Q4

FINANCIAL STATEMENTS BULLETIN 2019

eezy

Historic year of growth

In Brief

October-December 2019

- Revenue was EUR 65.6 million (EUR 21.4 million in October-December 2018). Revenue increased by 206,3 %.
- EBITDA was EUR 4.2 million (2.3), increased by 81.8%
- Adjusted[1] EBITDA was EUR 4.8 million (2.7), increased by 74.4%.
- EBIT was EUR 2.3 million (1.7), increased by 32.5%.
- Adjusted EBIT was EUR 2.9 million (2.2), increased by 33.2%.
- Earnings per share was EUR 0.05 (0.12).
- New strategy and brand were launched.

Outlook for 2020

Eezy expects revenue to be EUR 260-300 million and operating profit to be approx. 8% of revenue in 2020.

January-December 2019

- Revenue was EUR 169.8 million (EUR 81.7 million in January-December 2018). Revenue increased by 107.8%.
- EBITDA was EUR 12.6 million (10.1), increased by 25.0%
- Adjusted[2] EBITDA was EUR 16.4 million (11.1), increased by 46.8%.
- EBIT was EUR 8.0 million (8.2), decreased by 1.6%
- Adjusted EBIT was EUR 11.8 million (9.2), increased by 27.8%.
- Earnings per share was EUR 0.25 (0.38).
- Eezy has strengthened its business with several acquisitions during the period. Smile is the most significant one, but also Extraajat and Corporate Spirit have complemented our business portfolio.
- Dividend proposal EUR 0.20 per share

Key figures (IFRS)

EUR million, unless otherwise specified	10-12/2019	10-12/2018	Change %	1-12/2019	1-12/2018	Change %
Revenue	65.6	21.4	206.3%	169.8	81.7	107.8%
Adjusted EBITDA	4.8	2.7	74.4%	16.4	11.1	46.8%
Adjusted EBITDA, %	7.3%	12.8%	-	9.6%	13.6%	-
EBITDA	4.2	2.3	81.8%	12.6	10.1	25.0%
EBITDA, %	6.4%	10.7%	-	7.4%	12.3%	-
Adjusted EBIT	2.9	2.2	33.2%	11.8	9.2	27.8%
Adjusted EBIT, %	4.4%	10.1%	-	6.9%	11.3%	-
EBIT	2.3	1.7	32.5%	8.0	8.2	-1.6%
EBIT, %	3.5%	8.1%	-	4.7%	10.0%	-
EPS, undiluted, eur	0.05	0.12	-	0.25	0.38	-
EPS, diluted, eur	0.05	-	-	0.25	-	-
Net debt / Adjusted EBITDA	-	-	-	2.7 x[3]	1.3 x	-
Chain-wide revenue	94.0	54.0	74.0%	288.8	207.4	39.2%

1 In October–December, EUR 0.6 million in personnel expenses relating to severance payments have been recorded as items affecting comparability.

2 In January–December, EUR 3.1 million in expenses relating to acquisitions, EUR 1.0 million in personnel expenses relating to severance payments and a capital gain of EUR 0.3 million from Alina divestment have been recorded as items affecting comparability.

3 Adjusted EBITDA is based on pro forma EBITDA of last 12 months.

With new strategy to become the market leader

"The company developed significantly during 2019. We did several acquisitions during the year, renewed our strategy and changed the company's name from VMP to Eezy.

The most significant event in 2019 was combining VMP and Smile to become the new Eezy. The combination of the second and third largest companies in the market was closed in late August. The transaction doubled our annual revenue. The combined company with approx. 30,000 employees, 5,000 self-employed entrepreneurs and several thousand personal assessments is a significant player in the HR services market. We have strengthened our staffing business in addition of acquiring Smile, by also acquiring the retail sector specialist Extraajat. Additionally, we have acquired Corporate Spirit to expand our portfolio with organizational development services.

The HR services market's growth has continued, but growth has slowed down compared to previous years. Our own business has developed positively especially in HoReCa and retail sectors.

In the fourth quarter, our IFRS revenue grew by 206% to EUR 65.6 million. EBITDA adjusted by non-recurring items grew by 74% to EUR 4.8 million. During the quarter we changed our organization, made several streamlining actions as well as initiated the brand renewal. Integration is progressing as planned. However, costs related to the changes decreased the profit in the period. In our strategy we have named year 2020 as the year of integration. We continue to expect significant cost synergy benefits from the combination, once the well-progressing harmonization of IT systems and support functions is fully implemented.

During 2019, a historic growth year for us, our revenue grew by 108% to EUR 169.8 million. EBITDA grew by 25% to EUR 12.6 million. EBITDA adjusted by the non-recurring items of EUR 3.8 million grew by 47% to EUR 16.4 million. Adjusted EBIT grew by 28% to EUR 11.8 million.

We published our renewed strategy and name change in November. Eezy's mission is to make working life dreams come true, and we are aiming to become the market leader. We are bringing dreams to life by offering Finland's most extensive services and most comprehensive functional network, together with our franchise entrepreneurs. We aim to make our services easy for our customers and employees. We are a partner at every stage of a career path.

We are seeking market leadership by strengthening our position in all of our business areas. We have done several acquisitions in the past few years, and acquisitions will be part of our growth path also in the future, and will help us in expanding our service portfolio.

We believe that trends that drive staffing services, such as labor shortages and the need for more flexible work, provide a good base for organic growth. It is important that we conduct ourselves in the spirit of our slogan "Freedom to Do", and aim to provide positive, respectful and individual customer service, and continue developing our digital services so that job seeking could be easier and more fun.

We are well underway to build a winning organization and culture. We have an amazing, extraordinary team gathered. We are going into the year 2020 and the new decade full of enthusiasm and positive energy."

" Toward year 2020 with enthusiasm and positive energy"

Sami Asikainen, CEO

Market review

The HR services market relevant to Eezy's business includes staffing services, recruitment and organizational development services, and self-employment services. According to an estimate by Eezy's management, the size of the entire HR services market in Finland was EUR 2.8 billion in 2019. The share of staffing services of the entire market was EUR 2.4 billion in 2019, so it was clearly the largest service area. Correspondingly, the market size of recruitment and organizational development services was approximately EUR 130 million in 2019. The market size of self-employment services has been estimated to be approximately EUR 190 million.

According to The Private Employment Agencies Association (HPL), the revenue of the largest companies in the staffing service market continued to grow during 2019 although the growth slowed down toward year-end. According to HPL, growth amounted to 5%, including inorganic growth. According to HPL, the economic situation in staffing services is still good. The management estimates that the recruitment market decreased slightly in year 2019 compared to the previous year. In the self-employment services market, the market leaders have further continued strengthening their position.

Looking at different industries, the manufacturing and construction sectors are more sensitive to economic fluctuations in comparison to service industries, in which the demand for HR services grows more in a stable way. The relative proportion of staffing in the service industry has increased among the industries served by Eezy, especially due to the completed acquisitions.

In Finland, the share of flexible forms of working relative to all work remains significantly lower than in comparable European countries. Management believes that the market will continue its structural growth as flexible forms of working become more prevalent.

Revenue

October-December 2019

Eezy's revenue amounted to EUR 65.6 million (21.4), increasing by 206.3% compared to the corresponding period in the previous year.

Revenue increased by 274.8% in the staffing service area due to acquisitions completed at the end of 2018 and during 2019. In the recruitment and organizational development service area, revenue increased by 29.8%. The growth stemmed from the acquisition of Corporate Spirit. In the self-employment service area, revenue increased by 8.9%, mainly due to the increase in the number of users of the service.

Of the Group's revenue, 98.5% came from Finland and the rest was generated in Sweden.

Eezy's chain-wide revenue amounted to EUR 94.0 million (54.0) increasing by 74.0%. Franchise fees totaled EUR 1.6 million (2.2). The decrease of franchise fees stems from the Alina divestment. The invoicing volume of self-employment services was EUR 13.5 million (12.7).

January-December 2019

Eezy's revenue increased by 108% compared to the corresponding period in the previous year, and amounted to EUR 169.8 million (81.7). Revenue increased by 144.4% in the staffing service area due to acquisitions completed at the end of 2018 and during 2019. In the recruitment and organizational development service area, revenue increased by 7.1%. In the self-employment service area, revenue increased by 8.5%, mainly due to the increase in the number of users of the service.

Of the Group's revenue, 98.1% came from Finland and the rest was generated in Sweden.

Eezy's chain-wide revenue amounted to EUR 288.8 million (207.4) increasing by 39.2%. Franchise fees totaled EUR 7.8 million (8.9). The decrease of franchise fees stems from the Alina divestment. The invoicing volume of self-employment services was EUR 49.9. million (46.1).

Revenue by service area

EUR million	10-12/2019	10-12/2018	Change %	1-12/2019	1-12/2018	Change %
Staffing services	60.0	16.0	274.8 %	149.4	61.1	144.4 %
Franchise fees	1.6	2.2	-26.9 %	7.8	8.9	-11.9 %
Recruitment and organizational development	3.1	2.4	29.8 %	9.4	8.7	7.1 %
Self-employment	0.9	0.8	8.9 %	3.2	2.9	8.5 %
Total	**65.6**	**21.4**	**206.3 %**	**169.8**	**81.7**	**107.8 %**

Result

October-December 2019

EBITDA was EUR 4.2 million (2.3). The increase in EBITDA was primarily due to increase in revenue from acquisitions completed. The organisational changes, streamlining activities as well as the brand renewal costs during the quarter decreased the profit in the period.

The adjusted EBITDA was EUR 4.8 million (2.7). EUR 0.6 million of personnel expenses relating to severance payments were entered as items affecting comparability.

Operating profit was EUR 2.3 million (1.7). Adjusted operating profit was EUR 2.9 million (2.2). The increase in operating profit was primarily due to increase in revenue from acquisitions completed.

The result before taxes was EUR 1.6 million (1.6) and the result for the period was EUR 1.4 million (1.7). Earnings per share was EUR 0.05 (0.12).

January-December 2019

EBITDA was EUR 12.6 million (10.1). The increase in EBITDA was primarily due to increase in revenue from acquisitions completed. The adjusted EBITDA was EUR 16.4 million (11.1).

Operating profit was EUR 8.0 million (8.2). Adjusted operating profit was EUR 11.8 million (9.2).

Operating profit includes non-recurring items affecting comparability. In total there are EUR 3.8 million of non-recurring costs, relating to transaction costs of acquisitions, severance payments and capital gain from Alina divestment. In Q1 the net effect was EUR -0.1 million, in Q2 EUR -0.5 million, in Q3 EUR -2.6 million (mainly Smile) and in Q4 EUR -0.6 million.

The result before taxes was EUR 6.7 million (5.4) and the result for the period was EUR 4.7 million (4.6). Earnings per share was EUR 0.25 (0.38).

Financial position and cash flow

Eezy's consolidated balance sheet on December 31, 2019 amounted to EUR 209.6 million (96.3), of which equity made up EUR 101.8 million (50.8).

