significant growth in corporate employees (+300 individuals) and specific investments in automation and digitisation of processes, an **all-time record of more than 40,000 FTEs** was reached by putting approximately **110,000** into work.

Special attention has been given to the needs of Corporate customers through the continuous development of complex, high value-added and digitised solutions, specialised by commodity sector and profile type.

In addition to investments to support the growth of traditional temporary staffing activities, there has been a focus on further developing the **professional segment** and **search and selection** services.

Finally, there has been a special emphasis on **training** (especially professional training), which, increasingly, is characterised as a strategic component both for providing candidates with the skills required by the market and for ensuring their employability over time. For this reason, Gi Group's first **Training Hub** was inaugurated in 2021, a physical and virtual place dedicated to hosting training activities that stand out for their ability to fill market demands for skills, for their effective learning paths, and for their focus on educating employees about the personal and social value of work. In this sense, more and more, Gi Group stands out as a **HR Business Partner** of the most sophisticated companies and as a reference point for candidates and workers including those characterised by various forms of disadvantage.

Consistent with its mission and the value of the services it provides, in 2021, **Gi Group** also committed to transform its articles of association and become a **Benefit Company**.

In 2021, the Group's Italian companies, as a whole, accounted for **49.2% of the Group's total consolidated turnover.**
The results of the Parent Company compliment those of the Italian subsidiaries, all of which grew with the exception of outplacement, which, as a highly countercyclical business, while maintaining an undisputed leadership position, suffered from both the freeze on redundancies and the subsequent rebound phase of the economy.

In particular, training services have been able to make the most of both the experience gained during Covid regarding the use of digital technologies as well as the gradual integration with staffing activities, and, also compounded by the need for businesses to catch up on courses that had stopped during the lockdown, showed robust growth.

Outsourcing of logistics activities continued growing in both volume and profitability and was strengthened by developing suitable processes to successfully address the evolutionary path set out in the three-year plan. Outsourcing of engineering and ICT activities also grew strongly and was able to carry through the integration of the major acquisition finalised as at the end of 2020. Finally, the outsourcing of field marketing activities, despite having suffered from the delayed restart of the retail sector, has consolidated its position and has established the business conditions for robust growth in 2022.

Search and selection activities in the "middle" segment, after a 2020 of complete stagnation, have resumed with vigour, returning to volumes comparable to pre-crisis levels; only "executive" search still lags seriously behind due to the slower market restart.

With the end of 2020, all applications for the use of the Salary Supplementation Fund (Fondo di Integrazione Salariale - FIS) were closed, and there was a move to strengthen, on the one hand, the return to in-person working, and on the other hand, the logistics of using smart working.

The actions implemented by Gi Group S.p.A. in 2021 to cope with the situation that emerged in relation to Covid-19 are represented by a **plurality of measures aimed at preserving the economic, equity and financial balance**, in compliance with the principle of business continuity, and are illustrated in the company's Management Report document, to which we refer for further details.

## 1.2. INTERNATIONAL SCENARIO – OTHER REGIONS

Overall, 2021 was the year in which the Group's foreign subsidiaries achieved their **best business results**, despite the persistence of the global pandemic in a number of areas/regions and the slowdown in certain industries.

The objectives for 2022 include consolidation of economic and financial results and further growth in each country, specifically:

- **to increase turnover levels and business volumes in all markets;**
- **to improve each country's internal profitability and internal structure productivity indicators**;
- **to increase the Gross Profit %**, through initiatives and actions that add value to Practices;
- **to control Net Working Capital** by carefully implementing measures to reduce the number of days that trade credits are outstanding.

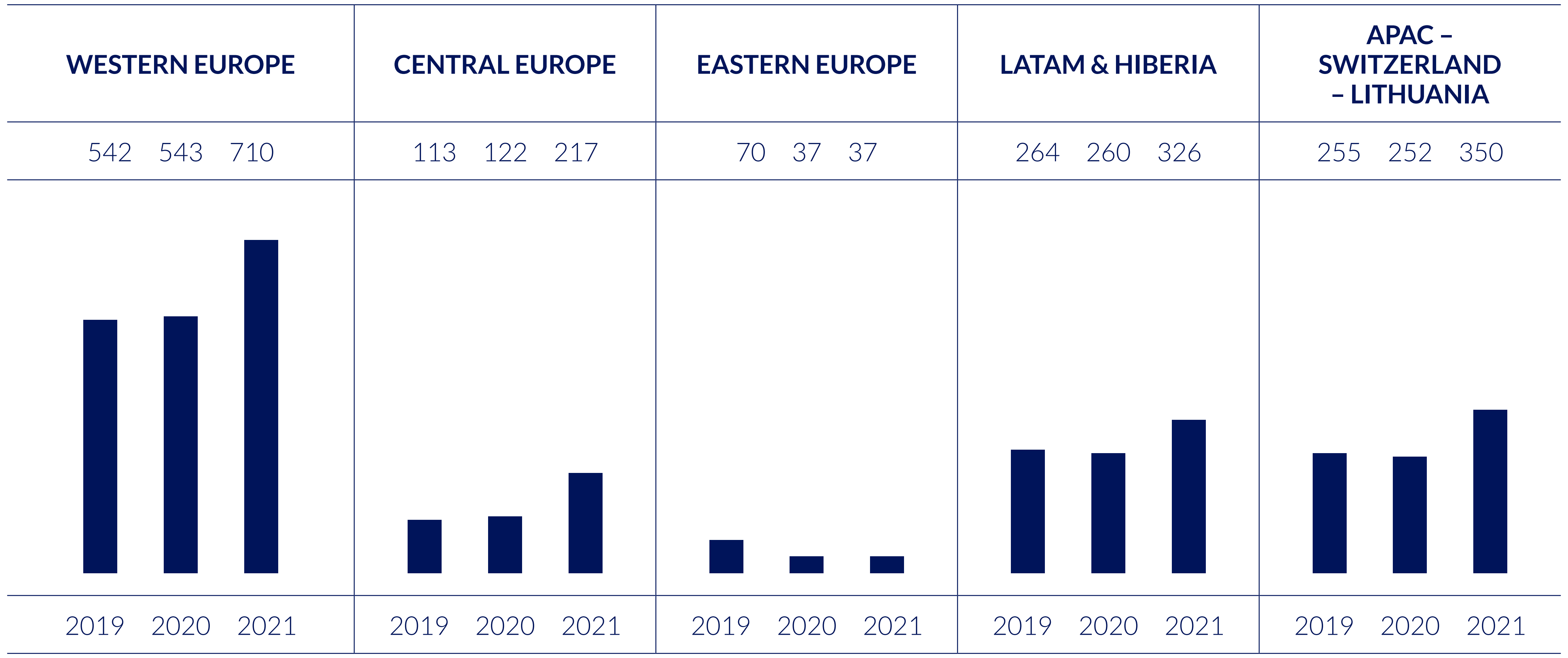
Business strategies are focused on Solutions – Candidates – People:

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

In 2021, the Group's international companies achieved **50.8% of the Group's overall consolidated turnover**, and in turnover performance, all Group countries achieved very significant results.

The following chart shows the evolution over the past three years of the consolidated turnover achieved in each International Region:

**EVOLUTION OF TURNOVER INTERNATIONAL REGIONS** (IN MILLIONS OF EURO)




[FIGURE 14 - 2021 CHANGE IN GROUP CONSOLIDATED TURNOVER BY INTERNATIONAL REGIONS]

The growth recorded in the Western Europe region is influenced by the acquisition of the French companies (Euro +60.5 million for the 6-month contribution to the Group's consolidated turnover), but also by the performance of UK and Germany, on a like-for-like basis. In the LATAM region, Spain and Brazil achieved notable results (despite the negative effect of exchange rate fluctuation) as did the Chinese companies for APAC, all on a like-for-like basis.

In detail, the country trends by Region are provided below:

## WESTERN EUROPE

### France

In 2021, Group companies in France were characterised by s**ignificant organic growth (+65%) and the acquisition of AXXIS Group companies,** whose integration process is still ongoing.

The turnover of the **Temp & Perm** business, considering the full year of Gi and the second half of the year for Axxis-branded subsidiaries, was Euro 98.4 million in 2021.

Despite the crisis, the automotive sector grew (thanks to the acquisition of new customers) while the construction, airport operations, and tourism sectors were hard hit.

The main focus for 2022 for this business is to optimise participation in tenders for French multinationals and expand the current business in place with large companies.

This will be made possible because of the satisfying level of coverage in France, with more than 80 branch and SMS locations.

The objective is to increase revenues by Euro +30 million, mainly by opening new SMSs and 2 new branches, and by improving the average number of FTEs per branch.

In the **Search & Selection** business, the Wyser brand has seen an increase of 40%, but in 2022 it aims to continue its growth strategy: it plans to hire 2 new consultants to lay a solid foundation for the 2023 year.

For the **Professional** business (Grafton brand), 2022 will be a year of growth, following the improvements achieved in 2021: the team has doubled in size with 12 consultants at year-end and revenue growth is 300%.
Further growth of 65% is expected by 2022 and an expansion of current business lines, creating 1 or 2 new lines.

**Outsourcing** activities increased by 10%.

As a result of the acquisition, the **Training** business was launched through Axxis Formation and revenues exceeded Euro 700 thousand. **Axxis Formation** will strongly help Temp & Perm in engineering training for its customers and its business needs to achieve stability in terms of revenue and profitability.

### Germany

In 2021, **Gi Group** in Germany operated on 4 different business lines:

- **Temporary Staffing**, through the company Gi Group,
- **Professional** through the Grafton companies,
- **Light Outsourcing** through Gi Group Outsourcing,
- **Assessment**, through Thomas International, as a provider of assessment tools for human resources.

In 2021, the Group's total revenues in Germany amounted to Euro 205 million, an **increase of 18%** over the previous year and more than 360% over the past 3 years. This result exceeded the presented Budget and is significantly better than the overall market trend, which still shows a negative trend comparing 2018 and 2021.

The main development drivers of German companies are the supply of operators in the sectors of E-commerce, Logistics, FMCG, Food, with a specific focus on the automotive sector. Growth was significant in the first half of 2021, following the positive trend in 2020, although with a subsequent slowdown in the second half.

The two most important factors in this reduction in growth were consolidation in the E-commerce sector, after two years of major business growth, and difficulties in the automotive supply chain caused by a lack of parts for major German automotive producers. The most notable consequence has been the high number of unplanned interruptions in production at many customers' facilities.
Nevertheless, Gi Group consolidated its position in the German Top 20 after the positive result in 2021.

Revenues are expected to increase in 2022, and the focus will be on the same sectors as in 2021, with expansion into two additional business areas: airport customer service and pharmaceuticals.

The two most significant pillars of supply in the German market will be:

- **online recruitment**
- **the development of the Site Managed Services (SMS) workforce management model.**

The quality of the processes provided and the continuous improvement of the technology used will also be important accelerators of Gi Group's growth trend.

One of the goals for 2022 is the development of the “**International Mobility Recruitment**” project.

Gi Group Germany has already had significant growth in this area in previous years (with more than 2,000 hires in 2021), but the goal is to reach more than 6,000 placements with a new dedicated organisation in Germany, a team of foreign recruiters and in several EU countries with local teams managed by the German recruitment team.

The Professional business (Grafton) had a positive performance in 2021; the main area of development was the Telco business as well as the full recovery of Covid-19 related losses in the shared service business unit and the Fashion and Luxury business.

Finally, the other two business lines (Outsourcing and Assessment) are still under development and are expected to see a positive trend of expansion by 2022, mainly in the Assessment service, thanks to the consolidation of the current partnership with Thomas International.

## The Netherlands

**Gi Group** in the Netherlands is active in several business lines:

- **Temp and Perm and Move Up (Eu Flex)**, focused on achieving high volumes in staffing services (Blue Collar and White Collar);
- **Grafton**, specialising in **professional search and selection** in the fields of Sales & Marketing, Luxury & Fashion, Logistics & Supply Chain;
- **Light Outsourcing**;
- **Payroll and Freelance Services**.

2021 was still marked by the Covid-19 pandemic, characterised in the Netherlands by long and intense shutdowns of non-essential activities, closed schools, and mandatory work from home.

Despite this, the Dutch economy recovered rapidly from -3.8% in 2020 to 4.8% in 2021. This phenomenon is mainly due to increased product exports and increased spending by both the government and households. In line with economic growth, GDP increased from 6.2% in the first quarter, to 13.5% in the fourth quarter of 2021.

In 2021, the number of job openings increased to 387,000 as at the end of December, up from 213,000 in 2020. This explains the rigidity of the labour market, as the unemployment rate of 3.8% in 2021 was very low compared to pre-pandemic years. This is due to the government’s financial support programmes, which have prevented companies from having to lay off their employees.
The Dutch economy is estimated to grow by 3 to 3.5% in 2022, which will enable Gi Group to consolidate and increase its market share in the industry.

In 2021, Gi Group Netherlands continued on the path of sustainable revenue growth by increasing turnover by 40% over the previous year.

The Temporary Staffing business lines mainly drove this growth; the Grafton business, on the other hand, experienced some slowdown compared to expectations but careful control of operating cost management allowed for a positive performance over the year.

2022 will be the year of consolidation of the Gi Group and Grafton brands and the launch of the Marks Sattin brand, which specialises in the professional search and selection of financial and accounting roles.

The main focus will be on operational excellence to ensure optimisation of service to customers and to attract new customers to ensure continued growth in the market.

## United Kingdom

The Group operates through a variety of established business lines in the United Kingdom and Ireland:

- **Temp & Perm Staffing** operations, under the Gi Group brand, are the largest and provide services through a network of branches and SMS in more than 80 locations.
- Marks Sattin is the UK’s leading **professional search and selection** company for roles primarily in finance and accounting, IT and computing, and is involved in Executive role searches through 7 locations, including the Dublin office.
- The Intoo brand provides **Outplacement and Executive Coaching** services.
- **Training** services are delivered through the TACK TMI brand, which also supports the Employability Skills & Learning division by offering Gi Apprenticeships, which enable customers to use apprenticeship funding.
- The **Grafton brand** is active in the **recruiting of White Collar professionals**, including a range of technical specialists.

The UK economy, along with the rest of the world, continued in 2021 to be dominated by uncertainties related to the global Covid-19 pandemic. However, the fast pace of the vaccination programme in the UK has contributed to positive sentiment regarding economic growth in the domestic market.

In fact, the UK economy grew 7.5% in 2021, recovering from its historic 9.4% slump in 2020 as pandemic restrictions stifled activity.

Although there has been a recovery in the economy, there have also been a number of factors that have reduced potential growth. The shortage of applicants, which has led to a labour market with more than one million vacancies to be filled, was the result of a number of factors, including new immigration rules for EU citizens following the Brexit process. Rising energy and commodity prices, along with logistical constraints and high inflation rates, are issues that have limited growth and have a strong influence on the short-term economic outlook.

Regarding the labour market, the amended IR35 law came into effect in the UK on 6th April 2021. Known as "off-payroll working rules," IR35 determines how an independent contractor should be taxed.

The key change is that it is private sector companies (if they qualify as medium/large enterprises according to defined criteria) that have to determine the **IR35** status of an independent contractor: in general, if classified as falling under IR35 they will have to pay taxes and National Insurance (NI) contributions through PAYE, the UK's national payroll system. However, this does not make them equal to employees, but it does mean that companies or agencies are responsible for deducting taxes and contributions before paying an individual's salary.

After several years of declining unemployment rates, 2020 saw a significant increase. However, 2021 showed a recovery and the unemployment rate decreased by 0.4 percentage points from the last quarter of 2021 to 4.1%, while the economic inactivity rate increased by 0.2 percentage points to 21.3%. The rate of redundancies dropped to an all-time low after the end of the Coronavirus Job Retention programme.

Despite the difficulties faced in 2021, in the UK and Ireland, Gi Group as a whole performed well, delivering robust year-on-year growth in margins and producing significant improvements in profitability and productivity.

**Revenues showed an increase of 8.3%** and **first margin increased by 31%,** while overall results grew by Pound 3.6 million over the previous year.

This positive performance was the result of strong growth in the Professional and Permanent business lines - Marks Sattin, Grafton, and Blue Perm - along with improved relationships and customer portfolio in the Temporary business.

The Temp & Perm Staffing business in 2021 showed revenue growth of 8.8% and at a margin of 23.9%. Permanent employment of Blue Collars within the business line has picked up significantly, with 57.1% growth, and remains a strong area of focus for the future of the business.

**Marks Sattin** has been one of the best performing business areas, achieving excellent results and profitability. Despite the negative effect of the new government IR35 rules on the volume of staffing of skilled temporary workers and contractors, the overall margin increased by about 45% over 2020.

After starting the year with 67 Fee Earners, the number of hires steadily increased, ending with 77 commissioned consultants and a total staff of 89 workers.

**Intoo** has had a difficult year due to the economic situation, being an 'anti-cyclical' business, characterised by a shortage of candidates. As a result, total sales volume decreased by 33% and a cost containment strategy was applied to reduce losses for the year.

The **Grafton** business was launched in early 2020 at the height of the Covid-19 pandemic, in a particularly difficult year. However, the recovery in 2021 was positive, with revenues increasing by more than 130% and the margin growing by more than 140%.

**TACK TMI**, after facing significant challenges in 2020 as in-person training was nearly eliminated, began to show signs of recovery in 2021 through the development of distance (online) courses and support for apprenticeship programs, not only for Gi Group customers, but also internally.

After a positive course for 2021, in which there was an overall improvement in performance, further growth is expected in 2022; expected results indicate exponential growth in brands dedicated to the search and selection of specialised profiles (Marks Sattin and Grafton) and further margin improvement in the staffing and temporary business.

The strategy remains centred on profitability, with a focus on strong sales activity, increasing margins, and diversifying the customer base. Key priorities of the 2022 strategy in the UK and Irish markets will be candidate experience, attraction and retention, investment in internal learning and development, and continued focus on equality, diversity and inclusion, as well as investment in automation and digitisation of internal systems and tools.

## Danimarca

The Group operates in Denmark through the global training and consultancy brand “**TMI**”. TMI (Time Manager International A/S) has registered offices in Skaevinge, and is a leading consulting and training company, which also works through a network of partner companies around the world that provide customised and innovative solutions that inspire and enable the implementation of strategy and business transformation through the definition of organisational cultures.

## CENTRAL EUROPE REGION

### Poland

Poland provides HR services to a wide-range of customers through various brands:

- **Grafton** (white collars recruitments, temporary staffing, outsourcing)
- **Gi Group/T&P** (Blue and Black collars recruitments, temporary staffing, outsourcing)
- **Wyser** (middle & senior management recruitments)
- Plus, Poland is licensed distributor of training solutions of **Tack & TMI and Thomas International**.

All of this results in significant complexity of operations on the one hand, but on the other hand provides a unique value proposition with high opportunities for synergy between brands.

In 2021, Gi Group in Poland continued the positive trend of the second half of 2020: Grafton has undertaken significant growth, partly due to the decisions already experienced by investors in relation to FDIs in Poland, which is a great business opportunity.

Wyser, after doubling revenues in 2020, also achieved substantial and organic growth in 2021, benefiting from the new strategy introduced in previous years.
The Gi Group brand grew both organically with existing customers and through the acquisition of new customers, although in the second half of the year it was affected by lower demand in the automotive sector as a result of reduced activity due to a lack of components.

2021 was also marked by the integration of **Gi Group Poland Group** (formerly Work Service), acquired in mid-2020, which mainly benefited the Gi Group/T&P brand.

In relation to the T&P business, two major trends are observed to have characterised 2021:

- downsizing of operations in terms of required temporary workers, caused by the COVID-19 pandemic;
- progressive reduction in operating costs mainly due to synergies from the integration of WS and Gi Group.

This situation has generated a negative trend in the second part of 2021, but which is believed to be confined to this year due to further synergies and a reopening of the market aimed at gradual replenishment of sales accompanied by improved operational efficiency and, consequently, attractiveness to customers.

The Polish companies managed to obtain significant local non-repayable grants dedicated to covering operating costs during the year, thanks to proper management of internal resources and cooperation with public agencies, as well as operating income related to the Covid-19 public grant, amounting to approximately PLN 19.3 million.

In spite of the Covid-19 pandemic, Gi Group Poland S.A. and its subsidiaries have continued to operate in the HR services market and, after the completion of operations in the area of operational and financial restructuring, will focus on returning to higher levels of revenues, which, due to the effect of synergies, can contribute to better results for the Group in the future.

2022 will be a year full of potential for various businesses, starting with **Wyser and Grafton**, where new branch openings are planned to be even closer to customers, and continuing with T&P where the negative effects of Covid are expected to have less impact and the automotive sector is expected to recover.

The main unknown is related to the situation regarding the war in Ukraine; Gi Group Poland has undertaken numerous charitable activities aimed at ensuring support for both Ukrainian colleagues and temporary workers, and also for all refugees in need of help.

To date, the impact on business of all these factors cannot be predicted, on the one hand several customer companies that have suppliers or are exporting to Ukraine or Russia may be hit hard, drastically reducing the demand for candidates, but on the other hand Gi Group Poland continues to commit to playing a social role as an early adopter for finding job opportunities for refugees who come to Poland and need to work.

### Czech Republic

The Group operates in the Czech Republic with two companies, GI Group Czech Republic and Grafton Recruitment, offering **temporary, permanent staffing, and Professional services**.

In 2021, despite the pandemic situation, the Group showed a positive performance and doubled profitability compared to 2020.

Temp activity in the fourth quarter, as measured by Gross Profit, was 11% higher than the same quarter in 2020.

The company has successfully responded to the ongoing pandemic, including through substantial cost reduction, and the Group has decided to invest in new internal resources, with the aim of increasing its productivity, considering that the market has been cautious but recovering.

Furthermore, in early 2021, the local integration of **Work Service Czech Republic (WS),** which provides Temporary Staffing services, was initiated, a transaction that was concluded with the legal merger of GI and WS, effective beginning 2022.

According to the Association of Employment Agencies in the Czech Republic, **Gi Group** ranks as the top player in White Perm recruitment and the second in the Temp business in the country: the acquisition of WS helped it take second place in the overall market ranking.

2022 still looks to be a complex year due to Covid-related uncertainty, the geopolitical situation in Central Europe, the lack of candidates, and potential changes in EU legislation. Expectations are to achieve further improvement in relation to 2021 in terms of market share, taking full advantage of synergies with WS in both the Permanent and Staffing services lines of business.

### Slovak Republic

The Group has had a presence in the Slovak Republic, in Bratislava, since 2015 and as at the end of 2018, it added **Specialised Recruitment** services, provided by two companies under the Grafton brand, to its existing **temporary staffing** business.

Due to Covid-19, the Group's performance was below expectations but more positive than in the previous year: the two factors that contributed to the improvement in market share were the development of the Perm business and the local integration of the 4 Work Service Slovakia (WS) companies, which mainly operate in the Temporary Staffing sector.

In addition, 2 major organisational changes occurred in 2021:

- the Gi Group brand has focused on the "**Blue and Black Staffing and Permanent**" division, while the "White Staffing and Permanent" was repositioned into the **Grafton brand**, with several branches and Teams dedicated to these activities. This is in line with the Group's strategy and allows it to focus on different goals: increasing volume in Gi Group and profitability in Grafton;
- the integration process of **WS** companies into Gi Group's **T&P** structure began, which has generated important synergies and the acquisition of new customers.

### Hungary

2021 was a year of recovery for the Group in Hungary, although the first part of the year was marked by the negative impacts of the Covid pandemic.

For the new business lines **Wyser** and **Gi Group Temp & Perm**, which were introduced as at the end of 2020 with the creation of two new companies, 2021 was a year of investment, bringing positive effects in relation to productivity and the Group's positioning in the Hungarian labour market. This, together with a very positive performance by **Grafton** (the division dedicated to Professional), enabled the Group to achieve positive results for the year.

In 2021, additional investments were made in order to expand office space to accommodate the growing number of staff, which doubled during the year to a total of 44 FTEs, including recruitment consultants.

The outlook for 2022 is promising, although the very recent crisis in Ukraine shows negative impacts on supply chains, greatly damaging the automotive sector.

**Gi Group Hungary** has minimal direct exposure to the Russian and Ukrainian markets, so no immediate decline in opportunities is expected.

In addition, the Group plans to continue investment in all Business Lines, taking advantage of the consistent recovery in Professional Business, and gaining market share in both Search & Selection and Temp & Perm.

## EASTERN EUROPE REGION

### Romania

The Group operates in Romania through two companies, **Gi Group Staffing Company and Barnett McCall Recruitment**, which provide as their main activity, the supply of temporary workers but also carry out search and selection and outsourcing.

Due to the emergency measures taken in 2020, the impact of the Covid-19 pandemic on overall activity in 2021 was minor.

Temporary labour and outsourcing have driven turnover and margin growth with important results for the Group. In fact, 2021 saw the highest EBITDA value in the entire history of Romanian companies.

The shortage of candidates has been addressed by internal mobility, implementing a new Business model (International Mobility) that in 2022 is hoped to be extended to other countries in the Group.

The **Wyser** business, after a negative performance in 2020, has begun to bring value with a specific focus on the IT market, one of the sectors that has been going through a period of great development in recent years marked by the pandemic and extreme digitisation.
Grafton, on the other hand, increased team volumes and consistency as did Gi Group Perm, which achieved record results.

In 2022, Romanian companies will continue with the strategic consolidation of activities, but the impact of epidemic variants in terms of slowdown for manufacturing customers is expected due to increased energy costs.

### Bulgaria

The Group in Bulgaria operates through three brands:

- **Gi Group** offers temporary, permanent and outsourcing employment services,
- **Wyser** offers search and selection services,
- **Tack&TMI** offers HR consulting, training and outplacement services.

2021 was characterised by pandemic waves, with negative effects on the activity of Bulgarian companies and in particular on the training division of Tack&TMI and the search and selection of Wyser.

Government aid has reduced the negative impact on Tack&TMI with a 60/40 system i.e., 40% reimbursement of personnel expenses. The company has invested resources obtained through government aid in technological innovations to transform the business model toward digital applications to respond ever faster to customer demands.

**Temp Staffing/Outsourcing/Payrolling** saw a very positive performance due to the reorganisation that took place in 2019-2020 and, most importantly, due to the acquisition of new customers in territories other than the Sofia area. The team has been strengthened and the perm organisational unit has seen the recruitment of 4 new consultants; in addition, a team dedicated to International Mobility in relation to Germany has been created with 4 consultants.

Despite the difficulties faced during the year, the entire strategic context produced positive EBITDA with results that exceeded budget forecasts.

In 2022, the enhancement of actions taken in 2021 will be continued with a focus on candidate management, digital marketing, and further strengthening of Wyser.

### Serbia, Croatia and Montenegro

The Group operates in Serbia through 3 brands:

- **OD&M** Consulting Solutions Ltd, specialising in Training and Development, and HR consulting services,
- **Wyser Ltd**, focused on search and selection services,
- **Gi Group**, through Gi Group HR Solution and Gi Group Staffing Solution Ltd, specialising in Staffing and Permanent Recruitment services.

**Gi Group HR Solutions d.o.o.**, the Serbian holding company, has confirmed its leading position as a provider of innovative learning and development solutions and services, and is recognised as a leading provider of high-quality search and selection services.
The company also coordinates operations in Croatia and Montenegro.

The companies in Croatia are the following:

- **Gi Group Staffing Solutions Ltd**, specialising in permanent staffing and recruitment,
- **OD&M Consulting Solutions Ltd**, specialising in Learning and Development and HR consulting services,
- **Wyser Ltd**, specialising in search and selection services.

In Croatia, the company operates through an office in Zagreb, which mainly provides

training and recruiting services for middle management.

The companies that operate in Montenegro are:

- **Gi Group Outsourcing Ltd,** specialising in permanent staffing and recruitment,
- **Gi Group Ltd,** specialising in Learning and Development and HR consulting services,
- **Career Team Ltd,** specialising in search and selection, Learning and Development and HR consultancy services.

In 2021, the region with Serbia, Croatia, and Montenegro achieved a positive result, but not in line with expectations due to the stronger than expected pandemic impact. The main causes can be traced to the absence of state aid and a prevalence of the Temporary business that has been seriously impacted by Covid-19.

During the year, a number of cost containment actions were implemented, with a strategic reorganisation of the training division resulting in a positive result.

Montenegro focused on training and search and selection, and through these two businesses managed to make a significant profit after several years of losses; Croatia also achieved positive EBITDA due to the strengthening of the Zagreb office and the focus on new customers.

For 2022, the strategy of pushing Croatia is expected to be consolidated, Serbia will strengthen Temp Staffing with the hiring of a new dedicated Business Manager, and strategic training innovation will continue.

## Ukraine

The Group operates in Ukraine through **Gi Group Ukraine LLC**, a small enterprise with two offices, one in Lviv and one in Kiev.

Because of the pandemic, the strategy for 2021 was to freeze the international mobility business and focus exclusively on the domestic market. This led to a complete change of the team that was devoted entirely to search and selection for local clients, mainly back office centres.

For Temporary Staffing, the market is not yet mature and carries numerous compliance risks in relation to worker safety and worker compensation.

The scenario for the 2022 year, due to the ongoing geopolitical crisis and the significant difficulties that have emerged from the war, is extremely uncertain; at the time of writing, business activity is practically suspended, but the intention is to continue with a focus on search and selection, pending better regulations in relation to Temp.

## LATAM & IBERIA REGIONS

### Brazil

Gi Group in Brazil operates through two companies, with five divisions established under different brands, including:

- **GI GROUP**, which offers temporary employment and staff leasing, search and selection services;
- **GI BPO**, offering advanced outsourcing services, specialising in Digital & Back Office, Logistics & Industrial, C2C Trade marketing & Field Marketing, and staff leasing;
- **Wyser**, with search & selection services of technical and middle management positions;
- **Grafton**, which offers search and selection for specialists;
- **Tack & TMI**, which offers services such as training, leadership and management development, as well as customer experience.

There are 14 branches in 13 states in Brazil.

The **Temporary Staffing** division caters more to customers operating in the Hospitality sector (hotels and resorts) and has been expanded from Rio de Janeiro to other Brazilian cities, to consolidate the economic results of the positive experiences in this business encountered in previous years.

2021 was a pivotal year, and investments were made in digital and technology, workplace experience, team engagement and development, data privacy, and corporate synergies (integration). In addition to this, two new departments were launched to support growth and productivity: (i) Market Intelligence and BI to provide support to sales and marketing teams; and (ii) Innovation (process and digital) to support all Business Unit changes and improvements.

Despite the constraints on the economy due to the second wave of Covid, activity has experienced double-digit growth. This is the result of the market's growing awareness of the company's competitive advantages, increased territorial coverage, and the adoption of the client centricity approach, in which the customer and his or her needs are at the centre of business processes.

### Argentina

In Argentina the Group has been operating for ten years through **two companies**, one for **search and selection** and one for the **supply of temporary employment**.

Argentina is considered by ECLAC, the United Nations' Economic Commission for Latin America and the Caribbean, one of the more vulnerable economies, strongly influenced by inflation and by currency depreciation.
In this context, the Group's Argentine companies have invested mostly in HR consultancy rather than in the employment business, thus improving its market position.

Despite the pandemic and the resulting demanding situation, having digitised all recruitment processes, Gi Group is now in an advantageous position compared to its competitors, capable of achieving its goals, especially in the **Permanent Staffing** business. Growth was therefore higher than expected and confirmed the excellent service indicators acknowledged by customers.

The impact of the devaluation of the Argentine peso is allowing foreign companies to take an interest in Argentine profiles, creating a potential growth area in this sector for the coming year.

### Colombia

In 2016 the group started up a company in Colombia, the **GI BPO COLOMBIA**, identifying a market with huge potential. The activities offered fall under temporary employment and **search & selection.**

Two companies that were previously business partners were acquired in 2019: **Humannet Temporales** (later renamed **Gi Group Temporales**) and **Humannet Colombia**, the latter consequently merged into the parent company. The acquisition of the two small Colombian companies made it possible to penetrate the world of temporary employment with licenses and customers ready to exploit the growth of an interesting Latin American market.

Given the difficult situation resulting from the pandemic, the Group has decided not to continue with the expansion planned for 2020 and to focus on integrating the work of the various companies, expanding the range of services offered, such as training and executive research.

The Colombian economy has recovered significantly from the Covid-19 crisis, with GDP growth reaching 10.6%, reflecting mainly a strong recovery in domestic demand due to the size of the market and the extent of its natural resources.

2021 was a significantly **positive year** for **Gi Group Colombia**, achieving nearly triple-digit growth and opening the prospects for a major acquisition in 2022.

## Portugal

In 2021, Group companies in Portugal showed an increase in sales volumes, albeit operating within a context of market contraction.

**Gi Group** in Portugal provides **Temporary Staffing** services through 8 branches and 2 professional areas focused on multilingual service profiles, recruitment services for professionals in the Information & Communication Technologies area, through the **Qibit brand, and permanent recruitment with Wyser.**

The Portuguese economy experienced a strong recovery in 2021, achieving GDP growth of +4.9%. Despite this, the staffing market has not yet recovered to its pre-pandemic volumes (Source: Apespe Barometro Trabalho Temporario).

In this context, Gi Group has put in place a series of measures, organisational and managerial, as well as a strong acceleration in the digital transformation of the business, that have enabled it to respond efficiently to these difficulties.

Thanks in part to the optimisation of resources and processes, a process that had already begun in the second half of 2020, the performance of Portuguese companies was decisively above the market trend, enabling a significant increase in market share.

The search and selection business recorded a considerable improvement in productivity and related economic indicators, while the Outsourcing business, introduced in the second half of 2019 with GI BPO, doubled its sales volumes, exceeding Euro 2 million in turnover.

## Spain

The Spanish economy recorded a significant rate of GDP growth (+5.1%) after a sharp contraction in 2020. Despite this, the labour market has not yet fully returned to pre-pandemic levels, and the 2021 unemployment rate stands at 14.8%.

In 2021, **Gi Group Spain ETT** completed the integration of the staffing company acquired in 2020, Grupo Norte, improving market positioning among the top companies in the Spanish rankings, and achieving double-digit turnover growth.

The **search & selection** business with **Wyser**, after restructuring in late 2020 and early 2021, returned to positive results.

In any case, the divisions have overall maintained a good position in the domestic market.

## Turkey

**Gi Group** has been providing **Search & Selection** and **Outsourcing** services in Turkey since 2015.

The country, in order to achieve its growth objectives, must resolve the problems linked to what is still double-digit inflation, business debts, and stimulate investments with a focus above all on key sectors centred on industrial production that can create jobs, thereby reducing the high level of unemployment.

The **temporary & permanent staffing** business has benefited from several local projects, in contrast to 2020, involving skilled Turkish labour; overall, the labour market has taken great advantage of the temporary labour tool, given the peculiarities of flexibility offered in a phase of continuing economic uncertainty and with an unemployment rate that is on the upswing, compared to 2020, and stands at 12%.

The **Search & Selection** business saw significant efforts put into the launch, implementation and development of the **Grafton** (professional) brand; the results obtained were positive and proved the validity of the new brand's positioning in the Search & Selection segment; **Wyser** ranks among the top players in the market, being among the most valued in searching for technical profiles.

The **Training & Development** service has continued the process of renewing the way the business is managed, transforming content for use on digital platforms, and it can be said that it has found its own identity in the diverse Turkish world of training.

In 2021, Gi Group in Turkey records a 13.2% increase in revenues compared to 2020, demonstrating Gi Group Turkey's positive expansion trend.

## APAC – SVIZZERA – LITUANIA REGIONS

### India

The Group has been operating in India for several years and is specialised in the businesses of **Search & Selection and Temporary Staffing**.

2021 was a very positive year for Gi Group India, with a significant increase in turnover and margins in staffing but especially in search and selection.

The Indian market has recovered well from the extended lockdown, and companies have quickly become accustomed to a hybrid form of work without slowing down their demands for new hires.

Personnel investments were carried out during the year with the addition of new Sales staff and a marketing director; several offices were also renovated, including the headquarters.

In the area of CSR, major projects have been carried out on the theme of mental health and women at work, with excellent impact in the press and online.

2022 has started very well with the launch of a collaborative project with government agencies in relation to skilling and apprenticeship, and the results are paying off for the investments made as the digitisation process continues.

### Greater China

The Group has a presence in China offering **temporary staffing and permanent** services, **search and selection**, and **training proposals**. The main offices are in Beijing, Shanghai, Guangdong, Jiangsu, Zhejiang and Hong Kong, thus serving diverse geographical areas. In total, the Group has 52 branches and 21 Site Managed Services (SMS) operating in China.
Gi Zhejiang is currently a member of major labour market associations, holding the position of Chair of Ningbo HR Association, Deputy Chair of Shanghai Association and Zhejiang HR Association.

**Gi Beijing Co., Ltd** is a Group company active in the **Search & Selection** sector (Middle Management and Executives) operating through the Wyser brand, with 6 branches in Beijing, Shanghai, Guangzhou, Shenzhen, Suzhou, Ningbo and Hong Kong. Currently, around 120 consultants, who have an average of 8 years of experience, collaborate and the company is able to offer a professional service in 9 different areas.
The international background and personalized service has received an excellent response from customers.

In 2021, **Gi Group** in China underwent a **strong development** in relation to turnover and margins due to investments made in 2020, despite the pandemic.

**Staffing**, in particular, experienced significant growth as business picked up and national lockdowns eased, while **Outsourcing** and **Search and Selection** still suffered somewhat from the spot shutdowns of entire cities by the Chinese government under the "Zero cases tolerance" policy that includes closures and lockdowns for millions of people as a result of even just a few dozen cases.

In any case, the **permanent and executive S&S** business still witnessed substantial growth over 2020. The process of upgrading digital systems that began in late 2020 has also been initiated, and further developments are now planned.

By 2022, the Group plans further investment to strengthen the management team and the Permanent business unit.

### Russia

The Group is headquartered in Moscow and operates through three companies in the market: Gi Group for **temporary staff, Wyser** for **Search and Selection** activities, and **OD&M** for **HR consulting and training**.
In 2021, the economic climate in Russia was still dominated by market and energy price uncertainty; in fact, long periods of post Covid reopening alternated with sudden extended shutdowns.
In spite of this, the Group in Russia managed to restart well on the search and selection front, with an excellent performance particularly in relation to permanent profiles, and training, and with the return of several classroom courses instead of digital courses that provide lower margins.
The **staffing market** was slower and growth compared to the previous year was less for Gi Group Russia, but detailed organisational and human resources work led the country to consolidate positive profitability results in the second half of the year.

The war with Ukraine and the sanctions regime put in place by the European Union has forced the Group to evaluate its business in Russia, freezing any kind of initiative or investment in company growth and development, while waiting for events to evolve.

## Lithuania

**Gi Group** has a presence in Lithuania, with a base in Vilnius.

The company initially only provided human resources consulting services and training activities, while for the past few years it has also been operating in the **temporary staffing** business, supplying temporary and permanent staff.

In 2021, Gi Group Lithuania recovered very well from the lockdown period by growing both in terms of turnover and margins.

This is partly because of the dynamic local labour market, where the growth of average wages and lack of profiles push companies to pay more, making the situation beyond profitable, on the other hand there was the impact of the organisational work carried out the previous year on the delivery team combined with investments in recruiters.

However, the most significant news in 2021 was the launch of the **full outsourcing** business, which started from 3 existing staffing customers and then led to the acquisition of the management of a major warehouse for a multinational fast-moving consumer goods (FMCG) company.

In 2022, the Group plans to strengthen this business by investing in tools and resources.

## Switzerland

**Gi Group** in Switzerland was established in 2015 and operates in the Ticino region.

Uncertainties related to Covid in Switzerland created aftershocks throughout 2021, despite this, Gi Group Switzerland managed to complete a **record year** in both turnover and margins in all businesses.
The acquisition of several large customers helped to significantly increase the volumes of **temporary workers** hired on average during the year, while the strong performance of the **professional business** helped to keep margins at positive levels.

As a precautionary measure, the doubling of the staffing team, as well as the opening of a new branch, have been postponed to the end of the year/early 2022, but business has not been affected.

2022 began as a challenging year in which, in the face of investment in staff and marketing, the Group expects further volume development. The professional market seems to be in very good shape, and investment is expected in that sector as well.

**Jobtome**, which joined the Group in 2021, operates at an international level in 33 countries, specialising in advertising activities supporting candidate sourcing initiatives on **digital channels**. The customers are traffic brokers of online work offers and large companies that have high volume sourcing needs, often focused on 'blue collar' profiles.
Currently more than 60% of turnover is from North American customers, followed by customers based in Western Europe.

2021 was a good year for the company and also for the favourable market situation due to the sharp increase in demand for 'blue collar' profiles from all players in the logistics supply chain to support e-commerce and last-mile delivery activities.

During the year, the company completed the migration to 'agile' working methodologies that is enabling it to be more responsive to market developments and to improve the quality and effectiveness of services.

On the investment front, and in support of the roadmap for the evolution of the increasingly sophisticated service offering, the development of the new **'Programmatic Advertising'** platform was initiated in the second part of the year, and will be completed in the second part of 2022.

# 2. OPERATING PERFORMANCE, LINES OF DEVELOPMENT AND MAJOR INITIATIVES BY PRACTICE

## 2.1. TEMPORARY AND PERMANENT BUSINESS

2021 was a year of restarting and rebuilding with the post-Covid-19 rebound.

**Temporary Staffing** has witnessed a particularly favourable contingency this year, thanks to the consistent demand for flexibility due to the uncertain situation in many markets.
At the same time, in contrast to this demand, volumes have become more unstable, and several geographic regions have been particularly affected by the crisis in relevant industries, foremost among them automotive. Since this is one of **Gi Group's core sectors**, the impact has been considerable, especially in Central Europe and secondarily in Western Europe, where it has been able to compensate with other sectors, particularly logistics.

The performance of the Central Europe countries negatively impacted the overall results, with Poland being particularly noticeable. Further complicating the situation in Poland, adding to the heavy automotive slowdown throughout the region, were the effects of the integration of the Polish group acquired in 2020 and the many organisational changes that followed. The decline in automotive also affected France and Germany. On the other hand, the impact of the particularly impressive performances of Italy, China and the UK were positive, which, being among our most significant countries in terms of volume, positively influenced the overall results. It should also be noted that during the year several countries (Italy first and foremost, but also India and Brazil) reached all-time highs for temporary workers.

Overall, the performance of the core business in 2021 is decisively positive, having closed with a result, both in terms of Turnover and Margins, 6% higher than the budget, and approximately 30% higher than the 2020 result. Profitability percentage, on the other hand, is broadly in line with last year's budget and performance, and translates the currently still extremely strong positioning in relation to low-margin volume business.

The acquisition in France consequently allowed for a significant increase in presence and volume, and the acquisition of new sector expertise in nuclear, airport, and building & construction.

This expertise reinforces the industry diversification strategy which, while fundamentally protecting volume, Gi Group has initiated as a response to the automotive slowdown in all major European countries.

However, there are other market factors that need to be considered for interpreting the present and the near future. A significant countervailing effect in relation to business trends, is the difficulty in finding candidates, a theme that is increasingly becoming a generalised and ongoing phenomenon.

