EEZY PLC

FINANCIAL REVIEW

1 JAN–31 DEC 2019

Contents

The financial statements must be retained for at least ten years from the end of the financial period, which means until 31 December 2029.

The vouchers for the financial period must be retained for at least six years from the end of the year in which the financial period ended, which means until 31 December 2025.

REPORT OF THE BOARD OF DIRECTORS

Report of the Board of Directors

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 acquisition) 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 IFRS 16 leasing items on December 31, 2019 amounted to EUR 56.5 million (14.0). Net debt excluding IFRS 16 leasing items was EUR 51.9 million (11.4). The net debt/adjusted EBITDA ratio was 2.7 x (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.

REPORT OF THE BOARD OF DIRECTORS

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 Smile Henkilöstöpalvelut Oyj, 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 82.0 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 entered 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 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 1.5 million euros. 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.

Summary

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 268.3 million and pro forma consolidated operating profit would have been EUR 14.3 million. The pro forma figures are based on the consolidated revenue and operating profit for the financial year 2019 as well as on the revenue and operating profit of the acquired companies from the beginning of 2019 until the dates of the acquisitions. Summary of the income statement amounts are presented in the table on the next page.

EUR thousand	Eezy Oyj 1.1.–31.12.2019	Smile 1.1.–31.8.2019	Extraajat 1.1.–31.1.2019	Corporate Spirit 1.1.–31.3.2019	Pro forma items	Pro forma	Adjustment	Adjusted pro forma
Revenue	169,784	95,926	1,669	882	0	268,261	0	268,261
EBITDA	**12,586**	**8,354**	**109**	**-210**	**-89**	**20,749**	**0**	**20,749**
Depreciation, amortization and impairment losses	-4,564	-3,317	-5	-9	1,395	-6,499	0	-6,499
Operating profit	**8,022**	**5,037**	**104**	**-218**	**1,306**	**14,250**	**0**	**14,250**
Financial income	71	74	0	0	0	144	0	144
Financial expenses	-1,349	-2,126	0	0	0	-3,476	1,541	-1,935
Profit before taxes	**6,743**	**2,985**	**104**	**-219**	**1,306**	**10,919**	**1,541**	**12,460**

The following adjustments have been made to the total amounts presented:

1. EBITDA has been adjusted with the changes in the assumptions related to leases. In the Smile acquisition, the calculation of right-of-use assets was updated to agree with the acquisition date estimates of Eezy's management. This adjustment reduced the EBITDA EUR 89 thousand and depreciations EUR 79 thousand. The impact on operating profit was EUR -10 thousand.
2. The amortization of intangible assets related to the acquisitions is taken into consideration as if the acquisitions had taken place on January 1, 2019 and additional amortization had begun at that date. In addition, the amortization of intangible assets recognized by Smile in January 1–August 31, 2019 as a result of acquisitions have been eliminated. These adjustments decreased the total amortization and increased operating profit EUR 1,316 thousand.
3. Financial expenses have been adjusted by eliminating the transactions costs of EUR 1,541 thousand, recognized by Smile related to the VMP arrangement.

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 services 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. 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 Insurance Company	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.

The new name Eezy Plc was registered in the Trade Register on December 17, 2019.

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.

REPORT OF THE BOARD OF DIRECTORS

REPORT OF THE BOARD OF DIRECTORS

Non-financial information

Eezy's business operations

Eezy group consists of the parent company, Eezy Plc and its subsidiaries. Eezy's business operations are divided into three service areas: staffing, recruitment and organizational development and self-employment services.

In staffing services, we provide temporary labor to our corporate customers, where the employee is in an employment relationship to the staffing company, but works for the agreed period of time at the customer company. Eezy offers staffing services both through its own units and through franchisees. The recruitment and organizational development services consist of services related to finding permanent staff and from research, training and development services for a company's personnel. Through the Eezy self-employment services, a private individual can operate independently as an entrepreneur without establishing their own company by billing customers through Eezy's service.

With its comprehensive service offering, Eezy aims to respond to the changing needs of employers and employees. Thanks to its wide offering, Eezy is able to operate as a full-service HR partner to its customers. Eezy serves customers in Finland and Sweden, in addition to which the Group maintains a staffer recruitment office in Romania.

Environment

Eezy's operations do not involve significant environmental considerations. Due to the nature of Eezy's business operations, the direct environmental impact of the company's services is estimated to be minor. In our internal activities, we make major investments in sustainable development by emphasizing environmentally friendly choices in areas such as office supplies and travel policy.

Social and personnel matters

Eezy's goal is to help employers and employees succeed in a changing world of work. Eezy's business, growth and success are based on our skilled personnel, including both our Group employees and our staffed employees. In addition to staff knowhow, our focus is on advancing well-being.

To Eezy, it is important that staffed work is fair for both the employee and for the company employing staffed personnel. Working in accordance with the rules of working life, legislation and collective labor agreements is emphasized in the Group's activities. Eezy cooperates with labor unions and takes care of the occupational safety of staffed employees in cooperation with our customers.

Eezy plays a significant role in preventing social exclusion. Young people and persons with migrant backgrounds are employed through Eezy. In addition, Eezy participates in the public sector's projects, where the aim is to promote employment, the availability of skilled labor and to respond to changes in the labor market.

Eezy sees the availability of skilled personnel for both customer companies and for positions in the Group as its most significant social and personnel risk.

Key themes in Eezy's personnel affairs are well-being at work and occupational safety. Well-being at work is measured continuously with satisfaction reporting. In addition, development of well-being is monitored based on the sickness absence rate of employees. Occupational accidents are monitored together with the occupational health care service in order to improve occupational safety.

Respect for human rights and prevention of corruption and bribery

At Eezy we honor and follow human rights. We do not discriminate against our employees nor our applicants under any basis. We seek to create sought-after employment for all our employees, where they are treated with uniform respect, and we promote a culture of diversity. We do not accept harassment or workplace bullying in any form. Eezy has received no reports of human rights violations related to its operations during the financial period or the previous period.

Eezy has created an information safety organization for the company, relating to the EU's General Data Protection Regulation (GDPR), and the company has defined processes to ensure appropriate data protection were implemented.

In addition, Eezy is committed to combating corruption in all its forms, including blackmailing and bribery. Services, gifts or benefits that could reasonably be assumed to affect decision-making in a company are not offered nor received. Personnel have the possibility to report cases of misuse or suspected misuse to their supervisor or to the company's management. Eezy has received no reports of misuse or suspected misuse during the financial period or the previous period.

Helsinki, 4 March 2020
Eezy Plc
Board of Directors

Consolidated statement of comprehensive income (IFRS)

EUR thousand	Note	1 Jan– 31 Dec 2019	1 Jan– 31 Dec 2018
Revenue	3	169,784	81,698
Other operating income	4	653	275
Share of result of equity accounted investments		-21	-
Materials and services	5	-2,531	-1,528
Personnel expenses	6, 7	-139,374	-61,827
Depreciation, amortization and impairment losses	8	-4,564	-1,916
Other operating expenses	9, 10	-15,925	-8,547
Operating profit		**8,022**	**8,154**
Financial income	11	71	24
Financial expense	11	-1,349	-2,797
Financial income and expenses	11	-1,279	-2,774
Profit (loss) before taxes		**6,743**	**5,380**
Income taxes	12	-2,091	-790
Profit (loss) for the period		**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		71	-1
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		-5	-7
Other comprehensive income for the period, net of tax		**66**	**-8**
Total comprehensive income for the period		**4,718**	**4,582**

EUR thousand	Note	1 Jan– 31 Dec 2019	1 Jan– 31 Dec 2018
Profit attributable to:			
Owners of the parent company		4,540	4,016
Non-controlling interests		113	574
Profit (loss) for the period		**4,652**	**4,590**
Total comprehensive income attributable to:			
Owners of the parent company		4,606	4,008
Non-controlling interests		113	574
Total comprehensive income for the period		**4,718**	**4,582**
Earnings per share attributable to the owners of the parent company			
Earnings per share, basic (EUR)		0.25	0.38
Earnings per share, diluted (EUR)		0.25	-

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet (IFRS)

EUR thousand	Note	31 Dec 2019	31 Dec 2018	1 Jan 2018
ASSETS				
Non-current assets				
Goodwill	16	125,757	59,905	55,072
Intangible assets	16	32,169	4,197	2,304
Property, plant and equipment	17	6,780	3,291	2,012
Equity accounted investments	30	85	106	-
Share investments	19	701	186	187
Receivables	27	1,928	357	159
Deferred tax asset	20	275	561	25
Total non-current assets		**167,696**	**68,603**	**59,759**
Current assets				
Inventories		-	-	0
Trade receivables and other receivables	21, 27	35,482	16,698	13,896
Current income tax receivables		739	966	96
Fund investments	19	-	44	-
Cash and cash equivalents	22	5,710	8,645	4,830
Total current assets		**41,931**	**26,354**	**18,823**
Assets classified as held for sale	15	**-**	**1,338**	**-**
Total assets		**209,626**	**96,295**	**78,582**

EUR thousand	Note	31 Dec 2019	31 Dec 2018	1 Jan 2018
EQUITY AND LIABILITIES				
Equity attributable to the owners of the parent company				
Share capital	23	80	80	3
Reserve for invested unrestricted equity	23	106,572	58,002	1,186
Fair value reserve	23	75	4	5
Translation differences	23	-53	-7	-
Retained earnings	23	-5,864	-7,261	-1,778
Total equity attributable to the owners of the parent company		**100,809**	**50,818**	**-585**
Non-controlling interests		1,024	-	5,576
Total equity		**101,833**	**50,818**	**4,991**
Non-current liabilities				
Borrowings	25, 27	54,186	21,344	52,375
Other liabilities	26, 27	63	393	976
Deferred tax liability	20	6,038	461	207
Total non-current liabilities		**60,286**	**22,198**	**53,558**
Current liabilities				
Borrowings	25, 27	5,578	1,144	2,248
Trade payables and other liabilities	26, 27	40,767	20,851	17,036
Current income tax liabilities		1,163	983	749
Total current liabilities		**47,508**	**22,978**	**20,033**
Liabilities directly associated with assets classified as held for sale	15	**-**	**302**	**-**
Total liabilities		**107,793**	**45,478**	**73,591**
Total equity and liabilities		**209,626**	**96,295**	**78,582**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated cash flow statement (IFRS)

EUR thousand	Note	1 Jan– 31 Dec 2019	1 Jan– 31 Dec 2018
Cash flows from operating activities			
Customer payments received		175,986	86,328
Cash paid to suppliers and employees		-161,234	-75,818
		14,752	**10,510**
Interest paid		-1,639	-1,750
Dividends received		2	0
Interest received		65	22
Other financial items		-182	-809
Income taxes paid		-1,677	-2,098
Loans granted		-192	-41
Proceeds from repayments of loans		193	4
Net cash from operating activities		**11,323**	**5,839**
Cash flows used in investing activities			
Purchase of tangible and intangible assets	16, 17	-1,691	-667
Proceeds from sale of tangible assets	17	266	4
Acquisition of subsidiaries, net of cash acquired	14	-11,417	-7,937
Disposal of subsidiaries	15	760	0
Purchase of investments		44	1
Loans granted		0	-221
Proceeds from repayments of loans		402	285
Addition / deduction of current investments		-343	-
Net cash used in investing activities		**-11,980**	**-8,535**

EUR thousand	Note	1 Jan– 31 Dec 2019	1 Jan– 31 Dec 2018
Cash flows used in / from financing activities			
Proceeds from share issue	23	1	40,248
Change in non-controlling interests		-23	-67
Proceeds from current borrowings	25	-	350
Repayment of current borrowings	25	-6,969	-1,183
Proceeds from non-current borrowings	25	62,339	18,833
Repayment of non-current borrowings	25	-51,426	-50,787
Payment of lease liabilities	25	-1,516	-873
Dividends paid		-4,677	-0
Net cash used in / from financing activities		**-2,269**	**6,521**
Net change in cash and cash equivalents		**-2,926**	**3,825**
Cash and cash equivalents at the beginning of the financial year		8,645	4,830
Effects of exchange rate changes		-10	-10
Cash and cash equivalents at the end of the financial year		**5,710**	**8,645**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of changes in equity (IFRS)

		Attributable to owners of the parent							
EUR thousand	**Note**	**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	32	-	-	5	-	-222	-217	-	-217
Equity January 1, 2018 (IFRS)		**3**	**1,186**	**5**	**-**	**-1,778**	**-585**	**5,576**	**4,991**
Profit (loss) 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	23	78	-78	-	-	-	-	-	-
Initial public offering	23	-	32,742	-	-	-	32,742	-	32,742
Investment in the reserve for invested unrestricted equity	23	-	7,505	-	-	-	7,505	-	7,505
Conversion of shareholder loan	25	-	1,306	-	-	-	1,306	-	1,306
Changes in non-controlling interests	29	-	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**

Consolidated statement of changes in equity (IFRS)

		Attributable to the owners of the parent							
EUR thousand	Note	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	23	-		-	-	-3,197	-3,197	-	-3,197
Repayment of capital	23	-	-1,480	-	-	-	-1,480	-	-1,480
Share issue	23	-	50,050	-	-	-	50,050	-	50,050
Share based payments	7	-	-	-	-	4	4	-	4
Business combinations	14	-	-	-	-	-	-	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**

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

1. General information and basis of preparation

General information

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's services include staffing services, recruitment and organizational development services as well as self-employment services. Staffing services are provided through franchisees in addition to Group companies. Services are provided to a broad range of sectors including the hotel and restaurant, retail, manufacturing, construction and health care services sectors.