The long-term loan financing of the company was renewed in November. As of December 31, 2019, the Group has liabilities to credit institutions amounting to EUR 55.1 million (19.8), of which EUR 51.0 (19.7) was non-current.

The Group has overdraft facilities in total of EUR 10.0 million, all of which were unused on December 31, 2019 .

Equity ratio stood at 48.6% (52.8%). The Group's net debt including IFRS16 leasing items on December 31, 2019 amounted to EUR 56.5 million (14.0). Net debt excluding IFRS16 leasing items was EUR 51.9 million (11.4). The net debt/adjusted EBITDA ratio was 2.7 x[1] (1.3 x).

Operative free cash flow amounted to EUR 7.7 million (3.5) in October-December and EUR 13.1 million (9.8) in January-December.

Investments and acquisitions

Eezy's investments in subsidiary shares presented in the cash flow statement amounted to EUR 11.4 million (7.9) in January–December. Investments include the acquisitions of Corporate Spirit Ltd and Henkilöstöratkaisu Extraajat Ltd, as well as additional purchase prices relating to earlier acquisitions.

Investments in tangible and intangible assets totaled 1.7 million (0.7) in January–December. Investments in tangible and intangible assets were mainly related to IT investments as well as office premises.

Smile

VMP has on 5 July 2019 signed a share purchase agreement with NoHo Partners Oyj and the minority shareholders of Smile Henkilöstöpalvelut Oyj to acquire the share capital of Smile. The Transaction was executed as a share exchange, in which Smile's shareholders received a total of approximately 10.05 million new VMP shares, corresponding to a debt-free purchase price of approximately EUR 82 million (based on the closing price EUR 4.92 as at 4 July 2019). Following the Transaction, the previous shareholders of VMP held approximately 59.6% and shareholders of Smile 40.4% of the shares.

The transaction was approved by the Extraordinary General Meeting (EGM) on 22 August 2019. As part of the terms of the transaction, the EGM also decided on a dividend and capital repayment amounting to EUR 3.5 million in total to be paid to VMP's shareholders before the closing of the transaction.

The transaction was completed on August 23, 2019 and Smile has been consolidated to group since September 1, 2019. The transaction costs and taxes, approximately EUR 2.4 million, have been recorded as expense.

Based on the current estimate, cost synergy benefits of approximately EUR 5 million are expected to arise from the combination. A significant part of the synergies will materialize during the first year, and the remaining part during 2020-2021 as the harmonization of IT systems and

[1] Adjusted EBITDA is based on pro forma EBITDA of last 12 months.

processes, as well as adoption of the best practices across the organization advances.

Other transactions

The company strengthened its recruiting and organizational development business area and expanded its service offering by acquiring Corporate Spirit Ltd, which specializes in employee, management and expert surveys as well as organizational development. The revenue for the fiscal period of April 1, 2018–March 31, 2019 amounted to EUR 3.1 million and adjusted EBITDA to EUR 0.4 million. The fixed debt free purchase price was EUR 2.5 million, with an additional purchase price of up to EUR 0.5 million to be paid based on the profitability of year 2019.

The company strengthened its market position in the retail industry by acquiring Henkilöstöratkaisu Extraajat Ltd on February 14, 2019. Extraajat offers staffing services nationwide and specializes in serving customers and employees in the retail industry. The revenue for the fiscal year October 1, 2017–September 30, 2018 was EUR 19.8 million and EBITDA was EUR 1.7 million. The fixed debt-free purchase price was EUR 6.8 million.

The company announced on February 15, 2019 the divestment of Alina Hoivatiimi Oy to Norlandia Care Oy. Alina is a nation-wide franchise chain offering home care, household services and home healthcare services. The revenue of Alina Group was EUR 1.5 million, EBITDA was EUR 0.2 million and chain-wide revenue was EUR 7.7 million in 2018. The debt-free transaction price was EUR 1.5 million. The transaction resulted in a capital gain of EUR 0.3 million in IFRS. Excluding the capital gain, the transaction did not have a significant effect on the company's result.

Employees

The company initiated in May a cost savings program to reduce overlapping operations and improve the efficiency of operations after completing acquisitions. Personnel reductions completed in Q2 are estimated to generate approx. EUR 2.1 million of annual savings, of which EUR 1.0 million materialize already this year. The implementation of other savings and efficiency improvement actions will continue.

In October, after the Smile acquisition, the company made efficiency improvement actions and re-organized its operations, through which cost savings of approximately EUR 5 million are targeted. Cost savings are expected to arise from removing overlapping in personnel, harmonizing IT systems and processes, as well as adoption of the best practices.

Eezy employs people in Group functions and as staffed employees assigned to customer companies. In 2019, Eezy employed an average of 392 (211) people in Group functions and on average 3,013 (1,361) staffed employees on FTE basis.

Due to the nature of the staffing service business, Eezy's total number of personnel employed is higher than the number of personnel employed on average. In the calculation of the average number of staffed employees, the work input of the employees has been converted into person-years. The users of self-employment services are not included in the Group's personnel numbers.

Changes in company management

The group management team was renewed after the Smile acquisition. Sami Asikainen, who earlier served as the CEO of Smile, started as the new CEO on August 23, 2019.

The other management team members since September 2019 are:

- Hannu Nyman, CFO
- Tomi Laaksola, Staffing business
- Jani Suominen, Entrepreneur services business
- Laura Santasalo, Organisational development and recruitment business
- Aki Peiju, technology
- Hanna Lehto, people and culture

Shares and shareholders

On December 31, 2019, Eezy Plc had 24,849,375 (14,799,198) registered shares. In the review period, in total 10,050,177 new shares were issued for completing the Smile acquisition. The company holds no treasury shares. The company had 1,563 (1,065) shareholders, including nominee registered shareholders.

Trading in Eezy's share on Nasdaq Helsinki's First North marketplace began in June 2018. In January–December 2019, a total of 3,457,089 (1,839,717) shares were traded in the Helsinki stock exchange and the total trading volume was EUR 18.3 million (9.3). During the period, the highest quotation was EUR 6.95 (5.80) and the lowest EUR 3.60 (3.13). The volume-weighted average price of the share was EUR 5.33 (5.03). The closing price of the share at the end of December was EUR 6.35 (3.28) and the market value stood at EUR 157.8 million (48.5).

On December 31, 2019, the members of the Board of Directors and the members of the management team owned a total of 1,024,351 (918,420) Eezy shares, corresponding to approximately 4.1% (6.2%) of shares and of the votes to which they entitle. The share numbers include the direct holdings of the persons in question and their controlled companies. In addition, Board members are employed in managerial duties by significant shareholders.

Ten largest shareholders as of December 31, 2019:

Shareholder	Shares	%
1. Noho Partners Oyj	7 520 910	30,27
2. Sentica Buyout V Ky	6 105 458	24,57
3. Meissa-Capital Oy	3 223 071	12,97
4. Evli Suomi Pienyhtiöt Fund	412 165	1,66
5. Asikainen Sami	404 350	1,63
6. Taaleritehdas Mikro Markka Osake	380 000	1,53
7. Ilmarinen Mutual Pension	274 261	1,10
8. Oy Jobinvest Ltd	259 835	1,05
9. Laine Capital Oy	256 785	1,03
10. Sentica Buyout V Co-Investment Ky	253 068	1,02
10 largest in total	19 089 903	76,82
Nominee-registered	1 855 519	7,47
Others	3 903 953	15,71
Total	24 849 375	100,00

Governance

Annual General Meeting

The Annual General Meeting (AGM) was held on March 28, 2019. The AGM adopted the Financial Statements for the year 2018. The AGM decided that a dividend of EUR 0.08 per share will be paid for the financial year 2018. The dividend, EUR 1.2 million in total, was paid on April 8, 2019.

The AGM elected eight members to the Board of Directors. Liisa Harjula, Mika Uotila, Joni Aaltonen, Heimo Hakkarainen, Tapio Pajuharju, and Paul Savolainen were re-elected as members of the Board of Directors, and Kati Hagros and Timur Kärki were elected as new members of the Board of Directors. Convening after the AGM, the Board of Directors appointed from among its members Liisa Harjula as the Chairman of the Board of Directors, Joni Aaltonen as the Chairman of the Audit Committee and Mika Uotila and Liisa Harjula as members of the Audit Committee.

Authorized Public Accountant KPMG Oy Ab was re-elected as the company's auditor. KPMG Oy Ab has informed that Authorized Public Accountant Mr. Esa Kailiala will act as the principal auditor.

Extraordinary general meeting 22 August 2019

The EGM resolved on approving the completion of the acquisition, payment of an additional dividend and equity repayment, as well as the authorization of the Board of Directors to decide on a directed share issue. The EGM also resolved on changes to the board composition after the completion of the transaction.

The EGM resolved that a dividend of EUR 0.136 per share and equity repayment from the invested unrestricted equity fund of EUR 0.10 per share be paid based on the balance sheet adopted for 2018 in addition to the dividend distributed based on the decision made by the Annual General Meeting held on March 28, 2019. The dividend and the equity repayment was paid on September 4, 2019.

The EGM resolved that the Board of Directors is authorized to resolve upon an issue of up to 10,100,000 new shares in one lot in connection with the completion of the Smile acquisition. Based on the authorization, the Board decided on August 23, 2019 to issue 10,050,177 new shares for completing the Smile acquisition.

The EGM resolved to amend the composition of the Board of Directors so that Tapio Pajuharju, Kati Hagros, Liisa Harjula, Paul-Petteri Savolainen and Mika Uotila are re-elected as members of the Board of Directors, and that Timo Laine, Jarno Suominen and Timo Mänty are elected as new members of the Board of Directors, subject to the completion of the acquisition. The change took effect on August 23, 2019 when the acquisition was completed. The Board of Directors elected Tapio Pajuharju as its Chairman. Liisa Harjula was elected as Chairman and Jarno Suominen and Kati Hagros as members of the Audit Committee.

Extraordinary general meeting 17 December 2019

The Extraordinary General Meeting (EGM) was held on 17 December 2019 for approving the name change of the company. The meeting approved the proposed change of the name of the company to Eezy Oyj, other proposed changes to the articles of association, and changes to the remuneration of the board members. The members of the Board of Directors will be paid from January 2020 onward EUR 4,000 per month for the Chairman and EUR 2,000 per month for other members.

Valid authorizations

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the Company's own shares in accordance with the proposal by the Board of Directors. The number of shares to be repurchased shall not exceed 1,000,000 shares. The purchase of own shares may be made in a trade organized on Nasdaq Helsinki Oy's regulated market at a price formed in public trading on the date of repurchase. The purchase of the shares lowers the company's distributable unrestricted equity. The repurchase of own shares may be made otherwise than in proportion to the share ownership of the shareholders (directed repurchase). The authorization remains in effect until the end of the 2020 Annual General Meeting, however no longer than 18 months from the date of decision of the Annual General Meeting.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares and options and on issuance of other special rights entitling to shares in one or several lots. The maximum aggregate number of shares issued based on the authorization may not exceed 2,000,000. The Board of Directors decides on the conditions regarding any issuance of shares and options and other special rights entitling to shares. Share issues and issuance of options and other special rights entitling to shares may take place in deviation of the shareholder's subscription right (directed issuance), if there exists a weighty financial reason for doing so from the company's perspective, such as, for example, the funding or realization of mergers or acquisitions, the development of the company's own capital structure or the realization of the company's incentive schemes.