The automation of processes and technological impact with reduced demand for unskilled and low-skilled labour on the one hand, the phenomena included in the broad definition of the Great Resignation, and the reduction of unemployment rates to near full employment in a number of specific areas have led to an increase in the use of Permanent over Temporary staff. Paradoxically, companies would look for more flexibility to cautiously deal with the economic uncertainty of the current time, but candidates are less and less willing to accept contingent work and demand more favourable and lasting contract terms.
In light of these considerations, which are expected to be valid at least in the medium to long term, sourcing capacity, especially Professional, and the proposition in relation to permanent has been strengthened, while maintaining the will to develop and consolidate the leadership position in volume staffing.
In this direction, the development of Professional Staffing has become further specialised, with two different business definitions for **white collar** (**Grafton**) and specialised **blue collar**. The latter definition will see an extension and implementation in 2022 in the group's main countries, as a strategic element in consolidating core business leadership in the industrial and logistics segments.
Gi Group's investment in Digital Innovation and Candidate Experience will further strengthen the capacity for sourcing, attracting, and engaging unskilled and, most importantly, skilled candidates.

Another response to candidate scarcity, which is now a structural condition in many European markets, is the strengthening of International Mobility. Candidate flows within Europe, particularly from Eastern Europe to Central and Western Europe, already required dedicated management with specialised teams in many of Gi Group's countries, and there was additional investment in dedicated coordination at the Global HQ level.

Current foreign policy scenarios and the war between Russia and Ukraine are a strong risk element for this development, considering that as at this time, the Ukrainian basin is the main area for labour mobility for most of the target countries, it will therefore be necessary to expand sourcing capacity to other countries, including non-European countries.

The key themes of product development in 2022 will therefore be Professional, International Mobility, diversification by industry in volume development, and strengthening the ability to offer value-added solutions to our customers, particularly the big multinational corporations that remain the most relevant target for the group.

## 2.2. CANDIDATE EXPERIENCE: THE FOCUS ON CANDIDATES

2021 was the year in which the foundation was laid for the new **Candidate Experience (CX)** in the Group.

Key processes have been mapped in all Practices and countries, and the necessary first level of data mapping and analysis has been performed. In parallel, 2021 saw the extension of the digital platform to interact differently with candidates, both through the new mobile App dedicated to workers and through the successful sourcing of a large volume of candidates through Jobtome, the HRtech company recently acquired by the Group.

In 2022, we will go further in implementing the CX function in countries, with the creation of a CX Manager position in each of the major markets. Their main goal will be to further develop the quality of the interaction with the candidate and worker, maximising the rate of achievement and performance of our sourcing initiatives.

New CX culture implementation professionals will also work on structuring processes to better listen to candidates and gather their valuable feedback, with a constant desire to provide them with a better experience and thus help make a positive change in their lives.

At the same time, the CX function will intensify cooperation with the Digital & Innovation function to standardise the collection of all necessary data throughout the candidate journey to improve our ability to identify the right talent more quickly.

Special attention was paid in 2021 to the evolution of candidate-related processes and services. Investments have been made in the evolution of platforms supporting search and selection activities, with a focus on digitisation and automation of key processes. In this area, all the Web and App platforms for interaction with candidates have been developed and some candidate orientation and pre-selection processes will be automated.

A special focus was also devoted to defining standard and global candidate process management solutions for extensive reuse across multiple nations and business lines.

In 2022, there will be an expansion of the use of global platforms in the regions and nations where the Group operates. The focus will be on digitally managing and engaging candidates by enriching information to better profile their skills and experience. Furthermore, additional processes will be digitised, such as virtual interview management.

## 2.3. SEARCH AND SELECTION BUSINESS

2021 was a very important year for the **Search and Selection Practice (Wyser brand).** Despite the various epidemic waves, in the 13 countries of the Practice, through intensive business development activities, we were able to simultaneously achieve the 2 goals set for the year: to grow from a profitability perspective and to reposition the brand as a business line dedicated to permanent positions of middle managers and executives. The efforts made during the year have created a positive dynamic to attract candidates and new resources to continue growth in 2022.

In 2022, the goal is to continue this journey and strengthen the positioning in all Wyser countries and have all the necessary specialisations to cover market needs and be able to penetrate new countries in 2023.

The second key goal for 2022 is to improve standards by including a leadership assessment for all successful candidates. This will improve customer service with greater insights into transversal skills, enhance the candidate experience, and thus make Wyser different by offering a unique consultancy approach combination to business and transversal skills.
The Wyser brand is consequently to be increasingly integrated into Gi Group, developing

more business synergies. Wyser consultants, during meetings with senior decision makers, will be able to initiate long-term relationships to present the full range of HR services and bring even more value to the Group.

## 2.4. BUSINESS PROFESSIONAL

The **Professional** business line operates in the search and selection of professional profiles (white collar) in various countries: Italy, Czech Republic, Poland, Slovakia, Hungary, the Netherlands, Germany, UK, Lithuania, France, Romania.
In particular, the UK (with the Marks Sattin brand), France, and Poland (with the Grafton brand) achieved significant results in 2021, in comparison with the previous year, but the entire Practice was able to demonstrate growth, after the crisis related to the pandemic period, in terms of turnover, profitability, and innovation in business solutions.

The figure below indicates the brands and products with which **Gi Group** is present on the Italian and international **Professional** market:


[FIGURE 15 – GROUP BRANDS FOR THE PROFESSIONAL BUSINES]

## 2.5. OUTSOURCING BUSINESS

2021 was a year of great results for the **Outsourcing Practice**: revenues grew 25.1% over the previous year and reached Euro 145 million, margins grew 47.2%, and total EBITDA reached Euro 9.3 million.

These figures are all the more remarkable for the fact that this growth was mostly organic, with no major acquisitions in the Practice during 2021 and taking into account the negative impact of the exchange rate in countries such as Brazil.

Brazil and Italy are the best performing countries, but small countries such as Portugal, Bulgaria and Poland with strong growth and profitability trends should also be highlighted.

The main reasons for this increase in profitability are:
1. **focus on productivity**, with use of technology tools, business models and clear methodologies;
2. **specialisation in the 3 Divisions**: Logistics and Industrial Processes, Field Marketing and Back Office & Digital Processes;
3. **enhancement of synergies and knowledge sharing**.

The value proposition of the Outsourcing Practice is "**Gi BPO is the specialised Outsourcing partner that takes responsibility for results through flexibility, lasting relationships and a strong work ethic**".

For 2022, the Outsourcing strategy focuses on maintaining the current trend of profitability and growth in the nine countries where this Practice has a presence: Italy, Spain, Brazil, China, Poland, Lithuania, Portugal, Bulgaria and Romania. There are also plans to initiate activities in the Czech Republic.

In terms of Business expansion, synergies with existing global customers in the Group will be further exploited in 2022, and the Practice will continue to extend its business model, including common processes and tested methodologies, ensuring a systematic approach and sustainable growth across the Group.

## 2.6. OUTPLACEMENT BUSINESS

**Outplacement** is the business that identifies paths structured and tailored for the individual and his or her own professional objectives. The services offered are designed and focused both on the needs of corporate, multinational, large and medium-sized companies, as well as the needs of the retail market, with the aim of enhancing the employability of people in order to facilitate maximum expendability within the company or in the market outside of the company, in the same or adjacent sectors.

**Intoo's** structure interacts, through strong international synergy, with all members of **Career Star Group** (a global organisation with a presence in 102 countries of which Intoo is a founding member) to effectively explore companies that are seeking a global partner and to support Managers who wish to relocate abroad.

Intoo uses a widely tested methodology called **"Intoo4job"** and highly advanced technological platforms in Italy for its Outplacement pathways that provide content and guidance to individuals in career transition.
During the pandemic, all services offered online were enhanced to increase contact points with Outplacement candidates, from workshops to webinars to networking meetings, with internal and external facilitators. This fostered active involvement from even

those candidates remotely distant from Intoo offices, an exchange between different territories and entities.

2021 was also the first year where the Practice really began to be operational.
Intoo has a presence in Italy, the UK and the U.S., following the June 2020 acquisition of Career Arc's Outplacement division. Through **Gi Group's global marketing**, Italy and the UK have also adopted Intoo USA's more modern and interactive site architecture, laid the groundwork for content sharing that is conveyed in automation marketing campaigns, and have begun to consider the latest marketing techniques.

The 3 countries are at a very different stage of business development, however, the groundwork has been laid for initial sharing of the service portfolio, especially between Italy and the UK.

Intoo's ability to maintain stable outplacement times and rates for all levels and age clusters of candidates, even in times of uncertainty in the economic-industrial fabric, is symptomatic of its constant attention to service quality and the selection of consultants responsible for it.

The speed of digitisation processes opens up great challenges for the issue of people skills. The biggest challenge is in relation to retraining and regenerating the professionalism of workers, who have skills that are not adequate to the speed of change taking place in the world of work. Today, companies are looking at these projects with great interest since digital professionals are not readily available in the external market. At last, therefore, they are focusing on the potential of their workforce and consequently initiating internal mobility pathways that, moreover, also promote horizontal careers.

The two-year pandemic has created new trends, people have started new hobbies and certifications, and often skills possessed but never used favour mobility in relation to different roles that the company needs.
In this sense, career pathway check-ups offered to private individuals assume relevance where focused on awareness of their possessed and/or acquired skills and thus their expendability in the external market.

## 2.7. *BUSINESS TRAINING*

The **Training** Practice provides learning solutions, methodology and support to many global companies. The **Tack TMI** brand has a global network of affiliated partners and offers a full suite of classroom, virtual and asynchronous educational content.

The Practice, based in the UK, operates in Denmark, Italy, Bulgaria, Serbia, Russia, Brazil, and many other Group countries, and its core business is to help solve customers' problems by developing their people, particularly in the areas of Leadership, Sales, and Personal Effectiveness. Over the years, it has implemented and proposed solutions that can develop new skills, aimed at improving business impact and creating a culture of customer service, individual performance improvement, with the support of a wide network of consultants, solution designers and certified coaches, trainers and facilitators.

Despite ongoing issues related to the Covid-19 pandemic that caused a contraction in 2021, the Practice had a very positive year in terms of growth. New global customers were acquired and new solutions were delivered, while continuing to migrate products and content digitally to anticipate future customer needs.
In total, the **Tack TMI** brand has provided training to more than 90,000 people worldwide and trained more than 10,000 of them in a large multinational customer, which, when completed, will enable Tack TMI to train more than 80,000 of its employees, believed to be the largest training project in the Practice's history.

## 2.8. BUSINESS GROWTH: THE FOCUS ON LARGE CUSTOMERS

The core business of the Group is represented by **Temporary and Permanent Staffing** activities through the **Gi Group brand**, but it is becoming increasingly necessary to expand the value proposition and see customers as a whole, with a view to exploring all the potential methods of collaboration, pushing in the direction of taking widespread concerted actions capable of guaranteeing the expansion of the services performed while confirming the centralisation of the relationship, above all in relation to global or continental HQs.

It is precisely the focus on the Corporate business that has borne such remarkable fruit that has prompted a broadening of the base of action, put in place through an in-depth analysis of the company's entire active customer portfolio (more than 20,000) in order to identify an additional 400 to add to the 555 that already represented Gi Group's largest customers. Thus, since the beginning of 2021, the number on which the Global Sales Team has focused has risen to 955, having identified new business segments to explore and new resources with which to cope with the mass of opportunities that emerged during the period under analysis.

To this end, the **process of relationship management and development has been doubled**: while on the one hand there are International Sales Directors who are responsible for the relationship with the HQs of the aforementioned customers or potential customers, on the other hand the need - exacerbated by the Covid problem that has prevented travel first and foremost outside European borders - to preside over the Asian offshoots of the 955 identified Corporations, meant that the team was enriched with two profiles capable of presiding over the subsequent macro-areas, namely China and India, building on the results obtained the previous year with the experiment of a similar insertion in South America. This meant that more timely local management, proceeding from established relationships with HQs, achieved a significant multiplier of the business actions put in place, capable of immediately impacting the results of the countries involved.

The Covid problem was primarily transformed into an opportunity within the context of Temporary and Permanent Staffing for two main reasons. The first: the increasing need among major multinationals to take advantage of external support to guarantee core company productions and services, to avoid the risk of a new lockdown down the line due to a possible resurgence of the virus and its variants. The second: the repercussions on the market have created problems for smaller agencies and this has meant that business portions in jeopardy have allowed a greater expansion of the market share.

The overall results when comparing (on a like-for-like basis) with 2020, showed a **massive growth** - in terms of gross profit - in excess of 33% in the Corporate business. All this despite a very problematic second half of 2021 in the automotive sector (already in the process of conversion to electric, with related issues inherent in the manufacturing change), linked to the reduction in supply of microchips, which also created difficulties in, though not restricted to, the telephony area. However, at the same time, a very clear recovery was felt in segments such as Fashion & Luxury, Banking & Insurance, Retail, IT and Energy. Last but not least, the increasing absence of candidates first and foremost in certain areas of Europe meant that the International Mobility structure developed by Gi Group proved to be a decidedly winning key resource, as well as a distinguishing factor, having begun with the aim of not only seeking candidates from Eastern Europe but also from countries such as the Philippines and Indonesia.

It is worthwhile underlining how the crucial corporate objective of insisting on **Sustainable Labour** has increased in step with its commercial activities. It has effectively highlighted a strong level of governance on issues considered essential, increasingly accompanied by the paramount values that inspire the **Gi Group**, focused on tangible operative solutions connected to delivery actions and the management of urgent situations. Many of the solutions chosen to safeguard minorities and to dispel misconceptions related to gender, religious or sexual differences, have turned out to be an exception driver of appreciation by customers and a powerful attractive factor for candidates who have appreciated and experienced the fair approach implemented by the Gi Group first hand. On these issues, the fact of having implemented a vigorous and constant training activity dedicated to the company's internal population and a solid dissemination of principles to help safeguard the environment have completed the range of activities that are deemed essential to promote the company's approach that have come to light during its more than two decades of activity.

The **outlook** for 2022, abetted by the additional acquisitions already completed in 2021 and potential acquisitions in 2022, is to **boost results beyond the extraordinary y-o-y performance** of the entire Group (amounting to +36%), through the inclusion of new personalities, the enlargement of the Global Sales Team and the addition of new specialisations, as well as greater geographic coverage and the entry of individuals who can also serve and push the business lines beyond Temporary and Permanent Staffing, through an increasingly close collaboration with each Practice Leader and a more decisive exploration of the world of innovation and digitalisation, not surprisingly bolstered crucially by the entry of a new, capable CDO.

3.3

# Management Discussion: economic, equity and financial conditions

These Consolidated Financial Statements for the year reflect the equity/financial situation and its variations, including the profit/loss for FY 2021 of only one economic entity, Gi Group, which is distinctive from the several legal entities constituting the Group.
In accordance with this introduction, upon consolidation all intra-group transactions and mutual balances of companies with the scope of consolidation were eliminated, because they represented the transfer of resources within the Group.

The Management Report should be read in conjunction with the financial accounts and related Notes, which are integral parts of the Consolidated Financial Statements.

As set out in the Notes to the Gi Group Consolidated Financial Statements, it is specified that in relation to the balance sheets of the newly acquired companies, the pro quota economic values were allocated, attributing the resulting difference to the item "Profits/ Losses brought forward".

This criterion was adopted for the company JobToMe International in Switzerland and the companies of the AXXIS group in France, which were acquired as at the end of March and the end of June 2021: for these entities, pro-rata economic values for 9 and 6 months and asset values as of 31st December 2021 were considered in the Group's Consolidated Financial Statements.

It should be noted that with regard to IFRS 16 and its economic and capital impacts, the balance sheet indicators also calculated net of the effects of IFRS 16 are presented below.

Finally, the values considered in the balance sheet indicators, with reference to Net profit (loss) and Shareholders' equity, relate to the total, that is, with inclusion of minority interests.

# 1. REVENUES

| (IN THOUSANDS OF EURO) | YEAR ENDED 31ST DECEMBER | |
|---|---|---|
| | **2021** | **2020** |
| **TOTAL REVENUE AND OTHER INCOME** | **3,286,861** | **2,525,098** |
| *OF WHICH: REVENUES FROM CONTRACTS WITH CUSTOMERS* | *3,227,358* | *2,474,327* |
| **OPERATING PROFIT (LOSS)** | **60,856** | **28,408** |
| **PRE-TAX PROFIT (LOSS)** | **54,260** | **31,582** |
| **NET PROFIT (LOSS) FOR THE YEAR** | **33,849** | **26,765** |
| *OF WHICH:* | | |
| *NET PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE GROUP* | *35,344* | *23,632* |
| *NET PROFIT (LOSS) FOR THE YEAR PERTAINING TO MINORITY INTERESTS* | *(1,495)* | *3,133* |

The following table represents the reclassification of the Consolidated Income Statement on a management accounting basis, with the following items:

- **Area of operations**, concerning the core business of the company, mainly including revenues from temporary staffing and labour costs;
- **Non-core income**, including positive and negative revenue items of secondary activities vis-a-vis the core business; the main figures relate to training activities of temporary staff in Italy, for Euro 25.2 million;
- **Financial income**, with financial income and expenses for financial debts to credit institutions;
- **Operating tax results**, including current taxes and deferred tax assets and liabilities.

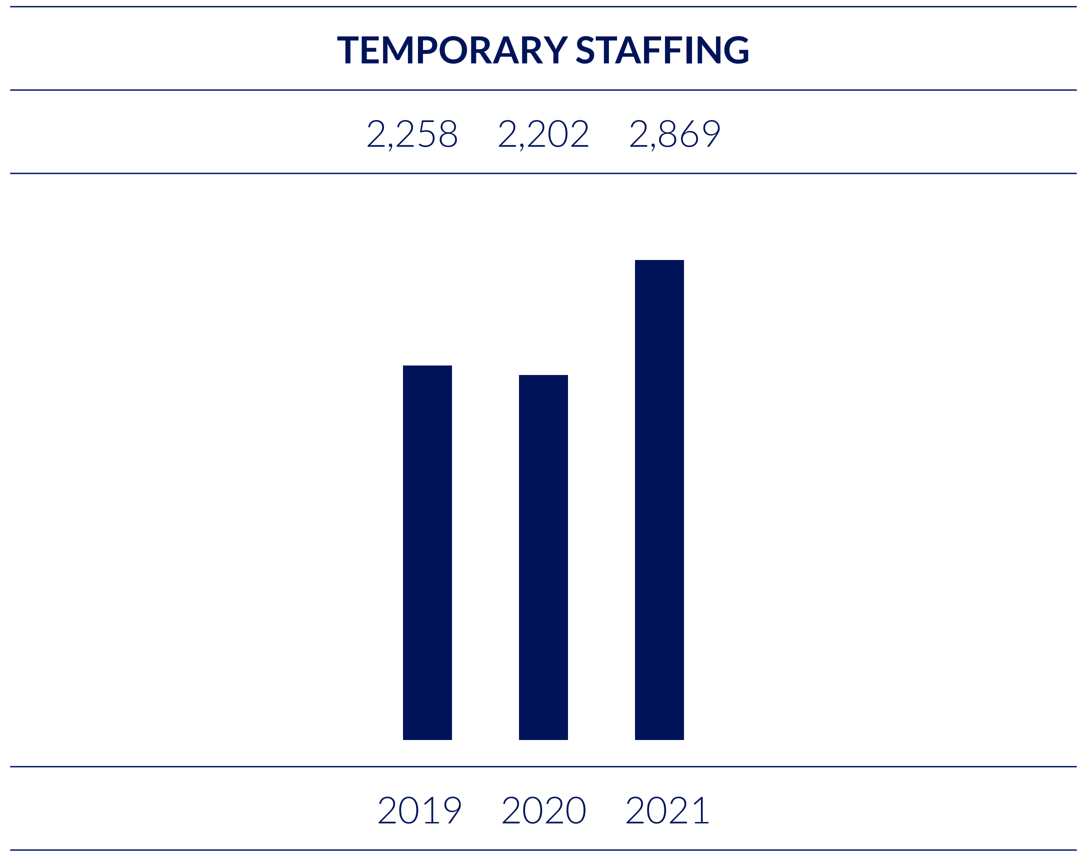
As at 31st December 2021, the **Group's revenues** amounted to Euro 3,227 million, compared with Euro 2,474 million in the previous year, showing an increase of Euro 753 million, or 30.4%.

**RECLASSIFIED GROUP INCOME STATEMENT**

| (IN THOUSANDS OF EURO) | FY 2021 | % | FY 2020 | % | CHANGES |
|---|---|---|---|---|---|
| REVENUES FROM CONTRACTS WITH CUSTOMERS | 3,227,358 | 100% | 2,474,327 | 100% | 753,031 |
| **VALUE OF PRODUCTION** | **3,227,358** | **100%** | **2,474,327** | **100%** | **753,031** |
| PERSONNEL COSTS | 2,949,533 | 91.39% | 2,290,369 | 92.57% | 659,164 |
| **ADDED VALUE** | **277,825** | **8.61%** | **183,958** | **7.43%** | **93,867** |
| COST OF GOODS AND SERVICES | 216,209 | 6.70% | 154,103 | 6.23% | 62,106 |
| **PROFIT (LOSS) FROM OPERATIONS** | **61,616** | **1.91%** | **29,855** | **1.21%** | **31,761** |
| OTHER OPERATING REVENUE | 59,503 | 1.84% | 50,771 | 2.05% | 8,732 |
| OTHER OPERATING COSTS | 21,032 | 0.65% | 16,815 | 0.68% | 4,217 |
| **EBITDA** | **100,087** | **3.10%** | **63,811** | **2.58%** | **36,276** |
| AMORTISATION AND DEPRECIATION CHARGES AND TRANSFERS TO PROVISIONS | 39,231 | 1.22% | 35,403 | 1.43% | 3,828 |
| **EARNING BEFORE INTERESTS AND TAXES – EBIT** | **60,856** | **1.89%** | **28,408** | **1.15%** | **32,448** |
| FINANCIAL INCOME/(EXPENSES) | (6,596) | (0.20%) | 3,174 | 0.13% | (9,770) |
| **GROSS PROFIT (LOSS)** | **54,260** | **1.68%** | **31,582** | **1.28%** | **22,678** |
| INCOME TAXES | 19,060 | 0.59% | 4,817 | 0.19% | 14,243 |
| COSTS/(REVENUES) FROM DISCONTINUED OPERATIONS | (1,351) | (0.04%) | 0 | 0.00% | (1,351) |
| **TOTAL NET PROFIT/LOSS** | **33,849** | **1.05%** | **26,765** | **1.08%** | **8,435** |
| **OF WHICH, PROFIT/LOSS PERTAINING TO MINORITY INTEREST** | **(1,495)** | **(0.05%)** | **3,133** | **0.13%** | **( 4,628)** |
| **PROFIT OF THE GROUP** | **35,344** | **1.10%** | **23,632** | **0.96%** | **11,712** |

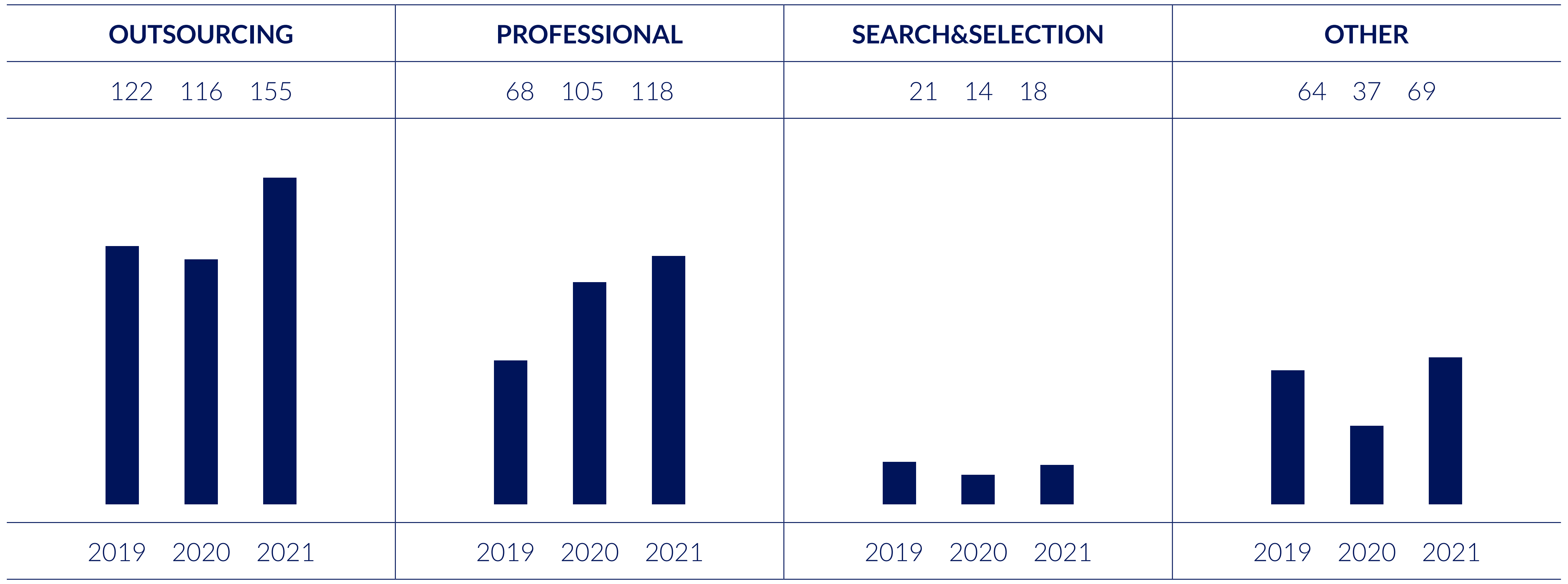
As can be seen from the charts below, all of the Group's businesses showed a **strong increase** over the previous year, which was marked by the negative effects of the Covid-19 pandemic:

**EVOLUTION OF REVENUES FROM CONTRACTS WITH CUSTOMERS FOR PRACTICE TEMPORARY STAFFING**
(IN MILLIONS OF EURO)




[FIGURE 16 – EVOLUTION OF REVENUES FROM CONTRACTS WITH CUSTOMERS FOR TEMPORARY STAFFING]

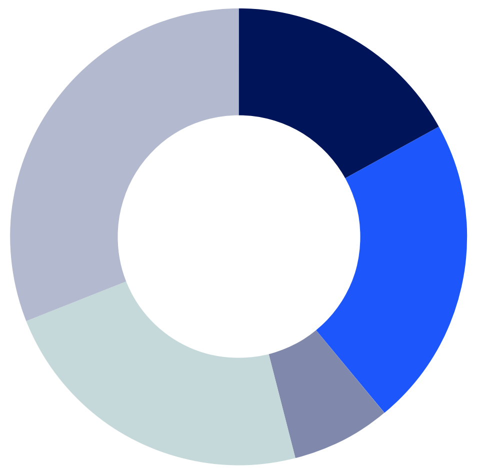
**EVOLUTION OF REVENUES FROM CONTRACTS WITH CUSTOMERS FOR PRACTICE**
(IN MILLIONS OF EURO)

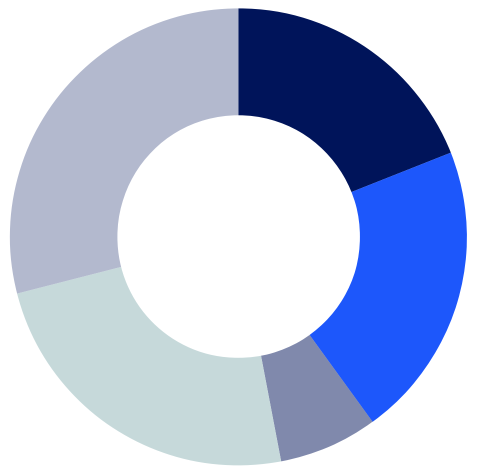



[FIGURE 17 – EVOLUTION OF REVENUES FROM CONTRACTS WITH CUSTOMERS BY PRACTICE]

Regarding Temporary Staffing, in 2021, globally, the Group managed an average of more than 191 thousand monthly temporary employees, as shown in the figure below:

| 2021 | | 2020 | |
|---|---|---|---|
| SOUTH AMERICA 30.4% | WESTERN EUROPE 17.46% | SOUTH AMERICA 28.81% | WESTERN EUROPE 18.62% |
| ASIA 23.26% | ITALY 21.50% | ASIA 24.13% | ITALY 21.48% |
| EASTERN EUROPE 7.14% | | EASTERN EUROPE 6.96% | |





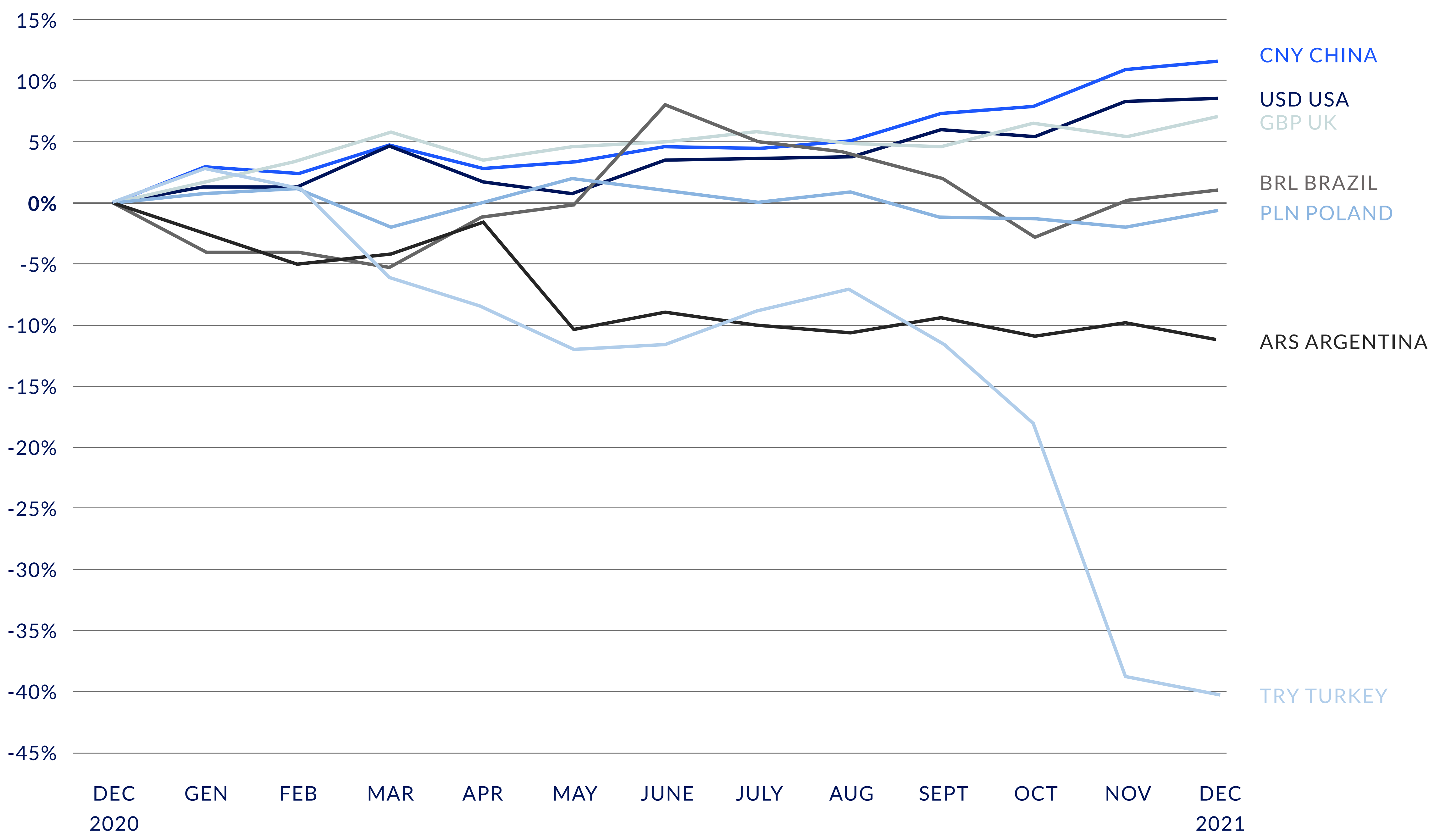
| 2021 | 2020 |
|---|---|
| **191,629** 171,749 IN 2020 | **171,749** 148,885 IN 2019 |

[FIGURE 18 – NUMBER OF GROUP STAFFING EMPLOYEES BY GEOGRAPHICAL AREA]

In addition to the different proportions of temporary workers by Region (growth in Brazil and decline noted in Western European countries) the dynamics of currency fluctuations in the Group's major countries must be considered.

In 2021, the Turkish lira slumped, reaching an all-time low, mainly due to the country's severe recession that curbed imports and inflated the budget deficit.

Below is a chart with the monthly trend of the differences in the main current exchange rates at month-end, compared to the rates in early 2021:




[FIGURE 19 – MONTHLY TREND OF DEVIATION OF MAJOR CURRENT EXCHANGE RATES EOM]

The Group achieved a **positive result** of Euro 35.34 million as at the end of 2021, compared with Euro 23.63 million recorded in 2020 (+49.5%).

The Net profit (loss) for 2021 includes depreciation and amortisation and allocations to provisions totalling Euro 39.2 million, detailed as follows:

- **amortisations and depreciations** equal to Euro 37.25 million, of which Euro 21.9 million related to the portions of Leasing recognised during the year;
- **provisions** totalling Euro 2.04 million Euro for the period, deriving from impairment of loans receivables and generic risks.

In the table below, the economic indicator that measures the incidence of the cost of **financial debt** (= total financial expenses - financial expenses item in the Income Statement) on the volume of activity (Total revenues item and other income in the Income Statement):

**INDICATOR OF THE INCIDENCE OF FINANCIAL EXPENSES**

| | | FY 2021 | FY 2020 |
|---|---|---|---|
| **INCIDENCE OF FINANCIAL EXPENSES** | FINANCIAL EXPENSES / TOTAL REVENUES AND OTHER INCOME | 0.28% | 0.29% |

**INDICATOR OF THE INCIDENCE OF NORMALISED FINANCIAL EXPENSES NET OF IFRS 16 EFFECTS**

| | | FY 2021 | FY 2020 |
|---|---|---|---|
| **INCIDENCE OF FINANCIAL EXPENSES** | FINANCIAL EXPENSES / TOTAL REVENUES AND OTHER INCOME | 0.21% | 0.22% |

The **main financial indices** for the economic results of the Group are listed below.

**ROE (Return On Equity)** represents the resources generated by the overall operations of the company, by comparing profitability with equity.

**ROI (Return On Investment)** expresses the maximum remuneration that operations may produce with the financial assets grouped in terms of debt or risk capital, whatever the financing method and tax policies.

**ROS (Return On Sales)** is the profitability rate of sales.

**PROFITABILITY INDICATORS**

| (IN %) | | FY 2021 | FY 2020 |
|---|---|---|---|
| **ROE NET** | NET INCOME / SHAREHOLDERS' EQUITY | **28.59%** | **30.16%** |
| **ROE GROSS** | GROSS INCOME / SHAREHOLDERS' EQUITY | **45.83%** | **35.59%** |
| **ROI** | OPERATING PROFIT (LOSS) / (CIO - OPERATING LIABILITIES) | **18.81%** | **10.57%** |
| **ROS** | OPERATING PROFIT (LOSS) / REVENUES FROM CONTRACTS WITH CUSTOMERS | **1.89%** | **1.15%** |
| **FINANCIAL EXPENSES / TURNOVER RATIO** | NET FINANCIAL EXPENSES / TURNOVER | **0.24%** | **(0.28%)** |

**NORMALISED PROFITABILITY INDICATORS NET OF IFRS 16 EFFECTS**

| (IN %) | | FY 2021 | FY 2020 |
|---|---|---|---|
| **ROE NET** | NET INCOME / SHAREHOLDERS' EQUITY | **29.12%** | **30.59%** |
| **ROE GROSS** | GROSS INCOME / SHAREHOLDERS' EQUITY | **46.16%** | **36.32%** |
| **ROI** | OPERATING PROFIT (LOSS) / (CIO - OPERATING LIABILITIES) | **18.57%** | **10.45%** |
| **ROS** | OPERATING PROFIT (LOSS) / REVENUES FROM CONTRACTS WITH CUSTOMERS | **1.86%** | **1.11%** |
| **FINANCIAL EXPENSES / TURNOVER RATIO** | NET FINANCIAL EXPENSES / TURNOVER | **0.17%** | **(0.36%)** |

## 2. STATEMENT OF ASSETS AND LIABILITIES

Below are the main indicators of the Statement of Financial Position, presented according to the logic of financial type as at 31st December 2021, and compared with the figures as at 31st December 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER | |
|---|---|---|
| | **2021** | **2020** |
| **ASSETS** | | |
| TOTAL NON-CURRENT ASSETS | 266,435 | 267,268 |
| TOTAL CURRENT ASSETS | 813,417 | 736,732 |
| ASSETS HELD FOR SALE | 48,125 | |
| **TOTAL ASSETS** | **1,127,977** | **1,004,000** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| TOTAL SHAREHOLDERS' EQUITY PERTAINING TO THE GROUP | 121,791 | 90,342 |
| SHAREHOLDERS' EQUITY OF MINORITY INTERESTS | (3,405) | (1,607) |
| **TOTAL SHAREHOLDERS' EQUITY** | **118,386** | **88,735** |
| **TOTAL NON-CURRENT LIABILITIES** | **235,753** | **221,935** |
| **TOTAL CURRENT LIABILITIES** | **760,161** | **693,330** |
| LIABILITIES HELD FOR SALE | 13,677 | |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **1,127,977** | **1,004,000** |

**Non-current Assets** include investments in property, plant and equipment and intangible assets: the value of investments for 2021, excluding IFRS 16, is Euro 23.8 million, while it amounted to Euro 18.8 million in the previous year. The dynamics are related to changes in the scope of consolidation, as the value of customer lists and customer relationships referable to the companies of the newly acquired Axxis Group is Euro 13.0 million.

**Current Assets** show a significant increase, particularly related to customer receivables, resulting from the inclusion of acquisitions and from the controlling company Gi Group S.p.A., in connection with the increase in turnover volumes.
This change in liquidity is reflected in an increase in payables to banks, included in **Current liabilities**.

**Non-current liabilities** include medium- to long-term loans taken out by the Group against the use of government-approved emergency measures to support business continuity and facilitate access to credit.

Following are some indicators showing the **Company's structural soundness** in maintaining its medium-to-long term financial balance:

**FINANCING INDICATORS FOR FIXED ASSETS**

| (IN THOUSANDS OF EURO AND IN %) | | FY 2021 | FY 2020 |
|---|---|---|---|
| **FIXED ASSETS TO EQUITY CAPITAL RATIO** | SHAREHOLDERS' EQUITY / NON-CURRENT ASSETS | **48.95%** | **36.51%** |
| **NON-CURRENT ASSETS TO EQUITY CAPITAL AND MEDIUM-LONG TERM DEBT MARGIN** | (SHAREHOLDERS' EQUITY + CONSOLIDATED LIABILITIES) / NON-CURRENT ASSETS | **146.43%** | **127.81%** |

**NORMALISED FIXED ASSET FINANCING INDICATORS NET OF IFRS 16 EFFECTS**

| (IN THOUSANDS OF EURO AND IN %) | | FY 2021 | FY 2020 |
|---|---|---|---|
| **FIXED ASSETS TO EQUITY CAPITAL RATIO** | SHAREHOLDERS' EQUITY / NON-CURRENT ASSETS | **67.56%** | **48.18%** |
| **NON-CURRENT ASSETS TO EQUITY CAPITAL AND MEDIUM-LONG TERM DEBT MARGIN** | (SHAREHOLDERS' EQUITY + CONSOLIDATED LIABILITIES) / NON-CURRENT ASSETS | **173.37%** | **143.97%** |

## 3. FINANCIAL STANDING

Since the onset of the crisis caused by the Covid-19 pandemic, the Group has been committed to preserving the level of cash and cash equivalents, and it is particularly noteworthy that the effect of major acquisitions contributes to the 2021 cash flow changes.
As at 31st December 2021, the Group's **net financial debt** amounted to Euro 227 million and included lease liabilities arising from the application of IFRS 16 amounting to Euro 69.7 million and financial liabilities for commitments on acquisitions amounting to Euro 10.6 million; net of the latter, net financial debt would have been Euro 146.7 million (to be compared with Euro 137.4 million in 2020). The increase in net financial debt is mainly attributable to new financial commitments, the increase in IFRS lease debt and intercompany debt to SCL Holding SPA.

The following table summarizes the Group's **net financial debt**:

**NET FINANCIAL DEBT**

| (IN THOUSANDS OF EURO) | FY 2021 | FY 2020 |
|---|---|---|
| CASH AND CASH EQUIVALENTS | (179,853) | (184,337) |
| SHORT-TERM FINANCIAL PAYABLES | 190,593 | 152,256 |
| MEDIUM/LONG-TERM FINANCIAL PAYABLES | 92,743 | 104,651 |
| **NET BANKING DEBT** | **103,484** | **72,570** |
| FINANCIAL RECEIVABLES FROM PARENT COMPANIES | (2,031) | (3,232) |
| OTHER FINANCIAL RECEIVABLES | (1,286) | (2,669) |
| **FINANCIAL RECEIVABLES** | **(3,318)** | **(5,901)** |
| FINANCIAL PAYABLES TO PARENT COMPANIES | 21,478 | 16,355 |
| FINANCIAL PAYABLES TO PARENT COMPANIES (UNCONSOLIDATED) | 13,680 | 11,078 |
| FINANCIAL PAYABLES DUE TO FACTORING | 10,862 | 41,932 |
| OTHER FINANCIAL PAYABLES | 334 | 1,204 |
| ACCRUED EXPENSES FROM INTERESTS ON LOANS | 195 | 177 |
| **OTHER FINANCIAL PAYABLES** | **46,550** | **70,745** |
| **ITALIAN ACCOUNTING ORGANISATION (OIC) NET FINANCIAL DEBT** | **146,716** | **137,414** |
| **FINANCIAL PAYABLES FOR ACQUISITIONS (COMMITMENTS)** | **10,611** | **949** |
| NON-CURRENT LEASE LIABILITIES | 49,165 | 44,393 |
| CURRENT LEASE LIABILITIES | 20,526 | 16,211 |
| **FINANCIAL LIABILITIES FOR LEASES** | **69,691** | **60,604** |
| **IFRS NET FINANCIAL DEBT** | **227,018** | **198,967** |

Included within the items that make up Group debt are:

- financial payables to controlling companies, represented by loans taken out by Gi Group S.p.A. and Gi International S.r.l. from the controlling company SCL Holding S.p.A;
- financial payables to subsidiaries, which expose Work Service S.A.'s debt to its affiliates in Hungary;
- financial payables to Factor, for transfers mainly with recourse (Italy, France, Central Europe);
- financial payables for commitments on acquisitions, which include, in accordance with international accounting standards, the Earn-outs to be paid in Switzerland and France for the 2021 acquisitions and the potential exercise of the call/put option for the purchase of the minority assets for the subsidiary in the US.

The composition of debt at Italian level and for foreign subsidiaries is presented below.

**NET FINANCIAL DEBT - ITALY VS. INTERNATIONAL**

| (IN THOUSANDS OF EURO) | ITALY | ABROAD |
|---|---|---|
| NET BANKING DEBT | 95,679 | 7,805 |
| FINANCIAL RECEIVABLES | (248) | (3,070) |
| OTHER FINANCIAL PAYABLES | 27,927 | 18,623 |
| **NET FINANCIAL DEBT** | **123,358** | **23,358** |
| FINANCIAL PAYABLES FOR ACQUISITIONS (COMMITMENTS) | 9,723 | 888 |
| FINANCIAL LIABILITIES FOR LEASES | 39,321 | 30,370 |
| **IFRS NET FINANCIAL DEBT** | **172,402** | **54,616** |

The parent company, Gi Group S.p.A., exhibited a financial position of Euro 118.07 million as at 31st December 2021 (Euro 80.36 million in FY 2020).