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, Finland.

The Group changed its name to "Eezy" in November 2019 after the mergers and acquisitions in 2019. The Group was previously known as "VMP". In these financial statements, the new name Eezy Oyj has been used consistently.

A copy of the consolidated financial statements is available at the website www.eezy.fi.

The Board of Directors of Eezy Oyj has approved the publication of these financial statements in its meeting on March 4, 2020. According to the Finnish Limited Liability Companies Act, shareholders are authorized to approve or reject the financial statements in the Annual General Meeting held after the publication. The Annual General Meeting can also decide on the amendments of the financial statements.

Eezy Group consist of the parent company Eezy Oyj and its subsidiaries. The operations are divided into three service areas: staffing, recruitment and organizational development and self-employment services.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the SIC and IFRIC interpretations in force as at December 31, 2019. International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in the EU Regulation (EC) No. 1606/2002 and embodied in the Finnish Accounting Act and provisions under it. The notes to the consolidated financial statements have also been prepared in accordance with the requirements in Finnish accounting legislation and Community law that complement IFRS regulations.

Eezy Oyj publishes its first consolidated financial statements prepared in accordance with the IFRS standards for the financial year ended December 31, 2019 and presents comparative information for the financial year ended December 31, 2018. In these consolidated financial statements Eezy applies the IFRS 1 First-time adoption of International Financial Reporting Standards standard with the date of transition January 1, 2018. Previously Eezy has applied Finnish Accounting Standards (FAS). The impacts arising from the first-time adoption of the IFRS standards are presented in note 32.

The consolidated financial statements are prepared for a calendar year, which is the financial period of the parent company and the Group companies. The consolidated financial statements are presented in thousands of euros, unless otherwise stated. Additionally, the sum of individual numbers may deviate from the presented sum figure due to rounding differences. The comparative prior year information is presented in brackets after the information for the current financial year. The parent company's functional currency is euro.

The information in the consolidated financial statements is based on original acquisition costs, except where otherwise stated in the accounting policy.

Segments

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.

Foreign currency items

The consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency. Group's transactions are mainly denominated in euros. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions)
- all resulting exchange differences are recognized in other comprehensive income.

2. Significant management judgement and estimates

The preparation of consolidated financial statements requires management to use judgement and estimates, which have an impact on the application of the accounting policy and the amounts of significant assets, liabilities, income and expenses. The actual results may differ from these estimates. The changes in accounting estimates are recognized in the financial year in which the change in estimate occurs as well as in future financial years on which they have an impact. Information on significant areas, which include significant estimates, uncertainties and judgement in the application of the accounting policies related to the items in the consolidated financial statements are presented in the following notes.

- 3. Revenue
- 12. Income taxes
- 14. Business combinations
- 16. Intangible assets
- 18. Leases
- 20. Deferred tax assets and liabilities
- 27. Financial risk management

Estimates and judgement are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are assumed to be reasonable under the circumstances.

3. 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.

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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 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Staffing services	149,410	61,129
Franchise-payments	7,836	8,899
Recruitment and organizational development	9,355	8,737
Self-employment services	3,183	2,934
Total revenue	**169,784**	**81,698**

The impact of the acquisitions completed in 2019 to the trade receivables and other receivables is EUR 25,505 thousand. More information on acquisitions is provided in note 14.

Bad debt provisions related to trade receivables and contractual assets are presented in note 27.

Eezy does not have incremental costs for obtaining a contract or costs to fulfil a contract.

Accounting policy

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. The total amount of growth funding receivables was EUR 2,331 thousand as at December 31, 2019. Based on management estimate growth funding receivables will be deducted from the recognized revenue during the next 1 to 5 years. More information on growth funding is presented in note 27.

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.

Contractual 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 is defined based on the yearly purchase estimate made by the customer. By its nature growth funding is an 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.

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4. Other operating income

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Gain on disposal of tangible and intangible assets	11	-
Gain on disposal of investments in group companies	336	-
Other operating income	306	275
Total	**653**	**275**

Other operating income consists primarily of grants received.

5. Materials and services

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Recruitment costs	-614	-899
Other external services	-1,917	-629
Total	**-2,531**	**-1,528**

Other external services consist primarily of subcontracting and other services.

6. Personnel expenses

Eezy's personnel expenses consists of wages and salaries, pension and social security expenses and expenses related to the share-based payments. The Group's pension plans are classified as defined contribution plans.

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Wages and salaries	-115,314	-50,448
Pension expenses	-19,597	-8,735
Share-based payments (note 7)	-10	-
Other social security expenses	-4,453	-2,644
Total	**-139,374**	**-61,827**

Key management remuneration is presented in note 13. Related party transactions.

Accounting policy

Pension obligations are classified as defined benefit plans or defined contribution plans. The Group's statutory pension plans in Finland are classified as defined contribution plans. For defined contribution plans, the Group pays contributions to a separate fund, i. e. pension insurance companies. The Group does not have legal or constructive obligations to further payments if the fund does not have sufficient assets to pay the employee benefits related to the employee service from current and prior periods. Contributions to the defined contribution plans are recognized in the income statement in the period to which the contributions relate. Eezy does not have any defined benefit plans.

The average number of employees during the financial year in presented in the table below:

	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Salaried employees	392	211
Workers	3,013	1,361
Total	**3,405**	**1,572**

7. Share-based payments

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

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 the 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 amount of compensation paid is subject to the achievement levels of the performance targets. The Board of Directors has the right to pay the compensation in shares, cash or as a combination of these. Based on management's judgement, the compensation will be paid as a combination of shares and cash.

The fair value of the shares granted is determined based on the company's quoted share value reduced by the estimated number of dividends paid during the accounting period.

Long-term (2019–2024) share-based compensation plan	**Earning period 1 Dec 2019–31 Dec 2020**
Number of shares granted (maximum)	137,210
Number of shares forfeited	-
Number of shares granted as at 31 Dec	137,210
Share price at the beginning of service	6.25
Performance conditions	Service condition Revenue growth and operating profit %
Estimated time of payment	March 2021
Payment method	Combination of shares and cash
Number of participants	7

The amount of expenses recognized in the accounting period is EUR 10 thousand, of which EUR 4 thousand is from the share portion and recognized within the equity. The amount of the liability recognized in the balance sheet is EUR 6 thousand as at December 31, 2019.

CONSOLIDATED FINANCIAL STATEMENTS

Accounting policy
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.

8. Depreciation and amortization

Depreciation, amortization and impairment by asset class is presented in the table below:

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Intangible assets		
Trademarks	-124	-8
IT software	-1,060	-840
Customer relationships	-1,105	-9
Non-competition agreements	-489	-6
Total	**-2,777**	**-863**
Property, plant and equipment		
Buildings	-32	-29
Buildings, right-of-use	-1,325	-719
Machinery and equipment	-268	-126
Machinery and equipment, right-of-use	-134	-156
Other property, plant and equipment	-28	-23
Total	**-1,786**	**-1,053**
Total depreciation and amortization	**-4,564**	**-1,916**

9. Other operating expenses

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Travelling expenses	-3,313	-2,457
Administrative expenses	-2,904	-1,652
Transaction expenses related to acquisitions	-2,806	-459
Marketing expenses	-2,467	-1,737
IT machinery and software expenses	-2,209	-1,749
Facility maintenance expenses	-918	-682
Personnel related expenses	16	894
Losses from the sale of property, plant and equipment	-	-2
Other operating expenses[1)]	-1,323	-704
Total	**-15,925**	**-8,547**

[1)]Other expenses consist of multiple items that are not material separately.

10. Auditors' fees

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Statutory audit	167	232
Other advisory services	20	-
Tax advisory services	26	88
Other services	192	545
Total	**405**	**866**

Auditor fees include the fees paid to the auditors of each Group company. Other services include the expenses related to the acquisitions and the initial public offering in 2018.

11. Financial income and expenses

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Financial income		
Interest income from receivables	39	20
Gain on fair value valuation	75	-
Other financial income	32	4
Total	**146**	**24**
Financial expenses		
Interest expenses from borrowings	-719	-1,020
Interest expenses from lease liabilities	-71	-45
Other interest expenses	-96	-299
Loss on fair value valuation	-	-18
Other financial expenses	-539	-1,416
Total	**-1,425**	**-2,797**
Total financial income and expenses	**-1,279**	**-2,774**

Other financial expenses include other the expenses related to the listing into the Nasdaq First North marketplace in 2018 than expenses directly related to the issuance of new shares.

12. Income taxes

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Current income tax expense	-1,824	-1,438
Adjustments to taxes for prior periods	2	3
Total current income tax expenses	-1,822	-1,435
Change in deferred tax assets	-572	536
Change in deferred tax liabilities	303	108
Deferred tax expense/benefit	-269	645
Total income taxes	**-2,091**	**-790**

The reconciliation between income tax expense and tax payable is presented in the table below:

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Result for the period before taxes	6,743	5,380
Tax calculated at the Finnish tax rate of 20%	-1,349	-1,076
Tax effect of tax free and non-deductible items:		
Effect of the expenses not deductible for tax purposes[1)]	-826	-130
Effect of the tax-free income	68	4
Utilization of previously unrecognized deferred tax assets	30	365
Recognition of deferred tax assets for previously unrecognized losses	-	68
Losses for which no deferred tax asset has been recognized	-17	-
Effect of other tax rates for foreign subsidiaries	1	-24
Adjustments in respect to prior years	2	3
Total income taxes	**-2,091**	**-790**

[1)] Non-deductible items consist mainly of costs related to acquisitions.

Deferred tax assets and liabilities have been measured using the tax rate of 20%. The effective tax rate of the Group was 31% (15%).

Accounting policy

The tax expense in profit or loss consist the tax based on the taxable income for the financial year and deferred taxes. Taxes are recognized in the profit or loss, except when they are directly related to the items recognized in equity or other comprehensive income, when the tax impact is also recognized as a corresponding item within equity. Taxes based on the taxable income for the financial year is calculated using the applicable income tax rate in each country. The tax expense for the financial year is adjusted by any taxes related to the previous financial years.

Significant management judgement and estimates

The tax expense recognized in profit or loss consists of the tax based on the taxable profit for the financial year, taxes related to the previous financial years and changes in deferred taxes. The management estimates the utilization of deferred tax assets against any future taxable profit. Management judgement on income taxes is presented in notes 14 and 20.

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13. Related party transactions

Transactions and balances with related parties:

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Sales	6,997	61
Purchases	-91	-43
Interests	-	-243
Trade receivables	2,084	0
Trade payables and other liabilities	2,062	0

Eezy has an office lease contract with a company controlled by a member of a related party. Related party transactions are made on the same terms and conditions as transactions with independent parties. Related party loans and receivables are presented in notes 21, 26 and 27.

Purchases from key management were EUR 8 (-) thousand and interest payments to key management were EUR 0 (9) thousand.

Key management remuneration is presented below:

Board of Directors remuneration

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Tapio Pajuharju	24	24
Kati Hagros	18	-
Timo Mänty	8	-
Heimo Hakkarainen	16	2
Joni Aaltonenu	19	16
Timur Kärki	10	-
Total	**95**	**42**

Key management wages and salaries
(not including CEO)

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Wages, salaries and benefits	803	1,050

CEO remuneration

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Wages, salaries and benefits		
CEO August 23, 2019 onwards	80	-
CEO May 17, 2018–August 23, 2019	358	174
CEO until May 17, 2018	-	401
Total	**438**	**575**

The remuneration of the Management Team and the Managing Directors includes severance compensations.

CEO pension obligations and severance compensation

The CEO participates in the statutory Finnish pension scheme (TyEL) under the Employees Pension Act under which the pension is based on the service period and earnings. No specific retirement age has been agreed. The pension expenses recognized was EUR 80 (105) thousand. The CEO's term of notice is three months in case the CEO decides to resign and nine months if the contract is terminated by the company. The CEO will receive normal compensation during the termination period and is not entitled to a separate compensation.

Accounting policy

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decision. Eezy's related parties include associated companies and key management personnel. Key management personnel include members of the board of directors and the group management team, CEO and substitute CEO, and their close family members. In addition, Eezy's related parties include owners that use control or exercise significant influence in Eezy Oyj and companies in which they have control or companies in which the person that uses control in Eezy Oyj exercises significant influence or belongs to the company's or its parent's management. The Group structure is presented in note 30.

14. 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.

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.

EUR thousand	Smile	Henkilöstöratkaisu Extraajat	Corporate Spirit
Purchase considerations			
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**

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

EUR thousand	Smile	Henkilöstöratkaisu Extraajat	Corporate Spirit
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 assets	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**
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**
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 funding 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 and pro forma consolidated operating profit would have been EUR 14,250 thousand. The pro forma figures are based on the consolidated revenue and operating profit for the financial year 2019 as well as on the revenue and operating profit of the acquired companies from the beginning of 2019 until the dates of the acquisitions.

Cash flows from purchase considerations during financial year 2019

EUR thousand	Smile	Henkilöstö-ratkaisu 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.

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.

Purchase considerations

EUR thousand	Enjoy	Henkilöstötalo Voima	Arja Raukola Oy
Purchase considerations			
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**

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
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**
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**
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 1,500 thousand has been paid on April 2, 2019.