Based on the authorization, the Board of Directors may also decide on the free issuance of shares to the company itself in such a way that the maximum number of shares held by the company after the issuance does not exceed 10 percent of all company shares. The shares held by the company itself and those possibly held by its subsidiaries are counted in this number in the way specified in Paragraph 1, Section 11, Chapter 15 of the Finnish Limited Liability Companies Act. The authorization remains in effect until the end of the 2020 Annual General Meeting, however no longer than 18 months from the date of decision of the Annual General Meeting.

Strategy

Board of Directors approved the new strategy of the company in November. The strategy is based on trends that drive staffing services, such as labor shortages and the need for more flexible work. It also addresses the need to prepare the company, built through several mergers and acquisitions, to meet the potential the currently fragmented market offers.

Eezy's mission is to fulfil working life dreams. Eezy's vision is to be the most significant actor in Finnish employment and working life, together with its employees and clients. As a strategic goal, this means market leadership in Finland by 2022.

Bringing together employers and employees is a fast-growing billion-euro business where a holistic approach is the key. In Eezy's view, the winning company in this business is the one that is able to be the most convenient partner in different phases of careers and businesses, offers the most versatile services through a nationwide service network, and builds inspiring workplaces.

The new strategy aims to strengthen these success factors in order for Eezy to reach market leader position through faster-than-market organic growth, and through business acquisitions – while aiming to ensure continued improvement of our good profitability.

To meet these goals, Eezy will focus on the following key actions during the strategy period 2020-2022:

• Integration: The integration year 2020 sets the ground for future growth and the development of good profitability

• Growth: Growth and strengthening of market position in all businesses

• Doers' decade: The well-being of the work community and the individual are key to success

Long-term incentive plan

The Board of Directors has resolved in December on a new long-term share-based incentive plan targeted to key employees of the company.

The aim of the incentive plan is to align the objectives of the shareholders and the key personnel in order to increase the value of the company as well as to engage the key personnel to the company and to offer them a competitive incentive plan based on share ownership and development of the company's value.

The new share-based incentive plan contains three earning periods. The first 13 months earning period starts on 1 December 2019 and ends on 31 December 2020. The second earning period covers calendar years 2021–2022, and the third earning period covers calendar years 2023–2024. The company's Board of Directors determines the reward criteria and their target levels as well as the employees covered by the incentive plan before the beginning of each earning period. After the first earning period a maximum amount of 137 210 shares can be paid as reward.

Risks and uncertainties

Eezy's risk management principles are based on the Finnish Corporate Governance Code for Listed Companies. The objective of risk management is to ensure that the group's targets are reached and to safeguard the continuity of operations.

Poor economic development in Finland may have an indirect adverse impact on Eezy's business and result. In economic downturn it is possible that companies use less staffing services and other HR services offered by Eezy. Material short-term risks also include tighter competition in the HR and recruitment market, changes in legislation or collective agreements, and the cyclical nature of the business.

There are also significant risks related to acquisitions. If the performance of the acquired company does not match expectations, the integration fails, or other targets set for the acquisition are not reached, there may be material effects for Eezy's profitability and financial position.

More information about risk management is available on the company website

Guidance for 2020

Eezy expects revenue to be EUR 260-300 million and operating profit to be approx. 8% of revenue in 2020.

Dividend proposal

The parent company's distributable funds in the financial statement on December 31, 2019, was EUR 126.0 million, of which profit for the financial period was EUR 16.6. million. The Board's proposal to the Annual General Meeting is that dividend be paid EUR 0.20 per share, corresponding to a total of EUR 5.0 million.

Events after the review period

Eezy has decided to initiate investigation on the possibility of transferring to the main list of Nasdaq Helsinki Ltd during the first half of 2020.

Eezy Plc
Board of Directors

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Result publication event:

A briefing for analysts and media will be held on 5 March 2020 at 12.00 a.m. Finnish time in Restaurant Salutorget, Pohjoisesplanadi 15, Helsinki and streamed as a webcast at **https://eezy.videosync.fi/tulosjulkistus-2019**

The conference will be held in Finnish. The conference will be hosted by CEO Sami Asikainen and CFO Hannu Nyman. During the presentation, there will be an opportunity to ask questions. The presentation material will be available at the company website at **https://eezy.fi/en/investors/reports-and-presentations/** before the conference. A recording of the audiocast will be available at the same website later on the same day.

Result dates

Annual report 2019	week 13/2020
Interim report January-March 2020	12.5.2020
Half-year report January-June 2020	11.8.2020
Interim report January-September2020	10.11.2020

Consolidated statement of comprehensive income (IFRS)

(Unaudited)

EUR thousand	1 Oct – 31 Dec 2019	1 Oct – 31 Dec 2018	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2018
Revenue	**65,634**	**21,426**	**169,784**	**81,698**
Other operating income	118	65	653	275
Share of result of equity accounted investments	8	-	-21	-
Materials and services	-1,137	-455	-2,531	-1,528
Personnel expenses	-55,043	-16,274	-139,374	-61,827
Depreciation, amortization and impairment losses	-1,893	-572	-4,564	-1,916
Other operating expenses	-5,397	-2,460	-15,925	-8,547
Operating profit	**2,290**	**1,729**	**8,022**	**8,154**
Financial income	41	3	71	24
Financial expense	-756	-174	-1,349	-2,797
Financial income and expenses	**-715**	**-170**	**-1,279**	**-2,774**
Profit (loss) before taxes	**1,576**	**1,558**	**6,743**	**5,380**
Income taxes	-177	164	-2,091	-790
Profit (loss) for the period	**1,399**	**1,723**	**4,652**	**4,590**
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Changes in the fair value of share investments	43	-1	71	-1
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	3	1	-5	-7
Other comprehensive income for the period, net of tax	**46**	**0**	**66**	**-8**
Total comprehensive income for the period	1,445	1,723	4,718	4,582
Profit attributable to:				
Owners of the parent company	1,340	1,723	4,540	4,016
Non-controlling interests	59	-	113	574
Profit (loss) for the period	1,399	1,723	4,652	4,590
Total comprehensive income attributable to:				
Owners of the parent company	1,387	1,723	4,606	4,008
Non-controlling interests	59	-	113	574
Total comprehensive income for the period	1,445	1,723	4,718	4,582
Earnings per share attributable to the owners of the parent company				
Earnings per share, basic (EUR)	0.05	0.12	0.25	0.38
Earnings per share, diluted (EUR)	**0.05**	**-**	**0.25**	**-**

Consolidated balance sheet (IFRS)

EUR thousand	**Dec 31, 2019**	**Dec 31, 2018**
ASSETS		
Non-current assets		
Goodwill	125,757	59,905
Intangible assets	32,169	4,197
Property, plant and equipment	6,780	3,291
Equity accounted investments	85	106
Share investments	701	186
Receivables	1,928	357
Deferred tax asset	275	561
Total non-current assets	**167,696**	**68,603**
Current assets		
Trade receivables and other receivables	35,482	16,698
Current income tax receivables	739	966
Fund investments	-	44
Cash and cash equivalents	5,710	8,645
Total current assets	**41,931**	**26,354**
Assets classified as held for sale	**-**	**1,338**
TOTAL ASSETS	**209,626**	**96,295**

EQUITY AND LIABILITIES		
Equity attributable to the owners of the parent company		
Share capital	80	80
Reserve for invested unrestricted equity	106,572	58,002
Fair value reserve	75	4
Translation differences	-53	-7
Retained earnings	-5,864	-7,261
Total equity attributable to the owners of the parent company	**100,809**	**50,818**
Non-controlling interests	1,024	-
Total equity	**101,833**	**50,818**
Non-current liabilities		
Borrowings	54,186	21,344
Other liabilities	63	393
Deferred tax liability	6,038	461
Total non-current liabilities	**60,286**	**22,198**
Current liabilities		
Borrowings	5,578	1,144
Trade payables and other liabilities	40,767	20,851
Current income tax liabilities	1,163	983
Total current liabilities	**47,508**	**22,978**
Liabilities directly associated with assets classified as held for sale	**-**	**302**
Total liabilities	**107,793**	**45,478**
Total equity and liabilities	**209,626**	**96,295**

Consolidated cash flow statement (IFRS)

EUR thousand	1 Oct – 31 Dec 2019	1 Oct – 31 Dec 2018	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2018
Cash flows from operating activities				
Customer payments received	71,309	22,366	175,986	86,328
Cash paid to suppliers and employees	-62,930	-18,643	-161,234	-75,818
	8,379	**3,723**	**14,752**	**10,510**
Interest paid	-1,192	-127	-1,639	-1,750
Dividends received	0	0	2	0
Interest received	17	7	65	22
Other financial items	-76	-8	-182	-809
Income taxes paid	-251	38	-1,677	-2,098
Loans granted	0	-41	-192	-41
Proceeds from repayments of loans	10	2	193	4
Net cash from operating activities	**6,887**	**3,595**	**11,323**	**5,839**
Cash flows used in investing activities				
Purchase of tangible and intangible assets	-678	-203	-1,691	-667
Proceeds from sale of tangible assets	123	-7	266	4
Acquisition of subsidiaries, net of cash acquired	-404	-4,888	-11,417	-7,937
Disposal of subsidiaries	99	0	760	0
Purchase of investments	44	1	44	1
Loans granted	0	-221	0	-221
Proceeds from repayments of loans	2	285	402	285
Addition / deduction of current investments	-343	0	-343	-
Net cash used in investing activities	**-1,156**	**-5,033**	**-11,980**	**-8,535**
Cash flows used in / from financing activities				
Proceeds from share issue	-	-	1	40,248
Change in non-controlling interests	-23	-43	-23	-67
Proceeds from current borrowings	0	0	-	350
Repayment of current borrowings	-6,783	-3	-6,969	-1,183
Proceeds from non-current borrowings	54,815	0	62,339	18,833
Repayment of non-current borrowings	-51,386	0	-51,426	-50,787
Payment of lease liabilities	-491	-290	-1,516	-873
Dividends paid	0	0	-4,677	0
Loans granted	0	220	0	0
Proceeds from repayments of loans	0	-102	0	0
Net cash used in / from financing activities	**-3,868**	**-218**	**-2,269**	**6,521**
Net change in cash and cash equivalents	**1,863**	**-1,656**	**-2,926**	**3,825**
Cash and cash equivalents at the beginning of the financial year	3,844	10,300	8,645	4,830
Effects of exchange rate changes	3	1	-10	-10
Cash and cash equivalents at the end of the financial year	**5,710**	**8,645**	**5,710**	**8,645**