For further information on said items, see the relevant paragraphs of the Notes to the Consolidated Financial Statements 2021.

The liquidity or solvency analysis represents the company's ability to maintain a financial balance in the short term and therefore pay expected expenses in the short term with existing liquid assets and short-term expected revenues.

The following table shows the **solvency indicators' values**:

**SOLVENCY INDICATORS**

| (IN THOUSANDS OF EURO AND IN %) | | FY 2021 | FY 2020 |
|---|---|---|---|
| **CURRENT RATIO** | (CURRENT ASSETS) / (CURRENT LIABILITIES) | **1.07** | **1.06** |
| **CASH MARGIN** | (TRADE AND OTHER RECEIVABLES + CASH AND CASH EQUIVALENTS) - CURRENT LIABILITIES | **61,631** | **58,052** |
| **CASH RATIO** | (TRADE AND OTHER RECEIVABLES + CASH AND CASH EQUIVALENTS) / CURRENT LIABILITIES | **108.11%** | **108.37%** |

**NORMALISED SOLVENCY INDICATORS NET OF IFRS 16 EFFECTS**

| (IN THOUSANDS OF EURO AND IN %) | | FY 2021 | FY 2020 |
|---|---|---|---|
| **CURRENT RATIO** | (CURRENT ASSETS) / (CURRENT LIABILITIES) | **1.10** | **1.09** |
| **CASH MARGIN** | (TRADE AND OTHER RECEIVABLES + CASH AND CASH EQUIVALENTS) - CURRENT LIABILITIES | **82,157** | **74,263** |
| **CASH RATIO** | (TRADE AND OTHER RECEIVABLES + CASH AND CASH EQUIVALENTS) / CURRENT LIABILITIES | **111.11%** | **110.97%** |

The value of the indicators of *average duration of receivables and average duration of payables* are expressed in days, to represent the average rate of disinvestment and provide information on the average time necessary to liquidate the Group's production cycle:

**INDICATORS OF AVERAGE DURATION OF RECEIVABLES AND PAYABLES**

| | | FY 2021 | FY 2020 |
|---|---|---|---|
| **AVERAGE DURATION OF RECEIVABLES** | MANAGEMENT RECEIVABLES * 365 / PRODUCTION VALUE | **90.15** | **106.38** |
| **AVERAGE DURATION OF PAYABLES** | MANAGEMENT PAYABLES * 365 / PRODUCTION COST | **63.47** | **72.61** |

"Operating receivables" refers to all receivables in current assets, including Inventories and deductions of advances received, which are related to Total revenues and other income.

"Operating payables" refers to all current liabilities - Current financial liabilities - Advances received, which are related to Production Costs.

Finally, we report below several financial indicators in relation to the Group's soundness to assess the incidence of only the debts incurred to meet financial needs and the totality of debts in relation to equity:

**INDICATORS IN RELATION TO THE STRUCTURE OF FINANCING**

| (ABSOLUTE VALUE) | | 2021 | 2020 |
|---|---|---|---|
| **FINANCIAL DEBT TO EQUITY RATIO** | (FINANCIAL LIABILITIES) / SHAREHOLDERS' EQUITY | **2.70** | **3.71** |
| **OVERALL DEBT TO EQUITY RATIO** | (CONSOLIDATED LIABILITIES + CURRENT LIABILITIES) / SHAREHOLDERS' EQUITY | **8.41** | **10.31** |

**INDICATORS IN RELATION TO THE STRUCTURE OF FINANCING NORMALISED NET OF IFRS 16 EFFECTS**

| (ABSOLUTE VALUE) | | 2021 | 2020 |
|---|---|---|---|
| **FINANCIAL DEBT TO EQUITY RATIO** | (FINANCIAL LIABILITIES) / SHAREHOLDERS' EQUITY | **2.68** | **3.68** |
| **OVERALL DEBT TO EQUITY RATIO** | (CONSOLIDATED LIABILITIES + CURRENT LIABILITIES) / SHAREHOLDERS' EQUITY | **7.78** | **9.57** |

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT OF GI GROUP

The **Cash Flow Statement** shows the growth or decrease in the cash and cash equivalents via cash flows generated in the different areas generating income for the company.

The main items of variation indicated in the section of Financial flow of the operational activities, of the Consolidated Financial Statement of Gi Group are influenced by the expansion of the scope of consolidation, which includes the closing and economic balances, pro-quota, of acquisitions made during the fiscal year:

1. The working capital of the operating profit, which summarises the liquidity generated by the performance of routine business, in 2021 highlighted a self-financing equal to Euro 104.9 million, with an increase of Euro 41 million (+64% compared to the previous year), impacted by the resumption of activities that took place during the year.

2. Changes in Working capital management show a cash loss totalling Euro -27 million, resulting mainly from the flow of the item of other tax credits/debts due to the payment of the 2020 VAT debt that had been postponed due to COVID in relation to several major group companies (Spain, Germany, the Netherlands and Great Britain).

3. The absorption of working capital shown on Trade Receivables can be seen from the details of the variation:

**STRUCTURE OF THE VARIATION IN NET MINORITY INTEREST TRADE RECEIVABLES**

| (IN THOUSANDS OF EURO) | FY 2021 | FY 2020 |
|---|---|---|
| GROSS TRADE RECEIVABLES – GROUP COMPANIES AS AT 1/1 | (36,192) | (53,729) |
| GROSS TRADE RECEIVABLES – NEW ACQUISITIONS DURING THE YEAR | (22,611) | (26,458) |
| PROVISIONS FOR DOUBTFUL RECEIVABLES – GROUP COMPANIES AS AT 1/1 | (1,270) | (1,113) |
| PROVISIONS FOR DOUBTFUL RECEIVABLES – NEW ACQUISITIONS DURING THE YEAR | 345 | 223 |
| ADVANCES RECEIVED FROM EXTERNAL CUSTOMERS - GROUP COMPANIES AS AT 1/1 | 600 | (790) |
| ADVANCES RECEIVED FROM EXTERNAL CUSTOMERS - NEW ACQUISITIONS FOR THE YEAR | 173 | 228 |
| **VARIATIONS TRADE RECEIVABLES FROM MINORITY INTERESTS** | **(58,954)** | **(81,639)** |

4. As part of the changes in the Working capital income management towards the Group, the Trade Payables contain the transactions related to the debts of Gi Group S.p.A. towards the affiliated company Gi Formazione S.r.l., while in the entry "Other collections and payments" the transaction refers to the Cash Pooling credit with the parent company Gi Group Holding S.r.l.

5. The "changes in Investment Activities" item shows the cash absorption related to international acquisition transactions, shown in "Business branch acquisition, net of cash acquired," which contains the values of Goodwill determined. For further details on such items, please see the Notes to the Consolidated Financial Statements, under the paragraphs "Non-current assets" and "Consolidation Differences". The item also includes investments related to new lease capitalisation in accordance with IFRS 16.

6. The decrease in equity reflects the observed decrease in the Translation Reserve and other changes in Shareholders' Equity detailed in the Notes to the Consolidated Financial Statements.

# 3.4

# Major risks and uncertainties

Business management and the development of its strategy exposes the Group to various types of risk that might adversely affect the Group's economic results and capital and financial conditions.
**Corporate risk management is therefore an essential component of Gi Group's internal control system**, which is based on the prevention of the main risks relating to the Group's objectives.

Gi Group's internal control and risk management system is able to identify and measure the main corporate risks that might undermine the achievement of the defined objectives, taking into account the characteristics of the labour market in which Gi Group and its subsidiaries operate, based on the nature of the risk, with reference to the financial, strategic, and operational risks, as well as compliance with current regulations and the contextual ability of the organisation to adequately manage the identified risk.

To be precise, the Group's internal control and risk management system calls for:

- **the systematic monitoring of the main corporate risks**, aimed at identifying and adopting measures to correct existing control tools;
- **rules for reporting** on the adequacy and effectiveness status of the risk management system.

The pandemic originating from the global-scale spread of Covid-19 has been a factor affecting the overall macroeconomic environment and the Group's activities, with impacts on many aspects. This situation set the stage for a review of business models and the risk portfolio, which was necessary to understand how the Group responded to the global pandemic, with the goal of ensuring that the emergency was adequately managed and that appropriate mitigation actions were monitored.
The foreseeable development of activities for 2022 could be affected by risks and uncertainties dependent on multiple factors, most of which are beyond the Group's sphere of control: in this context, we highlight the continuation of the Covid-19 health emergency and the recent Russia-Ukraine conflict.

**The following are the main internal and external risk areas related to operational risks** attributable to the type of business operated by the Group.
For further details regarding financial risks, please refer to the relevant Notes to the Financial Statements.

## 1. OPERATING RISK

**Operating risks** stem from events and situations that limit key process effectiveness and efficiency, thus jeopardising the Group's ability to generate value.

During its day-to-day operations, Gi Group has to know, detect and monitor the risk stemming from the inappropriate conduct of employees, technological deficiencies or malfunctions, operating process errors or deficiencies, as well as external factors which may generate financial losses or damage equity.

This type of risk involves numerous skills and operating systems within the company, as well as external factors that are not directly controllable by company management; these key factors may be classified into four main categories:

1. **Human Resources**: negative events such as errors, violations of regulations and internal procedures;
2. **processes**: including the risks relating to inadequate internal audits and procedures;
3. **technology** in the event of IT risks;
4. **external factors** in the event of market risk.

### 1.1. HUMAN RESOURCES RISKS

The management of human resources is a critical factor for Gi Group, and Group Management believes that a transparent policy of accountability towards its employees, whether permanent or temporary, can translate into a competitive advantage, since they constitute the human capital of the organisation itself: therefore, the Group's ability to attract, motivate and retain resources, as also illustrated for the business in the focus on Candidate Management, is a critical factor, which, should it fail, may expose the Group to the risk of major reductions in activity.

The speed of propagation of Covid-19 particularly exposes personnel to the risk of infection while carrying out their work activities, whether in Group facilities or at customers' premises, and for this reason it is necessary for the Group to remain constantly vigilant to protect the physical safety of its employees and take all appropriate actions to ensure safety during working hours.

The Group has applied measures to protect the health of its workers and provided its employees with personal protective equipment (PPE) necessary to enable them to carry out their work activities while present in company spaces, in compliance not only with specific regulations, but also with protocols promoted by the Relaunch Committee set up specifically to deal with the emergency situation.

In order to mitigate the generic risks related to human resources, in terms of the Group's ability to attract, retain and motivate certain professionals, with significant levels of specialisation and high technical skills, with solid experience in the Group's business sectors, Gi Group has adopted:

- a **system for analysing and classifying roles**, mapping out the main professional content for each of them and grouping them into homogeneous complexity levels, in order to prepare personnel management and development policies that are coherent, structured and governed by a clear, defined and communicated strategy;
- a **system for the qualitative evaluation of the skills and performance** of its employees as a tool for the management of specific objectives in relation to human resources;
- **specific training activities and refinement of soft and meta-skills** to enable staff to broaden their professional and relational backgrounds.

### 1.2. PROCESS RISK

Together with the Group's growth, mapping of **corporate processes** became essential, with the identification of the structure of corporate functions and operating flows, supported by internal communication and with sector rules, in terms of recruitment, health and safety of workers.

**Compliance risk** is the risk of incurring legal, administrative or fiscal sanctions, resulting in significant penalties due to violations of laws, regulations, procedures, codes of conduct and best practices.

Group companies conduct their business on the basis of authorisations issued by the Italian Ministry of Employment and Social Policies, and whose authorisation is required in order to carry out certain activities.

The Group closely monitors the proper application of regulatory requirements and the fulfilment of the obligations necessary to maintain the conditions required by current ministerial authorisations.

In order to limit compliance risk, the Group uses organisational tools to prevent the violation of the principles of legality, transparency and fairness: these tools highlight company procedures, which are periodically updated and improved, then shared with the company structure through the Intranet.
The Group approved the **Code of Ethics**, the document with the guidelines and ethical and behavioural principles that all those entities working for Gi Group need to comply with, creating organisational tools aimed at preventing the violation of aforementioned legality, transparency, honesty principles.

From a tax point of view, the Group is made up of companies located in many countries around the world and is therefore periodically subject to audit of its tax returns and tax compliance by the tax authorities of various countries.

Furthermore, transactions between Group companies must reflect the appropriateness of the expected consideration to local and international standards and principles in relation to transfer pricing, which is susceptible to checks and adjustments by tax administrations.

The tax risk-limiting safeguards put in place by the Group on tax compliance and transfer pricing issues include relevant periodic updates, a focus on the preparation of tax schedules and documentation, and intragroup pricing policies.

## CERTIFICATIONS FOR QUALITY, ENVIRONMENT, AND SOCIAL RESPONSIBILITY MANAGEMENT SYSTEMS

The adoption of **Management Systems** in conformity with the regulations recognised at international level is, for Gi Group, an operational tool used to pursue its mission and reach its corporate goals, with the aim of constant improvement based on **risk-based thinking**.

According to this rationale, since 2001, in Italy, the Group has defined and implemented the first **Quality Management System** in compliance with the standard **UNI EN ISO 9001**, thus obtaining the first certification of the company that plans and delivers outplacement, advising, and corporate consultancy services.

In the following years, other quality management system certifications were obtained for the companies that design and deliver training and advising programmes and training modules aimed at developing professional skills and management and organisational competencies with traditional, experiential methodologies, as well as those companies providing search and selection services, temporary and permanent staffing services and those designing, implementing and delivering outsourced or software-as-a-service HR management and administration services; design and provision of consultancy services for enhancing human resources and organisation and development models.

In April 2017, the parent company Gi Group S.p.A. received certification for its **social accountability management system** in compliance with the International Standard **SA8000:2014®**: this Management System is certified, recognised as being fully compliant with the requirements of the **SA8000:2014®** standard by TUV Italia, the certification organisation of Social Accountability System accredited by SAAS (Social Accountability Accreditation Services).

In March 2021, the company GI HR Services S.r.l. obtained **ISO 27001** certification. This international standard defines the requirements for the **Information Security Management System (SGSI)**, meeting the strict requirements established by the standard by adopting a reliable, efficient, and secure system. Compliance with the standard ISO 27001 guarantees the safeguarding of information and the security of systems in terms of technological, operational, and procedural aspects. Obtaining this certification is strictly correlated with the pursuit of the mission, defining new and better rules for the development of our market through adequate risk management. This is a fundamental stage on the road to continuous improvement that involves different corporate offices, consolidating processes, improving awareness of resources, and bringing value to business.

These milestones show that Gi Group and other Group companies carry out their activities based on certified processes, which are monitored and tested on a first, second and third level, with the aim of achieving:

- the **satisfaction of our own customers and target** users by controlling and mitigating corporate risks;
- **compliance with regulations** and proven corporate credentials;
- **access to new market areas** and global recognition as a **reliable supplier**.

All these certifications obtained from an independent, accredited Third-Party Entity show Gi Group and other Group companies' ability to supply products and services that meet the needs of customers and requirements of local regulations, in line with the interests of its stakeholders.

## 1.3. IT RISKS

**Technological development** and the spread of new **information** and mass communication and interaction **systems** have contributed to value creation but have also led to exponential growth in risk factors.

The Group considers it very important to carry out monitoring of an IT nature and equip itself with tools and action plans to deal with the emerging risk related to the significant degree of dependence of Group companies, and their related operational processes, on the Information Technology component.

This safeguarding aims to mitigate any economic, reputational or market share losses resulting from vulnerability in technology, caused by exposure to cyber risks, which can compromise the security of the company's information assets in terms of confidentiality, integrity and real-time data transfer.

In order to put into place an adequate **Cyber Risk Management** process the Group aims to detect the risks and threats to which it may be exposed, according to their IT resources and degree of vulnerability. Thereafter an action plan is defined, taking into account a cost/benefit analysis.

The adoption of the flexible work model, a pathway already started by the Group but accelerated by the global pandemic, required a high level of attention to cyber security issues. With the smart working formula, the corporate network has expanded in scope, to areas that do not offer the same level of protection as the local network, and from a security standpoint, however, the proximity between data and services related to the corporate dimension and those of the worker's private sphere present a risk factor.

The Group data centre is in a dedicated space, located at the MIX (Milan Internet exchange) Irideos, which has all the certifications and guarantees in terms of physical and environmental security and the most modern data and platform protection systems.

In order to ensure continuous activity also in the event of severe disasters, solutions were implemented to rapidly use the infrastructure installed in the Group's head office in Milan, in the event of malfunctioning of the main data centre. In fact, the building in Piazza 4 Novembre contains a data centre with the same platforms and solutions used at the Milan provider.

## 1.4. MARKET AND BUSINESS RISK

With regard to the **management of entrepreneurial risk**, following is a description of the main risks and uncertainties Gi Group may be subject to, taking into consideration the fact that markets and locations in which companies operate are characterized by high levels of regulations and supervision that are constantly evolving.

Notably, Group activities are subject to the following risks:

- **country risks**: all the risks emerging when the company invests in a foreign Country;
- **risks linked to changes in regulations**;
- **competition risks** due to the presence of several other players on the market;
- **risks involving the image and recognizability** of the Group brands.

The businesses that operate on an international level are based on the stability of the economic context in the foreign country.

The economic results and investments may be subject to negative developments.

Country risk is mainly generated by political, economic and social differences between the investor's country and the country in which the investment is made.

Russia's invasion of Ukraine has opened up major economic implications in relation to energy and raw material supplies, which is now spilling over into the global economy and financial markets.

Rising prices of oil, natural gas, grain, fertiliser and industrial metals will lead to higher producer and consumer price inflation worldwide. The war and consequent economic slowdown create deep and long-term ramifications for economic systems. The vulnerabilities of supply chains, already impacted by Covid-19, are increasingly evident, with significant effects on industries, various manufacturing sectors (especially automotive and agribusiness) and thus on employment.

With the implementation of the various sanctions packages, according to the ISPI (Italian Institute for International Policy Studies), an eventual zeroing of trade and investment with Russia would weigh on Lithuania, which finds itself exposed to more than 8% of its GDP - primarily due to strong trade ties - and also on the Netherlands, whose value exceeds 5%, basically due to the high investments from the country heading to Russia.

Russia also weighs relatively more heavily on the FDIs in London, Berlin and Paris, but total exposure remains below 2% of GDP for all three, while Italy's exposure is even smaller (less than 1%).

In many countries, the Group has taken protective measures through indexing clauses in relation to service contracts with customers, however, in the event of a sharp rise in inflation, in light of events and the ever-changing economy, turnover forecasts for 2022 will be revised from the Budget, to adapt to the new macroeconomic scenario.

In particular, in terms of the countries where the Group operates, the situation in India is improving, as it is better prepared for living with new variants of the virus thanks to a sharp increase in vaccination coverage and thanks to increased government tax incentives in key sectors, such as automotive, with the aim of increasingly shifting production and consumption toward electric vehicles, electronics, pharmaceuticals and textiles.

In contrast, in Latin America, the outlook for Brazil remains uncertain, where a new and unexpected technical recession took place, aided by soaring inflation and an aggressive monetary policy by the Central Bank that have weakened demand, compounded by uncertainties due to the presidential elections in October, traditionally marked by strong internal polarisation and the risk of a flare-up of political tensions.

Finally, public debt dynamics remain at the centre of the delicate situation in Argentina, which faces a crucial new juncture in light of the agreement with the IMF.

Furthermore, Gi Group operates in a complex international setting and is subject, in the various jurisdictions where it is active, to laws and regulations that are constantly monitored, especially with regard to labour contracts and workers' health and safety, tax and social security regulations, and, in general, all relevant regulatory provisions.

In particular, the labour sector is subject to frequent legislative interventions and influenced by different governmental political lines: in the context of continuous regulatory evolution, it is not possible to exclude future legislative interventions that could restrict the cases in which the use of the temporary employment contract is allowed, or the possible future introduction of alternative types of contracts to salaried employment, which could negatively affect the Group's economic and financial situation.

The Group closely monitors regulatory and collective contract developments, and in order to guard against this risk, Gi Group actively collaborates with local, national and international institutions on the important issues of labour market promotion and development.

The temporary employment sector is highly competitive, with operators able to adapt promptly to market changes and offer services at competitive economic conditions, therefore, the Group's structure must be adapted to the market environment to cope with any initiatives put in place by other players.

The Group activity is also influenced by the image, the reputation, and the recognisability of its Brands.

The Group constantly strives to maintain and grow the strength of the Gi Group brand, paying attention to compliance, innovation, communication, and the development of its own business model through criteria of selectivity, quality, and sustainability, even in the selection of the counterparts with whom it operates.

## 2. FINANCIAL RISKS

The Group pursues the maintenance of **adequate financial flexibility**, expressed through the availability of liquidity and credit lines that enable the constant coverage of financing needs.

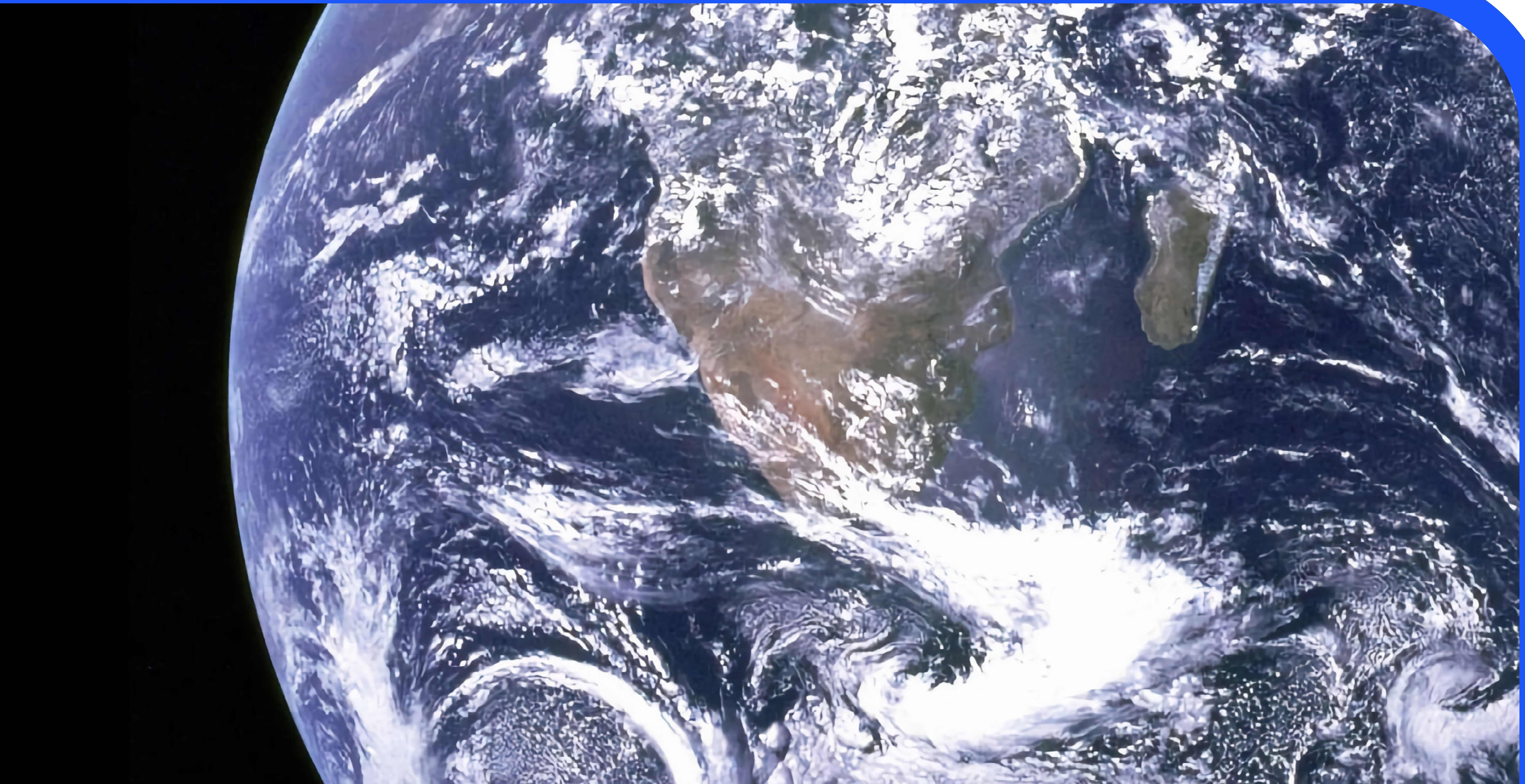
Actions aimed at periodic monitoring of the performance of working capital at the individual country level are constantly being strengthened.
Furthermore, medium- to long-term cash loan agreements of a non-revolving nature were signed, in accordance with the provisions of various local governments introduced as financial support measures, aimed at supporting business continuity, labour costs, working capital maintenance, and the payment of lease payments concerning headquarters and branches in the territory.

*Regarding the Group's management of financial risks, mainly related to monitoring credit, finding sources of financing and liquidity risk, and fluctuations in exchange and interest rates, please refer to the specific section in the Notes to the Consolidated Financial Statements.*

3.5

# Information on people and the environment

2021 was another busy year for the dedicated human resources function, full of changes but also consolidating what was learned in the first year of the pandemic.



Objectives for the year included a **focus on recruiting and hiring new talent, employee engagement and skill development, and more generally on knowledge growth and sharing best practices**. This is to enable the company to continually evolve and to provide more opportunities for professional growth for all employees in a Group with a global presence and more than 5 business lines.

The year is marked by redesigning employee search and selection pathways, strengthening internal mobility paths, launching **Employer Branding** campaigns with the Group's "**changelives**" motto, reinforcing internal communication and both "virtual" and in-person training initiatives, and further rolling out digital training and "mentoring" programs.

# 1. TALENT ACQUISITION & EMPLOYER BRANDING

For 2021, the Group's Talent Acquisition goal was to strengthen its strategic and business departments with talented professionals and managers who can further facilitate the Group's growth and international development.
At the central level, the **Information Technology**, **Digital and Innovation** functions in particular have been strengthened in order to boost technological transformation, people with industry experience and young talent to be trained have been hired, and specific **Employer Branding** initiatives aimed at positioning the Group and its brands as "**Employer of Choice**" have been implemented.

In line with the Group's strategy, the HR function internally and externally promoted the **Value Proposition** of the Group's employees and strengthened those communications by spreading Gi Group's "**Change Lives**" motto through online/offline channels, for a team composed of talented people with diverse skills coming together to transform the industry and to change lives for the better.

"**Give and Get**" is also an important resource for the employee value proposition. At Gi Group, employees have an impact on the lives of others, and there are many benefits this can bring to their career path.

The **Enterprise Value Proposition (EVP)** is based on three pillars:

- **a shared passion**: whatever the background and wherever we are in the world, we all share the same purpose. People are put first - and that starts with the people around us. We listen and collaborate because when we work together we can really change the world of work for the better;
- **learning to thrive**: always wanting to do better, both as a company and as individuals. Because of the global and multidisciplinary set-up, there is ample choice when it comes to opportunities to learn and grow. Having self-confidence to face our professional paths, but doing whatever it takes to help employees grow;
- **advancing together**: proud of our history, but not yet finished growing. Thinking innovatively and acting independently, trusting ourselves to take evaluated risks, encouraged to learn from our mistakes. This means that whatever the role, position or brand, in the Group, the employee is priority.

**Gi Group** is a global ecosystem of integrated HR services dedicated to developing the labour market by creating sustainable and enjoyable work environments that help change people's lives.

The **Employer Branding** strategy is based on two assets:

- **sharing a unique identity and story**: an inspiring, engaging and effective Employer Branding strategy is based on how we communicate our Mission, EVP, Values and Attitude to our target audience.
- **providing Candidates and Employees with an unforgettable experience**: every contact point with people speaks for the Group. From the research experience ("find a job and get your feedback") to employee advocacy (Ambassador programme). Consistency between what is said and what is done is crucial.

Operationally, 2022 includes the Group's engagement in the following **Talent Acquisition & Employer Branding** activities:

- launch of "**Change Lives Hub**" on new **Holding websites** (Global and Local) - **EVP content** and **best practices** from around the world.
- launching an exciting candidate experience within Global Holding's **Career** page, including a special self-development tool available to all candidates.
- fine-tuning the Group's **Talent Acquisition** and **Employer Branding strategy and guidelines** in order to hire the best talent available in the market.
- - implementation of **Employer Branding initiatives** within the Group, such as **global webinars** on EVP topics and **Ambassador programmes**.
- development of **activities, campaigns and content** for each contact point of the candidate journey (social media, offline/online channels).
- revising the **internal mobility programme** to make the process more pleasant for internal candidates.
- strengthening the **digital pre-boarding and onboarding** programme.

The results of the implementation phase will allow us to measure the '**EVP Framework**', which will then be articulated through the development and improvement of existing strategies.

## 2. LEARNING & DEVELOPMENT

2021 saw an extension of efforts in training and development activities, continuing from 2020. The need to energetically resume the commitment of daily activities was balanced with the need to devote time and space to professional growth initiatives, both globally and locally. Investments in "virtual" training were confirmed and digital training and "mentoring" programmes were further disseminated; specifically, efforts were focused on professionalising skills - supporting business recovery - and on transversal skills, particularly related to soft skills, complexity management and "agile" mentality.

The following are the main training projects.

### DIGITAL TRAINING CATALOGUES

In 2021, the work of producing the training content of the "Temp&PermDigital Learning Library" for the Temp&Perm Practice worldwide was further consolidated and the localisation of the same in major countries was initiated, in particular with the launch of around 15 new professionalising eLearning courses on Sales, Delivery, and "Soft Skills" topics.
The need to interact remotely with customers inspired the "Smart Selling" training initiative, dedicated to Sales roles and focused on methodologies and techniques for connecting, communicating and winning customer trust through digital and social channels.
The "Professional Digital Learning Library", dedicated to the Professional Practice, was also launched, with in-depth processes and guidelines focusing on both the Sales and Delivery areas.
The eLearning modules are characterised by interactivity and the use of engaging methodologies such as "gamification", using alternative scenarios of real work situations to explain effective behaviours.

### AGILE AND LEAN MINDSET FOR MANAGERS

Given the context of the "new normal," characterised by dynamic and ever-changing scenarios, it was decided to design and deliver a training programme for around 100 top and middle managers from various countries, aimed at sharing the basic principles of Lean and Agile design methodologies, in order to support and nurture the adoption of a managerial mindset open to understanding and managing complexity.

### VIRTUAL GLOBAL INDUCTION AND INTERNAL WEBINARS FOR KNOWLEDGE SHARING

Also in 2021, the remote delivery of the Global Induction event, which saw a doubling of the previous year's edition and involved around 70 people from different countries, was continued from 2020.
Global-level webinar sessions featuring in-house speakers on specific Sales and professionalising topics (Solution Design) also continued after the success of the previous year.

### ONBOARDING AND MENTORING PROCESS

In 2021, the onboarding process was further strengthened through the adoption of a specific platform, currently within the perimeter of Global headquarter employees and several major countries.
In addition to the "Welcome On Board" training package, which is delivered digitally to welcome new colleagues, the tool enables the integration of key information useful for orientation in the organisation into a single information flow to the employee, starting from the date of signing the agreement - so just before joining the company - to the first day of work and again in the first weeks after hiring.
There has also been further expansion of "mentoring" activities, particularly across countries, to support effective induction into the role for personnel of particular organisational importance.

### PLATFORM FOR LEARNING ENGLISH

An English language self-teaching platform was launched in 2021. This platform, online 24/7 for all employees in all countries, allows one to verify one's knowledge of the English language and, depending one's level, to access training content in various formats (articles, videos, interactive exercises) to train and improve one's language skills.

## TRAIN THE TRAINER PROGRAMME

In 2021, following the success of the 2020 pilot edition, we have initiated a training programme tailored for those who support internal employee training activities and those who hold key roles in the sharing of specific technical and professional skill sets. The "Train the Trainer – Enhancing Knowledge Transfer Skills" - program has been co-designed and provided by TackTMI, the Group's training company and its goal is to enhance the company's internal knowledge assets, enabling on the one hand to support the motivation of the "experts" and on the other to spread relevant working procedures, contents and information for colleague enhancement.

Thus, 2021 confirmed the centrality of training activities to support the engagement and growth of our employees.

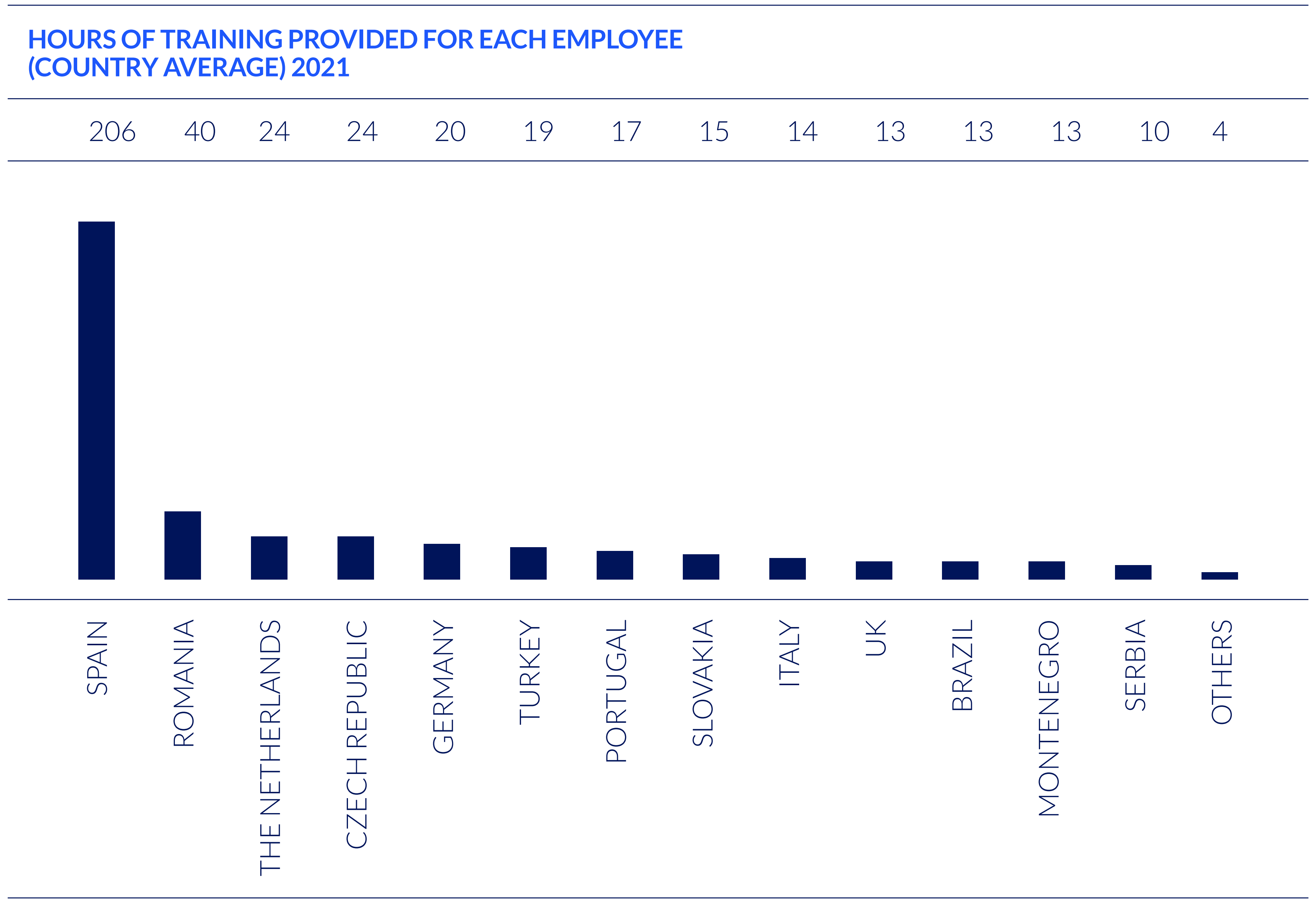
There was an increase in the number of training hours provided compared to the previous year, thus confirming the upward trend despite the great efforts made in supporting post-pandemic recovery. There remains, however, a slight reduction in the number of courses delivered, mainly because of the continuing restrictions due to the pandemic environment and thus the impossibility of total conversion of all training activities to digital or distance learning:

- 158,031 (138,658 in 2020): total hours of training carried out - an increase of 14% over 2020 and 87% over 2019
- 968 (1,074 in 2020): courses carried out in 2021 - a 10% decrease from 2020 and a 15% increase from 2019.

The average number of training hours carried out for each Gi Group employee in 2021 is 23.6 - down 9% from the average figure for 2020 (25.9).

The above figures concern training activities held in the various countries in which the Group operates and training courses organised by the Global HR department.

The chart below illustrates the average number of hours of training carried out in each country where the Group is present:



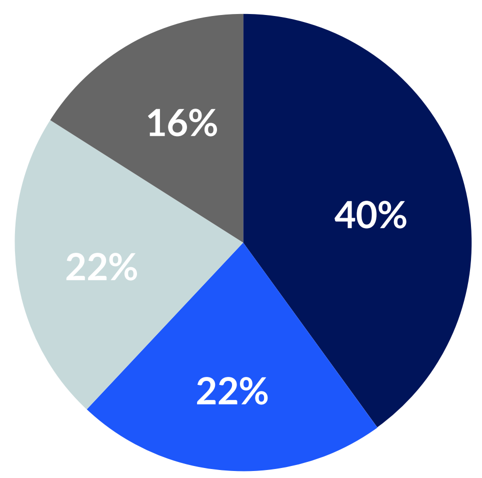

[FIGURE 20 – HOURS OF TRAINING IN 2021 PER COUNTRY]

Training programmes are consistent with the strategy of the Group and with the business priority of each country.

In continuity with 2020, the main training contents distributed are divided into 4 macro environments:

TRAINING MIX – TRAINING CONTENTS 2021

| | |
|---|---|
| ● TECHNICAL AND SPECIALIST SKILLS | ● TRANSVERSAL SKILLS |
| ● TRAINING UPON ENTRY/ON WORK TOOLS | ● MANDATORY TRAINING/ REGULATORY |




[FIGURE 21 – MIX OF TRAINING CONTRIBUTIONS]

In 2021, the use of the Docebo eLearning platform for the delivery of remote learning courses was further increased and, as a result of the pandemic, there is a predominance of courses delivered online compared to those delivered in the classroom.

# 3. INTERNAL COMMUNICATION

In 2021, engagement of our people remained one of the main focuses and objectives of internal communication along with the need to activate all levers for sharing knowledge and best practices.

At the start of the year the first virtual global event was launched, which all of the group's employees could access: by means of an online platform the informational content on the strategy, objectives and main results achieved by Group were shared.

To measure the level of employee engagement and energy during 2021, 2 editions of the Energy Pulse were launched in which an average of more than 2,300 employees participated with positive results in all areas investigated.

In the second part of the year, the first survey was launched to measure the internal knowledge level of the Employee Value Proposition. At the same time, we also launched a call to action to identify the brand ambassadors at a global level, responsible for communicating and bolstering the changelives concept.

Finally, the following international days were celebrated:

- **International Women's Day**: based on the concept of Sustainable Work, the campaign focuses on a number of women employed at a global level in 2020.
- **International Heart Day**: for which Gi Group partnered with Treedom, a company that enables the purchase and planting of trees in developing countries, beneficial for the environment and local communities. The first Gi Group Forest has been created.
- **International Day for Health and Safety at Work**: the campaign focused on the measures and initiatives undertaken by countries to prevent the risk of Covid-19 at the workplace and to support employees during the pandemic.
- **World Day Against Child Labour**: an awareness campaign on the effects of Covid-19 on child labour.

In 2022, the main focuses of internal communications will be the launch of the holding company's new brand, support for the digitisation strategy, and continued reinforcement of the Employee Value proposition.

Lastly, it should be noted that as to environment the Group's companies never caused environmental damages for which they were declared definitively guilty, and neither did they receive sanctions or prison sentences for environmental crimes or damages.

The following are a few initiatives aimed at reducing environmental impact and developing the awareness of employees and temporary workers with respect to such issues:

- environmental protection as an explicit theme within the Code of Ethics;
- with a view to safeguarding the environment, water columns were located on each floor of offices and made available to employees, with thermal water bottles being provided.

3.6

# R&D Activities

The digitisation processes, in an increasingly connected system, are an opportunity for the Group to adapt its technological infrastructure to meet the challenges of the market, to become a strategic partner for the market's stakeholders, and to project its structure towards a sustainable organisation, in favour of greater competitiveness in the market, whilst generating a positive impact on both the internal and external environment.

At the Global level, investment has been made in defining priorities on which to focus a **dedicated R&D department** to be established in 2022, and in detail the focus has been on:

- definition of a two-year plan for the development of corporate capabilities and related projects, according to an approach based on the application of "augmented intelligence" to business processes, both in the area of search and selection and in the area of sales.
- identification of skills gaps and the actions needed to fill them, along three main lines: specific training, a targeted recruitment plan, and engagement and collaboration with external providers and academic research institutions.

With a view to developing an innovation mindset within the organisation, a **Governance** composed of local and regional **Innovation Managers** has been established to engage all individuals in the organisation and foster bottom-up innovation through a process of proposing and evaluating solutions from one country that are scaled to other countries already in a concept phase and not just as best practices.

In 2021, in Italy, the parent company **Gi Group** made additional resources available for the "**Candidate 4.0**" project to build an online platform, highly integrated with cloud services and aimed at supporting digital recruitment services. The project aims to promote the development of an innovative model of sustainable consumption of the services offered by the platform, enabling the creation of a virtual community capable of fostering continuous collaboration and sharing of information and know-how and with a low environmental impact through the use of technology.

The **total value of the investment** from its activation to the end of the current year is Euro 3.38 million, divided between capitalised and operating costs.

The nature of this investment, which assumes a strategic value for the company, will be reflected in the company's economic and capital structure for future fiscal years.

The entire project will be completed in 2023 with a total value of Euro 6.3 million.

# 3.7

# Relations with Group Companies

The Gi Group Holding S.r.l. parent company acts as the Director and Coordinator, pursuant to Article 2497 and successive of the Italian Civil Code, of Gi Group S.p.A. and the other operative Italian companies.

The parent company Gi Group S.p.A. and the Italian and foreign subsidiaries maintain relations with related parties in line with the principles of transparency and fairness.

The operations with **correlated parties** concern the performance of services, provision and lending of financial means with its own subsidiaries, associated company and other affiliates, as well as the Group's treasury management. These relations fall under routine management of the business and are concluded under normal market conditions, or in other words, under the conditions that would normally be established between independent parties.

The amount of the relations of a commercial, financial and other nature with the correlated parties, the description of the main types of operations, as well as the impact of such relations and equity and financial operations on the result for the year and cash flow are indicated in the Notes to the Consolidated Financial Statements and in the individual separate financial statements of the Gi Group S.p.A. and the Italian and foreign subsidiaries.
Information on relationships with group companies, with an indication of the nature of the relationships developed and an illustration of synergies, is represented in the Notes to the separate financial statements of the companies, to which reference should be made for full details.

From a tax perspective, transfer pricing regulations are of fundamental importance to the Group, which operate on a global level.