Accounting policy

The acquisitions are accounted for using the acquisition method. The cost of the acquisition is measured at the fair value of consideration transferred comprising of the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued as purchase consideration, and the fair value of any contingent consideration arrangement. The excess of the aggregate of the consideration transferred over the fair value of the net identifiable assets acquired is goodwill.

On the acquisition of a subsidiary, fair values are attributed to the identifiable net assets including identifiable intangible assets and contingent liabilities acquired.

Significant management judgement and estimates

The net assets acquired is measured at fair value. The fair value of the net assets acquired is based on market value or estimated expected cash flows (customer relationships, trademarks and non-competition agreements) or the estimated market value of similar assets. Eezy's management has used judgement and made assumptions in the customer relationship and trademark fair value determination, which is based on the management assumptions and estimates of the expected long-term revenue and profitability development, length of the customer relationships and discount rate. In addition to the assumptions mentioned, management has made assumptions on the possible impact of competition to Eezy's business when valuing non-competition agreements. If the estimates and assumptions of the development of the business turns out to be too optimistic, an impairment may be required to be recognized on the assets. The management believes that the estimates and assumptions used are appropriate when determining fair values. The trademarks, customer relationships and non-competition agreements recognized as a result of acquisitions are presented in note 16. Intangible assets.

The fair value of the contingent consideration included in the acquisition purchase consideration is determined based on the present value of the expected cash flows. The final purchase consideration may differ from the amount estimated by management and these changes in fair value are recognized in the statement of comprehensive income. The carrying values of the contingent considerations recognized at the balance sheet date are presented in note 26. Trade payables and other liabilities.

15. Assets classified as held for sale

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 the gain of approximately EUR 0.3 million, the sale did not have significant impact on Eezy's result.

EUR thousand	31 Dec 2019	31 Dec 2018
Assets classified as held for sale		
Goodwill	-	994
Intangible assets	-	5
Property, plant and equipment	-	75
Trade receivables and other receivables	-	263
Assets classified as held for sale total	**-**	**1,338**
Liabilities directly associated with assets classified as held for sale		
Lease liabilities	-	74
Trade payables and other liabilities	-	228
Liabilities directly associated with assets classified as held for sale total	**-**	**302**

16. Intangible assets

EUR thousand	Goodwill	Trademarks	IT Software	Customer relation-ships	Non-competition agreements	Advances paid	Intangible assets total
Cost at January 1, 2019	59,905	319	4,800	1,670	382	5	7,175
Translation differences	-1	-	-	-	-	-	-
Business combinations	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
Amortizations	-	-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 January 1, 2019	59,905	282	1,874	1,661	375	5	4,197
Net carrying value December 31, 2019	**125,757**	**2,436**	**1,831**	**25,386**	**2,460**	**56**	**32,169**

EUR thousand	Goodwill	Trademarks	IT Software	Customer relation-ships	Non-competition agreements	Advances paid	Intangible assets total
Cost at January 1, 2018	55,072	51	4,377	-	-	-	4,428
Translation differences	-1	-	-	-	-	-	-
Business combinations	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
Amortizations	-	-8	-840	-9	-6	-	-863
Accumulated amortization and impairment at December 31, 2018	-	-37	-2,926	-9	-6	-	-2,978
Net carrying value January 1, 2018	55,072	22	2,282	-	-	-	2,304
Net carrying value December 31, 2018	**59,905**	**282**	**1,874**	**1,661**	**375**	**5**	**4,197**

Goodwill impairment testing

Goodwill is tested for impairment annually to identify any impairment. In addition, the Group monitors any internal and external indicators to identify any signs for impairment.

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. Eezy has one CGU which is the segment defined by the company and is the level used to monitor the goodwill.

If the recoverable amount of the CGU is lower than the carrying value, the difference is recognized as an impairment loss in the statement of comprehensive income. Impairment tests have indicated that the recoverable amount of the CGU exceeds the carrying value and goodwill has not been impaired.

Impairment testing and the key assumptions

The recoverable amount of the CGU is determined using a value-in-use method. Value-in-use is calculated by discounting the future cash flows.

The key assumptions used in the value-in-use calculations:

	31 Dec 2019	31 Dec 2018	1 Jan 2018
The average cumulative increase in revenue, forecast period	16.7%	7.7%	6.1%
Terminal growth assumption	1.0%	1.0%	1.0%
Average EBITDA, forecast period	10.9%	11.7%	13.9%
Forecasted EBITDA, terminal value	9.5%	9.9%	10.7%
Pre-tax discount rate	11.0%	10.8%	11.1%

Impairment testing calculations are based on the cash flow forecasts and the budget prepared by the Group's management team and approved by the Board of Directors, including the forecast and terminal periods. A five-year forecast period is used in the impairment testing calculations.

The management has determined the following assumptions used in the calculations:

Assumption	Description
Revenue growth	Revenue growth is based on the review period forecast. The impact of the acquisitions completed in the financial year on the Group's revenue has been considered in the growth forecast.
EBITDA	EBITDA is based on the budged, forecasted profitability development in the review period as well as expected long-term profitability.
Terminal growth assumption	The growth assumption for the terminal period has been determined as 1% which represents the long-term inflation projections.
Discount rate	The discount rate is determined based on peer company analysis.

The forecasted cash flows are based on the existing business of the cash generating unit at the time of testing. Expansion investments have not been taken into account in the cash flow forecast estimates. The Group's cash generating unit provides mainly staffing services.

The management judgement and estimates regarding future have a central role in preparing the impairment testing calculations. The discounted cash flow method used in preparing the calculations requires forecasts and assumptions of which the most significant relate to revenue growth, the development of costs, the level of maintenance investments and changes in the discount rate. It is possible that the predictions related to the cash flow forecasts are not achieved. As a result, the impairment of goodwill or other assets may have a significantly negative effect on the result and the financial position in the future periods.

No impairment losses have been recognized in any financial periods presented. The management has prepared a sensitivity analysis for the key factors

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and based on the management estimate none of the reasonably possible changes in the staffing service key assumptions would lead to a situation in which the recoverable amount would be less than the carrying value of the cash generating unit.

Accounting policy
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.

17. Property, plant and equipment

EUR thousand	Buildings	Buildings, right-of-use	Machinery and equipment	Machinery and equipment, right-of-use	Other	Advances paid and work in progress	Total
Cost at January 1, 2019	516	3,009	1,106	381	100	-	5,113
Translation differences	-	-3	-1	-3	-	-	-7
Business combinations	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 carrying value at January 1, 2019	17	2,317	622	258	77	-	3,291
Net carrying 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 and work in progress	Total
Cost at January 1, 2018	499	1,231	799	306	24	7	2,867
Translation differences	-	-8	-2	-3	-	-	-13
Business combinations	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 carrying value at January 1, 2018	28	1,231	416	306	24	7	2,012
Net carrying value at December 31, 2018	**17**	**2,317**	**622**	**258**	**77**	**-**	**3,291**

Accounting policy

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 and 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.

18. Leases

Eezy's leases relate primally to premises and cars. The most significant leases are for the premises in the largest cities in which the operations have been centralized. These leases are mainly 5-year fixed term leases. Leases may include extension options and it is determined on a lease-by-lease basis if the extension option is exercised or not. Smaller premises have been leased for a perpetual term. If a decision to terminate a perpetual lease contract has not been made the lease is assumed to be continued for the next strategy period.

Right-of-use assets are presented in note 17.

The following lease liabilities are included in the borrowings in the balance sheet:

Lease liabilities

EUR thousand	31 Dec 2019	31 Dec 2018
Current	1,489	1,046
Non-current	3,136	1,604
Total	**4,625**	**2,650**

The maturity of the lease liabilities is presented in note 27.

Eezy has leases that have not yet commenced but Eezy is contractually committed to. The leases commence during 2020 and the total lease liability of the contracts is approximately EUR 2 million.

The following amounts related to leases are recognized in profit or loss:

EUR thousand	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Depreciation	-1,459	-875
Interest expenses from lease liabilities	-71	-45
Lease expenses from short term leases	-245	-387
Lease expenses from leases of low value assets	-432	-182

The total cash outflow for leases in 2019 was EUR 2,148 (1,487) thousand.

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Accounting policy

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 change. 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 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.

19. Investments in shares and funds

Fair values of investments and the fair value hierarchy levels are presented in the table below:

EUR thousand	31 Dec 2019 Fair value	Level	31 Dec 2018 Fair value	Level	31 Dec 2018 Fair value	Level
Share investments, quoted	458	1	8	1	9	1
Share investments, unquoted	243	3	178	3	178	3
Fund investments	-	2	44	2	-	2
Total	**701**		**231**		**187**	

The changes in level 3 items are as follows:

	Share investments
January 1, 2018	178
Acquisitions	1
December 31, 2018	**178**
Acquisitions	65
December 31, 2019	**243**

In addition, the Group has contingent consideration liabilities which are classified as level 3 in the fair value hierarchy. More information in presented in notes 14 and 26.

Accounting policy

Share investments are measured at fair value. Eezy has chosen to recognize the changes in the fair value of the share investments in other comprehensive income instead of the profit or loss for the period. Eezy sees this as an appropriate decision as shares are non-current investments not held for trading. The changes in the fair value are not subsequently reclassified to profit or loss. Dividend income is recognized in the profit or loss for the period. Eezy's share investments consist of listed and unlisted shares. The fair value of the unlisted shares is determined using valuation models. They are measured at cost when it is determined that the acquisition cost is a reasonable estimate of the fair value. Listed shares are measured at the balance sheet date fair value.

Investment funds consisting of residential property funds are measured at fair value based on the brokers quote. The realized and unrealized changes in the fair value of the investment funds are recognized in the profit or loss. Eezy has sold all investments funds during the financial year.

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 of listed shares.

Level 2: The fair value of the instruments is significantly based on other data (prices) or indirect data (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.

20. Deferred tax assets and liabilities

Deferred taxes are recognized for all temporary differences. The changes in deferred taxes are as follows:

EUR thousand	1 Jan 2019	Recognized in profit or loss	Acquisitions	31 Dec 2019
Deferred tax assets				
Tax losses carried forward	527	-527	-	-
Leases	5	5	-0	10
Derivative instruments	15	-15	-	-
Credit loss provision	14	-35	286	266
Total	**561**	**-572**	**286**	**275**

EUR thousand	1 Jan 2018	Recognized in profit or loss	31 Dec 2018
Deferred tax assets			
Tax losses carried forward	-	527	527
Leases	-	5	5
Derivative instruments	12	4	15
Credit loss provision	13	1	14
Total	**25**	**536**	**561**

EUR thousand	1 Jan 2019	Recognized in profit or loss	Recognized in equity	Acquisitions	31 Dec 2019
Deferred tax liabilities					
Business combinations	375	-236	-	5,862	6,001
Loans	85	-67	-	-	18
Leases	-0	-0	-	-	-0
Share investments	1	-	18	-	19
Total	**461**	**-303**	**18**	**5,862**	**6,038**

EUR thousand	1 Jan 2018	Recognized in profit or loss	Recognized in equity	Acquisitions	31 Dec 2018
Deferred tax liabilities					
Business combinations	-	12	-	363	375
Loans	206	-121	-	-	85
Leases	-	-0	-	-	-0
Share investments	1	-	-0	-	1
Total	**207**	**-108**	**-0**	**363**	**461**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and the deferred taxes related to the income tax of the same taxable entity.

Eezy has EUR 1,451 (1,342) thousand of tax losses originating from Sweden as at December 31, 2019 of which a deferred tax asset has not been recognized. The tax losses do not have an expiry date in Sweden. The Group management has assessed the usability of the tax losses in accordance with the IFRS standards and currently estimates that it is unlikely that sufficient taxable income will be generated in the future to utilize the deferred tax asset.

Accounting policy

Deferred taxes are recognized for all temporary differences between the carrying values and the tax bases. The largest temporary differences arise from the fair value adjustments of assets and liabilities in business combinations, provisions and unused tax losses. Deferred taxes are calculated using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be generated against which the deductible temporary difference can be utilized. The recognition criteria of the deferred tax asset is assessed at each balance sheet date.

However, a deferred tax liability is not recognized, when it arises from the initial recognition of an asset or liability in a transaction other than a business combination and the recognition of the asset or liability at the time of the transaction affects neither accounting nor taxable profit or loss.

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Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset the current tax assets against current tax liabilities, and when the deferred tax assets and liabilities are related to the income tax levied by the same taxation authority either from the same taxable entity or different taxable entities when there is an intention to settle the asset and the liability on a net basis.

Significant management judgement and estimates

Eezy's management uses judgement when recognizing deferred tax assets and liabilities in the balance sheet. Deferred tax assets are recognized on the balance sheet only if the utilization of the assets is seen as more probable than not utilizing the deferred tax assets. Utilization is subject to the future generation of taxable income. Assumptions related to the generation of future taxable profit are based on the management estimates on future cash flows. The Group's ability to generate taxable income is also subject to the general economic situation, financing, competitiveness and regulation environment which are not in the Group's control. These estimates and assumptions involve risks and uncertainty, and thus it is possible that the changes in circumstances will change the expectations which may affect the amount of the deferred tax liabilities and assets recognized as well as other unrecognized tax losses and temporary differences.