Changes in equity

	Attributable to owners of the parent							
EUR thousand	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity January 1, 2018 (FAS)	**3**	**1,186**	**-**	**-**	**-1,556**	**-368**	**5,576**	**5,208**
Impact of adoption of IFRS	-	-	5	-	-222	-217	-	-217
Equity January 1, 2018 (IFRS)	**3**	**1,186**	**5**	**-**	**-1,778**	**-585**	**5,576**	**4,991**
Result for the period	-	-	-	-	4,016	4,016	574	4,590
Other comprehensive income:								
Change in fair value	-	-	-1	-	-	-1	-	-1
Translation differences	-	-	-	-7	-	-7	-	-7
Total comprehensive income	**-**	**-**	**-1**	**-7**	**4,016**	**4,008**	**574**	**4,582**
Transactions with owners								
Increase in share capital	78	-78	-	-	-	-	-	-
Initial public offering	-	32,742	-	-	-	32,742	-	32,742
Investment in the reserve for invested unrestricted equity	-	7,505	-	-	-	7,505	-	7,505
Conversion of shareholder loan	-	1,306	-	-	-	1,306	-	1,306
Changes in non-controlling interests	-	15,340	-	-	-9,499	5,841	-6,150	-309
Total equity December 31, 2018	**80**	**58,002**	**4**	**-7**	**-7,261**	**50,818**	**-**	**50,818**

EUR thousand	Attributable to the owners of the parent Share capital	Reserve for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Equity January 1, 2019	**80**	**58,002**	**4**	**-7**	**-7,261**	**50,818**	**-**	**50,818**
Profit (loss) for the period	-	-	-	-	4,540	4,540	113	4,652
Other comprehensive income:								
Change in fair value	-	-	71	-	-	71	-	71
Translation differences	-	-	-	-46	41	-5	-	-5
Total comprehensive income	**-**	**-**	**71**	**-46**	**4,581**	**4,606**	**113**	**4,718**
Transactions with owners								
Dividend distribution	-	-	-	-	-3,197	-3,197	-	-3,197
Repayment of capital	-	-1,480	-	-	-	-1,480	-	-1,480
Share issue	-	50,050	-	-	-	50,050	-	50,050
Share based payments	-	-	-	-	4	4	-	4
Acquisitions	-	-	-	-	-	-	911	911
Other changes	-	-	-	-	9	9	-	9
Total equity December 31, 2019	**80**	**106,572**	**75**	**-53**	**-5,864**	**100,809**	**1,024**	**101,833**

Notes to the Financial Statements Bulletin

Eezy Group provides versatile staffing services and assists employees and employers to find each other. Eezy builds up a working life of dreams together with its employees and customers.

Eezy Plc ("parent company", "Eezy Plc"), the parent company of Eezy Group ("Eezy", "Group") is a Finnish public limited company with a business ID of 2854570-7. The domicile of Eezy Plc is in Helsinki, Finland and the registered postal address is PL 901, 20101 Turku.

Basis of preparation

This is the first Financial Statements Review that Eezy Plc has prepared in accordance with IAS 34 Interim Financial Reporting. The financial information in the Financial Statements Review has been prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting policies comply with the IFRS standards and IFRIC interpretations effective as at December 31, 2019. The Board of Directors of Eezy Plc has approved this Financial Statement Review in its meeting on March 4, 2020.

This Financial Statement Review does not include all the information and notes that are presented in the consolidated financial statements. Eezy Plc published the comparative information of the impacts of IFRS adoption compared to the Finnish Accounting Standards (FAS) reporting in a separate release on February 13, 2020. The relevant accounting policies applied in the preparation of financial statements are presented in the appendices.

Eezy publishes its first consolidated financial statements prepared under IFRS for the financial period ended December 31, 2019 with comparative information for the financial period ended December 31, 2018 in March, 2020. In these financial statements Eezy applies the IFRS 1 standard First-time adoption of IFRS with the date of transition January 1, 2018. Eezy has previously applied Finnish Accounting Standards.

The information presented in the Financial Statements Review is unaudited. All figures presented have been rounded and consequently the sum of individual figures may deviate from the presented sum figure.

Accounting estimates

In preparing this Financial Statements Review, management has been required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Revenue

Eezy's revenue comprises income from staffing services, recruitment and organizational development services and self-employment services.

In staffing services, Eezy signs a contract with the customer, in which Eezy provides the customer the resources agreed. The customer receives the employees it requires and Eezy invoices the customers based on the contract. Eezy seeks employees through open applications as well as through its own employee pool in order to find an employee fulfilling the customer requirements within a short notice. The employee signs the employment contract with Eezy and Eezy is responsible for all the employer obligations, but work is performed under the customer company's management. Employee contracts are mainly fixed-term contracts, made for varying customer needs and the length of the contract varies from customer to customer. Staffing services' revenue consists of income from services performed and invoiced by Eezy Group companies.

In franchising services, Eezy signs a contract with local franchisees, which gives the local company a right to sell services using Eezy's business concept and brand. Eezy also provides business support services to their customers. Franchising revenue comprises charges based on cooperation agreements.

In the recruitment and organizational development service area, Eezy provides recruitment, aptitude testing, training and development and executive search services to its customers. Additionally, Eezy provides services for organizational development and personnel surveys.

With the self-employment services provided to private persons they can operate as independent entrepreneurs without establishing a company of their own. A private individual selling one's own expertise, invoices the services provided through Eezy's service and receives the payment agreed with their customer with Eezy's fee deducted from the balance. Self-employment services comprise the invoicing and business support services provided to the employee customers and the revenue from self-employment services comprise the fees collected from the employee customers.

Revenue by service area:

EUR thousand	**1 Oct – 31 Dec 2019**	**1 Oct – 31 Dec 2018**	**1 Jan – 31 Dec 2019**	**1 Jan – 31 Dec 2018**
Staffing services	60,046	16,021	149,410	61,129
Franchise-payments	1,624	2,220	7,836	8,899
Recruitment and organizational development	3,080	2,372	9,355	8,737
Self-employment services	884	812	3,183	2,934
Total revenue	**65,634**	**21,426**	**169,784**	**81,698**

Business combinations

Acquisitions 2019

Acquisition of Smile, Henkilöratkaisu Extraajat and Corporate Spirit

Eezy signed an agreement on July 5, 2019 with NoHo Partners Oyj and the minority shareholders of Smile Henkilöstöpalvelut Oyj to acquire 100% of the shares of Smile Henkilöstöpalvelut Oyj ("Smile"). The transaction was executed as a share exchange, in which the shareholders of Smile Henkilöstöpalvelut Oyj received a total of 10.05 million new shares of Eezy in exchange. Smile has been reported as part of Eezy Group since September 1, 2019. As a result of the acquisition of Smile Henkilöstöpalvelut Oyj, Eezy has become an important player in the HR services market and seeks to become the market leader.

Eezy strengthened its position in the staffing services in the retail industry by acquiring Henkilöstöratkaisu Extraajat Oy ("Extraajat"). Eezy purchased 100% of the shares. Henkilöstöratkaisu Extraajat Oy offers staffing services nationwide and focuses especially on the customers and employees in the retail industry. Extraajat Oy has been reported as a part of Eezy Group since February 1, 2019.

Eezy strengthened its recruitment and organizational development business area and expanded its service offering by acquiring Corporate Spirit Ltd ("Corporate Spirit"), which is a company that specializes in employee, management and expert surveys as well as organizational development. Eezy purchased 100% of the shares. Corporate Spirit Oy has been reported as a part of Eezy Group since April 1, 2019.

EUR thousand	**Smile**	**Henkilöstöratkaisu Extraajat**	**Corporate Spirit**
Purchase consideration			
Cash consideration	-	10,498	3,280
Shares issued	50,050	-	-
Contingent consideration	-	-	250
Non-competition agreement	-	-391	-
Total purchase consideration	**50,050**	**10,107**	**3,530**

Shares issued in exchange for Smile

The fair value of Eezy shares issued in exchange for Smile is EUR 50,050 thousand based on the number of 10,050 thousand shares and the price of Eezy share at the time of the acquisition (closing price of the share of EUR 4.98 on August 23, 2019).

Henkilöstöratkaisu Extraajat non-competition agreement

A non-competition agreement included in the share purchase agreement is treated as a separate transaction from the acquisition because it was not considered to be a part of the acquired assets of Extraajat. Therefore EUR 391 thousand have been deducted from the purchase consideration and it is accounted for as a separate intangible asset on the balance sheet of Eezy.

Contingent consideration of acquiring Corporate Spirit

There is an additional contingent consideration included in the acquisition agreement of Corporate Spirit, which is determined based on the adjusted EBITDA for the period of January 1 – December 31, 2019. According to the company's management estimate, EUR 250 thousand represents the fair value of the additional purchase consideration at the time of acquisition. The additional purchase consideration is recognized as a liability at the time of acquisition and the fair value is measured at each reporting date. According to the agreement, the maximum undiscounted value of the additional purchase consideration to be paid amounts to EUR 500 thousand. In case the adjusted EBITDA is below the level agreed on the agreement, the additional purchase consideration will not be paid.

Fair values of the acquired assets and liabilities assumed in the business combinations at the acquisition date:

EUR thousand	**Smile**	**Henkilöstöratkaisu Extraajat**	**Corporate Spirit**
ASSETS			
Non-current assets			
Intangible assets	26,818	2,078	405
Property, plant and equipment	2,699	135	269
Share investments	426	-	-
Receivables	1,877	-	-
Deferred tax asset	245	-	-
Total non-current assets	**32,065**	**2,213**	**674**
Current assets			
Trade receivables and other receivables	24,181	739	585
Current income tax receivables	821	10	-
Cash and cash equivalents	5	3,720	976
Total current assets	**25,007**	**4,469**	**1,561**
TOTAL ASSETS	**57,072**	**6,682**	**2,235**
LIABILITIES			
Non-current liabilities			
Borrowings	25,947	-	94
Deferred tax liability	5,354	412	80
Total non-current liabilities	**31,301**	**412**	**174**
Current liabilities			
Borrowings	6,517	-	105
Trade payables and other liabilities	24,112	2,737	888
Current income tax liabilities	988	-	-
Total current liabilities	**31,617**	**2,737**	**994**
TOTAL LIABILITIES	**62,919**	**3,149**	**1,168**
Total net assets acquired	-5,847	3,533	1,068
Non-controlling interests	920	-	-
Goodwill	56,816	6,575	2,462
Purchase consideration	**50,050**	**10,107**	**3,530**

Fair values of the acquired identified intangible assets at the acquisition date:

EUR thousand	Smile	Henkilöstöratkaisu Extraajat	Corporate Spirit
Customer relationships	22,559	1,873	398
Non-competition agreements	2,183	-	-
Trademarks	2,030	188	-
Other	45	18	6
Total	**26,817**	**2,078**	**405**

Smile

The non-controlling interests are recognized at the amount that represents the proportionate share of Smile's net identifiable assets acquired at the time of the acquisition.