The documentation prepared by Gi Group S.p.A. enables the financial Administration to rely on a valid support in the demonstrating compliance with fair market value of the transfer prices practised by the company and by the Group, compared to those adopted in the arm's length regime.
Annually, Gi Group S.p.A. prepares the appropriate documentation in accordance with that required by the Provision of the Director of the Italian Revenue Agency no. 0360494 of 23rd November 2020, which is represented by:

- the Master file, which collects information relative to the entire Group;
- the Country file, which represents the set of transnational and intercompany assets and liabilities, with relevance under the Provision for the company Gi Group S.p.A.

In order to ensure a reliable internal control system for financial reporting purposes, Gi Group adopted administrative, accounting and operating procedures aimed at producing an effective information flow and implemented these in its companies,. Group administrative procedures include the Group Accounting Manual (rules for the use and application of accounting standards) and the Consolidated Financial Statements Operation Manual.

# 3.8

# Treasury shares

The Parent Company Gi Group S.p.A. holds **60,000 treasury shares** with a face value of 1 Euro, purchased for a total value of Euro 976 thousand in 2008.

Following the introduction of Article 2357-bis and paragraph 7 of Article 2424-bis (Italian Legislative Decree no. 139/2015), treasury shares are entered in the financial statements against the book value of the shareholders' equity in a relevant negative reserve.
For more information, please see the Notes to the Financial Statements for the Fiscal Year and the Consolidated Financial Statements of Gi Group.

# 3.9

# Secondary offices

With regards to the list of secondary offices and the main company data of the legal entities that are part of the Group, please refer to the table "List of investments in compliance with Art. 2427 n. 5 of the Italian Civil Code" in the paragraph related to 2.4. Scope of consolidation and its changes in the Notes to the Consolidated Financial Statements of Gi Group.

Milan, 31st May 2022

On behalf of the Board of Directors,

The Chairman, Francesco Baroni

# 4

# Gi Group S.p.A. Consolidated Financial Statements as at 31st December 2021



4.1

# Consolidated Statement of Financial Position

| (IN THOUSANDS OF EURO) | NOTES | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|---|
| | | **ASSSETS** | |
| **NON-CURRENT ASSETS** | | | |
| PROPERTY, PLANT AND EQUIPMENT | 8.1 | 12,128 | 10,957 |
| GOODWILL | 8.2 | 124,236 | 97,463 |
| OTHER INTANGIBLE ASSETS | 8.3 | 39,945 | 28,229 |
| RIGHT OF USE ASSETS | 8.4 | 65,513 | 57,735 |
| EQUITY INVESTMENTS ACCOUNTED FOR AT SHAREHOLDERS' EQUITY | 8.5 | 25 | 48,681 |
| DEFERRED TAX ASSETS | 8.6 | 21,779 | 22,269 |
| NON-CURRENT FINANCIAL ASSETS | 8.7 | 2,606 | 1,746 |
| OTHER NON-CURRENT ASSETS | 8.8 | 203 | 188 |
| **TOTAL NON-CURRENT ASSETS** | | **266,435** | **267,268** |
| **CURRENT ASSETS** | | | |
| INVENTORIES | 8.9 | 690 | 953 |
| TRADE RECEIVABLES | 8.10 | 532,117 | 472,566 |
| CURRENT TAX ASSETS | 8.11 | 2,852 | 2,631 |
| CASH AND CASH EQUIVALENTS | 8.12 | 179,852 | 184,336 |
| CURRENT FINANCIAL ASSETS | 8.13 | 10,512 | 9,960 |
| OTHER CURRENT ASSETS | 8.14 | 87,394 | 66,286 |
| **TOTAL CURRENT ASSETS** | | **813,417** | **736,732** |
| **ASSETS HELD FOR SALE** | **8.23** | **48,125** | **-** |
| **TOTAL ASSETS** | | **1,127,977** | **1,004,000** |

| (IN THOUSANDS OF EURO) | NOTES | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **SHAREHOLDERS' EQUITY** | | | |
| SHARE CAPITAL | | 12,000 | 12,000 |
| RESERVES | | 74,448 | 54,709 |
| NET PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE GROUP | | 35,343 | 23,634 |
| **TOTAL SHAREHOLDERS' EQUITY PERTAINING TO THE GROUP** | | **121,791** | **90,343** |
| SHAREHOLDERS' EQUITY OF MINORITY INTERESTS | | -3,405 | -1,607 |
| **TOTAL SHAREHOLDERS' EQUITY** | **8.15** | **118,386** | **88,736** |

| (IN THOUSANDS OF EURO) | NOTES | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **NON-CURRENT LIABILITIES** | | | |
| NON-CURRENT LEASE LIABILITIES | 8.4 | 49,165 | 44,393 |
| NON-CURRENT FINANCIAL LIABILITIES | 8.16 | 134,092 | 133,389 |
| PROVISIONS FOR PERSONNEL | 8.17 | 15,467 | 9,919 |
| DEFERRED TAX LIABILITIES | 8.6 | 5,675 | 2,326 |
| PROVISIONS FOR RISKS AND CHARGES | 8.18 | 16,738 | 13,920 |
| OTHER NON-CURRENT LIABILITIES | 8.19 | 14,616 | 17,988 |
| **TOTAL NON-CURRENT LIABILITIES** | | **235,753** | **221,935** |
| **CURRENT LIABILITIES** | | | |
| CURRENT LEASE LIABILITIES | 8.4 | 20,526 | 16,211 |
| CURRENT FINANCIAL LIABILITIES | 8.16 | 197,596 | 195,906 |
| CURRENT TAX LIABILITIES | 8.20 | 12,132 | 4,049 |
| TRADE PAYABLES | 8.21 | 64,160 | 46,122 |
| OTHER CURRENT LIABILITIES | 8.22 | 465,747 | 431,042 |
| TOTAL CURRENT LIABILITIES | | **760,161** | **693,330** |
| **LIABILITIES HELD FOR SALE** | **8.23** | **13,677** | **-** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **1,127,977** | **1,004,000** |

# 4.2

# Consolidated Income Statement

| (IN THOUSANDS OF EURO) | NOTES | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|---|
| REVENUES FROM CONTRACTS WITH CUSTOMERS | 9.1 | 3,227,358 | 2,474,327 |
| OTHER REVENUES AND INCOME | 9.2 | 59,503 | 50,770 |
| **TOTAL REVENUES AND OTHER INCOME** | | **3,286,861** | **2,525,097** |
| COSTS FOR RAW MATERIALS, CONSUMABLES AND GOODS FOR RESALE | 9.3 | -5,085 | -5,134 |
| COSTS FOR SERVICES | 9.4 | -211,124 | -148,970 |
| PERSONNEL COSTS | 9.5 | -2,949,533 | -2,290,370 |
| OTHER OPERATING COSTS | 9.6 | -21,032 | -16,811 |
| NET WRITE-DOWNS OF FINANCIAL ASSETS | 9.7 | -530 | -1,984 |
| DEPRECIATION AND WRITE-DOWNS OF PROPERTY, PLANT AND EQUIPMENT, AMORTISATION AND WRITE-DOWNS OF INTANGIBLE ASSETS AND RIGHTS OF USE | 9.8 | -37,252 | -30,758 |
| NET ALLOWANCES TO PROVISIONS FOR RISKS AND CHARGES | 9.9 | -1,449 | -2,660 |
| **OPERATING PROFIT (LOSS)** | | **60,856** | **28,410** |
| FINANCIAL INCOME | 9.10 | 1,369 | 14,264 |
| FINANCIAL EXPENSES | 9.11 | -9,043 | -7,448 |
| EXCHANGE RATE GAINS AND LOSSES | 9.12 | 1,078 | -3,642 |
| **PRE-TAX PROFIT (LOSS)** | | **54,260** | **31,584** |
| INCOME TAXES | 9.13 | -19,060 | -4,817 |
| **NET PROFIT (LOSS) FOR THE YEAR - ORDINARY OPERATIONS** | | **35,200** | **26,767** |
| COSTS/(REVENUES) FROM DISCONTINUED OPERATIONS | 9.14 | -1,351 | |
| **NET PROFIT (LOSS) FOR THE YEAR - DISCONTINUED OPERATIONS** | | **-1,351** | **-** |
| **NET PROFIT (LOSS) FOR THE YEAR** | | **33,849** | **26,767** |
| *OF WHICH: NET PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE GROUP* | | 35,343 | 23,634 |
| *NET PROFIT (LOSS) FOR THE YEAR PERTAINING TO TO MINORITY INTERESTS* | | (1,495) | 3,133 |

# 4.3

# Consolidated statement of comprehensive income

| (IN THOUSANDS OF EURO) | NOTES | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|---|
| **NET PROFIT (LOSS) FOR THE YEAR (A)** | | **33,849** | **26,767** |
| **A. OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME WHICH WILL NOT SUBSEQUENTLY BE RECLASSIFIED TO THE INCOME STATEMENT** | | | |
| ACTUARIAL GAINS (LOSSES) ON PROVISIONS FOR PERSONNEL | 8.16 | 375 | -109 |
| TAXES ON ACTUARIAL GAINS (LOSSES) ON PROVISIONS FOR PERSONNEL | 8.6 | -90 | 26 |
| **TOTAL OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME WHICH WILL NOT SUBSEQUENTLY BE RECLASSIFIED TO THE INCOME STATEMENT** | | **285** | **-83** |
| **B. OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME WHICH WILL SUBSEQUENTLY BE RECLASSIFIED TO THE INCOME STATEMENT** | | | |
| CHANGES IN TRANSLATION RESERVE | | 783 | -7,047 |
| CHANGES IN FAIR VALUE OF CASH FLOW HEDGE DERIVATIVES | | 542 | -3 |
| **TOTAL OTHER COMPONENTS OF THE STATEMENT OF COMPREHENSIVE INCOME WHICH WILL SUBSEQUENTLY BE RECLASSIFIED TO THE INCOME STATEMENT** | | **1,325** | **-7,050** |
| **TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME, NET OF TAXES (B)** | | **1,610** | **-7,133** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A)+(B)** | | **35,459** | **19,634** |
| *OF WHICH:* | | | |
| *COMPREHENSIVE INCOME (LOSS) FOR THE YEAR PERTAINING TO THE GROUP* | | 36,931 | 16,539 |
| *COMPREHENSIVE INCOME (LOSS) FOR THE YEAR PERTAINING TO MINORITY INTERESTS* | | (1,474) | 3,095 |

4.4

# Statement of changes in consolidated shareholders' equity

| (IN THOUSANDS OF EURO) | NOTES | SHARE CAPITAL | RESERVES | NET PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE GROUP | TOTAL SHAREHOLDERS' EQUITY PERTAINING TO THE GROUP | SHAREHOLDERS' EQUITY OF MINORITY INTERESTS | TOTAL SHAREHOLDERS' EQUITY |
|---|---|---|---|---|---|---|---|
| **BALANCE AS AT 31ST DECEMBER 2019** | **8.15** | **12,000** | **48,125** | **19,132** | **79,256** | **1,884** | **81,140** |
| ALLOCATION OF PREVIOUS YEAR'S PROFITS | | - | 19,132 | -19,132 | - | - | - |
| DISBURSEMENT OF DIVIDENDS | | | -11 | | -11 | -33 | -44 |
| **TOTAL TRANSACTIONS WITH SHAREHOLDERS** | | **-** | **-11** | **-** | **-11** | **-33** | **-44** |
| NET PROFIT (LOSS) FOR THE YEAR | | - | - | 23,634 | 23,634 | 3,133 | 26,767 |
| ACTUARIAL GAINS AND LOSSES (PROVISIONS FOR PERSONNEL), NET OF TAXES | | - | -83 | - | -83 | - | -83 |
| CHANGES IN TRANSLATION RESERVE | | - | -7,009 | - | -7,009 | -38 | -7,047 |
| CHANGES IN FAIR VALUE OF CASH FLOW HEDGE DERIVATIVES | | - | -3 | - | -3 | - | -3 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **-** | **-7,095** | **23,634** | **16,539** | **3,095** | **19,634** |
| **TOTAL PURCHASES AND OTHER DIRECT CHANGES IN EQUITY** | | **-** | **-5,443** | **-** | **-9,279** | **-6,554** | **-15,833** |
| **BALANCE AS AT 31ST DECEMBER 2020** | | **12,000** | **54,707** | **23,634** | **90,343** | **-1,607** | **88,736** |

| (IN THOUSANDS OF EURO) | NOTES | SHARE CAPITAL | RESERVES | NET PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE GROUP | TOTAL SHAREHOLDERS' EQUITY PERTAINING TO THE GROUP | SHAREHOLDERS' EQUITY OF MINORITY INTERESTS | TOTAL SHAREHOLDERS' EQUITY |
|---|---|---|---|---|---|---|---|
| **BALANCE AS AT 31ST DECEMBER 2010** | **8.15** | **12,000** | **54,707** | **23,634** | **90,343** | **-1,607** | **88,736** |
| ALLOCATION OF PREVIOUS YEAR'S PROFITS | | - | 23,634 | -23,634 | - | - | - |
| DISBURSEMENT OF DIVIDENDS | | | -43 | | -43 | -18 | -61 |
| **TOTAL TRANSACTIONS WITH SHAREHOLDERS** | | | -43 | | -43 | -18 | -61 |
| NET PROFIT (LOSS) FOR THE YEAR | | - | - | 35,343 | 35,343 | -1,495 | 33,849 |
| ACTUARIAL GAINS AND LOSSES (PROVISIONS FOR PERSONNEL), NET OF TAXES | | - | 285 | - | 285 | - | 285 |
| CHANGES IN TRANSLATION RESERVE | | - | 762 | - | 762 | 21 | 784 |
| CHANGES IN FAIR VALUE OF CASH FLOW HEDGE DERIVATIVES | | - | 542 | - | 542 | - | 542 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **-** | **1,589** | **35,343** | **36,931** | **-1,474** | **35,459** |
| **TOTAL PURCHASES AND OTHER DIRECT CHANGES IN EQUITY** | | **-** | **-5,443** | **-** | **-9,279** | **-6,554** | **-15,833** |
| **BALANCE AS AT 31ST DECEMBER 2021** | | **12,000** | **74,447** | **35,343** | **121,791** | **-3,405** | **118,386** |

4.5

# Consolidated Statement of Cash Flows

| (IN THOUSANDS OF EURO) | NOTES | YEAR ENDED AS AT 31ST DECEMBER | |
|---|---|---|---|
| | | 2021 | 2020 |
| **A) CASH FLOWS FROM OPERATING ACTIVITIES (INDIRECT METHOD)** | | | |
| NET PROFIT (LOSS) FOR THE YEAR | | 33,849 | 26,767 |
| INCOME TAXES | 9.13 | 19,059 | 4,817 |
| FINANCIAL INCOME/(EXPENSES) AND EXCHANGE RATE GAINS/(LOSSES) | 9.10 - 9.11 - 9.12 | 7,946 | -3,174 |
| **1) PROFIT (LOSS) FOR THE YEAR BEFORE INCOME TAXES, INTEREST, DIVIDENDS AND GAINS/LOSSES FROM DISPOSAL** | | **60,854** | **28,410** |
| *ADJUSTMENTS FOR NON-MONETARY ELEMENTS WHICH HAD NO OFFSETTING ENTRY IN NET WORKING CAPITAL* | | | |
| ALLOCATIONS TO PROVISIONS | | 6,706 | 4,286 |
| AMORTISATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT | 9.8 | 36,115 | 30,428 |
| WRITE-DOWNS DUE TO IMPAIRMENT | 9.8 | 1,200 | 330 |
| OTHER INCREASES/(DECREASES) FOR NON-MONETARY ELEMENTS | | - | 358 |
| **TOTAL ADJUSTMENTS FOR NON-MONETARY ELEMENTS WHICH HAD NO OFFSETTING ENTRY IN NET WORKING CAPITAL** | | **44,020** | **35,402** |
| **2) CASH FLOWS BEFORE CHANGES IN NET WORKING CAPITAL** | | **104,874** | **63,812** |
| *CHANGES IN NET WORKING CAPITAL* | | | |
| DECREASE/(INCREASE) IN INVENTORIES | 8.9 | 263 | -944 |
| DECREASE/(INCREASE) IN TRADE RECEIVABLES | 8.10 | -59,311 | -82,317 |
| INCREASE/(DECREASE) IN TRADE PAYABLES | 8.20 | 17,927 | 8,066 |
| INCREASE/(DECREASE) IN PAYABLES TO/RECEIVABLES FROM WORKERS AND SOCIAL SECURITY INSTITUTIONS | | 52,814 | 54,708 |
| OTHER DECREASES/(OTHER INCREASES) IN NET WORKING CAPITAL | | -38,675 | 64,237 |
| **TOTAL CHANGES IN NET WORKING CAPITAL** | | **-26,983** | **43,750** |

| (IN THOUSANDS OF EURO) | NOTES | YEAR ENDED AS AT 31ST DECEMBER | |
|---|---|---|---|
| | | 2021 | 2020 |
| **3) CASH FLOWS AFTER CHANGES IN NET WORKING CAPITAL** | | **77,891** | **107,562** |
| *OTHER ADJUSTMENTS* | | | |
| INTEREST COLLECTED/(PAID) | | -7,356 | 6,816 |
| (INCOME TAXES PAID) | | -8,451 | -16,155 |
| (USE OF PROVISIONS) | | -739 | -618 |
| **TOTAL OTHER ADJUSTMENTS** | | **-16,547** | **-9,957** |
| **CASH FLOWS FROM OPERATING ACTIVITIES (A)** | | **61,344** | **97,605** |
| **B) CASH FLOWS FROM INVESTMENT ACTIVITIES** | | | |
| PROPERTY, PLANT AND EQUIPMENT: (INVESTMENTS)/ DIVESTMENTS | 8.1 | -5,961 | -3,546 |
| INTANGIBLE ASSETS: (INVESTMENTS)/DIVESTMENTS | 8.2 - 8.3 | -22,281 | -15,243 |
| FINANCIAL ASSETS: (INVESTMENTS)/DIVESTMENTS | | -207 | -49,261 |
| (ACQUISITION OF SUBSIDIARIES NET OF CASH AND CASH EQUIVALENTS) | 8.7 - 8.13 | -26,569 | -25,117 |
| **CASH FLOWS FROM INVESTMENT ACTIVITIES (B)** | | **-55,018** | **-93,167** |

| (IN THOUSANDS OF EURO) | NOTES | YEAR ENDED AS AT 31ST DECEMBER | |
|---|---|---|---|
| | | 2021 | 2020 |
| **C) CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| INCREASE/(DECREASE) IN PAYABLES DUE TO BANKS | 8.16 | 27,007 | 96,576 |
| INCREASE/(DECREASE) IN OTHER FINANCIAL LIABILITIES | 8.16 | -8,136 | 15,274 |
| INCREASE/(DECREASE) IN LEASE LIABILITIES | 8.4 | -29,680 | -9,543 |
| **CASH FLOWS FROM FINANCING ACTIVITIES (C)** | | **-10,809** | **102,307** |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)** | | **-4,483** | **106,745** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | **8.12** | **184,336** | **77,591** |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **8.12** | **179,853** | **184,336** |

4.6

# Notes to the consolidated financial statements as at 31st december 2021

## 1. GENERAL INFORMATION

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

Specifically, the Group, which is the leading Italyn multinational employment agency, as well as one of the leading companies worldwide in services dedicated to development of the job market, provides the following services: temporary staffing, permanent staffing and professional staffing, search and selection, executive search, outsourcing, training, outplacement assistance and human resources consulting.

The Group operates in Italy and in numerous European, non-European, Asian and South American countries.

Gi Group S.p.A. is a company incorporated and domiciled in Italy, with headquarters Milan, Piazza IV Novembre 5, organised pursuant to the law of the Republic of Italy.

## 2. SUMMARY OF ACCOUNTING STANDARDS ADOPTED

### 2.1. BASIS OF PREPARATION

The Company applied the option set out in Italyn Legislative Decree no. 38 of 28th February 2005, as subsequently amended by Italyn Decree Law no. 91 of 24th June 2014 and by Italyn Law no. 145/2018, which governs the exercise of the options provided for in Art. 5 of European Regulation no. 1606/2002 on the International Accounting Standards, and 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.

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

### 2.2. DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL ACCOUNTING STANDARDS

These Consolidated Financial Statements have been prepared in accordance with International Accounting Standards endorsed by the European Commission and in force as at 31st December 2021. EU-IFRS shall mean all the “International Financial Reporting Standards”, all the “International Accounting Standards” (IAS) and all the interpretations of the IFRS Interpretations Committee” (IFRIC), previously named the “Standing Interpretations Committee” (SIC).

The International Accounting Standards were applied also with reference to the “Conceptual Framework for Financial Reporting” and there were no derogations from the EU-IFRS standards.

These Consolidated Financial Statements were approved by the Company’s Board of Directors on 31st May 2022.

These Consolidated Financial Statements are subject to auditing by PricewaterhouseCoopers S.p.A., the Company’s Independent Auditors.

## 2.3. FINANCIAL STATEMENT PRESENTATION CRITERIA

These Consolidated Financial Statements are comprised of the mandatory financial statements set out in IAS 1 and, that is, the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Statement of Changes in Consolidated Shareholders’ Equity, the Consolidated Statement of Cash Flows, and the Notes.

The Group decided to present the Consolidated Income Statement by type of expenditure, while assets and liabilities in the Consolidated Statement of Financial Position are divided into current and non-current.

An asset is classified as current where:
- it is assumed that this asset will be sold, or is held for sale or consumption, during the normal operating cycle;
- it is held mainly for trading purposes;
- it is assumed that is will be sold within twelve months from the reporting date;
- it is comprised of cash or cash equivalents (unless it is forbidden to exchange it or use it to discharge a liability for at least twelve months from the reporting date).

All other assets are classified as non-current. Specifically, IAS 1 includes property, plant and equipment, intangible assets and long-term financial assets among non-current assets.

A liability is classified as current where:
- it is expected to be discharged during the normal operating cycle;
- it is held mainly for trading purposes;
- it will be discharged within twelve months from the reporting date;
- there is no unconditional right to defer its settlement for at least twelve months from the reporting date. Clauses of a liability which could, at the counterparty’s choice, be discharged through the issue of capital instruments do not impact its classification.

All other liabilities are classified as non-current. The operating cycle is the time from the purchase assets for the production process to their transformation into cash or cash equivalents. When the normal operating cycle is not clearly identifiable, it is assumed to last twelve months.

The Statement of Cash Flows is drawn up using the indirect method.

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

These Consolidated Financial Statements have been drawn up in Euro, the Company’s operating currency. The financial statements and notes are expressed in thousands of Euro, unless otherwise indicated.

These Consolidated Financial Statements have been prepared with a view to the company operating as a going concern, on an accruals basis of accounting, in line with the principle of materiality and significance of information, prevalence of substance over form, and with the aim of ensuring that they are in line with future presentations. Assets and liabilities and costs and revenues are not offset, unless this is permitted or required by the International Accounting Standards.

## 2.4. SCOPE OF AND CHANGES IN CONSOLIDATION

### SCOPE OF CONSOLIDATION

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

The table below lists the companies included in the Group’s scope of consolidation, indicating their headquarters, share capital as at 31st December 2021, and the percentage held (directly or indirectly) by the Parent Company as at 31st December 2021 and 2020:

| NAME | CITY OR FOREIGN COUNTRY | SHARE CAPITAL AS AT 31ST DECEMBER 2021 (IN THOUSANDS OF EURO) | % OWNERSHIP (DIRECT AND INDIRECT) BY THE PARENT COMPANY | |
|---|---|---|---|---|
| | | | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
| **PARENT COMPANY** | | | | |
| GI GROUP S.P.A. | MILAN | 12,000 | PARENT COMPANY | PARENT COMPANY |
| **COMPANIES DIRECTLY CONTROLLED BY THE PARENT COMPANY** | | | | |
| INTOO S.R.L. | MILAN | 100 | 100% | 100% |
| EXS ITALY S.R.L | MILAN | 26 | 100% | 100% |
| GI HR SERVICES S.R.L. | MILAN | 100 | 100% | 100% |
| OD&M S.R.L. | MILAN | 50 | 100% | 100% |
| GI INTERNATIONAL S.R.L. | MILAN | 1,000 | 100% | 100% |
| C2C S.R.L. | MILAN | 100 | 100% | 100% |
| WYSER S.R.L. | MILAN | 50 | 100% | 100% |
| TACK & TMI ITALY S.R.L. | MILAN | 100 | 100% | 100% |
| GI ON BOARD S.R.L. | MILAN | 100 | 100% | 100% |
| ENGINIUM S.R.L. | MILAN | 100 | 100% | 100% |
| **COMPANIES INDIRECTLY CONTROLLED BY THE PARENT COMPANY** | | | | |
| GI GROUP AUTOMOTIVE GROUP S.A.S | PARIS | 3,333 | 100% | 100% |
| GI GROUP FRANCE S.A.S. | PARIS | 2,100 | 100% | 100% |
| ONEPI SAS | PARIS | 3,334 | 100% | N/A |
| SOCIETE EUROPEENNE DE SELECTION SAS | PARIS | 150 | 100% | N/A |
| AXXIS FORMATION SAS | PARIS | 40 | 100% | N/A |
| AXXIS FORMATION SANTE SARL | PARIS | 50 | 100% | N/A |
| AXXIS RESSOURCES SAS | PARIS | 100 | 100% | N/A |
| G.I. GROUP SPAIN EMPRESA DE TRABAJO TEMPORAL S.L. | MADRID | 1,875 | 100% | 100% |

| NAME | CITY OR FOREIGN COUNTRY | SHARE CAPITAL AS AT 31ST DECEMBER 2021 (IN THOUSANDS OF EURO) | % OWNERSHIP (DIRECT AND INDIRECT) BY THE PARENT COMPANY | |
|---|---|---|---|---|
| | | | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
| GÉNÉRALE INDUSTRIELLE RESEARCH SL | MADRID | 800 | 100% | 100% |
| G.I. GROUP *OUTSOURCING* 2016, S.L. | MADRID | 462 | 100% | 100% |
| GI HOTELS, SERVICIOS PARA HOTELES S.L. | MADRID | 3 | 100% | 100% |
| BARNETT MCCALL RECRUITMENT S.R.L. | BUCHAREST | 2,045 | 100% | 100% |
| GI GROUP STAFFING COMPANY S.R.L. | BUCHAREST | 2,965 | 100% | 100% |
| CONSULTEAM RECRUTARE SI SELECTIE SRL | BUCHAREST | - | 100% | 100% |
| GI GROUP *OUTSOURCING* SOLUTIONS SRL | BUCHAREST | 2 | 100% | N/A |
| GI DEUTSCHLAND HOLDING GMBH | DÜSSELDORF | 5,205 | 100% | 100% |
| GI GROUP DEUTSCHLAND GMBH | DÜSSELDORF | 306 | 100% | 100% |
| GI PROFESSIONAL SERVICES GMBH | DÜSSELDORF | 25 | 100% | 100% |
| PERSONAL SERVICE NIEDERRHEIN GMBH | DÜSSELDORF | 25 | 100% | 100% |
| GRAFTON DEUTSCHLAND GMBH | HERRENBERG | 25 | 100% | 100% |
| GRAFTON SOLUTIONS GMBH | HERRENBERG | 25 | 100% | 100% |
| GI GROUP *OUTSOURCING* DEUTSCHLAND GMBH | DÜSSELDORF | 50 | 100% | 100% |
| IT KONTRAKT GMBH | BERLIN | 175 | 100% | 100% |
| WORK SERVICE24 GMBH | BERLIN | 25 | 100% | 100% |
| WORK SERVICE GP GMBH | WIEN | 10 | 100% | 100% |
| WORK SERVICE PROFESSIONALS 360 GMBH (ENLOYD GMBH) | BERLIN | 25 | 100% | 100% |
| WORK SERVICE FAHRSCHULE QC GMBH | BERLIN | 25 | 100% | 100% |
| GI GROUP SP.Z.O.O | KATOWICE | 4,050 | 75,17% | 100% |
| GENERALE INDUSTRIELLE POLSKA SP.Z.O.O | KATOWICE | 239 | 75,17% | 100% |
| WYSER SP.Z.O.O. | KATOWICE | 971 | 100% | 100% |
| GRAFTON RECRUITMENT POLSKA SP.ZOO | WARSAW | 768 | 100% | 100% |

| NAME | CITY OR FOREIGN COUNTRY | SHARE CAPITAL AS AT 31ST DECEMBER 2021 (IN THOUSANDS OF EURO) | % OWNERSHIP (DIRECT AND INDIRECT) BY THE PARENT COMPANY | |
|---|---|---|---|---|
| | | | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
| GRAFTON OUTSOURCING SERVICES SP.ZOO | WARSAW | 1 | 100% | 100% |
| QIBIT SP.ZOO | KATOWICE | 633 | N/A | 100% |
| GI GROUP POLAND S.A. | WROCŁAW | 1,446 | 75,17% | 55,77% |
| WORK SERVICE EAST LCC | CHARKÓW | 12 | 75,17% | 55,77% |
| FINANCE CARE SP. Z O.O. | WROCŁAW | 988 | 75,17% | 55,77% |
| VIRTUAL CINEMA STUDIO SP. Z O.O. | WROCŁAW | - | 75,17% | 55,77% |
| WORK EXPRESS SP. Z O.O. | KATOWICE | -3,072 | 75,17% | 55,77% |
| SELLPRO SP. Z O.O. | WROCŁAW | 10,653 | 75,17% | 55,77% |
| WORK SERVICE SPV SP. Z O.O. | WROCŁAW | 815 | 75,17% | 55,77% |
| GI GROUP SUPPORT SP. Z O.O. | WROCŁAW | 2,404 | 75,17% | 55,77% |
| GI GROUP SERVICE SP. Z O.O. | WROCŁAW | 4,984 | 75,17% | 55,77% |
| INDUSTRY PERSONNEL SERVICES SP. Z O.O. | WROCŁAW | 8,799 | 75,17% | 55,77% |
| KRAJOWE CENTRUM PRACY SP. Z O.O. | WROCŁAW | 803 | 75,17% | 55,77% |
| CARE FOR PERSONNEL SP. Z O.O. | WROCŁAW | 22 | 75,17% | 55,77% |
| *OUTSOURCING* SOLUTIONS PARTNER SP. Z O.O. | KATOWICE | 138 | 75,17% | 55,77% |
| SUPPORT AND CARE SP. Z O.O. | WARSZAWA | -355 | 75,17% | 55,77% |
| WORKPORT 24 GMBH | BERLIN | 25 | 75,17% | 55,77% |
| GI GROUP HOLDINGS RECRUITMENT LIMITED | CHESTERFIELD | 13,873 | 100% | 100% |
| GI RECRUITMENT LIMITED | CHESTERFIELD | 80 | 100% | 100% |
| GI GROUP RECRUITMENT LIMITED | CHESTERFIELD | 23 | 100% | 100% |
| DRAEFERN LIMITED | CHESTERFIELD | 11 | 100% | 100% |

| NAME | CITY OR FOREIGN COUNTRY | SHARE CAPITAL AS AT 31ST DECEMBER 2021 (IN THOUSANDS OF EURO) | % OWNERSHIP (DIRECT AND INDIRECT) BY THE PARENT COMPANY | |
|---|---|---|---|---|
| | | | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
| EXCEL RESOURCING LIMITED | CHESTERFIELD | 2 | 100% | 100% |
| PROTEMP RECRUITMENT LIMITED | CHESTERFIELD | 29 | 100% | 100% |
| RIGHT4STAFF LIMITED | CHESTERFIELD | - | 100% | 100% |
| TOTAL WORK SERVICES LIMITED | CHESTERFIELD | 11 | 100% | 100% |
| TACK INTERNATIONAL LIMITED | CHESTERFIELD | 316 | 100% | 100% |
| INTOO UK LIMITED | CHESTERFIELD | - | 100% | 100% |
| MARKS SATTIN(UK) LIMITED | LONDON | - | 100% | 100% |
| TACK TMI UK LIMITED | CHESTERFIELD | - | 100% | 100% |
| GI STAFFING SOLUTIONS (IRELAND) LIMITED | DUBLIN | - | 100% | 100% |
| GRAFTON PROFESSIONAL STAFFING LIMITED | CHESTERFIELD | - | 100% | 100% |
| GI GROUP CZECH REPUBLIC S.R.O. | PRAGUE | 8 | 100% | 100% |
| GRAFTON RECRUITMENT S.R.O. | PRAGUE | 4 | 100% | 100% |
| WORK SERVICE CZECH S.R.O. | PRAGUE | 2,303 | 100% | 55,77% |
| GI BPO S.R.O. | PRAGUE | 8 | 100% | N/A |
| GI GROUP TEMP B.V. | AMSTERDAM | 50 | 100% | 100% |
| GI GROUP HOLDING B.V. | AMSTERDAM | 50 | 100% | 100% |
| GI GROUP PERM B.V. | AMSTERDAM | 50 | 100% | 100% |
| GI GROUP FREELANCE B.V. | AMSTERDAM | 50 | 100% | 100% |
| GI GROUP SLOVAKIA S.R.O. | BRATISLAVA | - | 100% | 100% |
| GI GROUP HR SERVICES SLOVAKIA S.R.O. | BRATISLAVA | 30 | 100% | 100% |
| GRAFTON SLOVAKIA S.R.O. | BRATISLAVA | 30 | 100% | 100% |
| GRAFTON *OUTSOURCING* SERVICES S.R.O. | BRATISLAVA | 29 | 100% | 100% |

| NAME | CITY OR FOREIGN COUNTRY | SHARE CAPITAL AS AT 31ST DECEMBER 2021 (IN THOUSANDS OF EURO) | % OWNERSHIP (DIRECT AND INDIRECT) BY THE PARENT COMPANY | |
|---|---|---|---|---|
| | | | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
| WORK SERVICE SLOVAKIA S.R.O. | BRATISLAVA | 1,446 | 100% | 55,77% |
| WORK SERVICE *OUTSOURCING* SLOVAKIA S.R.O. | BRATISLAVA | 5 | 100% | 55,77% |
| WORK SERVICE SK S.R.O. | BRATISLAVA | 130 | 100% | 55,77% |
| WORK SERVICE 2000, S.R.O. | BRATISLAVA | 5 | 100% | 55,77% |
| GIGP EMPRESA DE TRABALHO TEMPORÁRIO E RECURSOS HUMANOS, LDA | LISBON | 50 | 99% | 99% |
| GIWYSER SEARCH AND SELECTION, LDA | LISBON | N/A | N/A | 99% |
| GIIT PRESTAÇÃO DE SERVIÇOS A EMPRESAS NA ÁREA DE TECNOLOGIA E SISTEMAS DE INFORMAÇÃO, LDA | LISBON | 5 | 99% | 99% |
| GI GROUP HUMAN RESOURCES SA | MANNO | 92 | 100% | 100% |
| CN HR HOLDING SA | MANNO | 232 | 100% | 100% |
| JOBTOME INTERNATIONAL SA | STABIO | 136 | 100% | N/A |
| TIME MANAGER INTERNATIONAL A/S | SKAEVINGE | 792 | 100% | 100% |
| WORKSOURCE INVESTMENTS S.À R.L. | LUXEMBOURG | 30,428 | 100% | 100% |
| GI GROUP BRASIL RECURSOS HUMANOS LTDA | SAN PAULO | 28,769 | 100% | 100% |
| C2C BRASIL PROMOTA DE VENTAS LTDA | SAN PAULO | 4,003 | 100% | 100% |
| GI GROUP SEARCH & SELECTION S.A. | BUENOS AIRES | 262 | 100% | 100% |
| GI GROUP *TEMPORARY STAFFING* S.A. | BUENOS AIRES | 1,055 | 100% | 100% |
| GI GROUP BPO COLOMBIA S.A.S. | BOGOTÁ | 1,026 | 100% | 100% |
| GI GROUP TEMPORALES SAS | BOGOTÁ | 56 | 100% | 100% |
| GI HUMAN RESOURCES AND SERVICES PVT. LTD ( FORMERLY ELIXIR WEB SOLUTIONS PVT. LTD.) | NEW DELHI | 6,112 | 100% | 100% |

| NAME | CITY OR FOREIGN COUNTRY | SHARE CAPITAL AS AT 31ST DECEMBER 2021 (IN THOUSANDS OF EURO) | % OWNERSHIP (DIRECT AND INDIRECT) BY THE PARENT COMPANY | |
|---|---|---|---|---|
| | | | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
| GI STAFFING SERVICES PVT. LTD. | NEW DELHI | 3,867 | 100% | 100% |
| HITECH PERSONNEL AGENCY CO. LIMITED | HONG KONG | 8,532 | 100% | 100% |
| BEIJING GI HUMAN RESOURCE CO., LTD | BEIJING | 3,897 | 100% | 100% |
| ZHEJIANG GI HUMAN RESOURCES CO., LTD. | ZHEJIANG | 1,086 | 100% | 100% |
| SHANGHAI GI HUMAN RESOURCES SERVICE CO., LTD | SHANGHAI | 224 | 100% | 100% |
| SUZHOU GI HUMAN RESOURCES SERVICE CO., LTD | SUZHOU, JIANGSU | 237 | 100% | 100% |
| SHANGHAI GI ENTERPRISE MANAGEMENT CONSULTING CO.LTD. | SHANGHAI | 1,521 | 100% | 100% |
| NINGBO GEPU ENTERPRISE MANAGEMENT CONSULTING CO., LTD. | NINGBO | 119 | 100% | 100% |
| TAIZHOU HUANGYAN LEIBO HUMAN RESOURCES CO.,LTD | TAIZHOU | 234 | 70% | 70% |
| NINGBO NEW CENTURY SHIPPING TALENT SERVICE CO.,LTD | NINGBO, ZHEJIANG | N/A | N/A | 100% |
| NINGBO GI SUPPLY CHAIN MANAGEMENT CO.,LTD | NINGBO, ZHEJIANG | 243 | 100% | 100% |
| SHENZHEN GI GROUP | SHENZHEN, GUANGDONG | 259 | 100% | 100% |
| BEIJING GI GROUP | BEIJING | 276 | 100% | 100% |
| NINGBO GIPU SUPPLY CHAIN MANAGEMENT CO.,LTD | NINGBO | 256 | 100% | 100% |
| GI PERMANENT RECRUITMENT SERVICE CO.,LTD | SUZHOU | 264 | 100% | 100% |
| HAIKOU GI TALENT SERVICE CO.,LTD | HAIKOU,HAINAN | - | 100% | 100% |
| JIANGXI BOYOU HUMAN RESOURCE CO.,LTD | GONGQINGCHENG, JIANGXI | - | 100% | N/A |

| NAME | CITY OR FOREIGN COUNTRY | SHARE CAPITAL AS AT 31ST DECEMBER 2021 (IN THOUSANDS OF EURO) | % OWNERSHIP (DIRECT AND INDIRECT) BY THE PARENT COMPANY | |
|---|---|---|---|---|
| | | | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
| JIAXING GI SUPPLY CHAIN MANAGEMENT CO.,LTD | JIAXING ZHEJIANG | 15 | 100% | 100% |
| GI HR HOLDING USA, INC. | WILMINGTON | 7,145 | 100% | 100% |
| INTOO LLC | WILMINGTON | 7,589 | 100% | 100% |
| WYSER EOOD | SOFIA | 3 | 100% | 100% |
| TACK & TMI BULGARIA EOOD | SOFIA | 3 | 100% | 100% |
| GI GROUP EOOD | SOFIA | 3 | 100% | 100% |
| GI GROUP *OUTSOURCING* EOOD | SOFIA | 1 | 100% | 100% |
| GI GROUP HR SOLUTIONS D.O.O. BEOGRAD | BELGRADE | 3 | 100% | 100% |
| GI GROUP STAFFING SOLUTIONS AGENCIJA ZA PRIVREMENO ZAPOSLJAVANJED.O.O. BEOGRAD | BELGRADE | 1 | 100% | 100% |
| GI GROUP BUSINESS SOLUTIONS DOO BEOGRAD | BELGRADE | 1 | 100% | 100% |
| TACK TMI ADRIA DOO | BELGRADE | 1 | 100% | 100% |
| WYSER D.O.O. | ZAGREB | 3 | 100% | 100% |
| OD&M CONSULTING SOLUTIONS D.O.O. | ZAGREB | 3 | 100% | 100% |
| GI GROUP STAFFING SOLUTIONS D.O.O. | ZAGREB | 3 | 100% | 100% |
| CAREER TEAM D.O.O. | PODGORICA | 33 | 100% | 100% |
| GI GROUP D.O.O. | PODGORICA | - | 100% | 100% |
| GI GROUP *OUTSOURCING* D.O.O. | PODGORICA | - | 100% | 100% |
| GI GROUP AND WYSER TURKEY SECME VE YERLESTIRME A.S. | BESKTAS ISTANBUL | 647 | 100% | 100% |
| GI GROUP HUMAN RESOURCES AND CONSULTANCY ?NSAN KAYNAKLARI VE DANI?MANLIK ANONIM ?IRKETI | BESKTAS ISTANBUL | 1,020 | 100% | 100% |

| NAME | CITY OR FOREIGN COUNTRY | SHARE CAPITAL AS AT 31ST DECEMBER 2021 (IN THOUSANDS OF EURO) | % OWNERSHIP (DIRECT AND INDIRECT) BY THE PARENT COMPANY | |
|---|---|---|---|---|
| | | | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
| LIMITED LIABILITY COMPANY WYSER | MOSCOW | 32 | 100% | 100% |
| LIMITED LIABILITY COMPANY GI GROUP | MOSCOW | 25 | 99% | 99% |
| LIMITED LIABILITY COMPANY OD&M CONSULTING | MOSCOW | - | 100% | 100% |
| UAB GI GROUP LITHUANIA | VILNIUS | 6 | 100% | 100% |
| UAB GI BPO LITHUANIA | VILNIUS | 3 | 100% | 100% |
| GI GROUP UKRAINE SP. Z O.O. | LEOPOLIS | 48 | 100% | 100% |
| GRAFTON RECRUITMENT SZEMÉLYZETI TANÁCSADÓ KFT. | BUDAPEST | 9 | 100% | 100% |
| WYSER SEARCH HUNGARY KFT. | BUDAPEST | 9 | 100% | 100% |
| GI GROUP HUNGARY KFT. | BUDAPEST | 9 | 100% | 100% |
| **COMPANY COLLEGATE** | | | | |
| FARE LAVORO, COMPANY CONSORTILE A R.L. | TERNI | 50 | 49% | 49% |

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

- GI Human Resources And Services Pvt. Ltd., which closes its financial statements on 31st March;
- GI Staffing Services Pvt. Ltd., which closes its financial statements on 31st March;
- Hitech Personnel Agency Co. Limited, which closes its financial statements on 31st March.

Note that, for these companies, Statements of Financial Position and Income Statements have been prepared as at 31st December only for the purposes of the Group Consolidated Financial Statements.

## CHANGES IN THE SCOPE OF CONSOLIDATION

During the year ended as at 31st December 2021, the Group's scope of consolidation expanded, mainly due to the following operations:

- acquisition of Jobtome International, a company that operates as a job offers aggregator, with headquarters in Switzerland;
- acquisition of a group of French companies, the 'Axxis' brand, operating in the segment of temporary and permanent staffing, recruitment, training and consulting.