21. Trade receivables and other receivables

EUR thousand	31 Dec 2019	31 Dec 2018	1 Jan 2018
Non-current receivables			
Growth funding receivables	1,663	-	-
Loan receivables from associated companies	54	50	-
Other loan receivables	14	23	11
Lease guarantees	197	284	148
Total non-current receivables	**1,928**	**357**	**159**
Current receivables			
Trade receivables	32,361	15,012	12,497
Growth funding receivables	941	-	-
Loan receivables from associated companies	38	40	-
Other loan receivables	190	64	106
Other receivables	794	581	345
Accrued income	1,158	1,001	947
Total current receivables	**35,482**	**16,698**	**13,896**
Total trade receivables and other receivables	**37,410**	**17,055**	**14,054**

Accrued income consists of employer insurance and advance payments.

Trade receivables are measured at the transaction price. Growth funding receivables are initially measured at fair value and subsequently at amortized cost using the effective interest method.

The carrying value of the trade receivables and other receivables equals their fair value. Information on the impairment of the trade receivables and other receivables and their credit risk is described in note 27.

22. Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet and cash flow statement consists of cash at bank and in hand. Utilized credit limits are presented as current liabilities. Credit limits are an essential part of the liquidity management. Liquidity risk and its management is described in note 27.

23. Equity

EUR thousand	Shares 1,000 pcs	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total attributable to the owners of the parent company	Non-controlling interests	Total equity
31 Dec 2019	24,849	80	106,572	75	-53	-5,864	100,809	1,024	101,833
31 Dec 2018	14,799	80	58,002	4	-7	-7,261	50,818	-	50,818
1 Jan 2018	1,188	3	1,186	5	-	-1,778	-585	5,576	4,991

Pcs	2019	2018
1 January	**14,799,198**	**1,188,000**
Share split	-	3,564,000
Initial public offering	-	6,038,819
Directed share issue	10,050,177	905,822
Redemption of non-controlling interests	-	3,102,557
31 December	**24,849,375**	**14,799,198**

Share capital

Eezy Plc has one series of shares and all shares are equally entitled to dividends. One share carries one vote at the general meeting. Eezy's shares are listed in the Nasdaq First North Growth Market.

All shares issued have been paid. The directed share issue in the 2019 financial year is related to the Smile acquisition. In the 2018 financial year a total of 905,822 shares were issued in the directed share issue as a part of the potential stabilization measures.

Own shares

The Company does not hold its own shares.

Dividends

Eezy Plc has distributed dividends of EUR 0.08 per share on March 28, 2019 based on the approval of the Annual General Meeting. The Extraordinary General Meeting decided on an additional dividend distribution of EUR 0.136 per share and on a capital repayment of EUR 0.10 per share on August 22, 2019.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other investments that by nature are considered as equity and the share subscription price unless it is explicitly decided to be included in the share capital. The changes in the reserve for invested unrestricted equity are presented in the statement of changes in equity.

Fair value reserve

The changes in the fair value of share investments after the acquisition date, net of tax, are recognized in the fair value reserve.

Translation differences

Translation differences consists of the translation differences arising from the translation of foreign Group companies.

Accounting policy

Share capital includes only ordinary shares. The incremental costs directly attributable to the issue of new shares or other equity instruments, net of tax, are recognized in equity as a deduction from the proceeds. If company buys back its own equity instruments, the consideration paid is deducted from equity. The dividend payable to the Group's shareholders is recognized in the financial year during which the general meeting has approved the dividend.

24. Earnings per share

	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Result for the period attributable to the owners of the company	**4,539,794**	**4,015,791**
Weighted average number of shares, undiluted	18,296,109	10,559,819
Earnings per share, basic (EUR)	**0.25**	**0.38**
Impact of shares related to the share-based payments plan	5,263	-
Weighted average number of shares, diluted	18,301,372	-
Earnings per share, diluted (EUR)	**0.25**	**-**

The number of dilutive shares in 2019 was 5,263. The was no dilutive impact in 2018.

Accounting policy

The basic earnings per share is calculated by dividing the profit (loss) attributable to the owners of the parent company by the weighted average number of shares.

In calculating the diluted earnings per share, the dilution impact of the options and shares granted to employees is taken into consideration. More information on the share-based payments is in note 7.

25. Borrowings

Changes in borrowings divided to changes from financing cash flows and other changes are presented in the table below:

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 drew down new EUR 55 million non-current loans from financial institutions in order to refinance the Group's debt financing in November 2019. The 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 related primarily to the financing of the business acquisitions.

The Group's loans include covenants defined in the financing agreements. The most important loan covenants are reported to the creditors quarterly. If the Group does not meet the covenants, the creditor may require an accelerated loan prepayment. During the financial years presented, the Group has not had difficulties to meet the covenants, which relate to certain operative cash flow targets, the equity ratio and the amount of investments.

The Group's loans are denominated in euros and primarily have floating interest rates. The repricing of the loans occurs every 12 months. The impact on the cash flows arising from changes in the loan interest rates at the current market interest rate levels is insignificant. The loan margins vary between 1.7% and 2.45%. The covenants also include terms related to interest rate levels. The margin can vary between 1.45% and 2.70% depending on the level of the covenant related to net debt and EBITDA.

The carrying value of the borrowings equals their fair value in the periods presented, as the coupon rates have been on the same level with market rates, and the impact of discounting the future cash flows using the market interest rate at the valuation date is not significant.

The maturities of the borrowings and more information on the interest rate risk and the liquidity risk management is presented in note 27.

Accounting policy

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 the Group does not have an unconditional right to defer the settlement for 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.

26. Trade payables and other liabilities

EUR thousand	31 Dec 2019	31 Dec 2018	1 Jan 2018
Non-current liabilities			
Contingent considerations	57	317	847
Other liabilities	6	75	129
Total non-current liabilities	**63**	**393**	**976**
Current liabilities			
Trade payables	5,343	2,177	1,854
Contingent considerations	683	2,302	2,703
VAT liability	9,139	5,021	3,531
Personnel related liabilities	4,266	1,939	1,524
Associated company liabilities	1,720	-	-
Other liabilities	151	82	433
Personnel related accrued expenses	18,244	7,949	6,464
Other accrued expenses	1,222	1,380	527
Total current liabilities	**40,767**	**20,851**	**17,036**
Total trade payables and other liabilities	**40,829**	**21,244**	**18,012**

Accounting policy

Fair values of trade payables and other liabilities equal their carrying values. They are measured at cost or amortized cost apart from contingent considerations which are measured at fair value. Fair value is based on management's estimate and it is classified as level 3 in the fair value hierarchy. Significant judgement has not been used in the fair value determination as it has been highly probable on the balance sheet dates that the contingent considerations are paid in full.

27. Financial risk management

Eezy and its operating activities are exposed to certain financial risks. Financial risk management is a part of the Group's risk management processes and an integral part of Eezy's strategy process, planning process and day-to-day management. Eezy's CEO is responsible for drafting the principles of risk management and for ensuring that the principles are implemented systematically and appropriately. Eezy's Group Management Team is responsible for identifying group level risks. Risk management is reported to Eezy's Board of Directors and the Board confirms the company's principles of risk management.

The most significant financial risks for Eezy are credit risk and liquidity risk. Group treasury monitors the day-to-day liquidity and the CFO is responsible for the long-term liquidity and for monitoring the covenants.

Liquidity risk

Liquidity risk relates to ensuring and maintaining sufficient financing for Eezy. Eezy strives to continuously assess and monitor the amount of financing needed for the business operations, by, among others, performing a monthly analysis on the sales development and investment needs in order to ensure the Group has sufficient liquid assets to finance the operations and to repay the borrowings when they fall due. The CFO analyses the possible need for additional financing.

The Group aims to ensure the availability and flexibility of the Group's financing with sufficient available credit facilities, a balanced debt maturity profile and sufficiently long loan periods as well as by using several financial institutions as counterparties and different forms of financing, when necesary. The Group's financing activities determine the optimal level of cash.

Cash and cash equivalents amounted to EUR 5,710 (8,645) thousand at the end of the financial year, in addition to which the Group had undrawn committed credit limits available totaling to EUR 10,000 (3,000) thousand.

During the financial year Eezy refinanced its loan portfolio. The terms and conditions of the loans and related covenants are described in note 25.

The following tables present the contractual maturity analysis of the Group's financial liabilities. The figures are undiscounted and include interest payments and repayments.

EUR thousand	Less than 1 year	Between 1–5 years	Total contractual cash flows	Carrying value
December 31, 2019				
Loans from financial institutions	5,314	53,439	58,753	55,109
Contingent consideration liabilities	886	57	943	943
Lease liabilities	1,489	3,136	4,625	4,625
Trade payables	5,343	-	5,343	5,343
Other loans	19	9	29	29
Total	**13,052**	**56,642**	**69,694**	**66,050**

EUR thousand	Less than 1 year	Between 1–5 years	Total contractual cash flows	Carrying value
December 31, 2018				
Loans from financial institutions	347	20,698	21,046	19,838
Contingent consideration liabilities	2,302	317	2,620	2,620
Lease liabilities	1,046	1,604	2,650	2,650
Trade payables	2,177	-	2,177	2,177
Total	**5,873**	**22,619**	**28,492**	**27,284**
Derivatives				
Interest rate swaps	-	75	75	75
Total	**-**	**75**	**75**	**75**

EUR thousand	Less than 1 year	Between 1–6 years	Total contractual cash flows	Carrying value
January 1, 2018				
Loans from financial institutions	3,164	45,863	49,026	43,478
Shareholder loan	-	9,607	9,607	9,607
Contingent consideration liabilities	1,214	847	2,062	2,062
Lease liabilities	572	965	1,537	1,537
Trade payables	1,854	-	1,854	1,854
Total	**6,804**	**57,282**	**64,086**	**58,538**
Derivatives				
Interest rate swaps	-	58	58	58
Total	**-**	**58**	**58**	**58**

Credit risk

Credit risk arises from trade receivables and the growth funding receivables. Credit risk also arises from loan receivables, other receivables and cash and cash equivalents but based on Group's analysis their credit risk is considered immaterial.

The Group's policy defines the creditworthiness requirements for the counterparties. Credit risk management and credit control are centralized in the Group's financial management.

The Group aims to minimize the risks related to the receivables through the terms of payment of the receivables, customer-specific monitoring of trade receivables, effective collection, and checking of the customers' creditworthiness, as well as partly through various collateral arrangements. For the growth funding paid to their customers, the Group has received a counterparty guarantee from these customers that covers the growth funding paid to these customers.

The trade receivables and growth funding of certain big customers together form credit risk concentrations for the Group. The Group has aimed to secure the most significant customer-specific receivable positions through various collateral arrangements. Typical collaterals are, among others, guarantees and various pledges to the benefit of the Group.

During the financial year, the Group has recognized EUR 647 (74) thousand on trade receivables as credit losses in profit or loss.

Trade receivables

The staffing service business is based on sales invoiced. It involves a risk of credit losses typical for the nature of the business and the industry. Historically, the level of incurred credit losses on trade receivables has been low.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2019 or December 31, 2018, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information and macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate to be the most relevant macroeconomic factors.

The table below presents the changes in the credit loss allowance for the periods presented, the age analysis of trade receivables, and for each age analysis group the recognized impairments and the percentages used:

EUR thousand	Not due	Due, 1–30 days	Due, 31–60 days	Due, 61–90 days	Due, 91–180 days	Over 180 days	Total
December 31, 2019							
Expected credit loss rate, %	0.2%	0.6%	1.5%	2.0%	8.0%	24.0%	
Carrying value of trade receivables	25,812	3,564	856	374	482	1,847	32,935
Credit loss provision	**52**	**21**	**13**	**7**	**39**	**442**	**574**

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EUR thousand	Not due	Due, 1–30 days	Due, 31–60 days	Due, 61–90 days	Due, 91–180 days	Over 180 days	Total
December 31, 2018							
Expected credit loss rate, %	0.2%	0.8%	1.5%	2.0%	10.0%	26.0%	
Carrying value of trade receivables	13,746	1,145	95	134	110	80	15,310
Credit loss provision	**25**	**9**	**1**	**3**	**11**	**21**	**71**

EUR thousand	Not due	Due, 1–30 days	Due, 31–60 days	Due, 61–90 days	Due, 91–180 days	Over 180 days	Total
January 1, 2018							
Expected credit loss rate, %	0.2%	0.8%	1.5%	2.0%	10.0%	26.0%	
Carrying value of trade receivables	10,735	1,070	340	226	141	51	12,564
Credit loss provision	**22**	**9**	**5**	**5**	**14**	**13**	**67**

EUR thousand	2019	2018
January 1	71	67
Change in provision	1,138	69
Recognized as credit losses	-647	-74
Unused amount reversed	12	8
December 31	**574**	**71**

Trade receivables are written off when there is not a reasonable expectation of recovery. Indicators that there is not a reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and a failure to make contractual payments for a period of greater than 360 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Growth funding receivables

Growth funding has been paid to certain large customers in the staffing service business. The earning of the growth funding is based on the customers' future purchases and the payments of the trade receivables generated from them. Growth funding receivables were acquired in connection with the acquisition of Smile (note 14) and they were measured at fair value considering the estimated future credit losses. Growth funding receivables are secured by using, among others, guarantees and various pledges.

After initial recognition, the Group recognizes impairment from growth funding receivables based on expected credit losses. The Company considers the growth funding receivables to be low credit risk where they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. From these receivables, 12-month expected credit losses are recognized.