The gross amount of trade receivables of Smile at the date of the acquisition was EUR 22,934 thousand, of which EUR 582 thousand is estimated to be uncollectible. The gross amount of growth fund receivables at the date of acquisition was EUR 3,210 thousand, of which EUR 642 thousand is estimated to be uncollectible.

Goodwill arising from the acquisition of Smile amounts to EUR 56,816 thousand. The goodwill consists mainly of synergies, company's own workforce, contract employees and its market position. EUR 1,301 thousand of the goodwill is tax deductible.

The transaction costs of the acquisition of Smile amounted to EUR 2,404 thousand and are recorded in other operating expenses for the period 2019.

Henkilöstöratkaisu Extraajat

The gross amount of trade receivables on the date of the acquisition was EUR 693 thousand and it was estimated to be fully collectable.

Goodwill arising from the acquisition of Extraajat amounted to EUR 6,575 thousand which comprises mainly workforce, synergies, market position and the expertise in its field of business. The goodwill recognized in connection with the acquisition is not tax deductible.

The transaction costs of the acquisition amounted to EUR 344 thousand and are recognized as an expense for the financial year in which they have incurred. Thus, EUR 100 thousand has been recognized as other operating expenses for the financial year 2018 and EUR 245 thousand has been recognized for the financial year 2019.

Corporate Spirit

The gross amount of trade receivables on the date of the acquisition was EUR 550 thousand and it was estimated to be fully collectable.

Goodwill arising from the acquisition of Corporate Spirit amounted to EUR 2,462 thousand and it comprises mainly workforce, synergies and market position. The goodwill arising from the acquisition is not tax deductible.

The transaction costs related to the acquisition of Corporate Spirit amounted to EUR 152 thousand and are recognized as an expense in other operating expenses for the financial year 2019.

Impact on earnings

Revenue and profit (loss) for the period of the acquired companies from the date of acquisition included in the consolidated financial statements for the financial year 2019:

EUR thousand	Smile 1 Sep – 31 Dec 2019	Henkilöstöratkaisu Extraajat 1 Feb – 31 Dec 2019	Corporate Spirit 1 Apr – 31 Dec 2019
Impact on the Group Revenue and Result			
Revenue	46,785	22,983	2,574
Result for the period	1,807	1,554	250

If the acquisitions had taken place on January 1, 2019, the pro forma consolidated revenue for the financial year from January 1, 2019 to December 31, 2019 would have been EUR 268,261 thousand, pro forma consolidated EBITDA would have been EUR 20,749 thousand and pro forma consolidated operating profit would have been EUR 14,250 thousand. The pro forma figures are based on the consolidated revenue, EBITDA and operating profit for the financial year 2019 as well as on the revenue, EBITDA and operating profit of the acquired companies from the beginning of 2019 until the dates of the acquisitions. The amounts have been adjusted by taking into consideration the amortization of the acquired intangible assets as if the acquisitions had taken place on January 1, 2019 and additional amortization had begun at that point.

Cash flows from purchase considerations during the financial year 2019

EUR thousand	Smile	Henkilöstöratkaisu Extraajat	Corporate Spirit
Cash consideration	-	10,107[1)]	3,280
Deducted: Cash and cash equivalents acquired	-5	-3,720	-976
Net cash flow	**-5**	**6,388**	**2,304**

[1)] EUR 391 thousand paid in cash for the non-competition agreement has been deducted from the cash consideration of EUR 10,498 thousand as it is presented in the purchase of tangible and intangible assets in net cash used in investing activities.

Acquisitions 2018

Acquisitions of Enjoy, Henkilöstötalo Voima, and Arja Raukola Oy

Eezy Group acquired Extremely Nice Job Oy ("Enjoy") on December 31, 2018. Eezy acquired 100% of the shares. Enjoy is a nationwide staffing services company focusing on the HoReCa (hotel, restaurant, and catering) industry. The acquisition of Enjoy strengthened Eezy's staffing offering in the growing HoReCa industry, which is the second largest customer business area of Eezy after the industrial sector. Enjoy has been reported as a part of Eezy Group since January 1, 2019.

Eezy Group acquired Henkilöstötalo Voima on November 28, 2018. The acquisition included the shares of Yrityspalvelu Voima Oy, Voima Rakentaminen Oy, and Työpalvelu Voima Oy. The acquisition consisted of 100% of each company's shares. The offices of Henkilöstötalo Voima are located in Tampere, Helsinki and Hämeenlinna. The acquisition of Henkilöstötalo Voima strengthened our staffing offering and our position in the staffing services market in Finland. Henkilöstötalo Voima has been reported as a part of Eezy Group since December 1, 2018.

The acquisition of Arja Raukola Oy took place in April 2018. Eezy bought 100% of the shares. Arja Raukola Oy is a staffing service company operating in Tampere and Helsinki and offers services in recruiting and personnel hire. The acquisition of Arja Raukola Oy deepened our expertise in staffing and recruitment services for the office and ICT sectors. Arja Raukola Oy has been reported as a part of Eezy Group since May 1, 2018.

EUR thousand	Enjoy	Henkilöstötalo Voima	Arja Raukola Oy
Purchase consideration			
Cash consideration	4,000	3,400	1,200
Contingent consideration	-	1,670	-
Non-competition agreement	-150	-232	-
Total purchase consideration	**3,850**	**4,838**	**1,200**

Enjoy's non-competition agreement

The non-competition clause included in the share purchase agreement of Enjoy is accounted for as a separate transaction since the non-competition clause was not included in the assets acquired. EUR 150 thousand of the purchase consideration is allocated to the non-competition agreement and it is accounted for and valued as an intangible asset on the balance sheet of Eezy.

Purchase consideration for the acquisition of Henkilöstötalo Voima Oy

EUR 3,400 thousand was paid for Henkilöstötalo Voima's shares on the date of the acquisition. An additional consideration, with a maximum amount of EUR 2,000 thousand, was included in the acquisition agreement. The additional consideration was determined based on the EBITDA during the period of January 1 - December 31, 2018. Additional purchase consideration paid totaled EUR 1,500 thousand and it was paid on April 2, 2019.

Based on the terms of the agreement, the key management personnel of Voima must be employed for a period of three financial years from the date of the acquisition, so that sellers have the right to access the remaining fixed purchase consideration. Therefore, the purchase consideration of EUR 430 thousand attributable to the key management personnel after the acquisition will be accounted for as personnel expenses for the work performed during 2019-2021. The portion of the contingent consideration, in the amount of EUR 170 thousand, for those not employed, was recognized as a contingent consideration liability at fair value on the date of the acquisition.

The non-competition clause included in the share purchase agreement of Voima is accounted for as a separate transaction since the non-competition clause was not included in Voima's assets acquired. As a result, EUR 232 thousand was deducted from the purchase consideration and is accounted for as an intangible asset on the balance sheet of Eezy.

Fair values of the acquired assets and liabilities assumed in the business combinations at the acquisition date:

EUR thousand	Enjoy	Henkilöstötalo Voima	Arja Raukola Oy
ASSETS			
Non-current assets			
Intangible assets	744	1,202	-
Property, plant and equipment	150	585	-
Equity accounted investments	106	-	-
Share investments	0	-	46
Receivables	112	28	-
Total non-current assets	**1,111**	**1,815**	**46**
Current assets			
Trade receivables and other receivables	2,841	1,654	219
Current income tax receivables	13	-	-
Cash and cash equivalents	1,482	1,268	604
Total current assets	**4,335**	**2,922**	**823**
TOTAL ASSETS	**5,446**	**4,737**	**869**
LIABILITIES			
Non-current liabilities			
Borrowings	113	448	-
Deferred tax liability	126	237	-
Total non-current liabilities	**239**	**685**	**-**
Current liabilities			
Borrowings	48	127	-
Trade payables and other liabilities	3,377	1,881	634
Total current liabilities	**3,425**	**2,008**	**634**
TOTAL LIABILITIES	**3,664**	**2,693**	**634**
Total net assets acquired	1,782	2,044	235
Goodwill	2,068	2,794	965
Purchase consideration	**3,850**	**4,838**	**1,200**

Fair values of the acquired identified intangible assets at the acquisition date:

EUR thousand	Enjoy	Henkilöstötalo Voima	Arja Raukola Oy
Customer relationships	589	1,082	-
Trademarks	155	104	-
Other	-	17	-
Total	**744**	**1,202**	**-**

Enjoy

The gross amount of trade receivables on the date of acquisition was EUR 2,711 thousand which was expected to be received in its entirety.

Goodwill arising from the acquisition of Enjoy amounted to EUR 2,068 thousand and comprises mainly workforce, synergies, market position, and the expertise in its field of business. The goodwill arising from the acquisition is not tax deductible.

The transaction costs of the acquisition amounted to EUR 204 thousand and are recognized as an expense in the financial year during which such expenses were incurred. Therefore EUR 202 thousand has been recognized in other operating expenses for the financial year 2018 and EUR 3 thousand for the financial year 2019.

Voima

The gross amount of trade receivables on the date of the acquisition was EUR 1,608 thousand which was expected to be received in its entirety.

Goodwill arising from the acquisition of Henkilöstötalo Voima amounted to EUR 2,794 thousand and comprises mainly synergies, workforce and its market position. Goodwill arising from the acquisition is not tax deductible.

The transaction costs of the acquisition amounted to EUR 190 thousand and are recognized as an expense in the financial year during which such expenses were incurred. Therefore, EUR 190 thousand has been recognized in other operating expenses for the financial year 2018 and EUR 0.2 thousand for the financial year 2019.

Arja Raukola Oy

Goodwill arising from the acquisition of Arja Raukola Oy was EUR 965 thousand and comprises mainly synergies, workforce and the market share. The goodwill recognized in connection with the acquisition is not tax deductible.

The transaction costs of the acquisition amounted to EUR 67 thousand and are recognized as an expense in other operating expenses for the financial year 2018.

Impact on earnings

Revenue and result for the period of the acquired companies from the date of acquisition included in the consolidated financial statements for the financial year 2018:

EUR thousand	Enjoy 31 Dec – 31 Dec 2018	Henkilöstötalo Voima 1 Dec – 31 Dec 2018	Arja Raukola Oy 1 May – 31 Dec 2018
Impact on the Group Revenue and Result			
Revenue	-	850	2,197
Result for the period	-	-28	188

If the acquisitions had taken place on January 1, 2018, the pro forma consolidated revenue for the financial year from January 1, 2018 to December 31, 2018 would have been EUR 112,292 thousand and pro forma consolidated operating profit would have been EUR 9,483 thousand. The pro forma figures are based on the consolidated revenue and operating profit for the financial year 2018 as well as on the revenue and operating profit of the acquired companies from the beginning of 2018 until the dates of the acquisitions. The amounts have been adjusted by taking into consideration the amortization of acquired intangible assets and leasing adjustments as if the acquisitions had taken place on January 1, 2018 and additional amortization and leasing adjustments had begun at that point in time.