*For more on the acquisitions made during the financial years in question, refer to note 7 "Business Combinations".*

## EXCLUSIONS FROM THE SCOPE OF CONSOLIDATION

The foreign subsidiaries House of Jobs d.o.o. (Croatia), House of Jobs Bulgaria EOOD (Bulgaria) and House of Jobs Spain SL (Spain) were excluded from the scope of consolidation as at 31st December 2021 for the following reasons:

- House of Jobs d.o.o. (Croatia), House of Jobs Bulgaria EOOD (Bulgaria): these are small companies acquired in 2019 along with the German group On Time/House of Jobs;
- House of Jobs Spain SL (Spain): it was decided to voluntarily liquidate this company at the end of 2019. The procedure was completed in February 2022.

The following UK companies were excluded from the scope of consolidation as at 31st December 2021 because they were inactive:

- INTERNATIONAL LEARNING Limited;
- TACK GLOBAL Limited;
- TheEuropean Academy of Sales and Sales Management Limited;
- TACK INDUSTRIES Limited;
- TACK Management Consultants Limited;
- TACK Sales & Marketing Training Limited;
- TACK Training Scotland Limited;
- TACK Training Worldwide Ltd.

## 2.5. CONSOLIDATION CRITERIA AND METHODS

### CONSOLIDATION METHODS

Subsidiaries are consolidated on a line-by-line basis, while interests over which the Group exercises significant influence are valued using the shareholders' equity method.

### A. Line-by-line method

Subsidiaries are those companies over which the Group has control. The Group controls a company when it is exposed to changes in the company's results and it has the power to influence those results using its power over the company. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the entity invested in (or it holds valid rights which grant it the actual ability to direct the material operations of the entity invested in);
- exposure or rights to variable returns deriving from the relationship with the entity invested in;
- ability to exercise its power over the entity invested in, to impact the amount of its returns.

Generally, control is assumed to exist where the Group directly or indirectly holds more than half of the voting rights, also taking into consideration voting rights that may be exercised or converted.

Control is obtained when the Group is exposed to or has the right to variable returns. The Group considers all material facts and circumstances to establish whether it controls the entity invested in, including any of the following:

- contractual agreements with other holders of voting rights;
- rights deriving from contractual agreements;
- voting rights and potential voting rights of the Group.

The Group reconsiders whether it has control over a subsidiary if the facts and circumstances indicate that there have been changes in one or more of the three key elements used to define control.

Consolidation of a subsidiary starts when the Group obtains control over it and ends when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the Consolidated Financial Statements from the date on which the Group obtains control up to the date on which the Group no longer exercises control over the company.

The profit (loss) for the year and each of the other components of the statement of comprehensive income are attributed to the shareholders of the parent company and to minority interests, even if this results in the minority interest having a negative balance. Where necessary, appropriate adjustments are made to the financial statements of subsidiaries, to guarantee their compliance with the Group's accounting policies.

Where equity interests are acquired after assuming control (acquisition of minority interests), any difference between the purchase cost and the corresponding portion of shareholders' equity acquired is recognised in shareholders' equity pertaining to the Group. Similarly, the effects of selling a minority interest without loss of control are recognised in shareholders' equity.

The financial statements of subsidiaries used for the purposes of consolidation are drawn up with reference to the same accounting period, adopting the same accounting standards as the parent company. All intercompany balances and transactions, including any unrealised profits and losses resulting from transactions between Group companies, are completely derecognised. Unrealised profits and losses generated on transactions with associated companies or companies under joint control are derecognised based on the Group's equity interest in those companies. Comprehensive income (loss) of a subsidiary is attributed to minority interests, even if this results in the minority interests having a negative balance.

If the parent company loses control of a subsidiary, it:

- derecognises the subsidiary's assets (including any goodwill) and liabilities;
- derecognises the book values of any minority interest in the former subsidiary;
- derecognises the cumulative exchange rate differences recognised in shareholders' equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any minority interest maintained in the former subsidiary;
- recognises all profit or loss in the income statement;
- reclassifies the share held by the parent company of the components previously recognised in the statement of comprehensive income to the income statement or to retained earnings, as appropriate.

### B. Shareholders' equity method

Investees over which the Group exercises significant influence or holds joint control, as defined by IAS 28, are valued using the shareholders' equity method.

According to this method, the equity investment is initially recognised at cost and the book value is increased or decreased to recognise the investor company's share in the investee's profits or losses realised after the date of acquisition. The investor company's share of the investee's results is recognised in the investor's income statement. Each change in other components of comprehensive income relating to these investees is presented as a part of the Group's statement of comprehensive income. Moreover, if an associated company or joint venture recognises a change that is directly attributable to shareholders' equity, the Group recognises its share, where applicable, in the Statement of Changes in Shareholders' Equity. Unrealised profits and losses from transactions between the Group and associated companies or joint ventures are derecognised in proportion to the equity interest in the associated companies or joint ventures.

Dividends received from an investee decrease the book value of the equity investment.

Where potential voting rights exist, the investor company's share of the profits or losses and of the changes in shareholders' equity of the investees 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 investee incurs losses, where these exceed the carrying amount of the equity investments, the carrying amount of the equity investment will be reduced to zero and further losses will be recognised only if the investor company has legal or constructive obligations or has made payments on behalf of the investee. If the investee realises profits, the investor company newly recognises its share of profits only after this is equal to the share of losses not previously recognised.

If there is evidence that the value of an equity investment may be impaired, the recoverable amount of the equity investment is estimated, taking into account the current value of future cash flows that the equity investment may generate, including the final disposal value of the investment. Where the recoverable value is lower than the book value, the difference is recognised in the income statement. If the reasons for the impairment are no longer valid, as a result of an event occurring after the impairment is recognised, 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 each company's management board are used. If there are no financial statements available that have been prepared in accordance with the 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 stops using the shareholders' equity method from the date on which it ceases to exercise significant influence or joint control over the investee company. In the event of loss of significant influence or joint control over an investee company, the Group measures and recognises the residual equity investment at fair value. The difference between the carrying amount of the equity investment as at the date significant influence or joint control is lost and the fair value of the residual equity investment and the consideration received is recognised in the Income Statement.

## BUSINESS COMBINATIONS

A business combination is a transaction, or other event, through which an acquirer obtains control of one or more businesses. Based on the provisions of IFRS 3, all business combinations are accounted for using the acquisition method, which considers the business combination from the acquirer's point of view and, as a result, assumes 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' financial statements must be available on the date of acquisition in order to consolidate the results into the Consolidated Income Statement and to measure the fair value of the acquired assets and liabilities, including goodwill.

The assets acquired and liabilities assumed are measured by the acquiring company at their fair value as at the date of acquisition, based on the definition provided by IFRS 13.

Specifically, based on the acquisition method:

- the consideration 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 as at the date of acquisition and the capital instruments issued in exchange for control of the acquired company. Transaction costs are recognised in the Income Statement at the time that they are incurred;
- as at the date of acquisition, the identifiable assets acquired and the liabilities assumed are recognised at fair value ; 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 acquired company or the replacement of an acquired company's share-based payment transactions with share-based payment transactions of the acquiring company, and assets (or groups of assets and liabilities) held for sale, which are instead measured in accordance with their specific standards;
- goodwill is determined as the excess amount over the sum of the consideration transferred in the business combination, the value

of shareholders' equity of minority interests and the fair value of any equity investment previously held in the acquired company of the fair value of the net assets acquired and liabilities assumed as at the date of acquisition. If the value of net assets acquired and liabilities assumed as at the date of acquisition exceeds the sum of the consideration transferred, the value of shareholders' equity of minority interests and the fair value of any equity investment previously held in the acquired company, that excess amount is immediately recognised in the Income Statement as income deriving from the transaction concluded;
- any consideration subject to conditions set out in the business combination contract are measured at fair value as at the date of acquisition and are included in the value of the consideration transferred in the business combination used to determine goodwill.

For a business combination carried out in steps, the equity investment previously held in the acquired company is remeasured at fair value as at the date control is acquired and any resulting profit or loss is recognised in the Income Statement.
If the initial amounts 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 whose recognition cannot be completed. Those provisional amounts are adjusted during the measurement period to take account of new information obtained regarding the facts and circumstances that existed as at the date of acquisition which, if known, would have had an effect on the value of assets and liabilities recognised as at that date.

## TREATMENT OF PUT OPTIONS ON SHARES OF 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 the EU-IFRS. While the EU-IFRS state that in order to account for a put option on minority interests, a liability must be recognised, they do not state what the offsetting entry must be. On initial recognition, the financial liability will be recognised at the same value as the amount, appropriately discounted, which must be paid to exercise the put option. Subsequent changes in the amount of the liability will be recognised in the Statement of Comprehensive Income in line with the provisions of IFRS 9.

To identify the offsetting entry on initial recognition of the above liability, it must be assessed whether the risks and rewards of ownership of the minority interests covered by the put option have been, due to the conditions of exercise of the option, transferred to the parent company or remain with the owner of these interests. The results of this analysis will decide whether the minority interest covered by the put option continues to be recognised in the Consolidated Financial Statements.

The minority interests covered by put options will continue to be recognised if the above risks and benefits are not transferred to the parent company through the put option. Vice versa, where the risks and rewards are transferred, these minority interests shall cease to be recognised in the Consolidated Financial Statements.

Therefore:
- if minority interests need not be recognised in the financial statements, as the risks and rewards connected with them are transferred to the parent company, the liability relating to the put option will be recognised:
  - with an offsetting entry of goodwill, where the put option is recognised to the seller as part of a business combination; or
  - with an offsetting entry of shareholders' equity of minority interests where the contract is entered into outside of a business combination.
- where the risks and rewards are not transferred, the offsetting entry for the recognition of the liability will always be the shareholders' equity pertaining to the Parent Company.

## TRANSLATION 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 translating 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 translated using the spot exchange rates on the reporting date;
- costs and revenues are translated using the average exchange rate for the year;
- the "translation reserve" comprises both the exchange rate differences generated by translating amounts at an exchange rate different from that in force as at the reporting date and the exchange rate differences generated by the translation of shareholders' equity at the beginning of the year at an exchange rate different from the one in force at the end of the year.

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

| EXCHANGE RATE EURO/CURRENCY | SPOT EXCHANGE RATE AS AT 31ST DECEMBER 2021 | SPOT EXCHANGE RATE AS AT 31ST DECEMBER 2020 | AVERAGE EXCHANGE RATE IN 2021 | AVERAGE EXCHANGE RATE IN 2020 |
|---|---|---|---|---|
| ARGENTINA PESO (ARS) (*) | 116.3622 | 103.2494 | 112.4215 | 80.9218 |
| NEW BULGARIAN LEV (BGN) | 1.9558 | 1.9558 | 1.9558 | 1.9558 |
| BRAZIL REAL (BRL) | 6.3101 | 6.3735 | 6.3779 | 5.8943 |
| SWISS FRANC (CHF) | 1.0331 | 1.0802 | 1.0811 | 1.0705 |
| CHINESE YUAN RENMINBI (CNY) | 7.1947 | 8.0225 | 7.6282 | 7.8747 |
| COLOMBIAN PESO (COP) | 4.598.68 | 4.202.34 | 4.429.48 | 4.217.06 |
| CZECH KORUNA (CZK) | 24.858 | 26.242 | 25.6405 | 26.4551 |
| DANISH KRONE (DKK) | 7.4364 | 7.4409 | 7.437 | 7.4542 |
| POUND STERLING (GBP) | 0.84028 | 0.899 | 0.8596 | 0.8897 |
| HONG KONG DOLLAR (HKD) | 8.8333 | 9.5142 | 9.1932 | 8.8587 |
| CROATIAN KUNA (HRK) | 7.5156 | 7.5519 | 7.5284 | 7.5384 |
| HUNGARIAN FORINT (HUF) | 369.19 | 363.89 | 358.5161 | 351.2494 |
| INDIAN RUPEE (INR) | 84.2292 | 89.6605 | 87.4392 | 84.6392 |
| POLISH ZLOTY (PLN) | 4.5969 | 4.5597 | 4.5652 | 4.443 |
| ROMANIAN NEW LEI (RON) | 4.949 | 4.8683 | 4.9215 | 4.8383 |
| SERBIAN DINAR (RSD) | 117.6165 | 117.4097 | 117.5497 | 117.6166 |
| RUSSIAN ROUBLE (RUB) | 85.3004 | 91.4671 | 87.1527 | 82.7248 |
| TURKISH LIRA (TRY) | 15.2335 | 9.1131 | 10.5124 | 8.0547 |
| UKRAINIAN GRIVNIA (UAH) | 30.9219 | 34.7689 | 32.2592 | 30.8506 |
| US DOLLAR (USD) | 1.1326 | 1.2271 | 1.1827 | 1.1422 |

*(*) Refer to Note 2.6 "Accounting standards and valuation criteria" (sub-paragraph "Hyperinflation") for a description of the accounting standards and valuation criteria applied in relation to economies subject to hyperinflation.*

## 2.6. ACCOUNTING STANDARDS AND VALUATION CRITERIA

The criteria used to classify, recognise, measure and derecognise the various asset and liability items, and the valuation criteria used for income components are illustrated below.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is accounted for only when the following conditions are met simultaneously:

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

Property, plant and equipment is initially recognised at cost, defined as the monetary amount or equivalent paid or the fair value of other considerations given to acquire an asset, as at the date of acquisition or replacement. Following initial recognition, property, plant and equipment is measured using the cost method, net of depreciation charges recorded and any accumulated impairment losses.

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

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

Property, plant and equipment is depreciated on a straight-line basis, over the useful life of the assets. The useful life estimated by the Group for the various categories of property, plant and equipment is shown below:

| CATEGORY | ESTIMATED USEFUL LIFE (YEARS) |
|---|---|
| BUILDINGS | 33.3 |
| FURNITURE | 8.3 |
| GENERIC PLANT | 6.7 |
| FURNISHING | 6.7 |
| MOBILE PHONES | 5.0 |
| TELEPHONY SYSTEMS | 5.0 |
| ELECTRONIC MACHINES | 5.0 |
| AUTOMOBILES, MOTORCYCLES AND SIMILAR VEHICLES | 4.0 |
| OTHER PROPRIETY, PLANT AND EQUIPMENT | 5.0 |

Improvements on third-party assets are classified in the item "Property, plant and equipment". Their period of depreciation is the lesser of the residual useful life of the property, plant and equipment and the residual duration of the lease contract, taking account of any renewal period, if dependent upon the lessee.

As at each reporting date, the Group verifies where there have been any significant changes in the expected characteristics of the economic benefits deriving from the capitalised property, plant or equipment and, if so, amends the depreciation criteria, which is considered to be the change in estimation in line with the provisions of IAS 8. This is subsequently accounted for prospectively, recognising the impact of the change on the reporting period in which the change occurs and on future reporting periods.

The value of property, plant and equipment is fully derecognised on its disposal or when the company expects not to be able to derive any economic benefit from its sale.

## GOODWILL

Goodwill is the residual amount of the acquisition cost in a business combination, in that it is the excess amount remaining 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 or recognised separately, effectively incorporating the value of expected synergies, the image of the acquired company, know-how, professionalism, procedures and other undefined factors. Specifically, as at the date of acquisition, goodwill is measured as the excess of the fair of the acquired company's identifiable net assets and the sum of the following items:

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

The goodwill acquired in a business combination is not amortised. The Group annually, and any other time there is an indication that the value of the asset may be impaired, tests whether or not the goodwill shown in the Consolidated Financial Statements following line-by-line consolidation of the direct and indirect equity investments is impaired (impairment testing).

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

## OTHER INTANGIBLE ASSETS

An intangible assets is an asset which meets the following conditions simultaneously:
- it is identifiable;
- it is non-monetary;
- it has no physical substance;
- it is under the control of the company that draws up 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 expenses incurred to purchase the asset or to generate it internally is accounted for as a cost at the time it is incurred.

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

Goodwill generated internally is not recognised as an asset, nor are 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:
- it is technically feasible to finish the intangible asset so that it is available for use or sale;
- there is the intention to complete the intangible asset to use or sell it;
- the intangible asset can be used or sold;
- the intangible asset is capable of generating future economic benefits and, in particular, there is 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 available 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 must be recognised at cost net of accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised on a straight-line basis, over the useful life of the assets. The useful life estimated by the Group for the various categories of intangible assets is shown below:

| CATEGORY | ESTIMATED USEFUL LIFE (YEARS) |
|---|---|
| TRADEMARKS AND SIMILAR RIGHTS | 10,0 |
| CONCESSIONS AND LICENSES | 3,0 |
| SOFTWARE | 3,0 |
| OTHER INTANGIBLE ASSETS | 5,0 |

## RIGHT OF USE ASSETS AND LEASE LIABILITIES

In accordance with the provisions of IFRS 16, 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 must be assessed whether the lessee has the right to obtain substantially all of the economic benefits from the use of the identified asset and has the right to direct the use of the identified asset.

The contract is assessed again to verify if it is, or contains, a lease only if there are changes 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 IFRS 16. 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. Specifically, 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., condominium fees);
- 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 of the following periods:

- periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the Group 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 revises the lease term if there is a change in the non-cancellable period of a lease.

Specifically, regarding the lease term, the Group has adopted the following approach:

- for property leases, it analysed the renewal and early termination clauses and, specifically:
  - 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 counterparty's consent and it is reasonably certain to exercise them;
  - automatic renewal clauses in which both parties have the right to terminate the contract were not considered 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 determining the term of the contract if the Group is reasonably certain not to exercise the early termination option;
  - the early termination clauses that can be exercised unilaterally by the Group lessor are not considered in determining the term of the contract;
- for vehicle leases, only the original term was 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 the Income Statement under "Costs for services".

At the commencement date of the contract, the Group recognises the right of use assets and lease liabilities.

At the commencement date of the contract, the right of use assets are valued at cost. The cost of the right of use assets includes:

- the amount of the initial valuation of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- the initial direct costs incurred by the Group; and
- 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 in order to produce inventories.

As at the commencement date, the Group measures the lease liability at the present value of the lease payments due that are unpaid as at that date. Lease payments include the following amounts:

- fixed payments, less any lease incentives receivable;
- variable lease payments linked to an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts that the Group shall be required to pay under residual value guarantees;
- the exercise the exercise price of a put option, if the Group is reasonably certain to exercise that option; and
- 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. That rate is comprised of the risk-free rate of the country in which the contract is negotiated and based on the term of the contract, adjusted based on the Group's credit spread.

Following initial recognition, the right of use asset is valued at cost:

- less accumulated depreciation and accumulated impairment losses; and
- is adjusted to take account of any remeasurements of the lease liability.

A right of use asset is amortised 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 that an option to purchase the underlying asset will be exercised at the end of the contract, over the useful life of the underlying asset.

Following initial recognition, the lease liability is valued by:

- increasing the book value to reflect interest on the lease liability;
- reducing the book value to reflect the lease payments made; and
- 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 change in the lease liability as at the modification date. The lease liability is remeasured based on the new terms and conditions of the lease contract, using the discounting rate as at the modification date.

The Group has applied two exemptions set out in IFRS 16, 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 the income statement 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 OF PROPERTY, PLANT AND EQUIPMENT, GOODWILL, OTHER INTANGIBLE ASSETS AND RIGHT OF USE ASSETS

As at each reporting date the Group carries out a test to assess whether there are any indicators of impairment on property, plant and equipment, goodwill, other intangible assets or right of use assets not completely amortised/depreciated.

With regard to goodwill, the Group annually, and any other time there is an indication that the value of the asset may be impaired, tests whether or not the goodwill shown in the Consolidated Financial Statements following line-by-line consolidation of the direct and indirect equity investments is impaired (impairment testing).

If such indicators are identified, the recoverable value of the above assets is estimated, recording in the Income Statement any write-downs on the book value. The recoverable value of an asset is the greater of the fair value, less costs to sell, and the associated value in use, calculated by discounting the estimated future cash flows for that 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 using a rate that reflects the current market valuation of the cost of money, linked to the period of investment and the specific risks of the asset.

For assets that do not generate largely independent cash flows, the recoverable value is determined in relation to the cash generating unit (CGU) to which such asset belongs.

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

## EQUITY INVESTMENTS ACCOUNTED FOR AT SHAREHOLDERS' EQUITY

This item includes the equity investments in associated companies, which are accounted for at shareholders' equity. Companies subject to significant influence (associated companies) are those entities in which the Group holds at least 20% of voting rights (including "potential" voting rights) or in which – even with a lower portion of voting rights – it has the power to participate in determining the investee's financial and management policies by virtue of specific legal ties such as participation in shareholders' agreements. For a description of the methods of applying the shareholders' equity method, refer to Note 2.5 "Consolidation criteria and methods".

## FINANCIAL ASSETS

On initial recognition, financial assets are recorded at fair value and subsequently classified in one of the following categories:

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

IFRS 9 distinguishes the classification of financial assets based on whether or not they are debt instruments (i.e. receivables and debt securities), equity instruments or derivative instruments.

Debt instruments (i.e. receivables and debt securities) are classified based on 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 (conducting the "solely payments of principal and interest – SPPI test").

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

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

In order to pass the SPPI test, the contractual terms of the 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 instruments not classified as controlling interests, 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 IFRS 3, 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 or loss.

Derivative instruments are always measured at fair value through profit and loss, regardless of the portfolio in which they are allocated or 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. receivables and debt securities) that meet 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" business model); 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 ("SPPI test" passed).

On initial recognition these assets are measured at fair value, including transaction costs or income directly attributable to the instrument. Following 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 non-revolving credit facilities.

### B. Financial assets measured at fair value through other comprehensive income

This category includes debt instruments (i.e. receivables and debt securities) that meet the following conditions:

- the financial asset is held under a business model whose objective is achieved through the collection of contractually expected cash flows and through the sale of the financial asset ("Hold to Collect and Sell" business model); 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 ("SPPI test" passed).

### C. Financial assets measured at fair value through profit or loss

This category comprises financial assets other than those classified among "Financial assets measured at amortised cost" or among "Financial assets measured at fair value through other comprehensive income".

## DERIVATIVE FINANCIAL LIABILITIES AND HEDGING TRANSACTIONS

Derivative financial assets are accounted for in accordance with the provisions of IFRS 9.

As 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 where the fair value is positive or as a financial liability measured at fair value through profit and loss where the fair value is negative.

If the financial instruments are not accounted for as hedging instruments, the changes in fair value recognised following initial recognition are recognised as components of the profit (loss) for the year. If, however, the derivative instruments meet the requirements to be classified as hedging instruments, subsequent changes 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 objectives of risk management, the strategy for undertaking the hedge, and how the entity will prospectively and retrospectively assess 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, specifically, as 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 the fair value of the hedging instrument.

IFRS 9 allows entities to designate hedge instruments as one of the following three hedging relationships:

a. fair value hedge: where the hedge regards changes in fair value of an asset or liability recognised in the financial statements, both the changes in fair value of the hedging instrument and the changes in the hedged instrument are charged to the Income Statement.
b. cash flow hedge: for hedges aimed at neutralising the risk of changes in cash flows originating from the future execution of contractually defined obligations as at the reporting date, the changes in fair value of the derivative instrument recognised following initial recognition are accounted for, limited to only the effective portion, in other comprehensive income and, thus in a shareholders' equity reserve called "Cash flow hedging reserve". When the economic effects of the hedged item arise, the portion accounted for in other comprehensive income is transferred to the Income Statement. If the hedge is not fully effective, the change in fair value of the hedging instrument referring to the ineffective portion is immediately recognised in the Income Statement.
c. hedge of a net investment in a foreign operation (net investment hedge): that hedge is carried out by hedging 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 portion of the change in fair value of the hedging instrument is recognised directly in shareholders' equity, while the ineffective part of the change in fair value of the hedging instrument is recognised in the Income Statement. The hedged instrument is accounted for in the same way as the category to which it belongs. The hedge of a net investment in a foreign operation relates to currency operations defined as follows:
   - a net investment in a foreign operation is the portion of shareholders' equity in a foreign entity belonging to the entity preparing the financial statements;
   - foreign entity is a subsidiary, associate or branch of the entity preparing the financial statements whose operations are located or managed in a country or in a currency different from those of the entity preparing the financial statements..

If a hedging relationship is no longer effective, from that moment, hedge accounting shall be discontinued and the derivative hedge contract shall be reclassified to financial assets measured at fair value through profit or loss or to financial liabilities measured at fair value through profit or loss. The hedging relationship also ceases when:

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

## 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 IFRS 15 and classified depending on the nature of the borrower and/or the expiry date of the receivable.

Also, as trade receivables are generally short-term and do not provide for the payment of interest, they are not calculated at amortised cost, but 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 applied 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 they are measured at historical cost or at amortised cost and the impact of discounting would be negligible.

## DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a portion of a financial asset or a portion 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 expired; or
- the Group transferred the contractual rights to the cash flows from the financial asset to a third party or assumed a contractual obligation to pay the cash flows in full and without delay and:
  - substantially transferred the contractual rights to receive the cash flows of the financial asset; or
  - retained the contractual rights to receive the cash flows of the financial asset, but 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 (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 nor 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 case, the Group also recognises an associated liability. The transferred asset and the associated liability will be measured in a manner that reflects the rights and obligations retained by the Group.

When the Group's residual involvement takes the form of guaranteeing the transferred asset, the involvement is measured as the lower of the amount of the asset and 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 recognised through profit or 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 at an approximation of the original effective interest rate. The expected cash flows include cash flows from enforcement of collateral 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 recognises credit losses that derive from an estimate of default events that are possible within the following 12 months ("12-month expected credit loss"). For credit exposures where there has been a significant increase in credit risk since initial recognition, the Group recognises 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 applies a simplified approach in calculating expected losses. Therefore, the Group does not monitor changes in credit risk, but fully recognises the expected credit loss as at each reporting date. The Group has defined a matrix system based on historical information, reviewed to consider prospective elements referring to the specific type of borrowers and their financial background, as a tool to determine expected losses.

## INVENTORIES

Inventories are goods:

- held for sale during the normal course of business;
- used in the production processes for sale;
- in the form of materials or supplies to be used in the production process or the provision of services.

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

The cost of inventories includes all purchase costs, conversion costs 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 compliance with the provisions of IAS 2, 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 excess amount is immediately written down in the Income Statement.

## CASH AND CASH EQUIVALENTS

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

## ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale are classified as such if their book value will be recovered mainly through their sale, rather than through their continuous use.

Those conditions are considered met at the moment that the sale or discontinuing of the discontinued operations is considered highly probable, and the assets and liabilities are immediately available for sale as is.

When the Group is involved in a disposal plan that entails the loss of control over an investee, all the assets and liabilities of that investee are classified as held for sale when the conditions described above are met, also in the case where, following disposal, the Group continues to hold a minority interest in the investee. Assets held for sale are measured at the lower of their net book value and
fair value net of costs to sell.

## PAYABLES

Trade payables and other payables are initially recognised at fair value and subsequently measured at amortised cost. However, short-term trade receivables, whose expiry 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 ancillary 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 that change based on the present value of the new expected cash flows and the effective internal rate initially determined. Financial liabilities are classified under current liabilities, unless the Group has an unconditional right to defer their payment for at least twelve months after 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 will be measured at fair value through profit or loss.
Payables are removed from the financial statements when they are discharged and when the Group has transferred all the risks and costs of the instrument.

## EMPLOYEE BENEFITS

### A. Short-term benefits

Short-term employee benefits are employee benefits that are expected to be fully settled within twelve months from the end of the financial year which the employees render the service. Short-term benefits mainly include 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 as 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 regulations (e.g. employee severance indemnity for the Group’s Italyn companies) and other post-employment benefits, such as post-employment life insurance and post-employment health insurance.

Post-employment benefits are divided into those based on defined contribution plans and defined benefit plans, depending on the services provided:

- in defined-contribution plans, the Group’s legal or constructive obligation is limited to the amount of contributions to be paid to the fund based on the agreement. 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 by the employee) to a post-employment benefit plan or to an insurance company, together with investment returns arising from the contributions. As a result, actuarial risk (the risk that the benefits will be less than expected) and investment risk (the risk that assets invested will be insufficient to cover the expected benefits) are, in substance, borne by the employee;
- conversely, in defined benefit plans, the Group’s obligation is to provide the agreed benefits to current and former employees, and the actuarial risk (the risk that benefits will cost more than expected) and investment risk are, in substance, borne by the Group.

With regard to the Group’s Italyn companies, pursuant to Italyn Law no. 296 of 27th December 2006 (2007 Finance Law), note the following:

- the accruing portion of provisions for employee severance indemnity, 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 employee severance indemnity accruing from 1st January 2007 to be allocated to complementary pension plans, for businesses with fewer than 50 employees, represents a defined contribution plan which does not require actuarial calculation;
- the portion of employee severance indemnity accrued up to 31st December 2006 for all companies, as well as the amounts accruing from 1st January 2007, not to be allocated to complementary pension plans, for companies with fewer than 50 employees, represent a defined benefit plan which requires actuarial calculation.

Accounting for defined benefit plans requires the use of actuarial assumptions to determine the obligation. That valuation is assigned 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 outlays based on analyses of historical statistics and the demographic curve and the discounting of these flows at a market interest rate. Specifically, service costs for the plan are recorded under "Personnel costs", while the interest payable accrued on the obligation is recorded under "Financial expenses". The actuarial gains and losses deriving from changes in actuarial assumptions are recognised as an offsetting entry in shareholders' equity (under "Reserve for actuarial gains/losses (IAS 19)") as required by IAS 19. The payable for defined benefit plans is recognised under "Provisions for personnel".

### C. Termination benefits

Termination benefits are based on the Group's decision to terminate an employee's employment or an employee's decision to accept an offer from the Group of benefits in exchange for the termination of employment.
The Group recognises the cost of those benefits as a liability in the financial statements on the earlier of the following dates:
- the time that the Group can no longer withdraw the offer of those benefits;
- the time that the Group recognises the costs of a restructuring that falls within the scope of application of IAS 37 and entails the payment of termination benefits due.

### D. Other long-term benefits

Other long‐term employee benefits are employee benefits which are not fully due within the twelve months after the end of the year in which the employees rendered their related services. Other long-term benefits, if present, are discounted (but without recognising any remeasurement through other comprehensive income) and the amount not yet paid as at the reporting date is recognised in "Other current liabilities".

## PROVISIONS FOR RISKS AND CHARGES

Based on the provisions of IAS 37, 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 are not determinable.

A provision is recognised when the Group has a present (legal or constructive) obligation for a future outflow of economic resources as a result of a past event and it is probable that that outflow will be required to settle the obligation. That amount represents the best estimate of the charge required to extinguish 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 financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is measured at the current value of the outlay expected, using a rate that reflects the market conditions, the change in the time value of money and the specific risk linked to the obligation. The increase in the value of the provision due to changes in the time value of money is recorded as a financial expense.

Risks that may only possibly give rise to a liability are indicated in the specific section of information on potential liabilities, and no allocations have been made for these.

## 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 the Income Statement.

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

## REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers are recognised when the following conditions set out by IFRS 15 are met:

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

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

Specifically, in the Group's case, the following main types of revenues apply:

- revenues deriving from temporary staffing contracts 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 temporary workers, including any remuneration and social security costs for the temporary workers. Remuneration and social security costs for temporary workers are recognised in "Personnel costs";
- revenues from the provision of outsourcing services (mainly relating to planning and providing contracted services and the outsourcing of services and promotional marketing) are recognised over the duration of the contract with the customer based on the actual 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 short-listed candidate selected by the customer, are recognised when the performance obligation is satisfied, i.e. when the letter of commitment is signed by the candidate (placement);
- revenues deriving from outplacement contracts, which offer a range of services 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 consideration included in the contract with the customer may include fixed or 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 estimates the amount of consideration to which it is entitled in exchange for providing the customer with the promised services. The Group includes in the price the estimated variable amount of consideration only to the extent that it is highly probable that when the uncertainty associated with the variable consideration is subsequently eliminated, there will be no significant downwards adjustments of the amount of cumulative revenues recognised.

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

## RECOGNITION OF GRANTS

Operating grants are fully recognised in the income statement when the conditions for their recognition are met, and are classified in the item "Other revenues and income".

The grants received from the entity Forma.Temp for the costs to train temporary workers are recognised on an accruals basis in direct correlation with the costs incurred, and are classified under the item "Other revenues and income".

## RECOGNITION OF COSTS

Costs are recognised to the Income Statement on an accruals basis.

### DIVIDENDS

The dividends distributable are recognised as a movement in shareholders' equity in the year when they are approved by the shareholders' meeting.

Dividends received are recognised in the financial statements on an accruals basis in the reporting period in which the Group receives the right to collect them, as a result of resolutions passed by the investee's Shareholders Meeting to distribute profits or, where appropriate, reserves.

### INCOME TAXES

Current taxes are recognised by each consolidated company on the basis of an estimate of the taxable income in compliance with current tax legislation of each country, 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 recognised as liabilities.

Deferred tax assets and liabilities are calculated with reference to all the timing differences between the receivable and payable values and the corresponding values relevant for tax purposes.

Deferred tax assets are recognised on the deductible temporary differences on unused tax losses that may be carried forward only if there is the reasonable certainty that such taxes can be recovered and that in future financial years in which deductible differences will be paid, the taxable income will be no lower than the amount of the differences being eliminated. Deferred tax assets are not recognised if they derive from the initial recognition of an asset or liability in an operation that is not a business combination and, at the time of the operation, do not influence the profit or loss in the financial statements or the profit or loss for tax purposes.

Deferred tax liabilities are recognised on the taxable temporary differences that give rise to taxable amounts in coming years, with the exception of those deriving from the initial recognition of goodwill or an asset or liability in an operation that is not a business combination and, at the time of the operation, do not influence the profit or loss in the financial statements or the profit or loss for tax purposes.

As 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 the assumption that it is probably that the deferred tax liability will be recovered.

Also, where there is uncertainty regarding the application of tax legislation: (i) where the Group believes that it is probable that the tax authorities will accept the uncertain tax treatment, it determines 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 on preparing the tax return; (ii) where the Group believes that it is not probable that the tax authorities will accept the uncertain tax treatment, it reflects the uncertainty when determining the (current and/or deferred) income taxes to be recognised in the financial statements.

### ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale are classified as such if their book value will be recovered mainly through their sale, rather than through their continuous use.

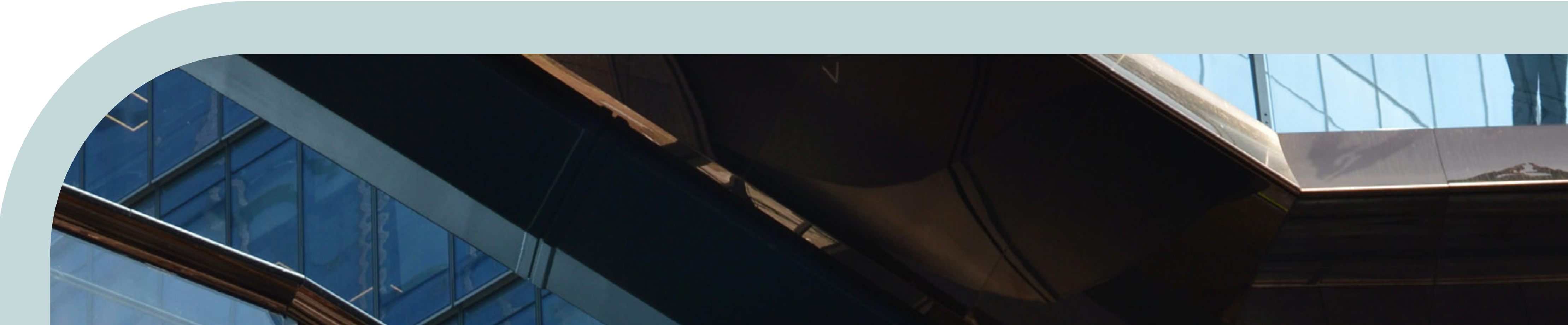
Those conditions are considered met at the moment that the sale or discontinuing of the discontinued operations is considered highly probable, and the assets and liabilities are immediately available for sale as is.

When the Group is involved in a disposal plan that entails the loss of control over an investee, all the assets and liabilities of that investee are classified as held for sale when the conditions described above are met, also in the case where, following disposal, the Group continues to hold a minority interest in the investee.

Assets held for sale are measured at the lower of their net book value and fair value net of costs to sell.

## 3. RECENTLY ISSUED ACCOUNTING STANDARDS

The amendments, additions or interpretations of the existing International Accounting Standards are indicated below, as well as the adoption of new accounting standards, as approved by the IAS, indicating those endorsed or not yet endorsed for adoption in Europe as at the date of approval of this document, i.e. the standards for which a European Regulation of approval has been issued, published in the Official Journal of the European Union, and those which have not received such regulation.



| ACCOUNTING STANDARD/AMENDMENT | ENDORSED 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 |
| AMENDMENT TO IFRS 4 - EXTENSION OF THE TEMPORARY EXEMPTION FROM APPLYING IFRS 9 | YES | 1ST JANUARY 2021 |
| AMENDMENT TO IFRS 16 LEASES: COVID-19 RENT CONCESSIONS BEYOND 30TH JUNE 2021 | YES | 1ST APRIL 2021 |
| AMENDMENTS TO: IFRS 3 BUSINESS COMBINATIONS; IAS 16 PROPERTY, PLANT AND MACHINERY; IAS 37 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS; ANNUAL CYCLE OF IMPROVEMENTS 2018-2020 | YES | 1ST JANUARY 2022 |
| IFRS 17 (INSURANCE CONTRACTS), INCLUDING AMENDMENTS TO IFRS 17 | YES | 1ST JANUARY 2023 |
| AMENDMENTS TO IAS 1 PRESENTATION OF FINANCIAL STATEMENTS: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT | NO | 1ST JANUARY 2023 |
| 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 |

Note that the Group did not carry out early adoption of any of the accounting standards or amendments whose effective date is 1st January 2022

Also note that 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

Preparation of the financial statements requires directors to apply accounting standards and methodologies that, in some cases, are based on difficult, subjective valuations and estimates, which in turn are based on historic experience and assumptions considered reasonable and realistic based on the specific circumstances at any given time.

The use of those estimates and assumptions affects the amounts reported in the financial statements, such as the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and the consolidated cash flow statement, as well as the disclosure provided. The ultimate actual amounts of accounting items, for which these estimates and assumptions have been used, might differ, even significantly, from those reported in the financial statements that show the effects of the event estimated, due to the uncertainty characterising the assumptions and conditions on which estimates are based.

The areas which, more than others, require greater subjectivity on the part of directors in developing estimates and for which any change in conditions underlying assumptions made could have a significant impact on the Group's financial results are as follows:

a. **Impairment of assets with a defined useful life**: property, plant and equipment, intangible assets and right of use assets with a defined useful life are subject to testing to ascertain whether an impairment has occurred, which must be recognised via a write-down, when there are indicators that lead the Group to forecast that it will be difficult to recover the related net book value through use. Directors are required to test whether the above indicators exist 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 arise, the Group determines its amount using appropriate measurement techniques. The correct identification of elements indicating the existence of potential impairment of property, plant and equipment, intangible assets and right of use assets, and the estimates used to determine the amount 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 tested annually to ascertain whether any impairment exists that should be recognised in the Income Statement. Specifically, the test requires goodwill to be allocated to its related cash generating units and for the related recoverable amount, understood as the higher of the fair value and value in use, to be subsequently determined. Where the recoverable value is less than the cash generating unit's book value, the goodwill allocated to it is written down.

c. **Provision for doubtful receivables**: this determination of this provision reflects the management's estimates linked to the historical and expected solvency of the debtor.

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. The directors must assess these situations on a case-by-case basis, together with an estimate of the economic resources required to fulfil the obligation. Where directors believe that it may only be possible that a liability could arise, the risks are indicated in the relevant section of the disclosure on risks and commitments, without allocating any provisions.

e. **Useful life of property, plant and equipment and intangible assets**: the useful life of property, plant and equipment and intangible assets is determined at the time of recognition in the financial statements. Measurement of the duration of the useful life is based on historical experience, market conditions and expectations of future events which may affect the useful life, including technological changes. As a result, the actual useful life may differ from the estimated useful life.

f. **Deferred tax assets**: deferred tax assets are recognised to the extent which 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 liabilities and consequently the related right of use assets depends on the determination of the lease term. This term is to be assessed by management, with specific reference to whether or not to include any periods covered by lease renewal or termination options set out in the lease contracts. This must be reassessed when a significant event occurs or a significant change in circumstances, which impacts the reasonable certainty that the management will exercise an option not previously considered when determining the lease term, or not exercise an option previously considered when determining the lease term.

h. **Capitalised development costs**: the Group capitalises the costs incurred within internal projects 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 those costs is based on confirmation, under the management's judgement, of the technical and economic feasibility of the project. Also, in determining the amounts to be capitalised, management has made assumptions regarding future cash generation and the time period in which the economic benefits are expected.

i. **Estimates made on Purchase Price Allocation**: the PPA process, pursuant to IFRS 3, requires the acquiring entity to restate assets and liabilities taken on at fair value as at the purchase 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 as at the purchase date, must be recognised as goodwill, if positive, or as income, if negative.

# 5. FINANCIAL RISK MANAGEMENT

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 operations are potentially exposed to the following risks: credit risk, liquidity risk and exchange rate risk.

The following section provides qualitative and quantitative indications of 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 the section "Main Risks and Uncertainties" in the Management Report.

## 5.1. CREDIT RISK

Credit risk represents the 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.

The Days Sales Outstanding (DSO) of 2021 in the Group decreased on the previous year, sharply impacted by the economic crisis and the slowdown in business. In line with the previous year, the Group implements credit control measures, such as evaluations and customer selection policies in addition to factoring operations in which the Group mainly assigned trade receivables without recourse in Italy, Germany, France, Spain, the UK, the Netherlands, the Czech Republic, Slovakia and Portugal.
Note that trade receivables are presented net of the related provision for doubtful receivables, which is deemed suitable to cover the expected credit losses.
The table below breaks down trade receivables as at 31st December 2021, grouped by days past due:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | | | | |
|---|---|---|---|---|---|
| | NOT YET DUE | PAST DUE FROM 1 TO 60 DAYS | PAST DUE FROM 61 TO 120 DAYS | PAST DUE BY OVER 121 DAYS | TOTAL |
| **GROSS TRADE RECEIVABLES** | 458,466 | 73,013 | 5,919 | 11,766 | 549,164 |
| AS % OF THE TOTAL | **83,48%** | **13,30%** | **1,08%** | **2,14%** | **100,00%** |

## 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 social security institutions and financial obligations according to agreed contracts and deadlines.

A prudent liquidity risk management strategy requires an adequate level of cash and cash equivalents and the availability of sources of funds to be borrowed via an adequate quantity of credit lines.

Italyn 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 pooler GI Group S.p.A.

Other companies, abroad, currently have an independent financial management system which complies with the guidelines indicated, and are periodically monitored.

The table below shows the breakdown by due date of payables and other financial liabilities as at 31st December 2021:

| (IN THOUSANDS OF EURO) | DUE DATES OF EXPECTED CASH FLOWS | | | | TOTAL EXPECTED CASH FLOWS |
|---|---|---|---|---|---|
| | WITHIN 1 YEAR | FROM 1 TO 2 YEARS | FROM 3 TO 5 YEARS | BEYOND 5 YEARS | |
| NON-CURRENT FINANCIAL LIABILITIES | - | 91,936 | 41,108 | 1,048 | 134,092 |
| LEASE LIABILITIES (CURRENT AND NON-CURRENT) | 20,526 | 29,524 | 14,771 | 4,870 | 69,691 |
| CURRENT FINANCIAL LIABILITIES | 197,596 | - | - | - | 197,596 |
| TRADE PAYABLES | 64,160 | - | - | - | 64,160 |
| OTHER CURRENT LIABILITIES | 465,747 | - | - | - | 465,747 |
| **TOTAL** | **748,029** | **121,460** | **55,879** | **5,918** | **931,286** |

## 5.3. FINANCIAL SOURCE RISKS

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 Global 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 2021, total cash and cash equivalents and committed, unused credit lines, in addition to factoring credit lines, amounted to Euro 235.5 million.