If the credit risk is not considered to be low or the credit risk has increased significantly since initial recognition, lifetime expected credit losses are recognized from the growth funding receivables.

The mitigating effect of collateral is taken into consideration in the recognized credit losses.

The Group has not recognized expected credit losses on growth funding receivables during the financial year (2018: no growth funding receivables).

Significant management judgement and estimates

Eezy's management uses judgement when determining whether there has been a significant increase in the credit risk of growth funding receivables so that the recognition of lifetime expected credit losses is commenced, and on the timing when the receivables are written off as impaired. Management presumes the credit risk to have increased significantly when the payments are at least 180 days past due. Additionally, the past-due receivables are analyzed on a case by case basis. The growth funding receivables are written off when there is not a reasonable expectation of recovery, for example when the customer is in liquidation or has entered bankruptcy.

Capital management

As a part of their capital management, Eezy's management monitors the borrowings and equity as presented in the consolidated balance sheet. The aim of the Group's capital management (equity vs. debt) is, with the optimal capital structure, to support the business operations by ensuring normal operational prerequisites, and to increase the shareholder value in the long term. Capital management is also driven by the owners' aim to maintain a simple financial structure. Capital needs are primarily fulfilled with long-term debt financing.

The capital structure is adjusted mainly by dividend distributions and share issues. The Group can also decide to sell assets in order to reduce debt. The development of the Group's capital structure is monitored with net leverage which is reported to the Group management regularly. Net leverage is calculated by dividing net debt with adjusted EBITDA. Net debt is calculated by deducting cash and cash equivalents from non-current and current loans from financial institutions, non-current other liabilities, lease liabilities, current contingent consideration liabilities and current financial liabilities. Adjusted EBITDA is calculated by adding to operating profit the following: depreciation, amortization and impairment losses, and items affecting comparability, such as items relating to acquisitions, closing of business operations, structural reorganization and significant redundancy costs.

The net leverage of Eezy was 2.7x on December 31, 2019 (1.3x on December 31, 2018).

The acquisitions completed during the financial years are reflected in the trend of the net leverage figures. The acquisitions have been financed with loans from financial institutions.

Interest rate risk

Interest rate risk means the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has not been materially exposed to fair value interest rate risks because a significant part of

its loans are linked to the Euribor. Further, the cash flow interest rate risk is not considered to be significant due to the current interest rate level. The interest rates of borrowings are described in note 25. The Group used an interest rate swap to hedge its exposure to variable interest rate changes. It was terminated in connection with the refinancing of the borrowings. The Group does not have derivative contracts at the balance sheet date.

A reasonably possible change in interest rates on the balance sheet date would not have had a material impact in profit or loss for the financial year.

Foreign exchange risk

The Group operates mainly in Finland but has some business operations in Sweden as well. Local companies operate in their functional currency. Due to these factors, the impact from foreign exchange risk is not material, and it is not hedged. The foreign exchange risk associated with net investments is not hedged.

28. Group structure

Subsidiaries belonging to the Group as at December 31, 2019 are presented in the table below:

Subsidiary	Domicile	Group ownership portion, %
Eezy VMP Oy	Helsinki	100%
Bework Oy	Helsinki	100%
Castanea Oy	Helsinki	100%
Conrator Oy	Helsinki	100%
Sonire Oy	Helsinki	100%
Staff Ok Oy	Helsinki	100%
Staffservice Finland Oy	Helsinki	100%
Workcontrol Oy	Helsinki	100%
Caperea Oy	Helsinki	100%
VMP Power Oy	Helsinki	100%
Kapera Oy	Helsinki	100%
Eezy Kevytyrittäjät Osk	Helsinki	100%
VMP Ura Oy	Helsinki	100%
Eezy Personnel Oy	Tampere	100%
Yrityspalvelu Voima Oy	Tampere	100%
Extremely Nice Job Oy	Helsinki	100%
Enjoy Etelä Oy	Helsinki	100%
Enjoy Pohjoinen Oy	Helsinki	100%
Enjoy Itä Oy	Helsinki	100%
Enjoy Länsi Oy	Helsinki	100%
Henkilöstöratkaisu Extraajat Oy	Helsinki	100%
Extraajat Etelä-Suomi Oy	Helsinki	100%

Subsidiary	Domicile	Group ownership portion, %
Extraajat Helsinki Oy	Helsinki	100%
Extraajat Häme Oy	Helsinki	100%
Extraajat Keski-Suomi Oy	Helsinki	100%
Extraajat Pirkanmaa Oy	Helsinki	100%
Extraajat Pohjois-Suomi Oy	Helsinki	100%
Extraajat Uusimaa Oy	Helsinki	100%
Extraajat Varsinais-Suomi Oy	Helsinki	100%
Eezy Spirit Oy	Turku	100%
Corporate Spirit AB		100%
VMP-Group Sweden AB -konserni	Sweden	92.69%
VMP Bemanning AB		
VMP Karriär & Utveckling AB		
Protorent AB		
KOLMI Logistik AB		
Eezy Henkilöstöpalvelut Oy	Tampere	100%
Happy Henkilöstöpalvelut Oy	Tampere	100%
Smile Job Services Oy	Tampere	100%
Max Henkilöstöpalvelut Oy	Tampere	100%
Resta Henkilöstöpalvelut Oy	Tampere	100%
RM Henkilöstöpalvelut Oy	Tampere	100%
Smile Botnia Oy	Tampere	100%
Smile Doctors Oy	Tampere	71.25%
Smile Office Oy	Tampere	100%
Smile Events & Promotions Oy	Tampere	100%
Smile Huippu Oy	Kuopio	100%
Smile Palvelut Jyväskylä Oy	Tampere	75%
Smile Rekry Oy	Tampere	100%
Smile MMS Oy	Kuortane	100%
Smile Industries Oy	Kuortane	100%
Smile Palvelut Etelä-Savo Oy	Tampere	100%
Smile Industries Kuopio Oy	Tampere	90%
Smile Industries Tampere Oy	Tampere	100%
Smile Industries Manse Oy	Tampere	100%
Smile Hoiva Oy	Tampere	100%

Subsidiary	Domicile	Group ownership portion, %
Smile Pohjanmaa Oy	Kuortane	100%
Smile Palvelut Helsinki Oy	Tampere	100%
Smile Palvelut Hämeenlinna Oy	Hämeenlinna	100%
Smile Palvelut Pohjoinen Oy	Tampere	100%
Smile Palvelut Ilo Oy	Tampere	100%
Smile Palvelut Turku Oy	Tampere	100%
Smile Railways Oy	Tampere	100%
Smile Services Oy	Tampere	100%
Smile Super Oy	Tampere	100%
Smile Tampere Oy	Tampere	100%
Smile Banssi Oy	Tampere	100%
Smile Banssi Etelä Oy	Espoo	100%
Smile Banssi Pohjoinen Oy	Espoo	100%
Smile Banssi Häme Oy	Espoo	100%
Smile Banssi Uusimaa Oy	Vantaa	90.91%
Smile Banssi Itä Oy	Joensuu	100%
Smile Banssi Länsi Oy	Turku	100%
Smile Banssi Keski Oy	Jyväskylä	100%
Smile Banssi Lappi Oy	Rovaniemi	90%
Smile Banssi Helsinki Oy	Helsinki	100%
Smile Palvelut Royal Oy	Tampere	100%
Smile Banssi Kaakko Oy	Lappeenranta	100%
Smile Rmax Oy	Espoo	100%
Smile Seinäjoki Oy	Tampere	100%
Smile Jobio Pohjanmaa Oy	Tampere	100%
Smile Jobio Pirkanmaa Oy	Tampere	100%
Smile Jobio Uusimaa Oy	Tampere	100%
Smile Jobio Varsinais-Suomi Oy	Tampere	100%
Smile Import Oy	Tampere	80%
Smile Job Services Two Oy	Tampere	100%
Smile Job Services Three Oy	Helsinki	100%
Smile Kymppi Service Oy	Tampere	100%
Smile Pohjois-Pohjanmaa Oy	Tampere	100%
Smile Kymppi Service Länsi-Suomi Oy	Tampere	100%

Subsidiary	Domicile	Group ownership portion, %
Smile Kymppi Service Pohjois-Suomi Oy	Tampere	100%
Smile Kymppi Service Satakunta Oy	Tampere	100%
Smile Palvelut Maja Oy	Tampere	100%
Kymppi Service Eesti Oü	Estonia	100%
Smile Industries Pohjanmaa Oy	Tampere	100%

These consolidated financial statements consist of Eezy Plc, the parent company of the Group, and all subsidiaries over which the parent company has control. Acquisitions that have impacted the Group structure are presented in note 14.

Accounting policy

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 profit (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.

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29. Changes in the non-controlling interests

Company in which interests are acquired	Acquisition date	Acquired share	New ownership interest	Purchase consider-ation (EUR thousand)	Change in non-controlling interests (EUR thousand)	Change in retained earnings (EUR thousand)
2019						
Smile Banssi Oy						
Smile Banssi Kaakko Oy	25 Nov 2019	10.00%	100.00%	22	-3	-20
2018						
Eezy Oyj						
Forshire MidCo Oy	29 May 2018	39.5%	100%	15,340	-9,447	-6,135
Eezy VMP Oy						
VMP Ura Oy	30 Apr 2018	13.94%	74.04%	23	-14	-9
VMP Ura Oy	15 Nov 2018	25.96%	100.00%	43	-38	-6

30. Investments in associates

EUR thousand	2019	2018
Cost at 1 January	106	-
Acquisitions	-	106
Share of the result of associates	-21	-
Cost at 31 December	85	106

A summary of the associates and their 2019 financial information is presented below:

EUR thousand	Domicile	Ownership share	Assets	Liabilities	Revenue	Profit (loss) for the period
Enjoy Festival Oy	Helsinki	42%	459	157	1,322	48
Zigmund Oy	Turku	40%	44	122	6	-6

A summary of the associates and their 2018 financial information is presented below:

EUR thousand	Domicile	Ownership share	Assets	Liabilities	Revenue	Profit (loss) for the period
Enjoy Festival Oy	Helsinki	42%	416	163	1,935	85

31. 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.

The shares of Eezy VMP Oy and Eezy Henkilöstöpalvelut Oy are pledged to existing and future financial institution loans on the balance sheet dates.

More information on business combinations is presented in note 14.

Accounting policy

A contingent liability is a possible obligation that has arisen from past events and whose existence is confirmed only by the occurrence of uncertain future events not wholly in the control of the Group. A contingent liability is also a present obligation whose settlement probably does not require an outflow of resources, and the amount cannot be measured reliably. A contingent liability is presented in the notes of the consolidated financial statements.

EUR thousand	31 Dec 2019	31 Dec 2018	1 Jan 2018
Liabilities in balance sheet for which collaterals given			
Loans from financial institutions, non-current	51,040	19,740	41,803
Loans from financial institutions, current	4,069	97	1,676
Total	**55,109**	**19,838**	**43,478**

EUR thousand	31 Dec 2019	31 Dec 2018	1 Jan 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**

32. First-time adoption of IFRS

A summary of the impacts on the adoption of the IFRS standards to the consolidated statement of comprehensive income for the financial year ended December 31, 2018 and consolidated balance sheet as at January 1, 2018 and December 31, 2018 prepared in accordance to Finnish Accounting Standards (FAS) are presented below.

Consolidated statement of comprehensive income January 1–December 31, 2018

EUR thousand	FAS	Reclassifications[1c]	Acquisitions and goodwill[2, 7]	Revenue recognition[3]	Leases[4, 7]	Other adjustments [5a, 5b, 5c, 5d, 5e, 5f, 7]	IFRS adjustments total	IFRS
Revenue	124,892			-43,194			-43,194	81,698
Other operating income	275						-	275
Materials and services	-2,210			682			682	-1,528
Personnel expenses	-104,976		-12	43,160			43,149	-61,827
Depreciation, amortization and impairment losses	-7,926		6,908		-898		6,010	-1,916
Other operating expenses	-8,229		-585	-648	918	-3	-319	-8,547
Operating profit	**1,826**		**6,311**	**-**	**20**	**-3**	**6,328**	**8,154**
Financial income	24						-	24
Financial expense	-4,363				-45	1,611	1,566	-2,797
Financial income and expenses	-4,340		-	-	-45	1,611	1,566	-2,774
Profit (loss) before taxes	**-2,513**		**6,311**	**-**	**-25**	**1,608**	**7,893**	**5,380**
Income taxes	-462		-12		5	-322	-329	-790
Non-controlling interests	0	-0					-0	-
Profit (loss) for the period	**-2,975**	**-0**	**6,299**	**-**	**-20**	**1,286**	**7,565**	**4,590**

EUR thousand	FAS	Reclassifications[1c]	Acquisitions and goodwill[2, 7]	Revenue recognition[3]	Leases[4, 7]	Other adjustments [5a, 5b, 5c, 5d, 5e, 5f, 7]	IFRS adjustments total	IFRS
Other comprehensive income:								
Items that will not be reclassified to profit or loss								
Equity instruments at fair value through other comprehensive income						-1	-1	-1
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations						-7	-7	-7
Other comprehensive income for the period, net of tax						**-8**	**-8**	**-8**
Total comprehensive income for the period		**-0**	**6,299**	**-**	**-20**	**1,278**	**7,557**	**4,582**
Profit attributable to:								
Owners of the parent company								4,016
Non-controlling interests								574
Profit (loss) for the period								**4,590**
Total comprehensive income attributable to:								
Owners of the parent company								4,008
Non-controlling interests								574
Total comprehensive income for the period								**4,582**
Earnings per share attributable to owners of the parent company								
Earnings per share, basic and diluted (EUR)								0,38