Cash flows from purchase considerations during the financial year 2018:

EUR thousand	Enjoy	Henkilöstötalo Voima	Arja Raukola Oy
Cash consideration	3,850[1)]	3,168[2)]	1,200
Deducted: Cash and cash equivalents acquired	-1,482	-1,268	-604
Net cash flow	**2,369**	**1,900**[3)]	**596**

[1)] EUR 150 thousand paid in cash for the non-competition agreements has been deducted from the cash consideration of EUR 4,000 thousand as it is presented in the purchase of tangible and intangible assets in net cash used in investing activities.
[2)] EUR 232 thousand paid in cash for the non-competition agreements has been deducted from the cash consideration of EUR 3,400 thousand as it is presented in the purchase of tangible and intangible assets in net cash used in investing activities.
[3)] The contingent consideration of the Henkilöstötalo Voima acquisition of EUR 1.5 million has been paid on April 2, 2019.

Businesses sold

Eezy sold Alina Hoivatiimi Oy to Norlandia Care Oy in 2019. Eezy classified the assets and liabilities of Alina Hoivatiimi Oy and its subsidiaries ("Alina) as assets held for sale as at December 31, 2018. Alina is a nationwide franchise chain offering home care, domestic work and home medical care services. Alina Group's revenue in 2018 was EUR 1.5 million and EBITDA EUR 0.2 million. The debt-free cash consideration was EUR 1.5 million. Outside of profit from the sale, approximately EUR 0.3 million, the sale has no significant impact on Eezy's result.

Intangible assets

EUR thousand	Goodwill	Trademarks	IT software	Customer relationships	Non-competition agreements	Advances paid	Total intangible assets
Cost at January 1, 2019	59,905	319	4,800	1,670	382	5	7,175
Translation differences	-1	-	-	-	-	-	-
Acquisitions	65,853	2,218	69	24,830	2,574	51	29,742
Additions	-	60	991	-	-	-	1,051
Disposals	-		-52	-	-	-	-52
Cost at December 31, 2019	**125,757**	**2,596**	**5,808**	**26,500**	**2,956**	**56**	**37,916**
Accumulated amortization and impairment at January 1, 2019	-	-37	-2,926	-9	-6	-	-2,978
Disposals	-	-	8	-	-	-	8
Amortization	-	-124	-1,060	-1,105	-489	-	-2,777
Accumulated amortization and impairment at December 31, 2019	**-**	**-160**	**-3,977**	**-1,114**	**-496**	**-**	**-5,747**
Net carrying value at January 1, 2019	59,905	282	1,874	1,661	375	5	4,197
Net carrying value at December 31, 2019	**125,757**	**2,436**	**1,831**	**25,386**	**2,460**	**56**	**32,169**

EUR thousand	Goodwill	Trademarks	IT software	Customer relationships	Non-competition agreements	Advances paid	Total intangible assets
Cost at January 1, 2018	55,072	51	4,377	-	-	-	4,428
Translation differences	-1	-	-	-	-	-	-
Acquisitions	5,828	259	-	1,670	382	5	2,315
Additions	-	9	437	-	-	-	446
Classification as held for sale	-994	-	-14	-	-	-	-14
Cost at December 31, 2018	**59,905**	**319**	**4,800**	**1,670**	**382**	**5**	**7,175**
Accumulated amortization and impairment at January 1, 2018	-	-29	-2,095	-	-	-	-2,123
Classification as held for sale	-	-	8	-	-	-	8
Amortization	-	-8	-840	-9	-6	-	-863
Accumulated amortization and impairment at December 31, 2018	**-**	**-37**	**-2,926**	**-9**	**-6**	**-**	**-2,978**
Net carrying value at January 1, 2018	55,072	22	2,282	-	-	-	2,304
Net carrying value at December 31, 2018	**59,905**	**282**	**1,874**	**1,661**	**375**	**5**	**4,197**

Property, plant and equipment

EUR thousand	Buildings	Buildings, right-of-use	Machinery and equipment	Machinery and equipment, right-of-use	Other	Advances paid	Total
Cost at January 1, 2019	516	3,009	1,106	381	100	-	5,113
Translation differences	-	-3	-1	-3	-	-	-7
Acquisitions	272	1,577	877	15	2	325	3,069
Additions	174	2,495	176	9	-	231	3,085
Subsidiaries sold	-	-	-	-13	-	-	-13
Disposals	-	-746	-212	-	-0	-	-958
Revaluation	-	77	-	-	-	-	77
Cost at December 31, 2019	**962**	**6,409**	**1,947**	**388**	**102**	**557**	**10,366**
Accumulated depreciation and impairment at January 1, 2019	-500	-692	-484	-123	-23	-	-1,822
Translation differences	-	0	1	0	-	-	1
Subsidiaries sold	-	-	-	23	-	-	23
Disposals	-	-	-1	-	-	-	-1
Depreciation	-32	-1,325	-268	-134	-28	-	-1,786
Accumulated depreciation and impairment at December 31, 2019	**-532**	**-2,017**	**-753**	**-233**	**-51**	**-**	**-3,585**
Net book value at January 1, 2019	17	2,317	622	258	77	-	3,291
Net book value at December 31, 2019	**430**	**4,392**	**1,194**	**155**	**52**	**557**	**6,780**

EUR thousand	Buildings	Buildings, right-of-use	Machinery and equipment	Machinery and equipment, right-of-use	Other	Advances paid	Total
Cost at January 1, 2018	499	1,231	799	306	24	7	2,867
Translation differences	-	-8	-2	-3	-	-	-13
Acquisitions	17	469	262	-	-	-7	741
Additions	-	1,328	109	180	76	-	1,693
Disposals	-	-	-55	-	-	-	-55
Revaluation	-	20	-	-	-	-	20
Classification as held for sale	-	-31	-6	-102	-	-	-140
Cost at December 31, 2018	**516**	**3,009**	**1,106**	**381**	**100**	**-**	**5,113**
Accumulated depreciation and impairment at January 1, 2018	-471	-	-383	-	-	-	-855
Translation differences	-	-0	2	-0	-	-	2
Disposals	-	-	19	-	-	-	19
Classification as held for sale	-	27	4	34	-	-	65
Depreciation	-5	-719	-126	-156	-23	-	-1,029
Impairment	-24	-	-	-	-	-	-24
Accumulated depreciation and impairment at December 31, 2018	**-500**	**-692**	**-484**	**-123**	**-23**	**-**	**-1,822**
Net book value at January 1, 2018	28	1,231	416	306	24	7	2,012
Net book value at December 31, 2018	**17**	**2,317**	**622**	**258**	**77**	**-**	**3,291**

Share issue

During the financial year 10,050,177 shares were issued in a directed share issue in relation to the Smile acquisition. Smile's shareholders received 0.8087 new shares as share consideration for each share in Smile owned by them. The subscription price for the shares was EUR 5.064 per share. The subscription price of the share issue was recorded in the reserve for invested unrestricted equity.

Refinancing of loans

Below are presented the changes in loans.

EUR thousand	Loans from financial institutions	Lease liabilities	Shareholder loan	Other loans	Total
January 1, 2018	43,478	1,537	9,607	-	54,622
Proceeds from borrowings	18,833	-	-	-	18,833
Repayments of borrowings	-51,623	-873	-8,301		-60,797
Acquisitions	11,100	469	-	-	11,569
New leases	-	1,467	-	-	1,467
Other changes	-1,951	50	-1,306	-	-3,207
December 31, 2018	**19,838**	**2,650**	**-**	**-**	**22,488**
Proceeds from borrowings	62,339	-	-	-	62,339
Repayments of borrowings	-58,387	-1,400	-	-	-59,788
Acquisitions	31,019	1,652	-	29	32,700
New leases	-	1,699	-	-	1,699
Other changes	300	25	-	-	325
December 31, 2019	**55,109**	**4,625**	**-**	**29**	**59,764**

Eezy draw new EUR 55.0 million non-current loans from financial institutions in order to refinance the Group's debt financing in November, 2019. The loan maturities of these financing arrangements range from 1 to 5 years. The new loans replaced all previous loans of the Group. The financing arrangements of the Group relate above all to the financing of the business acquisitions.

Financial assets and liabilities measured at fair value

Below is presented the fair value hierarchy of the financial instruments recognized at fair value.

EUR thousand	December 31, 2019 Fair value	Level	December 31, 2018 Fair value	Level	January 1, 2018 Fair value	Level
Share investments, listed	458	1	8	1	9	1
Share investments, unlisted	243	3	178	3	178	3
Fund investments	-	2	44	2	-	2
Contingent consideration	**943**	**3**	**2,620**	**3**	**2,062**	**3**

During the financial years, there were no transfers between hierarchy levels 1, 2 or 3.

The fair values of the financial assets and liabilities measured at amortized cost are not materially different from the carrying values.

Dividend payments

The Annual General Meeting (AGM) was held on March 28, 2019. The AGM approved the Board of Directors proposal and decided that a dividend of EUR 0.08 per share will be paid for the financial year 2018. The dividend, EUR 1.2 million in total, was paid on April 8, 2019.

As part of the Smile acquisition, the Extra Ordinary General meeting (EGM) of VMP, held on August 22, 2019, decided on an additional dividend and an equity repayment from the reserve for invested unrestricted equity of EUR 3.5 million to the shareholders of VMP prior to acquisition.

Share based payments

The Board of Directors of Eezy Plc decided on December 17, 2019 on a long-term share-based compensation plan (LTIP 2019-2024) targeted to key employees of the company.

The aim of the incentive plan is to align the objectives of the shareholders and the key personnel in order to increase the value of the company as well as to ensure the execution of the post-acquisition integration and business strategy on a long-term basis. In addition, the aim is to engage the key personnel of the company and to offer them a competitive incentive plan based on share ownership and development of the Company’s value.

The new share-based incentive plan contains three earning periods. The first 13 months earning period starts on 1 December 2019 and ends on 31 December 2020. The second earning period covers calendar years 2021–2022, and the third earning period covers calendar years 2023–2024. The Company’s Board of Directors determines the reward criteria and their target levels as well as the employees covered by the incentive plan before the beginning of each earning period.

From the first period a maximum of 137,210 shares can be paid as compensation. The compensation will be paid to the key personnel in the spring of 2021. The payment of the compensation is subject to the condition that the key employee’s employment or service relationship has not been terminated prior to the payment. Additionally, the payment is subject to achieving the set revenue growth and operating profit targets. The achieved level of the performance targets impacts the amount of compensation to be paid. The Board of Directors has the right to pay the compensation in shares, cash or as a combination.

Commitments and contingencies

Eezy has a group cash pooling arrangement managed by Eezy Plc and the arrangement includes all subsidiaries. All current and future cash pool receivables are a used as a comprehensive guarantee for liabilities on the bank accounts included in the cash pool agreement.

EUR thousand	**December 31, 2019**	**December 31, 2018**	**January 1, 2018**
Liabilities in balance sheet for which collaterals given			
Borrowings, non-current	51,040	19,740	41,803
Borrowings, current	4,069	97	1,676
Total	**55,109**	**19,838**	**43,478**

EUR thousand	**December 31, 2019**	**December 31, 2018**	**January 1, 2018**
Mortgages on own behalf			
Company mortgages	100,000	80,700	80,600
Property, plant and equipment	174	255	-
Total	**100,174**	**80,955**	**80,600**

Events after the balance sheet date

Eezy has decided to initiate investigation on the possibility of transferring to the main list of Nasdaq Helsinki Ltd during the first half of 2020.