The table below shows the details of total credit lines granted of the Group, broken down by country, as at 31st December 2021:

GRANTED CREDIT LINES

| COUNTRY | CURRENCY | CASH | MEDIUM/ LONG-TERM | SURETIES | TOTAL IN LOCAL CURRENCY (THOUSANDS) | TOTAL IN EURO (THOUSANDS) |
|---|---|---|---|---|---|---|
| ITALY | EUR | 160,330 | 130,309 | 60,936 | 351,575 | 351,575 |
| ARGENTINA | ARS | 2,500 | - | - | 2,500 | 21 |
| BRAZIL | BRL | 58,000 | - | - | 58,000 | 9,191 |
| BULGARIA | BGN | 400 | - | - | 400 | 205 |
| CHINA | CNY | 15,500 | - | - | 15,500 | 2,154 |
| DENMARK | DKK | 750 | - | - | 750 | 101 |
| FRANCE | EUR | 0 | 3,500 | 9,615 | 13,115 | 13,115 |
| GERMANY | EUR | 2,000 | - | 1,258 | 3,258 | 3,258 |
| UK | GBP | 40,500 | - | - | 40,500 | 48,198 |
| INDIA | INR | 70,600 | - | - | 70,600 | 908 |
| SPAIN | EUR | 13,600 | 4,320 | 7,904 | 25,824 | 25,824 |
| ROMANIA | RON | 10,800 | - | - | 10,800 | 2,182 |
| POLAND | PLN | 19,000 | - | - | 19,000 | 4,133 |
| PORTUGAL | EUR | 800 | 83 | - | 883 | 883 |
| RUSSIA | RUB | 17,500 | - | - | 17,500 | 205 |
| CZECH REPUBLIC | CZK | 40,000 | - | - | 40,000 | 1,609 |
| SLOVAKIA | EUR | 250 | - | 181 | 431 | 431 |
| SWITZERLAND | CHF | 500 | - | - | 500 | 484 |
| TURKEY | TRY | - | - | 915 | 915 | 60 |
| **TOTAL** | | | | | | **475,349** |

## 5.4. INTEREST RATE RISK

The interest rate risk to which the Group is exposed mainly originates from floating rate financial payables, which present the risk of fluctuations in payments of financial expenses 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 shows the breakdown of the portfolio of derivative financial instruments aimed at hedging interest rate risks linked to floating rate loans of the Group:

| COMPANY | BANK | UNDERWRITING DATE | EXPIRATION DATE | INITIAL NOTIONAL AMOUNT | RESIDUAL NOTIONAL AMOUNT AS AT 31/12/2021 | FAIR VALUE AS AT 31/12/2021 |
|---|---|---|---|---|---|---|
| **DERIVATIVE FINANCIAL ASSETS** | | | | (IN THOUSANDS OF EURO) | | |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – BANCO BPM | 18/09/2017 | 31/12/2022 | 3,409 | - | - |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – UNICREDIT | 18/09/2017 | 30/12/2022 | 3,409 | - | - |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – INTESA | 18/09/2017 | 30/12/2022 | 3,409 | - | - |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – INTESA | 25/02/2020 | 31/12/2024 | 10,000 | 6,000 | 1.7 |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – INTESA | 23/02/2021 | 30/09/2026 | 12,500 | 12,500 | 28.1 |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – BNL | 23/02/2021 | 30/09/2026 | 12,500 | 12,500 | 26.9 |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – BNL | 23/02/2021 | 30/09/2026 | 12,500 | 12,500 | 2.8 |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – UNICREDIT | 23/02/2021 | 30/09/2026 | 12,500 | 12,500 | 27.3 |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – BANCO BPM | 23/02/2021 | 30/09/2026 | 12,500 | 12,500 | 27.3 |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – MPS | 29/01/2021 | 30/09/2026 | 10,000 | 10,000 | 42.0 |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – BPER | 13/08/2021 | 30/09/2026 | 10,000 | 9,500 | 19.8 |
| | **TOTAL** | | | | | **175.8** |
| **DERIVATIVE FINANCIAL LIABILITIES** | | | | (IN THOUSANDS OF EURO) | | |
| GI GROUP S.P.A. | INTEREST RATE SWAP (IRS) – CREDIT AGRICOLE | 29/12/2021 | 28/12/2026 | 10,000 | 10,000 | (41.4) |
| **TOTAL** | | | | | | **(41.4)** |

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 Income Statement and Shareholders' Equity for 2021 deriving from a hypothetical change in market rates consisting, respectively, of an increase and decrease of 50 bps. The calculation was based on the assumption of a change in the actual balances of gross banking debt and in the interest rate paid during the year to repay this floating rate liability. This analysis is based on the assumption of a general, instantaneous change in the benchmark interest rates.

The table below summarises the results of the analysis conducted:

| (IN THOUSANDS OF EURO) | IMPACT ON NET PROFIT (LOSS) (NET OF THE TAX EFFECT) | | IMPACT ON SHAREHOLDERS' EQUITY (NET OF THE TAX EFFECT) | |
|---|---|---|---|---|
| | - 50 BPS | + 50 BPS | - 50 BPS | + 50 BPS |
| **YEAR ENDED AS AT 31ST DECEMBER 2021** | **(30)** | **30** | **(1,176)** | **1,199** |

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

## 5.5. EXCHANGE RATE RISK

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 shareholders' 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, and the fluctuations in the exchange rates used to translate the financial statements of subsidiaries originally expressed in foreign currencies, impact the Group's income statement, financial position and cash flows. Such changes in shareholders' equity are recognised in a shareholders' equity reserve, the "Translation reserve".

Business activities with foreign subsidiaries, subject to exchange rate risk, mainly concern financing transactions: the exchange rate differential is recognised in the Income Statement. The currency fluctuations had economic and financial impacts on these Consolidated 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.

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

### CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The table below breaks down financial assets by category, in accordance with the provisions of IFRS 9, as at 31st December 2021 and 31st December 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| **FINANCIAL ASSETS MEASURED AT AMORTISED COST** | | |
| NON-CURRENT FINANCIAL ASSETS | 2,188 | 1,548 |
| OTHER NON-CURRENT ASSETS | 203 | 188 |
| TRADE RECEIVABLES | 532,117 | 472,566 |
| CURRENT TAX ASSETS | 2,852 | 2,631 |
| CASH AND CASH EQUIVALENTS | 179,852 | 184,336 |
| CURRENT FINANCIAL ASSETS | 10,451 | 9,902 |
| OTHER CURRENT ASSETS | 74,490 | 59,197 |
| **TOTAL FINANCIAL ASSETS MEASURED AT AMORTISED COST** | **802,153** | **730,368** |
| **FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| NON-CURRENT FINANCIAL ASSETS | 242 | 198 |
| CURRENT FINANCIAL ASSETS | 61 | 58 |
| **TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS** | **303** | **256** |
| **FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH SHAREHOLDERS' EQUITY (HEDGING FINANCIAL INSTRUMENTS):** | | |
| NON-CURRENT FINANCIAL ASSETS | 176 | - |
| **TOTAL HEDGING FINANCIAL INSTRUMENTS** | **176** | **-** |
| **TOTAL FINANCIAL ASSETS** | **802,632** | **730,624** |

The table below breaks down financial liabilities by category, in accordance with the provisions of IFRS 9, as at 31st December 2021 and 31st December 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| **FINANCIAL LIABILITIES** | | |
| **FINANCIAL LIABILITIES MEASURED AT AMORTISED COST** | | |
| NON-CURRENT LEASE LIABILITIES | 49,165 | 44,393 |
| NON-CURRENT FINANCIAL LIABILITIES | 127,100 | 132,357 |
| CURRENT LEASE LIABILITIES | 20,526 | 16,211 |
| CURRENT FINANCIAL LIABILITIES | 192,904 | 195,906 |
| CURRENT TAX LIABILITIES | 12,132 | 4,049 |
| TRADE PAYABLES | 64,160 | 46,122 |
| OTHER CURRENT LIABILITIES | 453,838 | 440,029 |
| **TOTAL FINANCIAL LIABILITIES MEASURED AT AMORTISED COST** | **919,825** | **879,067** |
| **FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH SHAREHOLDERS' EQUITY (HEDGING FINANCIAL INSTRUMENTS)** | | |
| NON-CURRENT FINANCIAL LIABILITIES | 41 | 83 |
| **TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH SHAREHOLDERS' EQUITY (HEDGING FINANCIAL INSTRUMENTS)** | **41** | **83** |
| **FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS** | | |
| NON-CURRENT FINANCIAL LIABILITIES | 4,692 | - |
| CURRENT FINANCIAL LIABILITIES | 6,950 | 949 |
| **TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS** | **11,642** | **949** |
| **TOTAL FINANCIAL LIABILITIES** | **931,508** | **880,099** |

Given the short-term characteristics of trade receivables and payables, the Group believes that the carrying amounts, net of any provision for doubtful receivables, represent a good approximation of the fair value.

With regard to lease liabilities, taking account of the trends in interest rates and contractual maturities, the Group believes that fair value does not deviate significantly from the related book value.

## INFORMATION ON FAIR VALUE

IFRS 13 requires that assets and liabilities recognised in the Consolidated Statement of Financial Position and measured at fair value be classified based on a hierarchy of levels, which reflect the significance of the inputs used in determining fair value.. The fair value classification of financial instruments is set out below based on the following hierarchical levels:

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

The tables below set out the financial assets and liabilities measured at fair value, divided based on the hierarchical levels, as at 31st December 2021:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | | | |
|---|---|---|---|---|
| | BOOK VALUE | LEVEL 1 | LEVEL 2 | LEVEL 3 |
| **NON-CURRENT FINANCIAL ASSETS** | | | | |
| LONG-TERM DERIVATIVE FINANCIAL ASSETS | **176** | - | 176 | - |
| EQUITY INVESTMENTS IN OTHER COMPANIES | **242** | - | - | 242 |
| **CURRENT FINANCIAL ASSETS** | | | | |
| SECURITIES | **61** | - | 61 | - |
| **NON-CURRENT FINANCIAL LIABILITIES** | | | | |
| LIABILITIES FOR OPTIONS AND EARNOUTS | **6,950** | - | - | 6,950 |
| LONG-TERM DERIVATIVE FINANCIAL LIABILITIES | **41** | - | 41 | - |
| **CURRENT FINANCIAL LIABILITIES** | | | | |
| LIABILITIES FOR OPTIONS AND EARNOUTS | **4,692** | - | - | 4,692 |

# 7. BUSINESS COMBINATIONS

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

## YEAR ENDED AS AT 31ST DECEMBER 2021

*Acquisition of 100% of the share capital of Jobtome International SA*

On 25th March 2021, through its subsidiary Gi International S.r.l., the Group signed a purchase and sale agreement regarding 100% of the share capital of Jobtome International SA.

Jobtome International is a company that operates as a job offers aggregator, due to its platform and the implementation of programmatic advertising technology, with over 10 million users and more than 9 million job offers indexed by 10,000 websites throughout the world. The company's headquarters are in Switzerland and it operates in 35 countries.

The price agreed in the contract for the purchase amounts to CHF 23.6 million and includes an earn-out of CHF 10 million.

The table below summarises the calculation of goodwill as at the acquisition date:

(IN THOUSANDS OF EURO)

| | |
|---|---|
| TOTAL ACQUISITION PRICE | 21,367 |
| NET ASSETS ACQUIRED | (3,883) |
| **GOODWILL** | **17,484** |

Note that the acquisition costs, amounting to Euro 51 thousand, were recognised in the Income Statement for the year.

As at the date of approval of these Consolidated Financial Statements, the process of determining the fair value of the assets, liabilities and potential liabilities, pursuant to IFRS 3, has been completed.

*Acquisition of 100% of the share capital of the various companies in the Axxis group*

On 30th June 2021, through its subsidiary GI Group France S.a.S., the Group signed a purchase and sale agreement regarding 100% of the share capital of the following companies:
- Onepi S.a.S.;
- Societe europeenne de selection S.a.S.;
- Axxis formation S.a.S.;
- Axxis formation sante S.a.r.l.;
- Axxis resources S.a.S.;
- AMEA Conseil S.a.S.

Those companies operate in the segment of temporary and permanent staffing, recruitment, training and consulting.

The price agreed in the contract for the purchase amounts to Euro 21,238 thousand and includes an earn-out of Euro 738 thousand.

The table below summarises the calculation of goodwill as at the acquisition date:

(IN THOUSANDS OF EURO)

| | |
|---|---|
| TOTAL ACQUISITION PRICE | 21,238 |
| NET ASSETS ACQUIRED | (11,233) |
| **GOODWILL** | **10,005** |

Note that the acquisition costs, amounting to Euro 378 thousand, were recognised in the Income Statement for the year.

Note that the amounts indicated in the table above are the final amounts. In accordance with IFRS 3, due to the complexity of determining the fair value of the assets, liabilities and contingent liabilities, accounting for business combinations may be completed definitively within twelve months from the acquisition date. This is to ensure that the valuations accurately reflect all information available as at the acquisition date. As at the date of approval of these Consolidated Financial Statements, that process has been completed, by identifying a customer list whose value is estimated at Euro 13.7 million as at the acquisition date.

*Acquisition of control of Work Service SA*

The process of acquisition of the Polish company Work Service SA and its subsidiaries, carried out in 2020, was completed during the year under way by allocating a value of the customer list of Euro 6.9 million.

Following that process, the Group restated the comparative amounts for 2020 based on the new amounts thus identified.

# 8. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 8.1. PROPERTY, PLANT AND EQUIPMENT

The table below sets out the movements in "Property, plant and equipment" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | LAND AND BUILDINGS | PLANTS AND MACHINERY | INDUSTRIAL AND COMMERCIAL EQUIPMENT | OTHER ASSETS | IMPROVEMENTS ON THIRD-PARTY ASSETS | PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION AND ADVANCES | TOTAL |
|---|---|---|---|---|---|---|---|
| **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/DIVESTMENTS | - | - | - | 1,814 | 569 | (18) | 2,365 |
| WRITE-DOWNS | - | - | - | (330) | - | - | (330) |
| CHANGES IN THE SCOPE OF CONSOLIDATION | 615 | 55 | - | 813 | 20 | - | 1,503 |
| EXCHANGE DIFFERENCES FROM TRANSLATION | (16) | (2) | (9) | (232) | (56) | (15) | (330) |
| OTHER CHANGES | - | - | - | 8 | - | WW- | 8 |
| **NET BOOK VALUE AS AT 31ST DECEMBER 2020** | **931** | **53** | **22** | **7,280** | **2,643** | **28** | **10,957** |
| DEPRECIATION | (202) | (4) | (3) | (3,280) | (1,287) | - | (4,776) |
| INVESTMENTS/DIVESTMENTS | (48) | - | 5 | 3,132 | 972 | 280 | 4,341 |
| WRITE-DOWNS | - | - | - | (13) | (1) | - | (14) |
| CHANGES IN THE SCOPE OF CONSOLIDATION | - | - | - | 804 | 385 | - | 1,189 |
| EXCHANGE DIFFERENCES FROM TRANSLATION | (6) | - | - | 59 | (17) | (7) | 29 |
| OTHER CHANGES | 373 | (49) | - | 76 | 2 | - | 402 |
| **NET BOOK VALUE AS AT 31ST DECEMBER 2021** | **1,048** | **-** | **24** | **8,058** | **2,697** | **301** | **12,128** |

"Land and buildings" mainly includes:

- the value recognised by Gi Group S.p.A. regarding the redemption value of the property located in Varese, as per the deed drawn up under the hand and seal of Notary Public Alba Maria Ferrara on 17th October 2011, Vol. No. 98739 File No. 17190;
- the value of the real estate investment made by Gi Group S.p.A. during 2019, relating to the purchase of a warehouse located in Cesano Maderno. That investment became necessary for managing company archives and for temporarily storing goods. The purchase was made on the basis of an evaluation of economic and financial convenience, preferring it to the forms of financial leases, thanks to the extraordinarily convenient interest rates.

"Other assets" mainly include the necessary technical equipment needed for operations at the central offices and branches (IT equipment, furniture, phone and fax, air conditioning systems) of Italyn and foreign companies.

"Improvements on third-party assets" mainly include costs capitalised by Gi Group S.p.A. for an amount of Euro 1,583 thousand as at 31st December 2021 (Euro 1,839 thousand as at 31st December 2020) relating to renovations and improvements to branches throughout Italy, aimed at rationalising and streamlining the business network.

Investments made in the financial year to 31st December 2021 refer mainly to investments to renovate several branches, especially to improve the functionality of spaces for agile working methods and ensuring that anti-COVID protocols meet safety regulations. In addition, property, plant and equipment was purchased for the purpose of conducting business at the branches, i.e. insignia, furniture and fittings and technological tools like PCs and accessories.

As at 31 December 2021, the Group had not identified any indicators of impairment relating to property, plant and equipment.

## 8.2. GOODWILL

The table below sets out the movements in "Goodwill" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | GOODWILL |
|---|---|
| **BALANCE AS AT 31ST DECEMBER 2019** | **75,028** |
| NET INCREASES | 24,706 |
| EXCHANGE DIFFERENCES FROM TRANSLATION | (2,271) |
| **BALANCE AS AT 31ST DECEMBER 2020** | **97,463** |
| NET INCREASES | 25,898 |
| IMPAIRMENT | (955) |
| EXCHANGE DIFFERENCES FROM TRANSLATION | 1,830 |
| **BALANCE AS AT 31ST DECEMBER 2021** | **124,236** |

"Impairment" includes the write-down of goodwill following impairment testing on the USA CGU. For more information, refer to that indicated in the section below.

The table below shows the details of goodwill broken down by CGU as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| GERMANY | 23,366 | 23,366 |
| UNITED KINGDOM – GI GROUP (UK GI) | 8,803 | 8,598 |
| UNITED KINGDOM – MARKS SATTIN (UK MS) | 10,772 | 10,772 |
| CENTRAL EUROPE – POLAND | 4,711 | 4,711 |
| CENTRAL EUROPE – CZECH REPUBLIC | 5,847 | 5,847 |
| CENTRAL EUROPE – SLOVAKIA | 2,339 | 2,340 |
| CENTRAL EUROPE – HUNGARY | 1,355 | 1,355 |
| BRAZIL | 10,587 | 12,209 |
| TACK & TMI INTERNATIONAL | 5,015 | 5,015 |
| ADRIA BALKAN – BULGARIA (AB BULGARIA) | 3,610 | 3,610 |
| ADRIA BALKAN – SERBIA (AB SERBIA) | - | - |
| ADRIA BALKAN – CROAZIA (AB CROAZIA) | - | - |
| CHINA – GI TEMP&PERM | 2,284 | 2,284 |
| CHINA – GI SEARCH&SELECTION | 342 | 342 |
| INDIA | 1,330 | 1,330 |
| SPAIN | 2,042 | 2,042 |
| COLOMBIA | 248 | 271 |
| LITHUANIA | 101 | 101 |
| ROMANIA | 392 | 392 |
| SWITZERLAND – GI GROUP | 47 | 47 |
| FRANCE | 10,059 | 53 |
| WORK SERVICE CENTRAL EUROPE | 111 | 111 |
| USA | 8,929 | 9,164 |
| ITALY – ENGINIUM | 3,253 | 3,503 |
| SWITZERLAND – JOBTOME | 18,693 | - |
| **TOTAL** | **124,236** | **97,463** |

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 International
- Adria Balkan – Bulgaria (AB Bulgaria)
- Adria Balkan – Serbia (AB Serbia)
- Adria Balkan – Croazia (AB Croazia)
- China – Temp&Perm
- China – Search&Selection
- India
- Spain
- Colombia
- Lithuania
- Switzerland – Gi Group
- Romania
- France
- USA
- Italy – Enginium
- Switzerland – JobToMe.

CGUs are the smallest group of assets that independently generates cash inflow to which goodwill has been 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 operations and the attribution of responsibilities assigned to achieve the desired results. They are determined based on criteria which are largely set out on a geographical basis (equal to the country in which the Group has offices and, in some cases, to an area that includes several countries that are closely integrated with each other) and, for the Group's specific type of business model, on service activities that can generate autonomous, 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 the main business activity (staffing) is characterised as a broadly national service: workers' contractual terms and conditions are governed by local legislation and their staffing is localised within the area of the single country.

## IMPAIRMENT TEST OF GOODWILL AS AT 31ST DECEMBER 2021

As at 31st December 2021, the impairment test was conducted on the goodwill recognised in the Group's Consolidated Financial Statements.

As part of the test, the recoverable values of the CGUs identified were compared with their respective book values.

The recoverable value for the purposes of impairment testing the CGU to which goodwill is allocated includes a measurement of external and internal synergies that the Group benefits from by integrating the acquired asset.

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

| **"UNITED KINGDOM" CGU** |
|---|
| UNITED KINGDOM – GI GROUP (UK GI) |
| UNITED KINGDOM – MARKS SATTIN (UK MS) |

| **"CENTRAL EUROPE" CGU** |
|---|
| CENTRAL EUROPE – POLAND |
| CENTRAL EUROPE – CZECH REPUBLIC |
| CENTRAL EUROPE – SLOVAKIA |
| CENTRAL EUROPE – HUNGARY |

| **"ADRIA BALKAN" CGU** |
|---|
| ADRIA BALKAN – BULGARIA (AB BULGARIA) |
| ADRIA BALKAN – SERBIA (AB SERBIA) |
| ADRIA BALKAN – CROAZIA (AB CROAZIA) |

| **"CHINA" CGU** |
|---|
| CHINA – TEMP&PERM |
| CHINA – SEARCH&SELECTION |

The recoverable value of all CGUs was determined by estimating the value in use, applying the Discounted Cash Flow (DCF) method, a common calculation method based on 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 over 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 referring to 2022-2026, which take account of the concrete potential of the acquired companies, based on past results and on growth initiatives identified.

The related cash flows of the CGU were discounting using the WACC, i.e. the weighted average cost of capital. The WACC was determined using market parameters, setting out the weighted average cost of own capital and the cost of third-party capital, net of tax effects, and reflecting country risk, among others.

Instead, the terminal value of the CGUs identified was calculated considering:

- a normalised cash flow equal to the final year of the plan (2026) increased by the inflation rate forecast for the individual CGU;
- zero changes in working capital in line with the companies' steady state assumptions;
- capex (excluding IFRS 16) in line with amortisation;
- capex as per IFR 16 equal to the amount of instalments paid annually in 2021;
- growth rate g assumed as equal to the inflation rate forecast by the International Monetary Fund for 2026.

The table below shows the main figures (WACC and growth rate g) used in the impairment tests conducted as at 31st December 2021:

| CGU | WACC | GROWTH RATE G |
| --- | --- | --- |
| GERMANY | 9,79% | 2,00% |
| UNITED KINGDOM – GI GROUP (UK GI) | 10,86% | 2,00% |
| UNITED KINGDOM – MARKS SATTIN (UK MS) | | |
| CENTRAL EUROPE – POLAND | 11,25% | 2,38% |
| CENTRAL EUROPE – CZECH REPUBLIC | | |
| CENTRAL EUROPE – SLOVAKIA | | |
| CENTRAL EUROPE – HUNGARY | | |
| BRAZIL | 14,68% | 3,10% |
| TACK & TMI INTERNATIONAL | 9,95% | 2,00% |
| ADRIA BALKAN – BULGARIA (AB BULGARIA) | 12,20% | 2,27% |
| ADRIA BALKAN – SERBIA (AB SERBIA) | | |
| ADRIA BALKAN – CROAZIA (AB CROAZIA) | | |
| CHINA – TEMP&PERM | 11,22% | 2,00% |
| CHINA – SEARCH&SELECTION | | |
| INDIA | 14,49% | 4,00% |
| USA | 10,80% | 2,30% |
| ITALY – ENGINIUM | 11,47% | 1,40% |
| SPAIN | 10,87% | 1,70% |

The measurements carried out showed that the recoverable value of goodwill as at 31st December 2021 is greater than the book value, except for the USA CGU, for which a write-down of USD 1 million was necessary, posted to the Income Statement for the year ended as at 31st December 2021.

Sensitivity analyses were also conducted on results based on changes in the WACC and long-term growth rate "g" parameters. These analyses did not indicate any further problems.

## 8.3. OTHER INTANGIBLE ASSETS

The table below sets out the movements in "Other intangible assets" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | DEVELOPMENT COSTS | CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS | CHARGES FOR CONTRACT ACQUISITION | OTHER INTANGIBLE ASSETS | INTANGIBLE ASSETS UNDER COSTRUCTION AND ADVANCES | TOTAL |
|---|---|---|---|---|---|---|
| **NET BOOK VALUE AS AT 31ST DECEMBER 2019** | **649** | **6,934** | **1,810** | **1,341** | **2,461** | **13,195** |
| AMORTISATION | (42) | (6,390) | (278) | (413) | - | (7,123) |
| INVESTMENTS/DIVESTMENTS | (558) | 8,074 | 125 | 120 | (2,038) | 5,723 |
| WRITE-DOWNS | - | - | - | - | - | - |
| CHANGES IN THE SCOPE OF CONSOLIDATION | - | 14 | - | 9,145 | 519 | 9,678 |
| EXCHANGE DIFFERENCES FROM TRANSLATION | - | (4) | - | (143) | (9) | (156) |
| OTHER CHANGES | - | 101 | - | - | (101) | - |
| **NET BOOK VALUE AS AT 31ST DECEMBER 2020** | **49** | **8,729** | **1,657** | **16,964** | **832** | **28,229** |
| DEPRECIATION | (41) | (6,793) | (207) | (2,361) | - | (9,402) |
| INVESTMENTS/DIVESTMENTS | - | 5,355 | - | - | 468 | 5,823 |
| WRITE-DOWNS | - | - | - | - | (169) | (169) |
| CHANGES IN THE SCOPE OF CONSOLIDATION | - | 50 | - | 13,707 | - | 13,757 |
| EXCHANGE DIFFERENCES FROM TRANSLATION | - | 16 | - | (50) | (4) | (38) |
| OTHER CHANGES | - | 2,233 | - | (992) | 503 | 1,744 |
| **NET BOOK VALUE AS AT 31ST DECEMBER 2021** | **8** | **9,590** | **1,450** | **27,268** | **1,630** | **39,945** |

"Concessions, licenses, trademarks and similar rights" mainly include the costs incurred to purchase software and applications for implementing new business solutions and the upgrading of the information systems of Group companies.

Investments during the year ended as at 31st December 2021 mainly refer to investments in Gi Group S.p.A. for software that improves the Group's architectural infrastructure, to support business and back office functions, and, specifically to:

- Candidate 4.0 for candidate management for Euro 2,012 thousand;
- My GI Group portal, for managing the formal aspects of customer and candidate relations for Euro 522 thousand;
- DWH internal company reporting system for Euro 416 thousand;
- HR Pro for personnel management of the workforce for Euro 120 thousand;
- Software for managing electronic invoicing, for an amount of Euro 198 thousand;

The residual amount relates to investments in various products and platforms that are functional to managing the business, aimed at continually improving and adjusting them to meet emerging needs, for a total of Euro 1,080 thousand.

"Charges for contract acquisition" refers mainly to the Spanish subsidiary Gi Group Spain SL and includes the capitalised costs for the acquisition of various commercial contracts with important Spanish customers.

As at 31st December 2021, "Other intangible assets" refers mainly to the value of the customer lists and relations of the newly-acquired Axxis group, equal to Euro 13.0 million, of the Spanish companies, for an amount of Euro 7.0 million, as well as of Gi Group Poland (former Work Service SA), for an amount of Euro 6.2 million.

"Intangible assets under construction and advances" include the capitalisation of costs for intangible assets under construction, relating to products for the core business and organisational support. These investments are not amortised, as they have not yet been completed.

As at 31 December 2021, the Group had not identified any indicators of impairment relating to other 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 rental contracts.

### RIGHT OF USE ASSETS

The table below shows the details of right of use assets and the related amortisation, broken down by category of underlying asset, as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| RIGHT OF USE ASSETS (PROPERTY) | 55,663 | 49,637 |
| RIGHT OF USE ASSETS (VEHICLES AND AUTOMOBILES) | 9,738 | 8,098 |
| RIGHT OF USE ASSETS (OTHER UNDERLYING ASSETS) | 112 | - |
| **TOTAL RIGHT OF USE ASSETS** | **65,513** | **57,735** |
| AMORTISATION OF RIGHT OF USE ASSETS (PROPERTY) | 16,812 | 14,436 |
| AMORTISATION OF RIGHT OF USE ASSETS (VEHICLES AND AUTOMOBILES) | 5,044 | 4,613 |
| AMORTISATION OF RIGHT OF USE ASSETS (OTHER UNDERLYING ASSETS) | 45 | - |
| **TOTAL AMORTISATION OF RIGHT OF USE ASSETS** | **21,901** | **19,049** |

As at 31 December 2021, the Group had not identified any indicators of impairment relating to right of use assets.

## LEASE LIABILITIES

The table below shows the value of lease liabilities as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| NON-CURRENT LEASE LIABILITIES | 49,165 | 44,393 |
| CURRENT LEASE LIABILITIES | 20,526 | 16,211 |
| **TOTAL BOOK VALUE** | **69,691** | **60,604** |

For a breakdown of the due dates of cash outflows for leases, refer to Note 5.2 "Liquidity Risk".

## COSTS RECOGNISED IN THE INCOME STATEMENT

The table below sets out the costs recognised in the Income Statement referring to rental and lease contracts of the Group for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 | YEAR ENDED AS AT 31ST DECEMBER 2020 |
|---|---|---|
| AMORTISATION OF RIGHT OF USE ASSETS | 21,901 | 19,049 |
| LEASE INTEREST PAYABLE | 2,029 | 1,986 |
| LEASE AND ASSOCIATED SERVICE COSTS RECOGNISED IN THE INCOME STATEMENT | 13,115 | 9,690 |

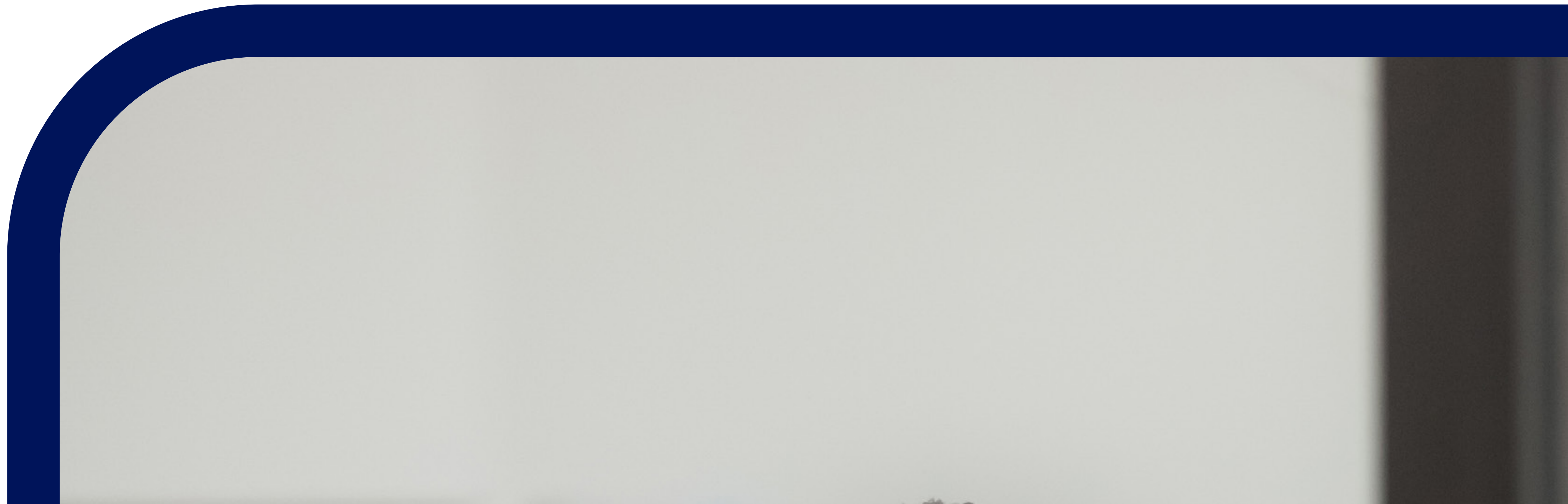
Lease and associated service costs recognised in the income statement (thus, without recognising right of use assets or the related lease liability) mainly refer to:

- rental costs of intangible assets (software) and related accessory services;
- costs for rentals with a duration of less than 12 months, which were recognised in the Income Statement as permitted by IFRS 16, paragraph 5;
- costs for rentals of underlying assets of low value ((i.e. if the value of the underlying asset, when new, is roughly less than USD 5,000), which were recognised in the Income Statement as permitted by IFRS 16, paragraph 5;
- other minor costs, mainly referring to ancillary costs to contracts, such as, for example, condominium fees for leased properties.

Lastly, the Group applied the practical expedient introduced by the amendment to IFRS 16 "COVID-19-Related Rent Concessions", published by the IASB at the end of May 2020, then extended by the "Amendment to IFRS 16 Leases: COVID-19 Rent Concessions beyond 30th June 2021".

This practical expedient states that lease contract renegotiations taking place as a result of the COVID-19 pandemic which lead to a reduction in instalments owed for the period from 1st January 2021 to 31st December 2021 are not considered as contractual amendments and their effects can be accounted for as variable instalments with a positive impact on the Income Statement.

The application of the practical expedient results in a benefit of Euro 109 thousand.



## 8.5. EQUITY INVESTMENTS ACCOUNTED FOR AT SHAREHOLDERS' EQUITY

The table below sets out the details of and movements in "Equity investments accounted for at shareholders' equity" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | FARE LAVORO, COMPANY CONSORTILE A.R.L. | PROHUMAN 2004 KFT | TOTAL |
|---|---|---|---|
| **BALANCE AS AT 31ST DECEMBER 2019** | **25** | **-** | **25** |
| GAINS/(LOSSES) ON VALUATION OF EQUITY INVESTMENTS AT SHAREHOLDERS' EQUITY | - | - | - |
| CHANGES IN THE SCOPE OF CONSOLIDATION | - | 48,656 | 48,656 |
| **BALANCE AS AT 31ST DECEMBER 2020** | **25** | **48,656** | **48,681** |
| GAINS/(LOSSES) ON VALUATION OF EQUITY INVESTMENTS AT SHAREHOLDERS' EQUITY | - | - | - |
| OTHER CHANGES | - | (48,656) | (48,656) |
| **BALANCE AS AT 31ST DECEMBER 2021** | **25** | **-** | **25** |

The change relating to "Prohuman 2004 Kft" refers to the reclassification of the equity investment in question to "Assets held for sale". Refer to Note 8.22 for more details.

The table below sets out the main information on equity investments accounted for at share-holders' equity as at 31st December 2021:

| NAME | CITY OR FOREIGN COUNTRY | % OWNERSHIP | SHARE CAPITAL AS AT 31.12.2021 (IN THOUSANDS OF EURO) | BOOK VALUE (IN THOUSANDS OF EURO) |
|---|---|---|---|---|
| FARE LAVORO, COMPANY CONSORTILE A R.L. | TERNI | 49% | 50 | 25 |
| **TOTAL** | | | | **25** |

## 8.6. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities derive from the temporary differences between the value attributed to an asset or liability in the financial statements and the value attributed to such asset or liability for tax purposes.

The table below sets out the movements in "Deferred tax assets" and "Deferred tax liabilities" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | DEFERRED TAX ASSETS | (DEFERRED TAX LIABILITIES) | NET BALANCE |
|---|---|---|---|
| **BALANCE AS AT 31ST DECEMBER 2019** | **8,324** | **(147)** | **8,177** |
| ALLOWANCES/RELEASES TO THE INCOME STATEMENT | 11,020 | 392 | 11,167 |
| ALLOWANCES/RELEASES TO SHAREHOLDERS' EQUITY | 26 | - | 26 |
| CHANGES IN THE SCOPE OF CONSOLIDATION | 4,720 | 1,313 | 2,939 |
| EXCHANGE DIFFERENCES FROM TRANSLATION | (1,053) | - | (1,053) |
| OTHER CHANGES | (768) | 768 | - |
| **BALANCE AS AT 31ST DECEMBER 2020** | **22,269** | **2,326** | **21,256** |
| ALLOWANCES/RELEASES TO THE INCOME STATEMENT | (536) | - | (536) |
| ALLOWANCES/RELEASES TO SHAREHOLDERS' EQUITY | - | - | - |
| CHANGES IN THE SCOPE OF CONSOLIDATION | - | 3,363 | 3,363 |
| EXCHANGE DIFFERENCES FROM TRANSLATION | 46 | (15) | 31 |
| OTHER CHANGES | - | - | - |
| **BALANCE AS AT 31ST DECEMBER 2021** | **21,779** | **5,675** | **16,104** |

As at 31st December 2021. deferred tax assets of Euro 1.0 million have been recognised against the reversal of the amortisation for the period recognised based on the remeasurements carried out in the financial statements of the sub-sidiary Gi Group S.p.A. and of several Italyn subsidiaries, in line with the provi-sions of Art. 110 of Italyn Law no. 126/2020, relating to software, licences and trademarks.

"Changes in the scope of consolidation" for the year ended as at 31st December 2021 exclusively includes, in terms of "Deferred tax liabilities", the impact of the acquisition of control over the companies in the Axxis group.

Deferred tax assets and liabilities were 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..

## 8.7. NON-CURRENT FINANCIAL ASSETS

The table below sets out the movements in “Non-current financial assets” as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| EQUITY INVESTMENTS IN OTHER COMPANIES | 242 | 198 |
| LONG-TERM SECURITY DEPOSITS | 1,745 | 1,188 |
| OTHER LONG-TERM FINANCIAL RECEIVABLES | 443 | 360 |
| DERIVATIVE FINANCIAL INSTRUMENTS | 176 | - |
| **TOTAL** | **2,606** | **1,746** |

### LONG-TERM SECURITY DEPOSITS

The item includes security deposits beyond the following financial year, mainly related to office and branch rents and utilities contracts.

### EQUITY INVESTMENTS IN OTHER COMPANIES

The table below sets out the movements in “Equity investments in other companies” as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| FONDAZIONE VIRTUS PALLACANESTRO BOLOGNA | 100 | 100 |
| COALYS | 74 | - |
| FONDAZIONE ISTITUTO TECNICO SUPERIORE PER LA FILIERA DEI TRASPORTI E DELLA LOGISTICA INTERMODALE | 50 | 50 |
| MADE SCARL | 8 | 8 |
| FONDAZIONE TURISMO E OSPITALITÀ | 6 | 6 |
| WSS FOUNDATION | 2 | 34 |
| OTHER MINOR EQUITY INVESTMENTS | 2 | - |
| **TOTAL** | **242** | **198** |

As at 31st December 2021, equity investments in other companies mainly related to:

- The Fondazione Virtus Pallacanestro Bologna, founded on 8th June 2012 with the aim of protecting and maintaining a valuable sports and cultural heritage for Bologna and its territory, which GI Group S.p.A. has partnered with since December 2018;
- Coalys is a company held by the newly-acquired Axxis Resources S.a.S., with a stake of 25%, jointly with another three French staffing agencies;
- Fondazione Istituto Tecnico Superiore per la Filiera dei Trasporti e della Logistica Intermodale (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, which Gi Group S.p.A. has partnered with since November 2016;
- 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 Italyn and international markets to show companies, especially SMEs, innovative industrial process improvement solutions;
- “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 municipality of Cernobbio with the aim of promoting the spread of the technical and scientific culture, and to support active labour and economic policy development projects which Gi Group S.p.A. has partnered with since 2014.

## 8.8. OTHER NON-CURRENT ASSETS

The table below sets out the movements in "Other non-current assets" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| RECEIVABLES FROM SOCIAL SECURITY AND WELFARE INSTITUTIONS (NON-CURRENT PORTION) | - | 73 |
| NON-CURRENT TAX RECEIVABLES | 203 | 115 |
| **TOTAL** | **203** | **188** |

Non-current tax receivables mainly refer to the receivable for the application for IRAP – Regional Tax on Production refund of GI Group S.p.A.

## 8.9. INVENTORIES

The table below sets out the movements in "Inventories" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| FINISHED PRODUCTS AND GOODS | 690 | 953 |
| **TOTAL** | **690** | **953** |

## 8.10. TRADE RECEIVABLES

The table below sets out the movements in "Trade receivables" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| GROSS TRADE RECEIVABLES | 549,164 | 489,865 |
| PROVISION FOR DOUBTFUL RECEIVABLES | (17,047) | (17,299) |
| **TOTAL** | **532,117** | **472,566** |

The table below breaks down trade receivables by geographical area as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| ITALY | 251,923 | 217,166 |
| WESTERN EUROPE | 199,343 | 177,166 |
| EASTERN EUROPE | 42,766 | 47,136 |
| NORTH AMERICA | 642 | 926 |
| SOUTH AMERICA | 26,655 | 22,578 |
| ASIA | 10,789 | 7,594 |
| **TOTAL** | **532,117** | **472,566** |

The table below sets out the movements in the provision for doubtful receivables for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | PROVISION FOR DOUBTFUL RECEIVABLES |
|---|---|
| **BALANCE AS AT 31ST DECEMBER 2019** | **16,563** |
| ALLOCATIONS | 2,312 |
| USES/RELEASES | (1,769) |
| CHANGES IN THE SCOPE OF CONSOLIDATION | 401 |
| TRANSLATION DIFFERENCES | (208) |
| **BALANCE AS AT 31ST DECEMBER 2020** | **17,299** |
| ALLOCATIONS / (RELEASES) | 586 |
| USES | (1,212) |
| CHANGES IN THE SCOPE OF CONSOLIDATION | 258 |
| TRANSLATION DIFFERENCES | 115 |
| **BALANCE AS AT 31ST DECEMBER 2021** | **17,047** |

Allocations were made to the provision for doubtful receivables taking account of the age of the receivables, the expected credit losses, as well as the legal opinions obtained.

During the year ended as at 31st December 2021, a total of Euro 1,212 thousand of the provision for doubtful receivables was used to fully cover the losses incurred during the year.

Trade receivables as at 31st December 2021 mainly include receivables due from Gi Group S.p.A.'s customers, totalling Euro 230 million (Euro 198 million as at 31st December 2020), which represents 43% of the total receivables; Euro 70 million relating to the United Kingdom (13%), Euro 45 million relating to Germany (9%) and Euro 29 million relating to Spain (6%). For the Gi Group S.p.A. it is hereby specified that trade receivables include receivables due as a result of insolvency proceedings different from bankruptcies, such as arrangements and extraordinary administration, for Euro 9 thousand. In accordance with legal advice obtained by the company, such receivables are subject to adjustments of Euro 8 million. The value of insolvency proceedings not including bankruptcy totalled Euro 657 thousand.

For bankruptcies, the loss of the entire receivable amount from the bankrupt companies has been prudentially allocated, compared to a historic recovery rate around 15%, with the company entitled to receivables from the repayment of wage and social security expenses relating to temporary employees. Bankruptcy losses during the year totalled Euro 483 thousand.