Consolidated balance sheet on January 1, 2018

EUR thousand	FAS	Reclassifications [1a, 1b]	Acquisitions and goodwill[2]	Changes in non-controlling interests[2]	Revenue recognition[3]	Leases[4]	Other adjustments [5b, 5c, 5d, 5e, 7]	IFRS adjustments total	IFRS
ASSETS									
Non-current assets									
Goodwill	55,072							-	55,072
Intangible assets	2,333	-28						-28	2,304
Property, plant and equipment	447	28				1,537		1,565	2,012
Share investments	181						6	6	187
Receivables	159							-	159
Deferred tax asset	-						25	25	25
Total non-current assets	**58,191**	**-**	**-**	**-**	**-**	**1,537**	**31**	**1,568**	**59,759**
Current assets									
Trade receivables and other receivables	15,922				-1,959		-67	-2,027	13,896
Current income tax receivables	96							-	96
Cash and cash equivalents	4,830							-	4,830
Total current assets	**20,849**	**-**	**-**	**-**	**-1,959**	**-**	**-67**	**-2,027**	**18,823**
Total assets	**79,040**	**-**	**-**	**-**	**-1,959**	**1,537**	**-36**	**-458**	**78,582**

EUR thousand	FAS	Reclassifications [1a, 1b]	Acquisitions and goodwill[2]	Changes in non-controlling interests[2]	Revenue recognition[3]	Leases[4]	Other adjustments [5b, 5c, 5d, 5e, 7]	IFRS adjustments total	IFRS
EQUITY AND LIABILITIES									
Owners of the parent company									
Share capital	3							-	3
Reserve for invested unrestricted equity	1,186							-	1,186
Fair value reserve	-						5	5	5
Retained earnings	-1,556		-952				730	-222	-1,778
Total owners of the parent company	**-368**	**-**	**-952**	**-**	**-**	**-**	**735**	**-217**	**-585**
Non-controlling interests	5,576							-	5,576
Total equity	**5,208**	**-**	**-952**	**-**	**-**	**-**	**735**	**-217**	**4,991**
Non-current liabilities									
Borrowings	52,445					965	-1,036	-70	52,375
Other liabilities	918						58	58	976
Deferred tax liability	-						207	207	207
Total non-current liabilities	**53,364**	**-**	**-**	**-**	**-**	**965**	**-771**	**194**	**53,558**
Current liabilities									
Borrowings	1,676					572		572	2,248
Trade payables and other liabilities	18,044		952		-1,959			-1,007	17,036
Current income tax liabilities	749							-	749
Total current liabilities	**20,468**	**-**	**952**	**-**	**-1,959**	**572**	**-**	**-435**	**20,033**
Total liabilities	**73,832**	**-**	**952**	**-**	**-1,959**	**1,537**	**-771**	**-241**	**73,591**
Total equity and liabilities	**79,040**	**-**	**-**	**-**	**-1,959**	**1,537**	**-36**	**-458**	**78,582**

Consolidated Balance Sheet on December 31, 2018

EUR thousand	FAS	Reclassifications [1a, 1b, 1d]	Acquisitions and goodwill[2, 7]	Changes in non-controlling interests[2]	Revenue recognition[3]	Leases[4]	Assets classified as held for sale[6]	Other adjustments [5a, 5b, 5c, 5d, 5e, 7]	IFRS adjustments total	IFRS
ASSETS										
Non-current assets										
Goodwill	67,557		3,827	-10,485			-994		-7,653	59,905
Intangible assets	2,139	-17	2,079				-5		2,057	4,197
Property, plant and equipment	651	17				2,625	-2		2,640	3,291
Equity accounted investments	106									106
Share investments	225	-44						5	-39	186
Receivables	357								-	357
Deferred tax asset	527					5		29	34	561
Total non-current assets	**71,564**	**-44**	**5,906**	**-10,485**	**-**	**2,630**	**-1,002**	**34**	**-2,960**	**68,603**
Current assets										
Trade receivables and other receivables	19,537				-2,506		-263	-71	-2,839	16,698
Current income tax receivables	966								-	966
Fund investments	-	44							44	44
Cash and cash equivalents	8,645								-	8,645
Total current assets	**29,149**	**44**	**-**	**-**	**-2,506**	**-**	**-263**	**-71**	**-2,795**	**26,354**
Assets classified as held for sale	**-**					**73**	**1,265**		**1,338**	**1,338**
Total assets	**100,713**	**-**	**5,906**	**-10,485**	**-2,506**	**2,704**	**-**	**-36**	**-4,418**	**96,295**

EUR thousand	FAS	Reclassifications [1a, 1b, 1d]	Acquisitions and goodwill[2, 7]	Changes in non-controlling interests[2]	Revenue recognition[3]	Leases[4]	Assets classified as held for sale[6]	Other adjustments [5a, 5b, 5c, 5d, 5e, 7]	IFRS adjustments total	IFRS
EQUITY AND LIABILITIES										
Owners of the parent company										
Share capital	80								-	80
Reserve for invested unrestricted equity	59,789							-1,787	-1,787	58,002
Fair value reserve								4	4	4
Translation differences	-7								-	-7
Retained earnings	-4,118		5,348	-10,485		-20		2,015	-3,143	-7,261
Total owners of the parent company	**55,743**	**-**	**5,348**	**-10,485**	**-**	**-20**	**-**	**232**	**-4,926**	**50,818**
Total equity	**55,743**	**-**	**5,348**	**-10,485**	**-**	**-20**	**-**	**232**	**-4,926**	**50,818**
Non-current liabilities										
Borrowings	20,171					1,604		-431	1,172	21,344
Other liabilities	204		114					75	189	393
Deferred tax liability	-		374					87	461	461
Total non-current liabilities	**20,375**	**-**	**488**	**-**	**-**	**1,604**	**-**	**-268**	**1,823**	**22,198**
Current liabilities										
Borrowings	97					1,046			1,046	1,144
Trade payables and other liabilities	23,514		71		-2,506		-228		-2,663	20,851
Current income tax liabilities	983								-	983
Total current liabilities	**24,595**	**-**	**71**	**-**	**-2,506**	**1,046**	**-228**	**-**	**-1,616**	**22,978**
Liabilities directly associated with assets classified as held for sale						**74**	**228**	**-**	**302**	**302**
Total liabilities	**44,970**	**-**	**559**	**-**	**-2,506**	**2,724**	**-**	**-268**	**508**	**45,478**
Total equity and liabilities	**100,713**	**-**	**5,906**	**-10,485**	**-2,506**	**2,704**	**-**	**-36**	**-4,418**	**96,295**

A summary of the impacts on the adoption of the IFRS standards on Eezy's consolidated income statement and consolidated balance sheet is presented below.

1) Changes in classifications

The following reclassifications have been made in order to align the presentation of FAS financial statements information with the IFRS financial statements presentation:

1.a) Leasehold improvements that were recorded as intangible assets in the FAS financial statements have been reclassified as property, plant and equipment in accordance with the IFRS standards. Due to this IFRS adjustment, EUR 28 thousand in the opening balance sheet on January 1, 2018 and EUR 17 thousand in the balance sheet on December 31, 2018 were reclassified from intangible assets to property, plant and equipment.

1.b) Current income tax receivables were reclassified from receivables to be a separate line item and current income tax liabilities were reclassified from liabilities to be a separate line item in the balance sheet. Due to the reclassification, in the opening balance sheet on January 1, 2018, EUR 96 thousand was transferred to the line item current income tax receivables and EUR 749 thousand was transferred to the line item current income tax liabilities. In the balance sheet on December 31, 2018, EUR 966 thousand was reclassified to the line item current income tax receivables and EUR 983 thousand to the line item current income tax liabilities

1.c) The profit (loss) for the period attributable to non-controlling interests is presented in the FAS financial statements as a separate line item in the consolidated income statement before profit or loss for the period. In the IFRS financial statements the share of the result attributable to the non-controlling interests is included in the consolidated profit (loss) for the period, and the profit attributable to the owners of the parent company and to the non-controlling interests are presented separately.

1.d) Fund investments have been reclassified from non-current investments to current fund investments. Due to the adjustment, EUR 44 thousand was transferred from share investments to fund investments in the balance sheet on December 31, 2018

2) Acquisitions and goodwill

Eezy has applied the IFRS 1 exemption and has not applied IFRS 3 Business combinations for the acquisitions completed before the IFRS transition date. Accordingly, the amount of goodwill in the opening balance sheet on January 1, 2018 prepared in accordance with FAS is carried over to IFRS balance sheet on January 1, 2018. IFRS 3 is applied for all business combinations completed on or after January 1, 2018.

In 2018 Eezy acquired Arja Raukola Oy in April, Henkilöstötalo Voima in November and Extremely Nice Job Oy ("Enjoy") in December.

The table below presents IFRS adjustments to goodwill in the balance sheets on December 31, 2018:

EUR thousand	Note	December 31, 2018
Goodwill (FAS)		**67,557**
Reversal of goodwill amortization	i	6,924
Contingent consideration	ii	-976
Fair value adjustments to intangible assets	iii	-2,196
Deferred tax liabilities related to fair value adjustments	iv	363
Capitalized transaction costs	v	-459
Contingent consideration	vi	170
Goodwill of sold business (Alina)	vii	-994
Changes of non-controlling interests without change in control	viii	-10,485
Goodwill (IFRS)		**59,905**

i) In IFRS, goodwill recognized in connection with business combinations is not amortized but it is tested for impairment annually and whenever there is an indication of impairment. The goodwill amortization of EUR 6,924 thousand recognized in the FAS financial statements for January 1–December 31, 2018 was reversed as an IFRS adjustment in the income statement for January 1–December 31, 2018. In the balance sheet on December 31, 2018 the reversal of goodwill amortization for January 1–December 31, 2018 increased the goodwill by EUR 6,924 thousand.

ii) Contingent consideration was paid in 2018 for the shares of PD Personnel Development Oy Ltd and Eezy Osk, which were both acquired before January 1, 2018. The contingent consideration was recorded in the acquisition cost and goodwill in the FAS financial statements. As an IFRS adjustment in the opening balance sheet on January 1, 2018 the contingent consideration of EUR 952 thousand was recorded as a liability and as a reduction of retained earnings. The increase in goodwill recorded in the FAS financial statements for the financial year 2018 was eliminated as an IFRS adjustment. The IFRS adjustment decreased the goodwill by EUR 976 thousand in the balance sheet on December 31, 2018. The transfer tax of EUR 24 thousand was adjusted as an expense in the income statement for January 1–December 31, 2018.

iii) The fair value adjustments consist of fair values of customer relationships, trademarks and non-compete agreements recognized in connection with the acquisitions. In the balance sheet on December 31, 2018 the adjustment related to the acquisitions of Enjoy and Henkilöstötalo Voima, and the adjustment reduced the amount of goodwill by EUR 2,196 thousand. The customer relationships are amortized over 10 years, the trademarks are amortized over 10 years and the non-compete agreements over 3 years. The amortization from fair value adjustments recognized as an IFRS adjustment amounted to EUR 16 thousand in the income statement for January 1–December 31, 2018.

iv) The IFRS adjustment of deferred tax liabilities related to the fair value adjustments in the balance sheet on December 31, 2018 related to the customer relationships and trademarks recognized in connection with the acquisitions of Enjoy and Henkilöstötalo Voima, for which a deferred tax with the Finnish corporate tax rate of 20.0% was recorded.

v) Acquisitions related transaction costs, which were recorded in the goodwill in the FAS financial statements, are recorded as other operating expenses in the IFRS financial statements. As an IFRS adjustment the transaction costs of EUR 459 thousand arising from the 2018 acquisitions of Enjoy, Henkilöstötalo Voima and Arja Raukola Oy recorded in the goodwill in the balance sheet on December 31, 2018 were transferred to other operating expenses in the income statement for January 1–December 31, 2018. Additionally, the transaction costs of EUR 100 thousand recorded in 2018 in connection with the acquisition of Extraajat were presented as an IFRS adjustment in other operating expenses in the income statement for January 1–December 31, 2018.

vi) The acquisition of Henkilöstötalo Voima included an agreement on contingent consideration, of which the contingent consideration attributable to other sellers than the sellers being employed by the company was recognized as a contingent consideration payable at fair value as an IFRS adjustment on the transaction date. The IFRS adjustment increased the amount of goodwill by EUR 170 thousand in the balance sheets on December 31, 2018.

vii) Alina Hoivatiimi Oy and its subsidiary's assets were classified as assets held for sale in the IFRS financial statements on December 31, 2018. As an IFRS adjustment to goodwill, an amount of EUR 994 thousand was reclassified from goodwill to assets held for sale in the balance sheet on December 31, 2018.

viii) Changes of non-controlling interests without change in control include an adjustment, in which the amount of goodwill recognized in connection with the redemption of the non-controlling interests is adjusted as a reduction in the Eezy's equity in the IFRS financial statements.