Key figures, their calculation and reconciliations

Eezy presents selected key figures which relate to the performance and financial position of the company. All these key figures are not measures defined in the IFRS and they are thus considered as alternative performance measures.

Alternative performance measures should not be viewed in isolation and they are not substitutes to the key figures presented in the audited financial statements. The companies do not calculate alternative performance measures in a uniform way, and thus the alternative performance measures presented by Eezy may not be comparable with the similarly named key figures presented by other companies.

Key figures

EUR thousand, unless otherwise specified	1 Oct – 31 Dec 2019	1 Oct – 31 Dec 2018	Change %	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2018	Change %
Key figures for income statement						
Revenue	65,634	21,426	206.3%	169,784	81,698	107.8%
EBITDA	4,183	2,301	81.8%	12,586	10,070	25.0%
EBITDA margin, %	6.4%	10.7%	-	7.4%	12.3%	-
EBIT	2,290	1,729	32.5%	8,022	8,154	-1.6%
EBIT margin, %	3.5%	8.1%	-	4.7%	10.0%	-
Items affecting comparability	604	444	-	3,777	1,077	-
Adjusted EBITDA	4,787	2,745	74.4%	16,363	11,146	46.8%
Adjusted EBITDA margin, %	7.3%	12.8%	-	9.6%	13.6%	-
Adjusted EBIT	2,894	2,173	33.2%	11,799	9,230	27.8%
Adjusted EBIT margin, %	4.4%	10.1%	-	6.9%	11.3%	-
Earnings per share, basic, EUR	0.05	0.12	-	0.25	0.38	-
Earnings per share, diluted, EUR	0.05	-	-	0.25	-	-
Weighted average number of outstanding shares, pcs	24,849,375	14,799,198	-	18,296,109	10,559,819	-
Weighted average number of outstanding shares, diluted, pcs	24,870,255	-	-	18,301,372	-	-
Number of outstanding shares at the end of reporting period, pcs	-	-	-	24,849,375	14,799,198	-
Key figures for balance sheet						
Net debt	-	-	-	56,513	14,023	-
Net debt excluding IFRS16				51,887	11,373	
Net debt / Adjusted EBITDA (net leverage)	-	-	-	2.7 x[1]	1.3 x	-
Gearing, %	-	-	-	55.5%	27.6%	-
Equity ratio, %	-	-	-	48.6%	52.8%	-

1 Adjusted EBITDA is based on estimated combined pro forma EBITDA of last 12 months.

EUR thousand, unless otherwise specified	1 Oct – 31 Dec 2019	1 Oct – 31 Dec 2018	Change %	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2018	Change %
Key figures for cash flow						
Operative free cash flow	7,701	3,520	-	13,061	9,843	-
Purchase of tangible and intangible assets	-678	-203	-	-1,691	-667	-
Acquisition of subsidiaries, net of cash acquired	-404	-4,888	-	-11,417	-7,937	-
Operative key figures						
Chain-wide revenue, EUR million	94.0	54.0	74.0%	288.9	207.4	39.2%
Franchise-fees, EUR million	1.6	2.2	-26.9%	7.8	8.9	-11.9%
Self-employment invoicing volume	13.5	12.7	6.1%	49.9	46.1	8.1%

Reconciliation of Certain Alternative Performance Measures

EUR thousand	1 Oct – 31 Dec 2019	1 Oct – 31 Dec 2018	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2018
EBITDA and adjusted EBITDA				
EBIT	2,290	1,729	8,022	8,154
Depreciation, amortization and impairment losses	1,893	572	4,564	1,916
EBITDA	**4,183**	**2,301**	**12,586**	**10,070**
Items affecting comparability	604	444	3,777	1,077
Adjusted EBITDA	**4,787**	**2,745**	**16,363**	**11,146**
Adjusted EBIT				
EBIT	2,290	1,729	8,022	8,154
Items affecting comparability	604	444	3,777	1,077
Adjusted EBIT	**2,894**	**2,173**	**11,799**	**9,230**
Operative free cash flow				
Cash flows from operating activities before financial items and taxes	8,379	3,723	14,752	10,510
Purchase of tangible and intangible assets	-678	-203	-1,691	-667
Operative free cash flow	**7,701**	**3,520**	**13,061**	**9,843**

Calculation of key figures

Key figures for income statement

EBITDA	=	Operating profit + Depreciation, amortization and impairment losses	
EBITDA margin, %	=	EBITDA ─── Revenue	x100
Operating profit (EBIT)	=	Operating profit	
Operating profit margin, %	=	Operating profit ─── Revenue	x100
Items affecting comparability	=	Material items outside the scope of ordinary operations relating to, among others, acquisitions, closing of business operations, structural reorganization and significant redundancy costs	
Adjusted EBITDA	=	EBITDA + Items affecting comparability	
Adjusted EBITDA margin, %	=	Adjusted EBITDA ─── Revenue	x100
Adjusted operating profit (EBIT)	=	Operating profit + Items affecting comparability	
Adjusted operating profit margin, %	=	Adjusted operating profit ─── Revenue	x100
Earnings per share, basic	=	Profit (loss) for the period attributable to the owners of the parent company ─── Weighted average number of outstanding shares	
Earnings per share, diluted	=	Profit (loss) for the period attributable to the owners of the parent company ─── Weighted average number of outstanding shares taking into account obligations arising from potential dilutive share issues of the Parent Company in the future	

Key figures for the balance sheet

Net debt	=	Interest bearing liabilities - interest-bearing receivables - cash at bank and in hand
Net debt excluding IFRS16	=	Net debt - IFRS 16 items
Net debt / Adjusted EBITDA (net leverage)	=	$\frac{\text{Net debt}}{\text{Adjusted EBITDA}}$
Gearing	=	$\frac{\text{Net debt}}{\text{Equity}} \times 100$
Equity ratio	=	$\frac{\text{Equity}}{\text{Total equity and liabilities – advances received}} \times 100$

Cash flow key figures

Operative free cash flow	=	Cash flow from operating activities presented in the cash flow statement before financing items and taxes – purchase of tangible and intangible assets
Purchase of tangible and intangible assets	=	Investments in tangible and intangible assets presented in the cash flow statement
Acquisition of subsidiaries, net of cash acquired	=	Acquired shares of subsidiaries presented in the cash flow statement

Operative key figures

Chain-wide revenue	=	Consolidated revenue + revenue of chain franchisees – franchise fees (and other significant internal chain revenue) + self-employment invoicing volume to the extent it is excluded from consolidated revenue
Franchise fees	=	Fees paid by franchisees based on revenue and/or gross profit + initial fees
Self-employment invoicing volume	=	Invoicing volume of the self-employment services

Accounting policies

Revenue recognition

Eezy Group provides a comprehensive offering of staffing services, recruitment and organizational development services, and self-employment services for its customers. The Customer is a party, that has signed an agreement with Eezy to receive products and services produced by Eezy in return for a compensation.

Staffing services

Eezy has current and non-current as well as fixed-term contracts with its customers related to staffing services. In the customer contracts Eezy provides its customers the staffing services required by them with the terms defined in the contract. The range of services, contract terms and the length of the contract varies by customers.

Staffing services are considered as a series of (distinct) services, as each working hour is a distinct item, services are substantially the same, and have the same pattern of transfer to the customer over time. These series of services are recognized as one performance obligation.

The transaction price is the amount of consideration that Eezy expects to be entitled to in exchange for transferring promised services. The price for the overall service depends on the amount of staffing services it contains. The price for the services is agreed on the customer contract and set prices are given for each service on the contract. Customer contracts don’t include any significant variable consideration. The staffing services are mainly invoiced every two weeks. Typical payment term is 10-14 days net.

Revenue from staffing services are recognized over time in the period in which the services are rendered and customer obtains control of the service. Revenue is recognized over time as the customer benefits from the staffing services simultaneously as services are rendered. According to the practical expedient provided in IFRS 15, if an entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity’s performance completed to date, the entity may recognize revenue in the amount to which the entity has a right to invoice.

In staffing service contracts including growth funding arrangements, the customer is obliged to purchase the amount of staffing services defined in the contract during a certain period. Contracts including growth funding arrangements are fixed-period contracts; typically 1-5 years. Eezy makes a growth funding payment to the customer based on a purchase commitment defined in the contract. Purchase commitment has been determined based on annual purchase estimate informed by the customer. By its nature a growth funding payment is an advanced payment paid to the customer based on a purchase commitment and therefore recognized in receivables. The customer earns the growth funding paid in advance during the contract period based on the purchases made by them. The growth funding is a discount paid to the customer in advance which is recorded as a deduction of revenue when services are rendered to the customer.

Growth funding is recognized in other current and non-current receivables.

Franchising

Eezy Group signs cooperation agreements with chain entrepreneurs, which, based on management judgement, comprises the following performance obligations. According to the cooperation agreement, Eezy provides to the local franchisee firstly the franchising right, i.e. the right to sell services using Eezy’s business concept and brand and secondly business support services.

According to the cooperation agreement, a local entrepreneur pays a cooperation fee to Eezy which includes the franchising right and business support services. The franchising right is a license as the local entrepreneur is given a right to use Eezy’s intellectual property. Revenue is recognized over time. The cooperation charges are payments based on the local entrepreneurs’ revenue and/or gross profit and revenue is recognized as the local entrepreneurs’ sales occurs. Revenue from the business support services is also recognized over time as the customer simultaneously benefits from the service as Eezy provides it.

Recruitment and organizational development services

In the recruitment and organizational development services area, Eezy provides to its customer the entire recruitment process services or part of the process. Recruitment services are considered as a series of distinct services, as each working hour is a distinct item, services are substantially the same, and have the same pattern of transfer to the customer over time. Revenue from these services is recognized as services are rendered.

The customer contracts don’t include return or refund obligations or specific terms on warranties. Typical payment term agreed in the contract is 10-14 days net.

Self-employment services

Self-employment services comprise invoicing and administration services provided to the customers. According to the management only one performance obligation is included in the customer contract: an invoicing service, which includes separate tasks. Although the service includes separate tasks, all are substantially the same, and have the same pattern of transfer to the customer (series of distinct services). Revenue from invoicing service is recognized as services are rendered, i.e. when the client’s customer is invoiced.

Contract assets and liabilities

Contract assets are presented in other current and non-current receivables and related liabilities in current and non-current other liabilities. Receivables that Eezy has an unconditional right to receive, i.e. only the passage of time is required before payment of the consideration is due, are presented as trade receivables.

Significant management judgement and estimates

Eezy’s management uses judgement when growth funding is recognized as deduction of revenue when services are rendered. Customer earns the growth funding paid in advance during the contract term based on purchases. Purchase commitment in defined based on the yearly purchase estimate made by the customer. By its nature growth funding is and advance payment paid to customer which is recognized as reduction of revenue when services are rendered to the customer. The purchase estimate informed by the customer may differ from the actual purchases and therefore the amounts recognized in revenue may differ from the estimate.