In the years in question the Group assigned receivables without recourse, which led to the derecognition of the receivable in line with the provisions of IFRS 9. The value of non-recourse factoring transactions on receivables not past due as at 31st December 2021, for Gi Group S.p.A., was Euro 96 million (Euro 78 million as at 31st December 2020). The foreign companies of the Group based in Germany, Spain, Portugal, the Netherlands, the Czech Republic, Slovakia and the United Kingdom had factored receivables of Euro 31 million without recourse as at 31st December 2021 (Euro 24 million as at 31st December 2020)..

## 8.11. CURRENT TAX ASSETS

The table below sets out the movements in "Current tax assets" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| RECEIVABLES FOR INCOME TAXES (ITALIAN COMPANIES) | 175 | 1,386 |
| RECEIVABLES FOR INCOME TAXES (FOREIGN COMPANIES) | 1,799 | 516 |
| RECEIVABLES FOR INCOME TAXES DUE FROM PARENT COMPANIES | 877 | 729 |
| **TOTAL** | **2,852** | **2,631** |

## 8.12. CASH AND CASH EQUIVALENTS

The table below sets out the movements in "Cash and cash equivalents" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| DEPOSITI BANKRI E POSTALI | 179,782 | 184,279 |
| CASH ON HAND | 67 | 55 |
| CHEQUES | 3 | 2 |
| **TOTAL** | **179,852** | **184,336** |

Cash and cash equivalents refer to current account balances and cash held by the company at financial year end, including payments accrued at the end of the year.

## 8.13. CURRENT FINANCIAL ASSETS

The table below sets out the movements in "Current financial assets" as at 31st December 2021 and 2020

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| SHORT-TERM SECURITY DEPOSITS | 3,389 | 3,579 |
| SECURITIES | 61 | 58 |
| CREDITI PER *CASH-POOLING* | 2,031 | 3,232 |
| OTHER CURRENT FINANCIAL ASSETS | 5,031 | 3,091 |
| **TOTAL** | **10,512** | **9,960** |

### SHORT-TERM SECURITY DEPOSITS

The item includes a security deposits within the following financial year, mainly related to office and branch rents and utilities contracts.

### SECURITIES

The table below sets out the movements in "Securities" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| BNA PUBLIC SECURITIES (GI GROUP TEMPORARY STAFFING S.A.) | 60 | 49 |
| OTHER MINOR SECURITIES | 1 | 9 |
| **TOTAL** | **61** | **58** |

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

### RECEIVABLES FOR CASH POOLING

Receivables for cash pooling derive from the centralised treasury management carried out by Gi Group SPA, adopting a cash pooling system to optimise the use of financial resources.

The balance of the item is comprised of the portion of the receivable for cash pooling due to the parent company Gi Group S.p.A. from its parent company Gi Group Holding S.r.l., including the interest for the period.

### OTHER CURRENT FINANCIAL ASSETS

"Other current financial assets" amount to Euro 5,031 thousand as at 31st December 2021 (Euro 3,091 thousand as at 31st December 2020) and mainly include:

- amounts to guarantee the Spanish subsidiaries' factoring transactions, for Euro 1,050 thousand as at 31st December 2021 (Euro 712 thousand as at 31st December 2020);
- amounts to guarantee the Czech subsidiaries' factoring transactions, for Euro 968 thousand as at 31st December 2021 (not present as at 31st December 2020);
- amounts to guarantee the Portuguese subsidiaries' factoring transactions, for Euro 367 thousand as at 31st December 2021 (Euro 220 thousand as at 31st December 2020);
- loans to third parties for Euro 675 thousand as at 31st December 2021, disbursed by the German company;
- loans disbursed by the non-consolidated German companies of the Group for Euro 212 thousand as at 31st December 2021;
- derivative financial assets for Euro 176 thousand (see the following paragraph for more information).

## DERIVATIVE FINANCIAL INSTRUMENTSI

Derivative financial instruments are underwritten in order to reduce variable interest rate fluctuations of the Gi Group S.p.A. mid-to-long-term debt. To this end, Gi Group S.p.A. traded derivative instruments with technical and financial features that characterise them as interest rate hedging instruments of the underlying loans, applying the hedge accounting method. Such transactions are recognised in compliance with the cash flow hedge rule, according to which the effective portion of the change in value of the derivative generates a shareholders' equity reserve.

The table below sets out the details of derivative financial assets as at 31st December 2021:

| COMPANY | BANK | UNDERWRITING DATE | EXPIRATION DATE | (IN THOUSANDS OF EURO) | | |
|---|---|---|---|---|---|---|
| | | | | INITIAL NOTIONAL AMOUNT | RESIDUAL NOTIONAL AMOUNT AS AT 31/12/2021 | FAIR VALUE AS AT 31/12/2021 |
| GI GROUP S.P.A. | *INTEREST RATE SWAP* (IRS) – BANCO BPM | 18/09/2017 | 31/12/2022 | 3,409 | - | - |
| GI GROUP S.P.A. | *INTEREST RATE SWAP* (IRS) – UNICREDIT | 18/09/2017 | 30/12/2022 | 3,409 | - | - |
| GI GROUP S.P.A. | *INTEREST RATE SWAP* (IRS) – INTESA | 18/09/2017 | 30/12/2022 | 3,409 | - | - |
| GI GROUP S.P.A. | *INTEREST RATE SWAP* (IRS) – INTESA | 25/02/2020 | 31/12/2024 | 10,000 | 6,000 | 1,7 |
| GI GROUP S.P.A. | *INTEREST RATE SWAP* (IRS) – INTESA | 23/02/2021 | 30/09/2026 | 12,500 | 12,500 | 28,1 |
| GI GROUP S.P.A. | *INTEREST RATE SWAP* (IRS) – BNL | 23/02/2021 | 30/09/2026 | 12,500 | 12,500 | 26,9 |
| GI GROUP S.P.A. | *INTEREST RATE SWAP* (IRS) – BNL | 23/02/2021 | 30/09/2026 | 12,500 | 12,500 | 2,8 |
| GI GROUP S.P.A. | *INTEREST RATE SWAP* (IRS) – UNICREDIT | 23/02/2021 | 30/09/2026 | 12,500 | 12,500 | 27,3 |
| GI GROUP S.P.A. | *INTEREST RATE SWAP* (IRS) – BANCO BPM | 23/02/2021 | 30/09/2026 | 12,500 | 12,500 | 27,3 |
| GI GROUP S.P.A. | *INTEREST RATE SWAP* (IRS) – MPS | 29/01/2021 | 30/09/2026 | 10,000 | 10,000 | 42,0 |
| GI GROUP S.P.A. | *INTEREST RATE SWAP* (IRS) – BPER | 13/08/2021 | 30/09/2026 | 10,000 | 9,500 | 19,8 |
| **TOTAL** | | | | | | **175,8** |

*For more details on interest rate risk of the Group, the hedging strategies and derivative financial instruments underwritten, refer to Note 5.4 "Interest rate risk".*

## 8.14. OTHER CURRENT ASSETS

The table below sets out the movements in "Other current assets" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| VAT RECEIVABLE | 989 | 1,930 |
| RECEIVABLES FROM EMPLOYEES | 1,893 | 1,311 |
| RECEIVABLES FROM SOCIAL SECURITY AND WELFARE INSTITUTIONS | 3,174 | 2,122 |
| ACCRUALS AND PREPAYMENTS | 12,904 | 7,089 |
| ADVANCES TO SUPPLIERS | 1,580 | 1,455 |
| OTHER TAX RECEIVABLES | 13,971 | 13,194 |
| OTHER CURRENT RECEIVABLES | 52,883 | 39,185 |
| **TOTAL** | **87,394** | **66,286** |

"Accruals and prepayments" mainly include accrued income on security deposits and prepayments for fees to access databases, insurance and IT expenses.

"Other current receivables" mainly include receivables due to Gi Group S.p.A. for an amount of Euro 42,043 thousand as at 31st December 2021 (Euro 31,496 thousand as at 31st December 2020), mainly relating to receivables due from the training entity Forma.Temp for courses accounted for and approved.

## 8.15. SHAREHOLDERS' EQUITY

The table below breaks down "Shareholders' equity" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| TOTAL SHAREHOLDERS' EQUITY PERTAINING TO THE GROUP | 121,791 | 90,343 |
| SHAREHOLDERS' EQUITY OF MINORITY INTERESTS | (3,405) | (1,607) |
| **TOTAL** | **118,386** | **88,736** |

### SHAREHOLDERS' EQUITY PERTAINING TO THE GROUP

The table below sets out the movements in "Shareholders' equity pertaining to the Group" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| SHARE CAPITAL | 12,000 | 12,000 |
| **RESERVES** | | |
| LEGAL RESERVE | 2,400 | 2,400 |
| CASH FLOW HEDGING RESERVE | 480 | (62) |
| TRANSLATION RESERVE | (4,930) | (6,318) |
| IFRS FIRST-TIME ADOPTION (FTA) RESERVE | 23,044 | 23,044 |
| RESERVE FOR ACTUARIAL GAINS/LOSSES | (129) | (414) |
| OTHER RESERVES AND RETAINED EARNINGS/(LOSSES CARRIED FORWARD) | 54,560 | 37,033 |
| NEGATIVE RESERVE FOR TREASURY SHARES | (976) | (976) |
| NET PROFIT (LOSS) FOR THE YEAR PERTAINING TO THE GROUP | 35,343 | 23,634 |
| **TOTAL SHAREHOLDERS' EQUITY PERTAINING TO THE GROUP** | **121,791** | **90,343** |

### Share capital
The Parent Company's share capital amounts to Euro 12,000 thousand, fully paid-in, and is composed of 12,000,000 shares with a nominal value of Euro 1.00 each.

### Legal reserve
The legal reserve, Euro 2,400 thousand, relates to the Parent Company and represents an amount equal to one-fifth of its share capital as required by Art. 2430 of the Italian Civil Code.

### Cash flow hedging reserve
That item, which exclusively refers to Gi Group S.p.A, includes the value of the change in fair value of derivatives designated as interest rate risk hedges.

### Translation reserve
The translation reserve includes all the differences deriving from the translation into Euro of the financial statements of the subsidiaries included in the scope of consolidation expressed in currencies other than the Euro.

### First-Time Adoption (FTA) reserve
That reserve includes the impact generated by the first-time adoption of the 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 actuarial components of the provisions for employee severance indemnity measured in accordance with IAS 19.

### Other reserves and retained earnings/(losses carried forward)
This item includes the portion of income statement results from previous years not distributed or allocated to reserves or other minor reserves

### Negative reserve for treasury shares
The reserve for treasury shares relates to the purchase of 60,000 shares of the Parent Company.

## SHAREHOLDERS' EQUITY OF MINORITY INTERESTS

Shareholders' equity of minority interests had a negative value of Euro 3,405 thousand as at 31st December 2021 (negative value of Euro 1,547 thousand as at 31st December 2020) and includes the minority interests in shareholders' equity of subsidiaries that are not wholly-owned, directly or indirectly, by the Parent Company.

The tables below show the reconciliation of the Parent Company's shareholders' equity and net profit (loss) with the consolidated shareholders' equity and net profit (loss) (pertaining to the Group) as at 31st December 2021:

| | |
|---|---|
| **SHAREHOLDERS' EQUITY (FROM THE PARENT COMPANY'S FINANCIAL STATEMENTS)** | **263,519** |
| NET PROFIT (LOSS) OF CONSOLIDATED COMPANIES | 17,482 |
| DIFFERENCE BETWEEN THE CARRYING AMOUNT OF CONSOLIDATED EQUITY INVESTMENTS AND THE PRO-RATA VALUE OF SHAREHOLDERS' EQUITY | (353,206) |
| CHANGE IN THE TRANSLATION RESERVE | (5,368) |
| GOODWILL FROM BUSINESS COMBINATIONS (NET VALUE) | 102,488 |
| DERECOGNITION OF INTERCOMPANY WRITE-DOWNS | 117,881 |
| PROFITS CARRIED FORWARD FOR INTERCOMPANY DIVIDENDS DISBURSED | 561 |
| REVERSAL OF ASSET REVALUATION RESERVE, NET OF THE TAX EFFECT | (24,047) |
| REVALUATION OF EQUITY INVESTMENTS AT FAIR VALUE | 16,907 |
| DERECOGNITION OF CAPITALISED CHARGES ON EQUITY INVESTMENTS AND START UPS | (4,632) |
| EFFECTS OF THE APPLICATION OF IFRS 16 AND IAS 19, NET OF THE TAX EFFECT | (3,006) |
| RECOGNITION OF SHAREHOLDERS' EQUITY OF MINORITY INTERESTS | (3,405) |
| OTHER CHANGES IN EQUITY | (3,383) |
| **CONSOLIDATED SHAREHOLDERS' EQUITY PERTAINING TO THE GROUP** | **121,791** |

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 |
|---|---|
| **NET PROFIT (LOSS) (FROM THE PARENT COMPANY'S FINANCIAL STATEMENTS)** | **16,366** |
| PRO-RATA PROFIT (LOSS) OF SUBSIDIARIES | (6,304) |
| DERECOGNITION OF INTERCOMPANY MARGINS AND DIVIDENDS | (2,355) |
| DERECOGNITION OF INTERCOMPANY WRITE-DOWNS | 25,854 |
| RECOGNITION OF REVERSAL OF AMORTISATION AND DEPRECIATION ON ASSET REVALUATION AND TAX EFFECT | 4,217 |
| PRE-CONSOLIDATION ADJUSTMENTS (ALLOCATIONS AND OTHER CHANGES IN THE INCOME STATEMENT) | (1,793) |
| OTHER EFFECTS ON THE INCOME STATEMENT | (3,930) |
| RECOGNITION OF PROFIT (LOSS) PERTAINING TO MINORITY INTERESTS | 1,495 |
| **CONSOLIDATED NET PROFIT (LOSS) PERTAINING TO THE GROUP** | **35,343** |

## 8.16. (NON-CURRENT AND CURRENT) FINANCIAL LIABILITIES

The table below sets out the movements in "Non-current financial liabilities" and Current financial liabilities" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| LONG-TERM PAYABLES TO BANKS | 110,893 | 116,107 |
| LONG-TERM DERIVATIVE FINANCIAL LIABILITIES | 41 | 83 |
| LONG-TERM FINANCIAL PAYABLES TO PARENT COMPANIES | 16,207 | 16,250 |
| OTHER NON-CURRENT FINANCIAL PAYABLES | 6,950 | 949 |
| **TOTAL NON-CURRENT FINANCIAL LIABILITIES** | **134,092** | **133,389** |
| SHORT-TERM PAYABLES TO BANKS | 173,092 | 139,851 |
| PAYABLES TO FACTORING COMPANIES | 14,345 | 42,345 |
| SHORT-TERM FINANCIAL PAYABLES TO PARENT COMPANIES | 5,271 | 105 |
| FINANCIAL ACCRUED EXPENSES | 195 | 177 |
| OTHER CURRENT FINANCIAL PAYABLES | 4,692 | 13,428 |
| **TOTAL CURRENT FINANCIAL LIABILITIES** | **197,596** | **195,906** |

## PAYABLES TO BANKS

Payables to banks reflect the Group's need to financially support its acquisitions carried out over the various years and the financing of ordinary operations for the growth of consolidated turnover. Payables to banks include the liquidation of the trade portfolio and medium/long-term loans, mainly referring to GI Group S.p.A., and also include interest payable accrued as at the respective reporting dates.

The table below sets out the movements in payables to banks as at 31st December 2021 and 2020:

| **(IN THOUSANDS OF EURO)** | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| BANK LOANS | 110,893 | 116,107 |
| **TOTAL LONG-TERM PAYABLES TO BANKS** | **110,893** | **116,107** |
| OVERDRAFTS | 142,412 | 104,382 |
| BANK LOANS | 27,560 | 33,193 |
| INVOICE FINANCING ACCOUNTS | 3,121 | 2,276 |
| **TOTAL SHORT-TERM PAYABLES TO BANKS** | **173,093** | **139,851** |

The "Invoice financing accounts" item includes the financial payables of the Spanish companies for the advance against bills of exchange.

The table below sets out the movements in and breakdown of "Bank loans" as at 31st December 2021:

| (IN THOUSANDS OF EURO) | COMPANY | LOAN AMOUNT | CONTRACT START DATE | MATURITY DATE | RESIDUAL DEBT AS AT 31ST DECEMBER 2021 | AMOUNT MATURING WITHIN THE YEAR 2022 | AMOUNT MATURING BEYOND THE YEAR 2022 |
|---|---|---|---|---|---|---|---|
| BNL | GI GROUP SPA | 5,000 | 15/03/2019 | 15/03/2024 | 2,500 | 1,000 | 1,500 |
| LOAN POOL LOAN WITH A SACE GUARANTEE (BNL, BANCO BPM, UNICREDIT AND INTESA SANPAOLO) | GI GROUP SPA | 50,000 | 26/11/2020 | 30/09/2026 | 50,000 | 3,125 | 46,875 |
| BANCO BPM | GI GROUP SPA | 10,000 | 29/10/2018 | 29/12/2023 | 4,064 | 2,022 | 2,042 |
| CASSA DEPOSITI E PRESTITI | GI GROUP SPA | 15,000 | 13/08/2020 | 13/08/2025 | 10,500 | 3,000 | 7,500 |
| INTESA SANPAOLO | GI GROUP SPA | 10,000 | 28/02/2020 | 31/12/2024 | 6,000 | 2,000 | 4,000 |
| MPS | GI GROUP SPA | 10,000 | 29/01/2018 | 31/12/2022 | 2,500 | 2,500 | - |
| MPS | GI GROUP SPA | 5,000 | 31/10/2019 | 31/12/2024 | 3,000 | 1,000 | 2,000 |
| MPS WITH SACE GUARANTEE | GI GROUP SPA | 10,000 | 30/12/2020 | 30/09/2026 | 10,000 | 625 | 9,375 |
| BPER BANCA (FORMERLY UBI BANCA) | GI GROUP SPA | 10,000 | 31/01/2020 | 31/01/2023 | 10,000 | 6,667 | 3,333 |
| CASSA DEPOSITI E PRESTITI – MISE (MINISTRY OF ECONOMIC DEVELOPMENT) | GI GROUP SPA | 806 | 26/07/2021 | 31/12/2028 | 806 | - | 806 |
| BPER BANCA | GI GROUP SPA | 10,000 | 04/08/2021 | 30/09/2026 | 9,500 | 2,000 | 7,500 |
| CREDIT AGRICOLE | GI GROUP SPA | 10,000 | 28/12/2021 | 31/12/2026 | 10,000 | 1,981 | 8,019 |
| LOAN BCC CENTROPADANA | GI GROUP SPA | 7,500 | 16/12/2021 | 08/06/2023 | 7,500 | - | 7,500 |
| BANCO BPM – SACE | ENGINIUM | 2,500 | 05/11/2021 | 30/09/2027 | 2,500 | 125 | 2,375 |
| BANCO BPM – SACE | INTOO | 2,000 | 05/11/2021 | 30/09/2027 | 2,000 | 100 | 1,900 |
| BNP PARIBAS | GI GROUP AUTOMOTIVE GROUP S.A.S | 3,576 | 25/05/2020 | 27/05/2026 | 3,500 | 441 | 3,059 |
| BANCO SANTANDER | GIIT PRESTAÇÃO DE SERVIÇOS LDA | 200 | 15/05/2020 | 15/05/2022 | 83 | 83 | - |
| BANCO SANTANDER | G.I. GROUP SPAIN EMPRESA DE TRABAJO TEMPORAL S.L. | 2,500 | 03/04/2020 | 03/04/2026 | 2,500 | 387 | 2,113 |
| BANKIA | G.I. GROUP SPAIN EMPRESA DE TRABAJO TEMPORAL S.L. | 586 | 14/05/2020 | 14/05/2024 | 420 | 179 | 241 |
| BANKIA | G.I. GROUP *OUTSOURCING* 2016, S.L. | 400 | 18/06/2021 | 18/06/2024 | 400 | 165 | 235 |
| BANCO SANTANDER | G.I. GROUP *OUTSOURCING* 2016, S.L. | 1,000 | 03/04/2020 | 03/04/2026 | 1,000 | 264 | 736 |
| OTHER MINOR LOANS | | 168 | | | 168 | 74 | 94 |
| ANCILLARY EXPENSES | | | | | (489) | (179) | (310) |
| **TOTAL BANK LOANS** | | **166,237** | | | **138,453** | **27,560** | **110,893** |

Almost all of the ancillary expenses to loans regard the pool loan with SACE guarantee contracted by Gi Group S.p.A.

Most of the loans listed above are at a floating rate calculated with Euribor parameters.

For some loans, the Group is required to abide by financial and/or non financial covenants.

The most significant non-financial requirements are represented by limits on the Group's extraordinary operations, such as foreign acquisitions and the sale of assets at a significant price.

Financial covenants are calculated at the end of the year or every six months, on the consolidated financial statements of the parent company SCL Holding S.p.A., based on the following ratios:

- Leverage Ratio = NFD/EBITDA (Net Financial Debt to EBITDA)
- Gearing Ratio = NFD/SE (Net Financial Debt to Shareholders' Equity)

As at 31 December 2021 the company was compliant with all financial covenants.

## FINANCIAL PAYABLES TO PARENT COMPANIES

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

## PAYABLES TO FACTORING COMPANIES

Payables to factoring companies represent the advances received from the factor receivable assignment contracts in relation to which the risks and rewards of the assigned receivables have not been transferred to the factor.

The table below sets out the movements in payables to factoring companies broken down by company as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | COUNTRY | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|---|
| GI GROUP S.P.A. | ITALY | 3,061 | 14,680 |
| GI GROUP DEUTSCH LAND GMBH | GERMANY | 2,162 | 10,942 |
| G.I. GROUP SPAIN EMPRESA DE TRABAJO TEMPORAL S.L. | SPAIN | 2,742 | 7,377 |
| GI GROUP AUTOMOTIVE S.A.S. | FRANCE | 3,424 | 2,142 |
| GI GROU POLAND (EX WORK SERVICE SA) | POLAND | 1,670 | 1,821 |
| SELLPRO SP. Z.O.O. | POLAND | 510 | - |
| INDUSTRY PERSONNEL SERVICES SP. Z.O.O. | POLAND | 397 | - |
| WORK SERVICE DEUTSCHLAND GMBH | GERMANY | 4 | 801 |
| GRAFTON RECRUITMENT S.R.O. | CZECH REPUBLIC | - | 3,272 |
| ON TIME SOLUTIONS GMBH | GERMANY | - | 540 |
| GRAFTON SLOVAKIA S.R.O. | SLOVAKIA | - | 283 |
| GRAFTON RECRUITMENT SP Z.O.O. | POLAND | - | 267 |
| OTHER MINOR COMPANIES | | 375 | 220 |
| **TOTAL PAYABLES TO FACTORING COMPANIES** | | **14,345** | **42,345** |

### DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are underwritten in order to reduce variable interest rate fluctuations of the Gi Group S.p.A. mid-to-long-term debt. To this end, Gi Group S.p.A. traded derivative instruments with technical and financial features that characterise them as interest rate hedging instruments of the underlying loans, applying the hedge accounting method. Such transactions are recognised in compliance with the cash flow hedge rule, according to which the effective portion of the change in value of the derivative generates a shareholders' equity reserve.

The table below sets out the details of derivative financial liabilities as at 31st December 2021 and 2020:

| | |
|---|---|
| COMPANY | GI GROUP S.P.A. |
| BANK | *INTEREST RATE SWAP* (IRS) – CREDIT AGRICOLE |
| UNDERWRITING DATE | 29/12/2021 |
| EXPIRATION DATE | 28/12/2026 |
| (IN THOUSANDS OF EURO) | |
| INITIAL NOTIONAL AMOUNT | 10,000 |
| RESIDUAL NOTIONAL AMOUNT AS AT 31/12/2021 | 10,000 |
| FAIR VALUE AS AT 31/12/2021 | (41,4) |
| **TOTAL** | **(41,4)** |

For more details on interest rate risk of the Group, the hedging strategies and derivative financial instruments underwritten, refer to Note 5.4 "Interest rate risk".

### OTHER FINANCIAL PAYABLES

That item mainly includes:

- the estimate of the value of the earn-out on the acquisition of JobToMe International, equal to Euro 9,701 thousand (see Note 7 "Business combinations" for more information);
- 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, equal to Euro 888 thousand;
- the estimate of the value of the earn-out on the acquisition of the companies in the Axxis group, equal to Euro 738 thousand (see Note 7 "Business combinations" for more information).

## 8.17. PROVISIONS FOR PERSONNEL

The table below sets out the movements in "Provisions for personnel" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | EMPLOYEE SEVERANCE INDEMNITY (TFR – ITALIAN COMPANIES) | OTHER PROVISIONS FOR PERSONNEL (FOREIGN COMPANIES) | LONG TERM INCENTIVE PLAN (LTI) | TOTAL |
|---|---|---|---|---|
| **BALANCE AS 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 LOSSES/(GAINS) | 109 | - | - | 109 |
| USES/RELEASES | (366) | (2,805) | - | (3,171) |
| CHANGES IN THE SCOPE OF CONSOLIDATION | 519 | 406 | - | 925 |
| TRANSLATION DIFFERENCES | - | (133) | - | (133) |
| **BALANCE AS AT 31ST DECEMBER 2020** | **8,055** | **1,864** | **-** | **9,919** |
| CURRENT SERVICE COST | 1,996 | - | 4,646 | 6,642 |
| FINANCIAL EXPENSES | 17 | - | - | 17 |
| OTHER ALLOCATIONS | - | 2,648 | - | 2,648 |
| ACTUARIAL LOSSES/(GAINS) | (375) | - | - | (375) |
| USES/RELEASES | (894) | (2,514) | - | (3,408) |
| CHANGES IN THE SCOPE OF CONSOLIDATION | - | - | - | - |
| TRANSLATION DIFFERENCES | - | (0) | 24 | 24 |
| **BALANCE AS AT 31ST DECEMBER 2021** | **8,799** | **1,998** | **4,670** | **15,467** |

## EMPLOYEE SEVERANCE INDEMNITY (TFR – ITALIAN COMPANIES)

That item includes only the value of provisions for employee severance indemnity due to the workers of the Group's Italian companies, based on national law.

The table below sets out the movements in provisions for employee severance indemnity broken down by company as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| GI GROUP S.P.A. | 2,301 | 2,354 |
| GI ON BOARD S.R.L. | 1,445 | 996 |
| ENGINIUM S.R.L. | 975 | 972 |
| WYSER S.R.L. | 466 | 464 |
| INTOO S.R.L. | 1,361 | 1,280 |
| GI HR SERVICES S.R.L. | 685 | 629 |
| TACK & TMI ITALY S.R.L. | 380 | 311 |
| C2C S.R.L. | 668 | 548 |
| OD&M S.R.L. | 330 | 321 |
| EXS ITALY S.R.L. | 186 | 180 |
| **TOTAL** | **8,798** | **8,055** |

The value of the payable for employee severance indemnity and other benefits falling under IAS 19 has been determined on an actuarial basis. The main assumptions used to obtain the value of the liability as at 31st December 2021 are set out below:

| | AS AT 31ST DECEMBER 2020 E 2021 |
|---|---|
| **A) DEMOGRAPHIC ASSUMPTIONS** | |
| PROBABILITY OF DEATH | TABLES FROM THE ITALIAN STATE GENERAL ACCOUNTING DEPARTMENT NAMED RG48, BROKEN DOWN BY GENDER |
| PROBABILITY OF DISABILITY | INPS (ITALIAN SOCIAL SECURITY INSTITUTION) TEMPLATE FOR PROJECTIONS TO 2010, BROKEN DOWN BY GENDER |
| PENSION AGE | REACHING THE FIRST OF THE PENSION REQUIREMENTS VALID FOR OBTAINING THE ITALIAN OLD-AGE PENSION |
| PROBABILITY OF EXIT DUE TO CAUSES OTHER THAN DEATH | 5.00% (GI GROUP SPA, INTOO SRL AND EXS ITALIA SRL); 20.00% (GI ON BOARD SRL, ENGINIUM SRL, WYSER SRL AND C2C SRL); 10.00% (GI HR SERVICES SRL AND TACK & TMI ITALY SRL); 0.50% (OD&M SRL) |
| PROBABILITY OF EARLY RETIREMENT | YEAR ON YEAR VALUE OF 3% |

| | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| **B) ECONOMIC-FINANCIAL ASSUMPTIONS** | | |
| ANNUAL TECHNICAL DISCOUNT RATE – EMPLOYEE SEVERANCE INDEMNITY | 0,98%; 0,44% | 0,34%; -0,02% |
| ANNUAL TECHNICAL DISCOUNT RATE – LTI | -0,17% | - |
| ANNUAL INFLATION RATE | 1,20% | 1,00% |
| ANNUAL RATE OF INCREASE IN TOTAL REMUNERATION | 2,50% | 2,50% |
| ANNUAL RATE OF INCREASE IN EMPLOYEE SEVERANCE INDEMNITY | 2,40% | 2,25% |

The discounting rates used as benchmarks for measuring that parameter are the iBoxx Eurozone Corporates AA 10+ and AA 7-10, as at the measurement date and taking account of the average residual employee length of service of the separate companies.

The table below shows the sensitivity analysis as at 31st December 2021 relating to the main actuarial assumptions used in calculating the provisions for employee severance indemnity. The sensitivity analysis was carried out using the above scenario as the base scenario and increasing and reducing the annual discount rate, the annual inflation rate and the annual turnover rate by 0.25%, 0.25% and 2%, respectively. The values of the liabilities thus obtained are summarised below:

| | ANNUAL DISCOUNT RATE | | ANNUAL INFLATION RATE | | ANNUAL TURNOVER RATE | |
|---|---|---|---|---|---|---|
| *(IN THOUSANDS OF EURO)* | **0,25%** | **-0,25%** | **0,25%** | **-0,25%** | **2,00%** | **-2,00%** |
| TOTAL | 8,633 | 8,969 | 8,872 | 8,726 | 8,658 | 8,965 |

### OTHER PROVISIONS FOR PERSONNEL (FOREIGN COMPANIES)

That item includes:

- allocations to provisions for supplementary pension schemes based on national contracts or internal company agreements for Euro 953 thousand as at 31st December 2021 (Euro 786 thousand as at 31st December 2020), referring mainly to some of the Group's French, German, Indian and Colombian companies;
- provisions due to employees, pursuant to legislation or to contracts, on termination of employment for Euro 1,046 thousand as at 31st December 2021 (Euro 1,078 thousand as at 31st December 2020), referring mainly to the Group's Spanish companies.

### LONG TERM INCENTIVE PLAN (LTI)

That item includes the value of the incentive plan for the Group's managers, calculated using the methodology set out in IAS 19 for "Other long-term employee benefits".

In 2021 the Boards of Directors of Gi Group S.p.A. and its subsidiaries involved approved a Long-Term Incentive Plan (LTI) for executives, in compliance with the company's growth plan.

The company's goal is to retain executives with extensive professionalism, capable of guaranteeing the development of the business, paying them bonuses for reaching individual and company performance targets linked to financial and economic indicators of company growth.

The Long Term Incentive Plan, with a duration of 3 years, will grant participants the right to receive an additional bonus, which will be determined using a multiplier of the gross annual base salary, subject to the increase in the Group's Equity Value up to 31st December 2023, disbursing a variable bonus overall in 2024.

## 8.18. PROVISIONS FOR RISKS AND CHARGES

The table below sets out the movements in "Provisions for risks and charges" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | PROVISIONS FOR RISKS AND CHARGES |
|---|---|
| **BALANCE AS AT 31ST DECEMBER 2019** | **6,887** |
| ALLOCATIONS | 3,813 |
| USES/RELEASES | (3,219) |
| CHANGES IN THE SCOPE OF CONSOLIDATION | 7,161 |
| OTHER MOVEMENTS | - |
| TRANSLATION DIFFERENCES | (725) |
| **BALANCE AS AT 31ST DECEMBER 2020** | **13,917** |
| ALLOCATIONS | 1,450 |
| USES/RELEASES | (1,700) |
| CHANGES IN THE SCOPE OF CONSOLIDATION | 1,244 |
| OTHER MOVEMENTS | 1,656 |
| TRANSLATION DIFFERENCES | 171 |
| **BALANCE AS AT 31ST DECEMBER 2021** | **16,738** |

Provisions for risks and charges include the estimate of potential liabilities for deemed probable for pending legal disputes, both in labour-law and civil and administrative proceedings, mainly for the companies located in Italy (for which, refer to the Notes to the Financial Statements of Gi Group S.p.A.), Brazil and Poland.

"Other movements" shows the value of liabilities of a statutory, tax, and labour law nature arising during the process of allocating the higher values, on accounting for the business combination relating to the acquisition of the companies "Kelly Services Brasil Investimentos e Participacoes Ltda" and "Kelly Services Brasil Investimentos e Participacoes II Ltda".

## 8.19. OTHER NON-CURRENT LIABILITIES

The item exclusively includes the value of tax and social security liabilities beyond the financial year, relating to the Polish subsidiary Gi Group Poland (former Work Service) of Euro 14,614 thousand as at 31st December 2021 (Euro 17,988 thousand as at 31st December 2020).

## 8.20. CURRENT TAX LIABILITIES

The table below sets out the movements in "Current tax liabilities" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| PAYABLES FOR INCOME TAXES (ITALIAN COMPANIES) | 9,258 | 191 |
| PAYABLES FOR INCOME TAXES (FOREIGN COMPANIES) | 1,846 | 1,088 |
| PAYABLES FOR INCOME TAXES DUE FROM PARENT COMPANIES | 1,028 | 2,770 |
| **TOTAL** | **12,132** | **4,049** |

## 8.21. TRADE PAYABLES

"Trade payables" amount to Euro 64,160 thousand as at 31st December 2021 (Euro 46,122 thousand as at 31st December 2020) and also include payables for invoices to be received for services received during the year, net of credits due.

The table below breaks down trade payables by geographical area as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| ITALY | 38,994 | 29,786 |
| WESTERN EUROPE | 14,420 | 7,500 |
| EASTERN EUROPE | 1,987 | 2,901 |
| ASIA | 7,027 | 4,381 |
| NORTH AMERICA | 380 | 235 |
| SOUTH AMERICA | 1,352 | 1,319 |
| **TOTAL** | **64,160** | **46,122** |

## 8.22. OTHER CURRENT LIABILITIES

The table below sets out the movements in "Other current liabilities" as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| PAYABLES TO EMPLOYEES | 218,892 | 177,641 |
| PAYABLES TO SOCIAL SECURITY AND WELFARE INSTITUTIONS | 99,496 | 86,371 |
| VAT PAYABLE | 42,910 | 70,001 |
| OTHER TAX PAYABLES | 53,217 | 51,545 |
| ACCRUED EXPENSES AND DEFERRED INCOME | 11,911 | 9,001 |
| ADVANCES FROM CUSTOMERS | 1,608 | 781 |
| OTHER CURRENT PAYABLES | 37,715 | 35,702 |
| **TOTAL** | **465,749** | **431,042** |

"Payables to employees" mainly include payables accrued in respect of internal employees and temporary workers of Group companies. The item includes an effect of the valuation of the scope of consolidation of Euro 7,064 thousand.

"Payables to social security and welfare institutions" include 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.

"VAT payable" exclusively includes the payables to the Tax Authorities for Value Added Tax. The decrease in this item compared to 2020 is mainly due to the postponement of the payment of the tax granted by local governments as a measure of support during the pandemic crisis in the previous year, specifically in Germany, the Netherlands and the UK.

"Other tax payables" mainly includes payables for tax withholdings for employees, temporary workers and independent workers of the Italian companies of the Group.

The item "Advances from customers" mainly includes advance payments received from customers, in particular for the companies operating in Germany, Brazil and China.

"Accrued expenses and deferred income" mainly include:

- accrued expenses relating mainly to the UK companies of the Group for and amount of Euro 3,911 thousand as at 31st December 2021 (Euro 1,596 thousand as at 31st December 2020); and
- deferred income linked to the suspension of the portion of revenues of the US company Intoo LLC totalling Euro 1,528 thousand and the Italian company Intoo S.r.l. for Euro 1,463 thousand as at 31st December 2021 (Euro 1,330 thousand as at 31st December 2020 referring to the Italian company Intoo S.r.l.), for the delivery of services (mainly outplacement) that were already invoiced, but not yet completed.

"Other current payables" mainly attributable to Gi Group S.p.A. for an amount of Euro 35,329 thousand as at 31st December 2021 (Euro 28,174 thousand as at 31st December 2020), mainly includes payables due to entities, funds and institutes connected with the management of temporary staff and payables relating to other existing contractual forms of employment, including internships, contract workers, directors and other generic payables.

### 8.23. ASSETS/(LIABILITIES) HELD FOR SALE

This item includes the items relating to relations with the Hungarian associated company Prohuman 2004 Kft. That classification was necessary to the finalisation of the sales agreement of the entire equity interest held by GI Group Poland (former Work Service SA), equal to 80.22%, in the Sun Group Kereskedelmi és Szolgáltató Korlátolt Felelosségu Társaság ("Sun Group"). The sale was concluded in January 2022.

Pursuant to the provisions of IFRS 5, assets and liabilities relating to relations of group companies with Prohuman were reclassified in specific items in the area of statement of financial position assets and liabilities, respectively.

As at 31 December 2021, the breakdown was as follows:

- Assets held for sale: value of the equity investment in the associated company, previously accounted for at shareholders' equity, equal to Euro 48,125 thousand.
- Liabilities held for sale: value of the financial liability due from Prohuman to Gi Group Poland (former Work Service) for Euro 13,677 thousand.

## 9. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### 9.1. REVENUES FROM CONTRACTS WITH CUSTOMERS

The table below sets out the movements in "Revenues from contracts with customers", broken down by type of service provided, for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 | YEAR ENDED AS AT 31ST DECEMBER 2020 |
|---|---|---|
| TEMPORARY STAFFING AND STAFF LEASING | 2,868,584 | 2,202,240 |
| PROFESSIONAL | 117,561 | 105,079 |
| OUTSOURCING SERVICES | 154,604 | 116,267 |
| SEARCH AND SELECTION | 17,570 | 14,085 |
| TRAINING | 13,292 | 5,581 |
| OUTPLACEMENT | 13,701 | 11,015 |
| LABOUR MANAGEMENT CONSULTING | 2,299 | 1,734 |
| ADMINISTRATION AND MANAGEMENT OF EMPLOYMENT SERVICES | 6,620 | 6,611 |
| INTEGRATED SOLUTIONS | 17,382 | - |
| SPECIAL PROJECTS | 15,744 | 11,715 |
| **TOTAL** | **3,227,358** | **2,474,327** |

The table below sets out the movements in "Revenues from contracts with customers", broken down by geographical area, for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 | YEAR ENDED AS AT 31ST DECEMBER 2020 |
|---|---|---|
| ITALY | 1,586,525 | 1,258,044 |
| WESTERN EUROPE | 960,464 | 760,941 |
| EASTERN EUROPE | 249,919 | 127,145 |
| ASIA | 313,948 | 240,458 |
| NORTH AMERICA | 6,287 | 2,679 |
| SOUTH AMERICA | 110,215 | 85,060 |
| **TOTAL** | **3,227,358** | **2,474,327** |

## 9.2. OTHER REVENUES AND INCOME

The table below sets out the movements in "Other revenues and income" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT | |
|---|---|---|
| | 31/12/2021 | 31/12/2020 |
| GRANTS AND REIMBURSEMENTS FOR TRAINING COURSES | 25,381 | 21,682 |
| OPERATING GRANTS | 13,789 | 10,978 |
| MISCELLANEOUS OTHER REVENUES AND INCOME | 20,333 | 18,111 |
| **TOTAL** | **59,503** | **50,770** |

### GRANTS AND REIMBURSEMENTS FOR TRAINING COURSES

That item mainly includes the amount of grants Gi Group S.p.A. approved and reported to the Forma.Temp agency for the organisation and the provision of courses for temporary workers.

### OPERATING GRANTS

The table below sets out the movements in "Operating grants" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT | |
|---|---|---|
| | 31/12/2021 | 31/12/2020 |
| **ITALY** - GRANTS FOR COURSES PROVIDED | 3,252 | 4,444 |
| **CHINA** - GRATUITOUS FINANCIAL ALLOWANCES FOR THE GOVERNMENT TO SUPPORT THE BUSINESS | 154 | 625 |
| **CHINA** - TAX EXEMPTION INCENTIVES BY LOCAL GOVERNMENTS TO ATTRACT BUSINESSES TO THE AREA AND DEVELOP LOCAL BUSINESS | 4,955 | 3,788 |
| OTHER COUNTRIES - GOVERNMENT GRANTS RECEIVED | 281 | 98 |
| OTHER COUNTRIES - COVID GRANTS | 5,147 | 2,023 |
| **TOTAL** | **13,789** | **10,978** |

### MISCELLANEOUS OTHER REVENUES AND INCOME

That item mainly includes contingent assets and other operating income relating to payables to temporary workers which have expired and can no longer be collected by the creditor, collections referring to bankrupt customers whose receivables were reduced to zero, with a loss recognised in the previous financial years and the effect of the closing of estimated allocations in the previous years for unrealised costs and services or for underestimated revenues. The item also includes non-recurring revenues totalling Euro 483 thousand during the financial year to 31st December 2021, relating to extraordinary expenses incurred in relation to acquisitions made.

## 9.3. COSTS FOR RAW MATERIALS, CONSUMABLES AND GOODS FOR RESALE

The table below sets out the movements in "Costs for raw materials, consumables and goods for resale" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 | YEAR ENDED AS AT 31ST DECEMBER 2020 |
|---|---|---|
| FUEL AND LUBRICANTS | 2,791 | 1,700 |
| CONSUMABLES | 1,830 | 3,378 |
| STATIONERY AND FORMS | 580 | 390 |
| CHANGES IN INVENTORIES | (116) | (334) |
| **TOTAL** | **5,085** | **5,134** |

That item mainly includes costs for fuel and lubricants and for consumables, promotional materials and stationery.

## 9.4. COSTS FOR SERVICES

The table below sets out the movements in "Costs for services" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT | |
|---|---|---|
| | 31/12/2021 | 31/12/2020 |
| TRAINING AND OTHER SERVICES FOR PERSONNEL | 44,190 | 35,141 |
| TRAVEL EXPENSES AND STAFF CAFETERIA VOUCHERS | 39,198 | 31,440 |
| COSTS FOR USAGE OF THIRD-PARTY ASSETS | 13,304 | 9,690 |
| PROFESSIONAL CONSULTING SERVICES AND OTHER WORK-RELATED SERVICES | 25,294 | 15,399 |
| TAX, ADMINISTRATIVE AND MANAGEMENT CONSULTING | 16,227 | 11,873 |
| IT COSTS AND CONSULTING AND SOFTWARE MAINTENANCE SERVICES | 12,345 | 9,367 |
| ADVERTISING EXPENSES | 5,998 | 2,700 |
| COSTS FOR UTILITIES, CLEANING AND SECURITY | 3,909 | 3,651 |
| GRAPHIC DESIGN AND CLASSIFIED ADVERTISEMENT DESIGN | 5,972 | 4,288 |
| TELEPHONE AND DATA NETWORK EXPENSES | 2,916 | 2,860 |
| INSURANCE EXPENSES | 3,476 | 2,625 |
| LEGAL EXPENSES FOR CIVIL/ CRIMINAL CASES AND COLLECTION OF RECEIVABLES | 3,109 | 2,294 |
| COSTS FOR DIRECTORS | 2,709 | 2,508 |
| COSTS FOR AUDITING AND THE BOARD OF STATUTORY AUDITORS | 1,100 | 1,046 |
| OTHER COSTS FOR SERVICES | 31,377 | 14,087 |
| **TOTAL** | **211,124** | **148,970** |

"IT costs and consulting and software maintenance services" mainly includes the costs linked to implementing new company tools and and implementing existing infrastructures.