Funds administrated by an equity investor Sentica acquired 100% of the shares of Varamiespalvelu-Group Oy on October 31, 2017 by using Eezy Oyj (prev. Forshire TopCo Oy), Forshire MidCo Oy and Forshire BidCo Oy. As part of the arrangement, Forshire MidCo Oy issued shares to the previous owners and management of the Varamiespalvelu-Group Oy. In 2018 share conversion, new shares of Eezy were issued to the non-controlling interests of Forshire MidCo Oy.

In the accounting period of 2018 Eezy has also redeemed the non-controlling interests' shares of Sijaishaltija Oy in two batches.

The IFRS adjustment comprises the difference between the consideration paid to the non-controlling interests and the amount of non-controlling interests recognized in the balance sheet. The adjustment included EUR 10,470 thousand from the share conversion with the owners of Forshire MidCo Oy and EUR 15 thousand from the redemption of the non-controlling interests of Sijaishaltija Oy during 2018. The adjustment decreased the goodwill by EUR 10,485 thousand in the balance sheet on December 31, 2018.

Eezy recognized at fair value the assets acquired and liabilities assumed in the business combinations. In addition to the above-mentioned recognition of intangible assets and related deferred tax liabilities, Eezy recognized the following IFRS adjustments in the balance sheet on December 31, 2018. As non-current other liabilities EUR 114 thousand was recognized in connection with the acquisition of Henkilöstötalo Voima. As trade payables and other liabilities EUR 71 thousand was recognized in connection with the acquisitions of Henkilöstötalo Voima and Enjoy.

As an IFRS adjustment the portion of the contingent consideration attributable to the sellers employed by the company was recognized as personnel expenses in the income statement. The impact of the adjustment was EUR 12 thousand in the income statement for January 1–December 31, 2018.

3) Revenue recognition

Eezy adjusted the revenue recognition of self-employment services by eliminating the amounts invoiced that are paid as salary to the customer and as social security expenses to, among others, tax authority and other authorities. Also, the expenses were adjusted related to the expenses of self-employment services. Eezy recognizes as revenue in its IFRS financial statements only the amount it expects to be entitled in exchange for services delivered to the customer.

The revenue recognition adjustment reduced the amount of both trade and other receivables and trade payables and other liabilities by EUR 1,959 thousand in the balance sheet on January 1, 2018, EUR 2,506 thousand in the balance sheet on December 31, 2018. In the income statement for January 1–December 31, 2018 the adjustment decreased the revenue by EUR 43,194 thousand, materials and services by EUR 682 thousand as well as personnel expenses by EUR 43,160 thousand, while the other operating expenses increased by EUR 648 thousand.

4) Leases

Eezy has recognized the expenses related to the lease contracts in its FAS financial statements during the lease term and the relating liabilities are presented as off-balance-sheet items. In its IFRS financial statements Eezy recognizes a right-of-use asset and a lease liability in accordance with IFRS 16 for lease contracts other than short-term leases or leases for which the underlying asset is of low value. The depreciation from right-of-use assets and the interest expenses from the lease liabilities are recognized as expenses in the income statement.

Eezy recognized an IFRS adjustment of EUR 1,537 thousand as right-of-use assets and the related long-term lease liability amounting to EUR 965 thousand as non-current borrowings and the related short-term lease liability amounting to EUR 572 thousand as current borrowings in the opening balance sheet on January 1, 2018. Eezy recognized an IFRS adjustment of EUR 2,625 thousand as right-of-use assets and the related non-current lease liability amounting to EUR 1,604 thousand as non-current borrowings and the related short-term lease liability amounting to EUR 1,046 thousand as current borrowings in the balance sheet on December 31, 2018.

In the income statement for January 1–December 31, 2018 as an IFRS adjustment the depreciation expense was increased by EUR 898 thousand, other operating expenses were decreased by EUR 918 thousand and financial expense was increased by EUR 45 thousand.

5) Other adjustments

5.a) The recognition of the listing expenses is adjusted in accordance with IFRS. Eezy had recorded in its FAS financial statements the expenses related to the listing of its shares to the First North marketplace of Nasdaq Helsinki on June 2018 as financial expenses in accordance with FAS. According to IFRS the expenses from issuance of new shares are deducted directly from the equity and netted with the share issue proceedings, and the listing expenses related to the existing shares are recognized as expenses. As an IFRS adjustment the financial expense was decreased by EUR 2,233 thousand in the income statement for January 1–December 31, 2018. In the balance sheet on December 31, 2018 the impact of listing expenses amounting to EUR 1,787 thousand, was adjusted from the retained earnings to deduct the reserve for invested unrestricted equity.

5.b) As an IFRS adjustment, the borrowings are recorded by using the effective interest rate method. In the FAS financial statements Eezy had recognized the borrowings with the nominal amount, and the transaction costs related to the borrowings were recorded directly as an expense in the income statement. In the IFRS financial statements, the borrowings are recognized in the balance sheet by using the effective interest rate method, which means that the nominal borrowing amounts are netted with the transaction costs. Transaction costs are recognized as an expense in the income statement with the effective interest rate method based on the passage of time and the corresponding entry is recorded in liabilities. As an IFRS adjustment the non-current borrowings have been reduced by EUR 1,036 thousand in the balance sheet on January 1, 2018 and EUR 431 thousand in the balance sheet on December 31, 2018. Due to the IFRS adjustment the financial expenses increased by EUR 604 thousand in the income statement for January 1–December 31, 2018.

5.c) In accordance with the IFRS, Eezy has begun to apply the expected credit loss model, which results in recognition of credit losses earlier than they would under FAS. Due to this IFRS adjustment trade receivables and other receivables were decreased by EUR 67 thousand in the balance sheet on January 1, 2018 and EUR 71 thousand in the balance sheet on December 31, 2018. EUR 3 thousand was recognized as an increase to the other operating expenses in the income statement for January 1–December 31, 2018.

5.d) In its IFRS financial statements Eezy measures the share investments at fair value through other comprehensive income. As an IFRS adjustment EUR 6 thousand was recognized in share investments in the opening balance sheet on January 1, 2018 and EUR 5 thousand in the balance sheet on December 31, 2018. EUR -1 thousand change in fair value (net of tax) was recognized in other comprehensive income for January 1–December 31, 2018 as items that will not be reclassified to profit or loss.

5.e) Eezy recognizes interest rate derivatives at fair value through profit or loss in its IFRS financial statements. As an IFRS adjustment EUR 58 thousand was recognized as non-current other liabilities in the opening balance sheet January 1, 2018 and EUR 75 thousand in the balance sheet on December 31, 2018. This IFRS adjustment increased the financial expense by EUR 18 thousand in the income statement for January 1–December 31, 2018.

5.f) Other comprehensive income items are not presented in the FAS financial statements. In the IFRS financial statements change in exchange differences on translating foreign operations is presented in the other comprehensive income in items that may be reclassified subsequently to profit or loss. As an IFRS adjustment EUR -7 thousand is presented in items that may be reclassified subsequently to profit or loss in the other comprehensive income for January 1–December 31, 2018.

6) Assets classified as held for sale
Alina Hoivatiimi Oy and its subsidiary's assets are classified as assets held for sale in the IFRS financial statements on December 31, 2018. As an IFRS adjustment, the reclassification of EUR 5 thousand from intangible assets, EUR 994 thousand from goodwill, EUR 2 thousand from property, plant and equipment and EUR 263 thousand from trade receivables and other receivables, as well as the recognition of EUR 73 thousand from the IFRS adjustment relating to the lease contracts, EUR 1,338 thousand in total, are presented as assets classified as held for sale. EUR 228 thousand was reclassified from trade payables and other liabilities and EUR 74 thousand was recognized from the IFRS adjustment relating to the lease contracts to be presented as liabilities associated with assets classified as held for sale, EUR 302 thousand in total.

7) Deferred tax assets, deferred tax liabilities and Current income tax receivables
Eezy has recognized the tax impacts arising from the IFRS adjustments presented above in its income statement and balance sheet prepared in accordance with IFRS. The tax impacts have been recognized with the substantially enacted Finnish corporate tax rate of 20.0% to the extent that the tax impact is to be accounted for. As an IFRS adjustment to deferred tax assets EUR 25 thousand was recognized in the opening balance sheet on January 1, 2018 and EUR 34 thousand in the balance sheet on December 31, 2018. As an IFRS adjustment to deferred tax liabilities EUR 207 thousand was recognized in the opening balance sheet on January 1, 2018 and EUR 461 thousand in the balance sheet on December 31, 2018. The deferred tax liabilities recognized related materially to the fair values of intangible assets recognized in connection with the business combinations. The tax impact arising from the IFRS adjustments was recognized as income taxes in the income statement, and it increased the income taxes by EUR 329 thousand in the income statement for January 1–December 31, 2018.

33. New standards

On the date on which these consolidated financial statements have been approved for publication, the Group has not adopted the following new and revised IFRS standards that have been published but are not yet effective.

IFRS 17 Insurance Contracts
IFRS 17 was issued in May 2017 and is proposed to be effective on January 1, 2021. IFRS 17 replaces the IFRS 4 Insurance Contracts. The EU has not endorsed the standard. The standard is not expected to have a significant impact on Eezy Group.

Other published changes and interpretations are not expected to have a significant impact on the consolidated financial statements or related notes.

34. 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.

Parent company income statement (FAS)

EUR	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
REVENUE	**1,600,000.00**	**303,800.00**
Personnel expenses		
Wages and salaries	-614,924.43	-285,268.33
Social security expenses		
Pension expenses	-76,843.11	-48,407.53
Other social security expenses	-8,619.90	-5,963.40
Total social security expenses	-85,463.01	-54,370.93
Total personnel expenses	-700,387.44	-339,639.26
Depreciation, amortization and impairment losses		
Depreciation and amortization according to plan	-26,883.85	0.00
Total depreciation, amortization and impairment losses	-26,883.85	0.00
Other operating expenses	-1,148,525.42	-242,495.82
OPERATING PROFIT (LOSS)	**-275,796.71**	**-278,335.08**
Financial income and expenses		
Income from holdings in group companies	10,760,000.00	6,000,000.00
Other interest income and other financial income		
From other companies	54.49	211.13
From group companies	373,173.90	1,246,220.27
Interest expenses and other financial expenses		
To other companies	-450,085.96	-3,156,683.48
To group companies	-9,317.65	-110,602.36
Total financial income and expenses	10,673,824.78	3,979,145.56
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**10,398,028.07**	**3,700,810.48**
Appropriations		
Group contributions received	7,197,000.00	0.00
Group contributions paid	-179,000.00	0.00
Total appropriations	7,018,000.00	0.00
Income taxes		
Taxes for the financial year and previous financial years	-805,304.17	0.00
Total income taxes	-805,304.17	0.00
PROFIT (LOSS) FOR THE FINANCIAL YEAR	**16,610,723.90**	**3,700,810.48**

PARENT COMPANY FINANCIAL STATEMENTS

Parent company balance sheet (FAS)

EUR	31 Dec 2019	31 Dec 2018
ASSETS		
NON-CURRENT ASSETS		
Tangible assets		
Machinery and equipment	80,651.58	0.00
Total tangible assets	80,651.58	0.00
Investments		
Holdings in group companies	109,653,669.23	56,350,175.51
Total investments	109,653,669.23	56,350,175.51
TOTAL NON-CURRENT ASSETS	109,734,320.81	56,350,175.51
CURRENT ASSETS		
Non-current receivables		
Receivables from group companies	47,018,555.56	3,518,555.56
Total non-current receivables	47,018,555.56	3,518,555.56
Current receivables		
Receivables from group companies	27,227,347.83	15,275,908.24
Other receivables	4,779.89	11,586.60
Prepayments and accrued income	58,380.08	32,990.09
Total current receivables	27,290,507.80	15,320,484.93
Cash at bank and in hand	53,646.57	174,263.67
TOTAL CURRENT ASSETS	74,362,709.93	19,013,304.16
TOTAL ASSETS	**184,097,030.74**	**75,363,479.67**

EUR	31 Dec 2019	31 Dec 2018
EQUITY AND LIALIBILITIES		
EQUITY		
Share capital	80,000.00	80,000.00
Reserve for invested unrestricted equity	109,202,890.02	59,788,713.50
Other reserves	109,202,890.02	59,788,713.50
Retained earnings	163,062.00	-341,121.71
Profit (loss) for the financial year	16,610,723.90	3,700,810.48
TOTAL EQUITY	**126,056,675.92**	**63,228,402.27**
LIABILITIES		
Non-current liabilites		
Liabilities to credit institutes	51,000,000.00	10,832,999.00
Total non-current liabilities	51,000,000.00	10,832,999.00
Current liabilites		
Liabilities to credit institutes	4,000,000.00	0.00
Trade payables	308,214.10	282,329.06
Liabilities to group companies	2,304,754.34	34,854.99
Other liabilities	63,049.14	21,296.93
Accruals and deferred income	364,337.24	963,597.42
Total current liabilities	7,040,354.82	1,302,078.40
TOTAL LIABILITIES	**58,040,354.82**	**12,135,077.40**
TOTAL EQUITY AND LIABILITIES	**184,097,030.74**	**75,363,479.67**

PARENT COMPANY FINANCIAL STATEMENTS

Parent company cash flow statement (FAS)

EUR	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	1,273,138.07	303,800.00
Cash paid to suppliers and employees	-1,601,603.11	-553,102.53
Cash flow from operating activities before financial items and taxes	-328,465.04	-249,302.53
Interest and expenses paid from other operating financial expenses	-222,521.17	-46.01
Interest received from operating activities	54.49	211.12
Other financial expenses paid	-120,274.01	0.00
Direct taxes paid	-1,735,651.29	0.00
Net cash from operating activities	**-2,406,857.02**	**-249,137.42**
Cash flow from investing activities		
Investments in tangible and intangible assets	-107,535.43	0.00
Investments in subsidiaries	-2,409,397.40	-245,445.46
Interest received from investing activities	6,705,596.24	446,143.56
Net cash used in investing activities	**4,188,663.41**	**200,698.10**

EUR	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	0.00	42,037,372.50
Change in current receivables	2,107,122.08	-6,378,794.17
Proceeds from non-current loans and borrowings	55,000,000.00	0.00
Repayment of non-current loans and borrowings	-10,832,999.00	-18,000,000.00
Change in non-current receivables	0.00	-14,904,577.40
Dividends paid	-4,676,546.57	0.00
Granted loans	-43,500,000.00	0.00
Interest and other financial expenses paid	0.00	-3,405,613.01
Net cash used in financing activities	**-1,902,423.49**	**-651,612.08**
Net increase/decrease in cash and cash equivalents	**-120,617.10**	**-700,051.40**
Cash and cash equivalents at beginning of financial year	174,263.67	779,185.36
Net increase/decrease in cash and cash equivalents	-120,617.10	-604,921.69
Cash and cash equivalents at end of financial year	53,646.57	174,263.67
Cash and cash equivalents transferred in intra-group merger	0.00	95,129.70

Accounting principles for financial statements

Notes to accounting principles for financial statements

The financial statements are prepared in accordance with Government Decree on the information presented in the financial statements of a small undertaking and micro-undertaking.