Share based payments

Eezy has a share-based compensation plan where the settlement is a combination of equity and cash. The cost is recognized over the period the employee has to remain in the company’s employ in order the award to vest. Cost is recognized from the grant date or the service beginning date, whichever is earlier, until the settlement date.

The component paid as equity (shares) is recognized as an expense measured at the grant date fair value and is not remeasured after the grant date. The performance conditions of the arrangement are non-market conditions and are not taken into account in the grant date fair value but instead are taken into account by adjusting the number of shares that are expected to vest. The expense recognized is based on management’s judgement on the likelihood of achieving the performance conditions, and as such the number of shares that are expected to vest. In addition, the expense recognized is impacted by the company’s management’s estimate on the number of participants in the arrangement that will remain in the company’s employ until the award is settled. The achievement of vesting conditions is estimated at the end of each reporting period and ultimately the amount recognized is based on the number of shares that eventually vest. The cash-settled component is measured at the end of each reporting period and at the liability settlement date. Also for the cash-settled award, the amount recognized is impacted by the management’s estimate on the achievement of performance targets and the number of the participants in the arrangement that will remain in the company’s employ until the award is settled.

The expense on the component settled in shares is recognized as personnel expenses and the corresponding amount is credited in retained earnings. The cash-settled amount is recognized as personnel expenses and as non-current other liabilities in the balance sheet.

Segment information

Staffing is the core business of the Group and the Group operates mainly in the domestic market. The Board of Directors of the parent company is the chief operating decision maker (CODM) that makes decision on the allocation of resources and reviews the profit or loss. The operations of the Group are managed and reviewed as a whole and therefore the Group has only one segment. The figures that the CODM reviews do not differ materially from the figures presented in the consolidated income statement and balance sheet. No geographical information is presented as the Group operates mainly in Finland.

Intangible assets

Group’s intangible assets comprise mainly goodwill arising from business combinations and other intangible assets identified in connection with the business combinations, such as trademarks, non-competition agreements and customer relationships.

Goodwill

Goodwill arising from business combinations is the excess of the consideration paid, amount of non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interests in the acquired entity over the fair value of the net identifiable assets acquired. Goodwill represents the consideration paid for the future economic benefits that cannot be separately identified and recognized.

Goodwill is not amortized but is tested for impairment annually and whenever there is an indication that it might be impaired. Goodwill is measured at cost less any accumulated impairment losses incurred.

Trademarks

Eezy has obtained trademarks for the acquired companies in the business combinations. As part of the purchase price allocation a value has been determined for significant trademarks and they are recognized in intangible assets.

Other intangible assets

An intangible asset is recognized only if it is probable that future economic benefits will flow to the company and the cost can be measured reliably. The other intangible assets with finite useful life identified in the business combinations are recognized separately from goodwill if they meet the recognition criteria of an intangible asset, i.e. are separable or arise from contractual or other legal rights and if the cost can be measured reliably.

Non-competition agreements

In the business combinations the seller generally agrees to a non-competition agreement related to staffing services for a limited duration. As part of the purchase price allocation a value has been determined for non-competition arrangements and they are recognized in intangible assets.

Customer relationships

In the business combinations, a value has been determined for the existing customer contracts and customer relationships as a part of the purchase price allocation. The value determined in connection with the purchase price allocation has been recognized in intangible assets.

Intangible assets are amortized over the following estimated useful life:

Trademarks	10 years
Non-competition agreements	2 - 3 years
Customer relationships	10 years

The residual value, useful life and amortization method are reviewed at least at each financial year-end and adjusted to reflect the changes in economic benefit expectations.

Amortization is terminated when an intangible asset is classified (or included in the group that is classified) as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Impairment of tangible and intangible assets

The Group estimates at the end of each balance sheet date if any indications of impairment exist. If such exists, the recoverable amount of the assets is estimated. In addition, the recoverable amount is estimated annually regardless of indications of impairment for the following assets: goodwill, intangible assets with indefinite useful life, and intangible assets under construction. The need for impairment is monitored at the level of cash generating units (CGU) which is the lowest level that is largely independent of the cash inflows from other groups of assets.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The value in use is the estimate of the future cash flows of an asset or cash generating unit which are discounted to present value. The pre-tax rate which represents the market view of time value of money and risks associated to asset or cash generating unit is used as a discount rate.

Impairment loss is recognized if the carrying value of an asset is higher than the recoverable amount. Impairment loss is recognized in profit and loss. The impairment loss in a cash generating unit is first allocated to the goodwill of the cash generating unit and secondly to decrease other assets of the unit on pro rata basis. The useful life of the asset is reassessed when an impairment loss is recognized.

Impairment is reversed if there is a change in estimates used in determining the recoverable amount of an asset. Impairment is not reversed over the carrying value of the asset without recognition of impairment. An impairment loss recognized for goodwill is not reversed in any circumstances.

Significant management judgement and estimates

Business combinations

In business combinations, management makes estimates related to e.g. future cash flows of an acquired business, purchase price allocation, value and useful life of trademarks and synergies obtained from the acquisition.

Goodwill impairment testing

In the goodwill impairment testing, the carrying value of the group of cash generating units (CGU) is compared to the recoverable amount of the CGU at least annually and when there are indications that it might be impaired. The recoverable amount of the cash generating units is based on value in use calculations. Industry specific factors have been taken into account in the discount rate used.

The recoverable amount used in impairment testing is assessed by using budgets, forecasts and terminal periods and the sensitivity is analyzed for discount rate, profitability, and changes in residual value growth factors. Changes in these estimates or in the structure or number of cash generating units or group of units may cause impairment in the fair value of assets or goodwill. The estimates concern the expected sale prices of services, expected price development of service costs, and discount rate.

The value in use estimates require forecasts and assumptions, of which the most significant concern the revenue growth and development of costs, the level of maintenance investments and changes in the discount rate. It is possible that the predictions related to cash flow forecasts are not achieved. As a result, the impairment of goodwill or other assets may have a significant negative effect on the result and financial position in the future periods.

Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses and is recognized in the balance sheet when it is probable that future economic benefits will flow to the Group and costs can be measured reliably.

The cost of property, plant equipment comprises the expenses directly attributable to the acquisition. The subsequent expenses incurred are recognized in the carrying value of an item of property, plant and equipment or as a separate item if it is probable that future economic benefits will flow to the Group and costs can be measured reliably. Repair and maintenance expenses are recognized in profit or loss as incurred. If an item of property, plant and equipment consists of several separate parts that have different useful life each part is recognized as a separate item.

The group's property, plant and equipment are depreciated over the estimated useful life. The depreciation periods are 5-8 years.

The residual value and useful life of property, plant and equipment are reviewed at least annually at the balance sheet date and impairment adjustments are made if necessary. The Group estimates if there are any indications for impairment at each balance sheet date. If the carrying value of the asset is greater than the recoverable amount, the carrying value of the asset is reduced to its recoverable amount immediately. An item of property, plant and equipment classified as held for sale in accordance with IFRS 5 is not depreciated.

The gains and losses from the sale of property, plant and equipment are presented in the other operating income or expenses. The gain or loss is determined as a difference between the sales price and carrying value.

Leases

Right-of-use assets are measured at cost comprising the amount of the lease liability and any prepayments. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

Lease liability is initially measured at the commencement of the lease at the present value of the future payments. Lease payments include fixed payments and variable lease payments based on an index, any penalties for terminating the lease if the lease term reflects the termination. Payments for the periods covered by the extension options are included in the lease liability if the lease is reasonably certain to be extended.

Lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. Eezy's incremental borrowing rate is determined based on financing offers, lease term and economic environment.

Eezy’s leases include variable lease payments based on an index which are not included in the measurement of the lease liability until they realize. The lease liability is remeasured when the lease payment based on an index changes. A corresponding adjustment is done to the right-of-use asset amount.

Lease payments are allocated between principal and finance cost. The finance cost is expensed over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Eezy’s leases include lease components and non-lease components. The consideration in the contract is allocated to the lease and non-lease components based on their relative stand-alone prices.

Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis as on expense in the result for the period. Short-term leases are leases with a lease term of 12 months of less. Exemption is applied to all classes of underlying assets. Low-value assets comprise IT equipment and machinery.

Significant management judgement and estimates

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Decisions on exercising extension options in fixed-term leases and the non-cancellable lease term in perpetual leases is determined in accordance to the strategy period at balance sheet date if decision on terminating the lease has not been done. The Group assesses the historical leases, strategy and need for replacement leases when determining lease terms.

The lease term is reassessed if a significant event or significant change in circumstances occurs or the group becomes obliged to exercise or not to exercise an option.

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. After the initial recognition borrowings are measured at amortized cost using the effective interest method. Borrowings are classified as current liabilities if the Group intends to settle the borrowings during the next 12 months after the reporting date or if group does not have an unconditional right to defer settlement at least 12 months after the reporting date.

The transaction costs incurred in connection with the borrowings are recognized as interest expenses using the effective interest method. Borrowing costs are expensed in the period in which they are incurred.

Financial assets

The financial instruments measured at fair value in the balance sheet are classified based on the following fair value hierarchy levels:

Level 1: The fair value is based on quoted market prices of similar assets or liabilities in active markets. Shares owned by the Group comprise mainly listed shares.

Level 2: The fair value of the instruments is significantly based on other data (prices) or indirect date (derived from prices) than in the market prices included in level 1. In determining the fair value of these instruments, the Group uses generally accepted valuation techniques which maximize the use of observable market data.

Level 3: The fair values of the instruments are not based on observable market data but significantly on management judgement and estimates and generally accepted valuation techniques.

Group structure

Subsidiaries are entities over which the Group has control. The group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to eliminate share ownership between the Group companies. The acquisition cost exceeding the fair value of the net identifiable assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly as income in the result of the period.

The acquisition related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred. Any contingent consideration payable is recognized at fair value at the acquisition date, and classified as a financial liability or equity. The contingent consideration classified as a financial liability is remeasured to fair value at each balance sheet date and changes in fair value are recognized in the result for the period. The contingent consideration classified as equity is not remeasured. Any non-controlling interests in the acquired entity is measured at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. The valuation policy is determined on an acquisition-by-acquisition basis.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies applied by the Group.

The proft (loss) for the period and total comprehensive income for the period attributable to the owners of the parent company and non-controlling interests are presented in the consolidated statement of comprehensive income. Total comprehensive income for the period is allocated to non-controlling interests although this would result in a negative non-controlling interest. Non-controlling interests in the equity is presented as a separate line item in the balance sheet as part of equity. Changes in the ownership of the subsidiaries that do not result in a loss of control are treated as transactions with equity owners of the Group. In a business combination achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any gains or losses arising is recognized in the result for the period. When the Group loses the control in a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when the control ceases and the difference arising from the measurement is recognized in profit or loss.