"Costs for usage of third-party assets" mainly includes 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 for 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 the Income Statement on a straight-line basis.

"Costs for directors" includes the fees to directors of the Group companies.

For the year ended as 31st December 2021, costs for services include non-recurrent costs for an amount of Euro 4,200 thousand, mainly relating to:

- strategic consultancy services regarding acquisitions carried out during the year by Gi International for Euro 2,103 thousand;
- extraordinary tax, legal, IT and marketing consultancy services connected with the acquisitions, and the related integrations, for Euro 1,470 thousand;
- expenses incurred for the project to set up a specific training space named the Gi Group Training Hub, for an amount of Euro 627 thousand.

## 9.5. PERSONNEL COSTS

The table below sets out the movements in "Personnel costs" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 | YEAR ENDED AS AT 31ST DECEMBER 2020 |
|---|---|---|
| WAGES AND SALARIES | 2,350,944 | 1,826,908 |
| SOCIAL SECURITY CONTRIBUTIONS | 523,301 | 406,279 |
| EMPLOYEE SEVERANCE INDEMNITY | 70,256 | 53,956 |
| ALLOCATIONS TO PROVISIONS FOR PERSONNEL | 562 | 445 |
| OTHER PERSONNEL COSTS | 4,470 | 2,781 |
| **TOTAL** | **2,949,533** | **2,290,370** |

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

The following table shows the average number of direct and indirect internal and temporary/staff leasing employees by geographic areas for the years ended as at 31 December 2021 and 2020:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| AVERAGE NO. OF EMPLOYEES (UNITS) | DIRECT EMPLOYEES (STRUCTURE) | INDIRECT EMPLOYEES (TEMPORARY/ STAFF LEASING) | DIRECT EMPLOYEES (STRUCTURE) | INDIRECT EMPLOYEES (TEMPORARY/ STAFF LEASING) |
| ITALY | 2,656 | 41,194 | 2,258 | 36,898 |
| WESTERN EUROPE | 1,688 | 33,457 | 1,285 | 31,977 |
| EASTERN EUROPE | 1232 | 13,688 | 800 | 11,959 |
| ASIA | 522 | 44,575 | 435 | 41,436 |
| NORTH AMERICA | 42 | - | 31 | - |
| SOUTH AMERICA | 614 | 58,715 | 513 | 49,479 |
| **TOTAL** | **6,754** | **191,629** | **5,322** | **171,749** |

For the year ended as 31st December 2021, personnel costs include non-recurrent costs for an amount of Euro 1,279 thousand, mainly relating to:

- business restructuring costs and employee conciliation costs totalling Euro 258 thousand relating to the integration of Grupo Norte in Spain, incurred by the companies of Gi Group Spain;
- business restructuring costs and employee conciliation costs totalling Euro 241 thousand relating to the restructuring of the ownership structure in Germany;
- business restructuring costs and employee conciliation costs totalling Euro 311 thousand relating to the reorganisation of the top management in the UK;

## 9.6. OTHER OPERATING COSTS

The table below sets out the movements in "Other operating costs" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 | YEAR ENDED AS AT 31ST DECEMBER 2020 |
|---|---|---|
| TAXES AND LEVIES | 3,924 | 4,110 |
| MEMBERSHIPS | 1,237 | 1,109 |
| PENALTIES, SANCTIONS AND FINES | 364 | 914 |
| LOSSES ON RECEIVABLES | 717 | 245 |
| MAGAZINE SUBSCRIPTIONS | 71 | 47 |
| OTHER OPERATING CHARGES | 14,719 | 10,390 |
| **TOTAL** | **21,032** | **16,811** |

The item "Other operating charges" includes all residual costs such as donations and gifts to employees and third parties, costs for formalities at public entities, sales of assets and costs for lower provisions allocated in the previous financial years.

For the year ended as 31st December 2021, other operating costs include non-recurrent costs for an amount of Euro 148 thousand, mainly relating to the integration of Grupo Norte in Spain.

## 9.7. NET WRITE-DOWNS OF FINANCIAL ASSETS

The table below sets out the movements in "Net write-downs of financial assets" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 | YEAR ENDED AS AT 31ST DECEMBER 2020 |
|---|---|---|
| ALLOCATIONS TO PROVISIONS FOR DOUBTFUL RECEIVABLES | 586 | 1,626 |
| OTHER WRITE-DOWNS OF FINANCIAL ASSETS | (56) | 358 |
| **TOTAL** | **530** | **1,984** |

## 9.8. DEPRECIATION AND WRITE-DOWNS OF PROPERTY, PLANT AND EQUIPMENT, AMORTISATION AND WRITE-DOWNS OF INTANGIBLE ASSETS AND RIGHTS OF USE

The table below sets out the movements in "Depreciation and write-downs of property, plant and equipment, amortisation and write-downs of intangible assets and rights of use" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 | YEAR ENDED AS AT 31ST DECEMBER 2020 |
|---|---|---|
| DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT | 4,776 | 4,095 |
| AMORTISATION OF INTANGIBLE ASSETS | 9,438 | 7,284 |
| AMORTISATION OF RIGHT OF USE ASSETS | 21,901 | 19,049 |
| WRITE-DOWNS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS | 1,137 | 330 |
| **TOTAL** | **37,252** | **30,758** |

"Write-downs of property, plant and equipment and intangible assets" includes the write-down of goodwill following impairment testing on the USA CGU. For more information, refer to Note "8.2. Goodwill".

## 9.9. NET ALLOWANCES TO PROVISIONS FOR RISKS AND CHARGES

That item includes allocations to provisions for risks and charges, net of releases. For details on the movements in provisions for risks and charges, refer to Note 8.18 "Provisions for risks and charges".

## 9.10. FINANCIAL INCOME

During the year ended as at 31st December 2021, "Financial income", equal to Euro 1,369 thousand, mainly included the financial income of the Polish subsidiaries totalling Euro 653 thousand.

## 9.11. FINANCIAL EXPENSES

The table below sets out the movements in "Financial expenses" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 | YEAR ENDED AS AT 31ST DECEMBER 2020 |
|---|---|---|
| LEASE INTEREST PAYABLE | 2,029 | 1,986 |
| INTEREST PAYABLE ON PROVISIONS FOR PERSONNEL | 17 | 46 |
| FINANCIAL EXPENSES DUE TO PARENT COMPANIES | 123 | 105 |
| EXPENSES FOR ADJUSTMENT TO HIGH INFLATION | 116 | 91 |
| OTHER FINANCIAL EXPENSES | 6,758 | 5,220 |
| **TOTAL** | **9,043** | **7,448** |

"Expenses for adjustment to high inflation" exclusively include the effect on monetary items deriving from the application of IAS 29 – Hyperinflation by the Argentine subsidiaries of the Group. For more details, refer to Note 10 "Hyperinflation".

"Other financial expenses" mainly consists of interest payable to banks.

For the year ended as 31st December 2021, other financial expenses include non-recurrent costs for an amount of Euro 116 thousand (Euro 91 thousand in the year ended as at 31st December 2020), incurred by the Argentine companies and deriving from the adjustments calculated due to the sharp inflation that hit the country, made obligatory at state level.

## 9.12. UTIEXCHANGE RATE GAINS AND LOSSES

That item has a positive balance of Euro 1,078 thousand for the year ended as at 31st December 2021 (negative balance of Euro 3,642 thousand for the year ended as at 31st December 2020).

The positive balance for the year ended as at 31st December 2021 is mainly comprised of exchange rate gains recorded by Gi International S.r.l. totalling Euro 994 thousand, mainly deriving from the adjustment of the loans disbursed to the UK subsidiary, valued in GBP, and to the Hong Kong subsidiary, set in local currency, as well as the unrealised exchange rate losses on the intercompany loans set in Zloty and Turkish Lira.

## 9.13. INCOME TAXES

The table below sets out the movements in "Income taxes" for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 | YEAR ENDED AS AT 31ST DECEMBER 2020 |
|---|---|---|
| INCOME TAXES OF ITALIAN COMPANIES (IRES - CORPORATE INCOME TAX/ IRAP - REGIONAL TAX ON PRODUCTION) | 13,560 | 10,907 |
| INCOME TAXES OF FOREIGN COMPANIES | 5,404 | 5,107 |
| **TOTAL CURRENT TAXES** | **18,964** | **16,014** |
| DEFERRED TAX LIABILITIES/ ASSETS | 95 | (11,197) |
| **TOTAL DEFERRED TAX LIABILITIES/ASSETS** | **95** | **(11,197)** |
| **TOTAL** | **19,060** | **4,817** |

Income taxes are calculated on an accruals basis, indicating where necessary the deferred tax assets or liabilities to take into account those tax regulations that may lead the relative tax period to shift and differ from the financial period.

Deferred tax assets have been recognised on the deductible temporary differences during the year to the extent that there is reasonable certainty that, in the years in which those deductible temporary differences will be used, the taxable income will not be less than the amount of the differences that will be cancelled. For details on "Deferred tax liabilities/assets" refer to Note 8.6 "Deferred tax assets and deferred tax liabilities".

## 9.14. NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS

This item reports the total amount of costs and revenues relating to Prohuman 2004 Kft.

The breakdown of the items that impact the Income Statement is shown below:

- Euro 1,351 thousand relating to financial expenses accrued on the loan disbursed to Gi Group Poland (former Word Service SA) by Prohuman 2004 Kft.

Refer to the related Note in the Statement of Financial Position (Assets/(Liabilities) held for sale) for more details.

## 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 since 1st January 2019 and are the only Group companies operating under 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 (IPC), published by the Argentine National Institute of Surveys and Census (INDEC), was used for these purposes.

The loss on the net monetary position, recognised in the Income Statement under "Financial expenses" amounts to Euro 116 thousand in the year ended as at 31st December 2021 (Euro 91 thousand in the year ended as at 31st December 2020).

## 11. NON-RECURRENT INCOME AND EXPENSES

The table below summarises the non-recurrent income and expenses for the years ended as at 31st December 2021 and 2020:

NON-RECURRENT EXPENSES/(INCOME)

| (IN THOUSANDS OF EURO) | IMPORTO 2021 | IMPORTO 2020 |
|---|---|---|
| OTHER REVENUES AND INCOME | (483) | (107) |
| COSTS FOR SERVICES | 4,200 | 3,156 |
| PERSONNEL COSTS | 1,279 | 1,173 |
| OTHER OPERATING COSTS | 148 | 809 |
| **TOTAL NET NON-RECURRENT EXPENSES/(INCOME)** | **5,145** | **5,031** |

For a description of non-recurrrent income and expenses, see the comments on the individual financial statement items detailed in the previous paragraph 9 "Notes to the Consolidated Statement of Comprehensive Income".

## 12. TRANSACTIONS WITH RELATED PARTIES

Transactions 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:

- commercial relations relating to the typical services of the Group's business (staffing supply, selection, outsourcing, outplacement and other Human Resource services);
- (general, organisational, professional) services provided by the Head Office to the Group companies;
- financial relations carried out with parent companies and affiliated companies;
- fees paid to Directors and Key Managers.

With regard to services, all transactions with related parties are governed by a framework agreement prepared by Gi Group S.p.A., referred to as the Cost Share Agreement, with the objective of creating synergies within the Group to increase operational efficiency.

In the area of financial relations, organisational solutions based on centralised financial management in Gi Group S.p.A. were adopted in Italy to optimise the structure of treasury and the terms and conditions applicable to bank funding.

With this in mind, cash pooling for Italian companies was adopted through centralised management of bank operations involving available resources within the Group for daily cash needs and financial support of the international holding company, GI International S.r.l.

Structural investments and operating needs of foreign companies are funded in the short and medium term by the international holding company GI International S.r.l. and its subsidiaries. Italian companies are able to opt for tax consolidation with the Group, with payables/receivables transferred to the consolidating company for IRES (corporation tax) purposes, pursuant to Article 118 of the new T.U.I.R. (Consolidated Law on Income Tax). For tax purposes, the consolidating company is the parent company SCL Holding S.p.A.

The tables below summarise the Group's equity transactions with related parties as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | TRADE RECEIVABLES | OTHER CURRENT ASSETS | CURRENT FINANCIAL ASSETS | TRADE PAYABLES | OTHER CURRENT LIABILITIES | CURRENT FINANCIAL LIABILITIES | NON-CURRENT FINANCIAL LIABILITIES |
| **PARENT COMPANIES** | | | | | | | |
| GI GROUP HOLDING S.R.L. | 83 | | 2,031 | 4,432 | | | |
| SCL HOLDING SPA | | 885 | 25 | 2 | 3,932 | 5,271 | 16,207 |
| **TOTAL PARENT COMPANIES** | **83** | **885** | **2,056** | **4,433** | **3,932** | **5,271** | **16,207** |
| **AFFILIATED COMPANIES** | | | | | | | |
| GI FORMAZIONE S.R.L. | 1,405 | | | 5,984 | | | |
| **TOTAL AFFILIATED COMPANIES** | **1,405** | | | **5,984** | | | |
| **ASSOCIATED COMPANIES** | | | | | | | |
| FARE LAVORO, COMPANY CONSORTILE A R.L. | | | | | | | |
| **TOTAL ASSOCIATED COMPANIES** | | | | | | | |
| **OTHER RELATED PARTIES** | | | | | | | |
| DIRECTORS | | | | 195 | | | |
| OTHER MINOR COMPANIES | | | | | | | |
| **TOTAL OTHER RELATED PARTIES** | | | | **195** | | | |
| | | | | | | | |
| **TOTAL BALANCES WITH RELATED PARTIES** | **1,487** | **885** | **2,056** | **10,611** | **3,932** | **5,271** | **16,207** |

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | TRADE RECEIVABLES | OTHER CURRENT ASSETS | CURRENT FINANCIAL ASSETS | TRADE PAYABLES | OTHER CURRENT LIABILITIES | CURRENT FINANCIAL LIABILITIES | NON-CURRENT FINANCIAL LIABILITIES |
| **PARENT COMPANIES** | | | | | | | |
| GI GROUP HOLDING S.R.L. | 170 | | 3,232 | 3,768 | | | |
| SCL HOLDING SPA | | | | 5 | 2,669 | 105 | 16,250 |
| **TOTAL PARENT COMPANIES** | **170** | | **3,232** | **3,773** | **2,669** | **105** | **16,250** |
| **AFFILIATED COMPANIES** | | | | | | | |
| GI FORMAZIONE S.R.L. | 829 | | | 6,625 | | | |
| **TOTAL AFFILIATED COMPANIES** | **829** | | | **6,625** | | | |
| **ASSOCIATED COMPANIES** | | | | | | | |
| FARE LAVORO, COMPANY CONSORTILE A R.L. | | | | 2 | | | |
| **TOTAL ASSOCIATED COMPANIES** | | | | **2** | | | |
| **OTHER RELATED PARTIES:** | | | | | | | |
| DIRECTORS | | | | 341 | | | |
| OTHER MINOR COMPANIES | | | | | | | |
| **TOTAL OTHER RELATED PARTIES** | | | | **341** | | | |
| | | | | | | | |
| **TOTAL BALANCES WITH RELATED PARTIES** | **999** | | **3,232** | **10,741** | **2,669** | **105** | **16,250** |

Payables to the parent company SCL Holding S.p.A. include the amount of interest and principal of two loans disbursed to Gi Group S.p.A. totalling Euro 5.3 million as at 31st December 2021, fully classified as due within the following year, and to the subsidiary Gi International, fully classified as due beyond the following year, totalling Euro 16.2 million as at 31st December 2021. All the loans fall due beyond the financial year, based on the contractual terms.

It should be noted that the transactions with the related party GI Formazione S.r.L. involve the organisation, management and coordination of training and other professional development initiatives based on accreditations that that company holds with Forma.Temp: the body responsible for regulating professional training activities for all employment agencies. Overall costs for training courses in 2021 were approximately Euro 24 million.

The tables below summarise the Group's income transactions with related parties for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | | | | |
|---|---|---|---|---|---|
| | REVENUES FROM SERVICES | OTHER REVENUES AND INCOME | FINANCIAL INCOME | COSTS FOR SERVICES | FINANCIAL EXPENSES |
| **PARENT COMPANIES** | | | | | |
| GI GROUP HOLDING S.R.L. | | 189 | 19 | 4,662 | |
| SCL HOLDING SPA | | | | 85 | 123 |
| **TOTAL PARENT COMPANIES** | | **189** | **19** | **4,747** | **123** |
| **AFFILIATED COMPANIES** | | | | | |
| GI FORMAZIONE S.R.L. | 895 | | | 23,716 | |
| **TOTAL AFFILIATED COMPANIES** | **189** | | | **23,716** | |
| **ASSOCIATED COMPANIES** | | | | | |
| FARE LAVORO, COMPANY CONSORTILE A R.L. | | | | | |
| **TOTAL ASSOCIATED COMPANIES** | | | | | |
| **OTHER RELATED PARTIES:** | | | | | |
| DIRECTORS | | | | 2,709 | |
| OTHER MINOR COMPANIES | | | | | |
| **TOTAL OTHER RELATED PARTIES** | | | | **2,709** | |
| **TOTAL BALANCES WITH RELATED PARTIES** | **895** | **189** | **19** | **31,172** | **123** |

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2020 | | | | |
|---|---|---|---|---|---|
| | REVENUES FROM SERVICES | OTHER REVENUES AND INCOME | FINANCIAL INCOME | COSTS FOR SERVICES | FINANCIAL EXPENSES |
| **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 AFFILIATED COMPANIES** | **660** | **601** | | **20,420** | |
| **ASSOCIATED COMPANIES** | | | | | |
| FARE LAVORO, COMPANY CONSORTILE A R.L. | | | | 14 | |
| **TOTAL ASSOCIATED COMPANIES** | | | | **14** | |
| **OTHER RELATED PARTIES:** | | | | | |
| DIRECTORS | | | | 2,508 | |
| OTHER MINOR COMPANIES | | | | | |
| **TOTAL OTHER RELATED PARTIES** | | | | **2,508** | |
| **TOTAL BALANCES WITH RELATED PARTIES** | **660** | **825** | **18** | **26,874** | **105** |

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

## 13. COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

### COMMITMENTS

The Group has not assumed any commitments that have not been recognised in the Statement of Financial Position.

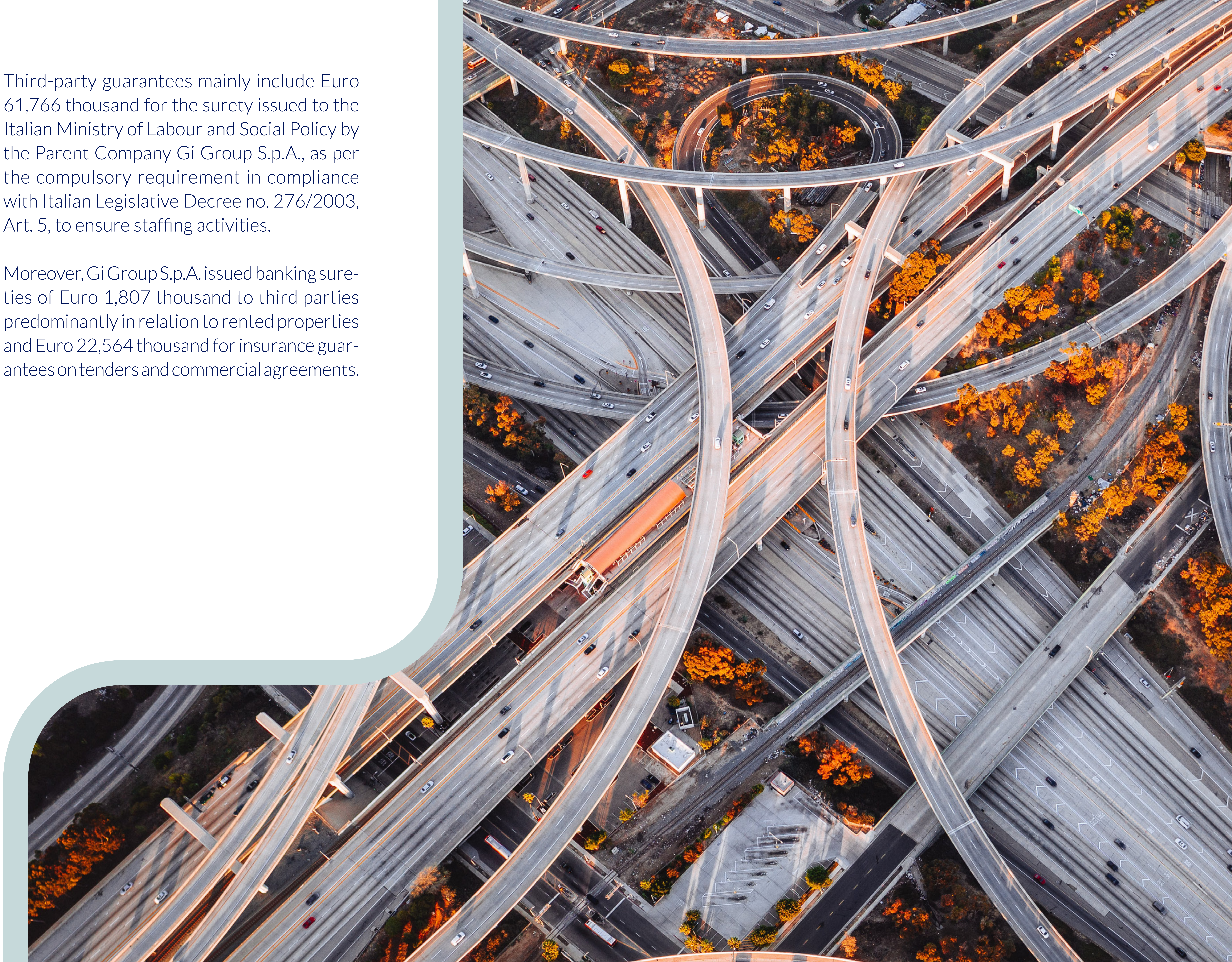
### GUARANTEES AND UNDERTAKINGS

The table below shows the value of guarantees provided as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | AS AT 31ST DECEMBER 2021 | AS AT 31ST DECEMBER 2020 |
|---|---|---|
| **A) PERSONAL GUARANTEES** | | |
| SURETIES | | |
| *TO OTHERS* | *111,658* | *136,163* |
| **TOTAL SURETIES** | **111,658** | **136,163** |
| **A) TOTAL PERSONAL GUARANTEES** | **111,658** | **136,163** |
| **B) TOTAL COLLATERAL** | | |
| **TOTAL GUARANTEES PROVIDED (A)+(B)** | **111,658** | **136,163** |

Third-party guarantees mainly include Euro 61,766 thousand for the surety issued to the Italian Ministry of Labour and Social Policy by the Parent Company Gi Group S.p.A., as per the compulsory requirement in compliance with Italian Legislative Decree no. 276/2003, Art. 5, to ensure staffing activities.

Moreover, Gi Group S.p.A. issued banking sureties of Euro 1,807 thousand to third parties predominantly in relation to rented properties and Euro 22,564 thousand for insurance guarantees on tenders and commercial agreements.



The table below shows the guarantees provided to the foreign subsidiaries as at 31st December 2021:

| ISSUING ENTITY | TYPE OF GUARANTEE | BENEFICIARY | GUARANTEED COMPANY | COUNTRY | AMOUNT | CURRENCY | AMOUNT IN EURO |
|---|---|---|---|---|---|---|---|
| GI GROUP SPA | CORPORATE GUARANTEE | AMERICAN EXPRESS ITALY SRL | INTOO LLC | USA | 50,000 | USD | 44,146 |
| GI GROUP SPA | CORPORATE GUARANTEE | BANK POLSKA KASA OPIEKI S.A. | GI GROUP SP ZOO | POLAND | 3,000,000 | PLN | 652,614 |
| GI GROUP SPA | CORPORATE GUARANTEE | BARCLAYS BANK PLC | GI GROUP RECRUTMENT LTD – DRAEFERN LTD | UK | 15,000,000 | GBP | 17,851,192 |
| GI GROUP SPA | CORPORATE GUARANTEE | BNP PARIBAS | GI GROUP AUTOMOTIVE | FRANCE | 1,900,000 | EUR | 1,900,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | BNP PARIBAS BRASIL SA | GI GROUP RECURSOS HUMANOS LTD | BRAZIL | 8,800,000 | BRL | 1,394,590 |
| GI GROUP SPA | CORPORATE GUARANTEE | BNPP FACTOR | GI GROUP SPAIN | SPAIN | 4,000,000 | EUR | 4,000,000 |
| GI GROUP SPA | CONFORT LETTER | BANKS OF GRUPO NORTE RECURSOS EMPRESA DE TRABAJO | GI GROUP SPAIN | SPAIN | 4,976,602 | EUR | 4,976,602 |
| GI GROUP SPA | CORPORATE GUARANTEE | HSBC | GRAFTON RECRUITMENT SP. Z.O.O. | POLAND | 8,000,000 | PLN | 1,740,303 |
| GI GROUP SPA | CORPORATE GUARANTEE | UNICREDIT FACTORING CZECH REPUBLIC AND SLOVAKIA AS | GRAFTON RECRUITMENT SRO | CZECH REPUBLIC | 180,000,000 | CZK | 7,241,130 |
| GI GROUP SPA | CORPORATE GUARANTEE | UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA | GRAFTON RECRUITMENT SRO | CZECH REPUBLIC | 7,000,000 | CZK | 281,599 |
| GI GROUP SPA | CORPORATE GUARANTEE | INTESA SAN PAOLO | GI GROUP DEUTSCHLAND | GERMANY | 2,000,000 | EUR | 2,000,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | INTESA SAN PAOLO | GI GROUP SPAIN | SPAIN | 3,000,000 | EUR | 3,000,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | INTESA SAN PAOLO | GI GROUP SP ZOO | POLAND | 13,000,000 | PLN | 2,827,993 |
| GI GROUP SPA | CORPORATE GUARANTEE | INTESA SAN PAOLO | BEJING E4U HUMAN RESOURCE CO. LTD | CHINA | 4,000,000 | CNY | 555,965 |
| GI GROUP SPA | CORPORATE GUARANTEE | INTESA SAN PAOLO ROMANIA | BARNETT MCCALL RECRUITMENT | ROMANIA | 3,500,000 | RON | 707,214 |
| GI GROUP SPA | CORPORATE GUARANTEE | INTESA SAN PAOLO ROMANIA | GI GROUP STAFFING COMPANY | ROMANIA | 3,000,000 | RON | 606,183 |

| ISSUING ENTITY | TYPE OF GUARANTEE | BENEFICIARY | GUARANTEED COMPANY | COUNTRY | AMOUNT | CURRENCY | AMOUNT IN EURO |
|---|---|---|---|---|---|---|---|
| GI GROUP SPA | CORPORATE GUARANTEE | ITAU-UNIBANCO SA | GI GROUP RECURSOS HUMANOS LTD | BRAZIL | 20,000,000 | BRL | 3,169,522 |
| GI GROUP SPA | CORPORATE GUARANTEE | UNICREDIT BANK CZECH REPUBLIC AND SLOVAKIA | GI GROUP HR SERVICES SLOVAKIA SRO | SLOVAKIA | 270,000 | EUR | 270,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | MBFACTA | GRAFTON SLOVAKIA SRO | SLOVAKIA | 2,000,000 | EUR | 2,000,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | UNICREDIT FACTORING CZECH REPUBLIC AND SLOVAKIA AS | GRAFTON SLOVAKIA SRO | SLOVAKIA | 2,500,000 | EUR | 2,500,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | UNICREDIT SPA | SHANGHAI GI ENTERPRISE MANAGEMENT CO LTD | CHINA | 275,000 | EUR | 275,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | UNICREDIT SPA | BEJING E4U HUMAN RESOURCE CO. LTD | CHINA | 4,342,000 | CNY | 603,500 |
| GI GROUP SPA | CORPORATE GUARANTEE | UNICREDIT SPA | SHANGHAI GI ENTERPRISE MANAGEMENT CO LTD | CHINA | 2,899,000 | CNY | 402,935 |
| GI GROUP SPA | CORPORATE GUARANTEE | UNICREDIT SPA | SHANGHAI GI ENTERPRISE MANAGEMENT CO LTD | CHINA | 2,230,000 | CNY | 309,950 |
| GI GROUP SPA | CORPORATE GUARANTEE | UNICREDIT SPA | SHANGHAI GI ENTERPRISE MANAGEMENT CO LTD | CHINA | 5,070,000 | CNY | 704,685 |
| GI GROUP SPA | CORPORATE GUARANTEE | UNICREDIT TIRIAC BANK | BARNETT MCCALL RECRUITMENT / GI GROUP STAFFING | ROMANIA | 867,040 | RON | 175,195 |
| GI GROUP SPA | CORPORATE GUARANTEE | UNIKREDIT BULBANK | OD&M-GI GROUP-WYSER EOOD | BULGARIA | 400,000 | BGN | 204,520 |
| GI GROUP SPA | CORPORATE GUARANTEE | MBFACTA | ONEPI | FRANCE | 7,000,000 | EUR | 7,000,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | IFITALY | GI GROUP DEUTSCHLAND – GI PROFESSIONAL SERVICES | GERMANY | 20,000,000 | EUR | 20,000,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | MBFACTA | GI GROUP PERM BV | THE NETHERLANDS | 2,000,000 | EUR | 2,000,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | MBFACTA | GI GROUP TEMP BV | THE NETHERLANDS | 1,000,000 | EUR | 1,000,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | COMMERZBANK | GI GROUP DEUTSCHLAND – GI DEUTSCHLAND HOLDING | GERMANY | 1,500,000 | EUR | 1,500,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | INTESA SAN PAOLO | GI GROUP SPAIN | SPAIN | 7,100,000 | EUR | 7,100,000 |
| GI INTERNATIONAL | CORPORATE GUARANTEE | BANCO SANTANDER | GI GROUP SPAIN | SPAIN | 3,000 | EUR | 3,000 |

The table below summarises the guarantees issued by credit institutions for Gi Group S.p.A. credit lines used for foreign subsidiaries as at 31st December 2021:

| ISSUING ENTITY | TYPE OF GUARANTEE | BENEFICIARY | GUARANTEED COMPANY | COUNTRY | AMOUNT | CURRENCY | AMOUNT IN EURO |
|---|---|---|---|---|---|---|---|
| UNICREDIT | BANK GUARANTEE | YAPI VE KREDI BANKASI AS | GI GROUP & WYSER TURKEY SECME VE YERKESTIRME ANONIM | TURKEY | 511,680 | TRY | 33,589 |
| UNICREDIT | BANK GUARANTEE | YAPI VE KREDI BANKASI AS | GI GROUP & WYSER TURKEY SECME VE YERKESTIRME ANONIM | TURKEY | 51,168 | TRY | 3,359 |
| BNL GRUPPO BNP PARIBAS | BANK GUARANTEE | BNP PARIBAS LISBON | GI GP EMPRESA DE TRABALHO TEMPORARIO | PORTUGAL | 800,000 | EUR | 800,000 |
| UNICREDIT | BANK GUARANTEE | UNICREDIT BANK SA | BARNETT MCCALL RECRUITMENT | ROMANIA | 3,500,000 | RON | 707,214 |
| UNICREDIT | BANK GUARANTEE | UNICREDIT BANK ZAO | GI GROUP LLC | RUSSIA | 18,000,000 | RUB | 211,019 |
| BNL GRUPPO BNP PARIBAS | STAND BY LETTER OF CREDIT | BNP PARIBAS FRANCE | GI GROUP AUTOMOTIVE | FRANCE | 100,000 | EUR | 100,000 |
| UNICREDIT | STAND BY LETTER OF CREDIT | GI GROUP *TEMPORARY STAFFING* | GI GROUP *TEMPORARY STAFFING* | ARGENTINA | 2,500,000 | ARS | 21,485 |
| UNICREDIT | STAND BY LETTER OF CREDIT | ICICI BANK LTD | GI STAFFING SERVICES LTD | INDIA | 51,000,000 | INR | 605,491 |
| UNICREDIT | STAND BY LETTER OF CREDIT | ICICI BANK LTD | GI HUMAN RESOURCES & SERVICES | INDIA | 20,600,000 | INR | 244,571 |
| UNICREDIT | STAND BY LETTER OF CREDIT | CIC LYONNAIS DE BANQUE | SOCIETE EUROPEENNE DE SELECTION (SES) | FRANCE | 195,000 | EUR | 195,000 |
| UNICREDIT | STAND BY LETTER OF CREDIT | CIC LYONNAIS DE BANQUE | ONEPI | FRANCE | 7,520,000 | EUR | 7,520,000 |

The table below shows the guarantees issued to banks on behalf of Italian subsidiaries for credit lines as at 31st December 2021:

| ISSUING ENTITY | TYPE OF GUARANTEE | BENEFICIARY | GUARANTEED COMPANY | COUNTRY | AMOUNT | CURRENCY | AMOUNT IN EURO |
|---|---|---|---|---|---|---|---|
| GI GROUP SPA | CORPORATE GUARANTEE | BANCO BPM | GI ON BOARD | ITALY | 295,000 | EUR | 295,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | BANCO BPM | GI ON BOARD | ITALY | 250,000 | EUR | 250,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | BANCO BPM | GI ON BOARD | ITALY | 1,000,000 | EUR | 1,000,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | BANCO BPM | GI ON BOARD | ITALY | 7,000 | EUR | 7,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | CREVAL | WYSER | ITALY | 1,500,000 | EUR | 1,500,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | CREVAL | GI HR SERVICES | ITALY | 1,650,000 | EUR | 1,650,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | BANCO BPM | INTOO | ITALY | 250,000 | EUR | 250,000 |
| GI GROUP SPA | CORPORATE GUARANTEE | BANCO BPM | INTOO | ITALY | 2,000,000 | EUR | 2,000,000 |

As at 31 December 2021, the Group had not issued any undertakings.

The table below shows the commercial sureties for the subsidiaries as at 31st December 2021:

| ISSUING ENTITY | TYPE OF GUARANTEE | BENEFICIARY | GUARANTEED COMPANY | COUNTRY | AMOUNT | CURRENCY | AMOUNT IN EURO |
|---|---|---|---|---|---|---|---|
| GI GROUP SPA | CORPORATE GUARANTEE | GI GROUP DEUTSCHLAND | WILHELM REUSS | GERMANY | 42,000 | EUR | 42,000 |
| UNICREDIT | BANK GUARANTEE | YAPI VE KREDI BANKASI AS | GI GROUP & WYSER TURKEY SECME VE YERKESTIRME ANONIM | TURKEY | 352,000 | TRY | 23,107 |
| UNICREDIT | BANK GUARANTEE | UNICREDIT BANK AG | GI GROUP DEUTSCHLAND | GERMANY | 156,191 | EUR | 156,191 |

## RISKS AND CONTINGENT LIABILITIES

As at 31st December 2021 there were no potential risks or liabilities stemming from existing scenarios for which it was not possible to make a reasonable projection of the future risk and recognise them in provisions for risks and charges in compliance with accounting standards.

## 14. INFORMATION ON COMPENSATION FOR DIRECTORS AND STATUTORY AUDITORS

The table below sets out the compensation due to Directors and Statutory Auditors for the years ended as at 31st December 2021 and 2020:

| (IN THOUSANDS OF EURO) | YEAR ENDED AS AT 31ST DECEMBER 2021 | YEAR ENDED AS AT 31ST DECEMBER 2020 |
|---|---|---|
| DIRECTORS | 2,709 | 2,508 |
| STATUTORY AUDITORS | 84 | 86 |

Costs for compensation of Directors are established upon their appointment by way of a resolution of the Shareholders' Meeting of the companies.

Costs for compensation of Statutory Auditors mainly relate to the Parent Company and the Italian subsidiaries INTOO S.r.l. and Gi International S.r.l.

## 15. INFORMATION ON FEES FOR AUDITING ACTIVITIES

The Statutory and Consolidated Financial Statements of the Parent Company were audited by the auditing company PricewaterhouseCoopers S.p.A. (PwC S.p.A.) based on the auditing assignment granted for the 2019-2021 period, in compliance with Art. 14 of Italian Legislative Decree no. 39 dated 27 January 2010, and Art. 2409 of the Italian Civil Code.

The table below sets out the fees due to auditing companies of the Group companies for the year ended as at 31st December 2021.

In 2021, the Group paid the auditing company the following fees:

- for Italy, based on the auditing assignment entrusted by Gi Group S.p.A. to PwC S.p.A., the annual fee is Euro 88 thousand, plus costs for additional services;
- abroad, companies in the UK, Spain, Poland, Romania, Brazil, France and the Czech Republic appointed the PwC network for their 2021 audit, while all other companies appointed other auditing companies.

| (IN THOUSANDS OF EURO) | FEES FOR THE YEAR ENDED AS AT 31ST DECEMBER 2021 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ITALY | UK | SPAIN | GERMANY | POLAND | ROMANIA | FRANCE | BRAZIL | CZECH REPUBLIC | OTHER COUNTRIES | TOTAL |
| PWC STATUTORY AND CONSOLIDATED FINANCIAL STATEMENTS | 88 | 205 | 40 | - | 11 | 20 | 185 | 43 | - | - | 591 |
| PWC AUDITING OF REPORTING PACKAGE | - | 46 | 7 | - | 5 | 8 | 8 | 21 | - | - | 94 |
| PWC OTHER SERVICES (TAX-RELATED, CERTIFICATIONS, ETC.) | 18 | 5 | 5 | - | - | - | - | - | - | - | 28 |
| OTHER AUDITING COMPANIES STATUTORY FINANCIAL STATEMENTS | 21 | - | - | 43 | 63 | - | - | - | 30 | 110 | 266 |
| OTHER AUDITING COMPANIES AUDITING OF REPORTING PACKAGE | - | - | - | 21 | - | - | - | - | 4 | - | 25 |
| OTHER AUDITING COMPANIES OTHER SERVICES (TAX-RELATED, CERTIFICATIONS, ETC.) | - | - | - | 11 | - | - | - | - | - | - | 11 |
| **TOTAL** | **127** | **256** | **52** | **75** | **79** | **28** | **192** | **64** | **34** | **110** | **1,016** |

## 16. PUBLIC GRANTS – INFORMATION PURSUANT TO ITALIAN LAW NO. 124/2017

In compliance with the provisions of Art. 1, paragraph 125 of Italian Law no. 124/2017, in relation to the obligation to state in the financial statements any sums of money received during the financial year as subsidies, grants, remunerated work and any financial benefits of any kind from the public administration and from the entities referred to in paragraph 125 of the same Article, refer to the indications set out in the Italian National Register of State Aid referred to in Art. 52 of Italian Law no. 235 of 24th December 2012 and the information set out in the financial statements of the Group's Italian companies.

## 17. SIGNIFICANT SUBSEQUENT EVENTS

In Italy, on 4th April 2022, the Extraordinary Shareholders' Meeting of the parent company Gi Group S.p.A. approved the plan for the Italian reorganisation of the Group's holding companies. The reorganisation plan is a unitary project that is composed of the following operations:

- merger by incorporation of "SCL HOLDING S.P.A.", with headquarters in Piazza IV Novembre no. 5, Milan (MI), Italy, into "GI GROUP HOLDING S.R.L.", with headquarters in Piazza Quattro Novembre no. 5, Milan (MI), Italy, with concurrent resolution to transform the latter into a joint-stock company and adopt new articles of association;

- partial demerger of "GI GROUP S.P.A." with headquarters in Piazza IV Novembre no. 5, Milan (MI), Italy, to: "GI GROUP HOLDING S.P.A." (formerly S.r.l.);

- merger by incorporation of "GI INTERNATIONAL S.R.L." with headquarters in Piazza Quattro Novembre no. 5, Milan (MI), Italy, into "GI GROUP HOLDING S.P.A." (formerly S.r.l.);.

The reorganisation aims to concentrate control of the various operating companies under a single active holding company, equipped with suitable resources to coordinate the operations of the Italian and foreign affiliated companies, for the purpose of:

- simplifying the corporate and governance structure of the Group through a non-static Global Holding, which, alongside equity investments and intangible assets (trademarks and know-how), a dedicated team of its own personnel, as well as defining and controlling the implementation of the Group's strategies, also adds the performance of a serious of various types of services for its investees;

- separating the specific activities of a financial holding company from those performed by the operating companies, specifically focusing Gi Group S.p.A. on managing operating activities on the Italian market;

The reorganisation is expected to be completed by the end of June 2022, to make the new Group structure operational by 1st July 2022.

In the initial months of 2022, investments were also made on international markets, to accelerate Gi Group's growth and expand its geographical coverage, to offer multinational customers increasingly global coverage.

At the end of January 2022, the total acquisition of The Leadership Factory Limited ("TLF"), operating in the professional training field, was finalised through the UK subsidiary Tack&TMI UK for a total amount of GDP 700,000. That operation will enhance the existing offers and solutions of Tack&TMI International, above all in the Leadership Development area, and will also enable the Group to access niche markets and geographical areas that are difficult to access.

Also in January 2022, the sales agreement of the entire equity interest relating to Prohumán 2004 Kft, held by GI Group Poland (former Work Service SA), equal to 80.22%, to the Sun Group Kereskedelmi és Szolgáltató Korlátolt Felelosségu Társaság ("Sun Group") was finalised.

On 15th February 2022, the subscription period for the public tender offer, announced in Poland by Gi International S.r.l. in December 2021 to increase the equity interest of Gi Group Poland S.A., was closed. This lead to the purchase on the market of 7,648,138 shares, increasing the controlling interest from 75.17% to 86.80%.

At the end of April 2022, 100% of the capital of the companies Especialistas en Servicios Integrales S.A.S and T&S Temservice S.A.S. was acquired for a total value of USD 7.5 million. Both of these companies are headquartered in Bogotá, D.C., Colombia, and operate in the temporary staffing and outsourcing fields. That operation will strengthen the Group's geographical presence in Colombia.

At the beginning of May 2022, a total acquisition of the companies Mariaca Consultoria Em Gestão De Capital Humano Ltda and Star Group Assessoria Em Carreiras Sociedade Simples Ltda was completed. Both of these companies are headquartered in Sao Paolo and operate in the search and selection and outplacement field.

The invasion of Ukraine in February 2022 generated devastating impacts which will inevitably reflect on the global economic performance, also following the sanctions imposed on Russia and Belarus, which will express their effects on the equilibrium of companies that have trade, production and financial interconnections with those countries.

In the event of a prolonged conflict and an extensive flow of migrants from the war zones to Western Europe, risk will mainly be transmitted through political instability and the related serious economic consequences: the Group, which has an immaterial direct presence in Russia, constantly monitors the evolution of the war between Russia and Ukraine and is actively involved in initiatives supporting Ukraine refugees, accepted in Poland and in other European countries.

The Group's Directors are assessing the potential implications that the ongoing crisis may generate on the companies, also by revising the 2022 Budgets if necessary, with a view to guaranteeing the company's operation as a going concern and to ensure the stability and constant growth of the business..

**Legal Representative**

Ing. Francesco Baroni

# Annex
# PWC Opinion

pwc

## *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 2021, 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 2021, 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.


*PricewaterhouseCoopers SpA*

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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 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 2021, 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 2021 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 2021 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, 16 giugno 2022

PricewaterhouseCoopers SpA

Andrea Alessandri
(Revisore legale)