Valuation and recognition principles and methods

Tangible assets are carried at cost consisting of related variable expenditures less depreciation according to plan. Trade, loan and other receivables held under current assets are carried at the lower of nominal value and probable value.

Assert	Estimated useful life / years	Depreciation / amortisation percentage and method
Machinery and equipment	appr. 8	maximum depreciation allowed under BTA

Notes to parent company

Eezy Plc, domicile Helsinki, is the parent company of the Eezy group.

A copy of the consolidated financial statements of the Eezy group is available from the Finnish patent and registration office.

Notes to the personnel and management

Average number of personnel during the financial year

	2019	2018
Salaried employees	2	1
Total	2	1

PARENT COMPANY FINANCIAL STATEMENTS

Notes to equity and liabilities

TANGIBLE ASSETS (EUR)	Machinery and equipment	Total
Cost at 1 Jan 2019	0.00	0.00
Increases	107,535.43	107,535.43
Cost at 31 Dec 2019	107,535.43	107,535.43
Accumulated depreciation and impairment losses at Jan 1 2019	0.00	0.00
Depreciation	-26,883.85	-26,883.85
Accumulated depreciation and impairment losses at 31 Dec 2019	-26,883.85	-26,883.85
Book value at 31 Dec 2019	**80,651.58**	**80,651.58**
Cost at 1 Jan 2018	0.00	0.00
Increases	0.00	0.00
Cost at 31 Dec 2018	0.00	0.00
Accumulated depreciation and impairment losses at Jan 1 2018	0.00	0.00
Depreciation	0.00	0.00
Accumulated depreciation and impairment losses at 31 Dec 2018	0.00	0.00
Book value at 31 Dec 2018	**0.00**	**0.00**

INVESTMENTS (EUR)	Shares in group companies	Total
Cost at 1 Jan 2019	56,350,175.51	56,350,175.51
Increases	53,303,493.72	53,303,493.72
Cost at 31 Dec 2019	109,653,669.23	109,653,669.23
Cost at 31 Dec 2019	**109,653,669.23**	**109,653,669.23**
Cost at 1 Jan 2018	9,693,000.00	9,693,000.00
Increases	46,657,175.51	46,657,175.51
Cost at 31 Dec 2018	56,350,175.51	56,350,175.51
Cost at 31 Dec 2018	**56,350,175.51**	**56,350,175.51**

Notes to equity and liabilities

CHANGES IN EQUITY (EUR)	31 Dec 2019	31 Dec 2018
Restricted equity		
Share capital at 1 Jan	80,000.00	2,500.00
Increase in share capital	0.00	77,500.00
Share capital at 31 Dec	**80,000.00**	**80,000.00**
Total restricted equity	**80,000.00**	**80,000.00**
Unrestricted equity		
Reserve for invested unrestricted equity at 1 Jan	59,788,713.50	1,185,500.00
Initial public offering	0.00	42,034,372.50
Issue of shares	50,894,096.32	1,306,000.00
Share exchange	0.00	15,340,341.00
Distribution of funds	-1,479,919.80	0.00
Transfers between classes, increase in share capital	0.00	-77,500.00
Reserve for invested unrestricted equity at 31 Dec	**109,202,890.02**	**59,788,713.50**
Retained earnings at 1 Jan	3,359,688.77	-341,121.71
Dividend distribution	-3,196,626.77	0.00
Retained earnings at 31 Dec	**163,062.00**	**-341,121.71**
Profit (loss) for the financial year	**16,610,723.90**	**3,700,810.48**
Total unrestricted equity	**125,976,675.92**	**63,148,402.27**
TOTAL EQUITY	**126,056,675.92**	**63,228,402.27**

CHANGES IN EQUITY (EUR)	31 Dec 2019	31 Dec 2018
SPECIFICATION OF DISTRIBUTABLE FUNDS		
Retained earnings at 31 Dec	163,062.00	
Profit (loss) for the financial year	16,610,723.90	
Reserve for invested unrestricted equity at 31 Dec	109,202,890.02	
Total unrestricted equity	125,976,675.92	
Total distributable funds	**125,976,675.92**	

Notes to Report of the Board of Directors according to Limited Liability Companies Act

Share capital	2019	2018
Number of shares	24,849,375	14,799,198

The company has one share class, and each share entitles to one vote in the General Meetings. The shares carry no limitations on voting. The shares in the company do not have a nominal value. All Eezy's shares carry equal rights to dividends and other distributions of funds by the company (including distributions of assets in the event of the liquidation of the company).

PARENT COMPANY FINANCIAL STATEMENTS

COLLATERALS AND COMMITMENTS (EUR)	31 Dec 2019	31 Dec 2018
Liabilities, mortgages and shares as collaterals		
Liabilites to credit institutions, other mortgage as collateral	55,000,000.00	10,832,999.00
Liabilities to credit institutions	55,000,000.00	10,832,999.00
Liabilities, mortgages and shares as collaterals	**55,000,000.00**	**10,832,999.00**
Mortgage and shares, collateral for liabilities to credit institutions		
Company mortgage given to collateral for liabilities to credit institutions	100,000,000.00	40,300,000.00
Other mortgage, collateral for liabilities to credit institutions	100,000,000.00	40,300,000.00
Book value of pledged shares, collateral for liabilities to credit institutions	109,653,669.23	56,350,175.51
Pledged shares	109,653,669.23	56,350,175.51
Mortgage and shares, collateral for liabilities to credit institutions	209,653,669.23	96,650,175.51
Collaterals given on behalf of group companies		
Guarantees	3,000,000.00	3,000,000.00
Collaterals given on behalf of group companies	3,000,000.00	3,000,000.00
Collaterals	212,653,669.23	99,650,175.51

Signatures to the financial statements and annual report

Helsinki, 4 March 2020

Tapio Pajuharju
Chair of the Board of Directors

Kati Hagros
Member of the Board of Directors

Liisa Harjula
Member of the Board of Directors

Timo Laine
Member of the Board of Directors

Timo Mänty
Member of the Board of Directors

Paul-Petteri Savolainen
Member of the Board of Directors

Jarno Suominen
Member of the Board of Directors

Mika Uotila
Member of the Board of Directors

Sami Asikainen
CEO

Auditor's note

An auditor's statement has been issued today on the completed audit.

Helsinki, 4 March 2020

KPMG Oy Ab

Esa Kailiala
Authorized Public Accountant

List of accounting records and voucher types

The Company's general ledger accounting has been prepared using the Microsoft Dynamics AX accounting system. The payroll system is Mepco HRM, the purchase-to-pay system is Basware Invoice Ready, and the cash management system is Analyste Banking.

Ledgers used

Financial statements	bound
Balance sheet itemisations	bound
Journal	saved in PDF format
General ledger	saved in PDF format
Purchase invoices	saved in PDF format
Sales invoices	saved in PDF format
Note vouchers	on paper

Voucher types used	TL AX		
Account statements Osuuspankki	110000000	–	119999999
Account statements Nordea	700000000	–	799999999
Account statements Danske Bank	800000000	–	899999999
Purchase invoices from interface	20000000	–	20999999
Payments to suppliers	21000000	–	21999999
Sales invoices (free text)	310000	–	3199999
Customer payments	300000000	–	309999999
Sales ledger allocation transactions	36000000	–	36999999
Sales ledger terminal voucher	37000000	–	37999999
Payslips	130000000	–	139999999
Accruals	160000000	–	169999999
Memorandum vouchers	10000000	–	10999999
Financial statement vouchers	19000000	–	19999999
Value-added tax payment batch voucher number	ALV_000000	–	ALV_999999
Opening transaction	AS0000	–	AS9999
Interest calculation voucher	331000000	–	331999999

The accounting material archived in electronic format according to decision 47/1998 of the Ministry of Trade and Industry has been saved on a server in Turku belonging to Eezy, which handles the Company's accounts, as well as on a partner's server in Helsinki. The remainder of the accounting material is stored at the Company's offices.

AUDITOR'S REPORT

Auditor's Report

To the Annual General Meeting of Eezy Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eezy Plc (business identity code 2854570-7) for the year ended 31 December 2019. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 4 March 2020
KPMG OY AB

ESA KAILIALA
Authorised Public Accountant, KHT

Key figures

EUR thousand, unless otherwise specified	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Key figures for income statement		
Revenue	169,784	81,698
EBITDA	12,586	10,070
EBITDA margin, %	7.4%	12.3%
EBIT	8,022	8,154
EBIT margin, %	4.7%	10.0%
Items affecting comparability	3,777	1,077
Adjusted EBITDA	16,363	11,146
Adjusted EBITDA margin, %	9.6%	13.6%
Adjusted EBIT	11,799	9,230
Adjusted EBIT margin, %	6.9%	11.3%
Earnings per share, basic, EUR	0.25	0.38
Earnings per share, diluted, EUR	0.25	-
Weighted average number of outstanding shares, pcs	18,296,109	10,559,819
Weighted average number of outstanding shares, diluted, pcs	18,301,372	-
Number of outstanding shares at the 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 Jan–31 Dec 2019	1 Jan–31 Dec 2018
Key figures for cash flow		
Operative free cash flow	13,061	9,843
Purchase of tangible and intangible assets	-1,691	-667
Acquisition of subsidiaries, net of cash acquired	-11,417	-7,937
Operative key figures		
Chain-wide revenue, EUR million	288.9	207.4
Franchise-fees, EUR million	7.8	8.9
Self-employment invoicing volume, EUR million	49.9	46.1

Calculation of key figures

Key figures for income statement

EBITDA	=	Operating profit + Depreciation, amortization and impairment losses	
EBITDA margin, %	=	EBITDA / Revenue	x 100
Operating profit (EBIT)	=	Operating profit	
Operating profit margin, %	=	Operating profit / Revenue	x 100
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	x 100
Adjusted operating profit (EBIT)	=	Operating profit + Items affecting comparability	
Adjusted operating profit margin, %	=	Adjusted operating profit / Revenue	x 100
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)	=	Net debt / Adjusted EBITDA	
Gearing	=	Net debt / Equity	x 100
Equity ratio	=	Equity / Total equity and liabilities – advances received	x 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

Board of Directors

FIND THE WORK EXPERIENCE AND POSITIONS OF TRUST FROM EEZY'S WEBPAGES

Board of Directors from left to right in the picture:

Kati Hagros
Born 1970, M.Sc. (Eng.) and M.Sc. (Soc.)
Member of the Board (2019–)
Aalto University, Chief Digital Officer (2016–)

Liisa Harjula
Born 1972, M.Sc. (Econ.), LL.M, LL.M with court training
Member of the Board (2017–)
Sentica Partners Oy, Investment director, CFO & IR (2013–)

Mika Uotila
Born 1971, M.Sc. (Econ.)
Member of the Board (2017–)
Sentica Partners Oy, CEO (2007–)

Jarno Suominen
Born 1972, Manager in Hotel and Restaurant industry
Member of the Board (2019–)
NoHo Partners Oyj, Deputy CEO (2020–)
NoHo Partners Oyj, Chief Financial Officer (2005–2019)

Tapio Pajuharju
Born 1963, M.Sc. (Econ.)
Chairman of the Board (2019–)
Member of the Board (2010–)
Harvia Oyj, CEO (2016–)

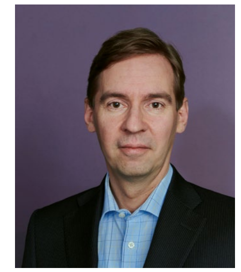
Paul Savolainen
Born 1976, vocational qualification in information technology, Further Qualification for Entrepreneurs
Member of the Board (2013–)
Meissa-Capital Oy, CEO (2013–)

Timo Mänty
Born 1960, M.Sc. (Econ.)
Member of the Board (2019–)
Onninen Oy, Chief Executive Officer (2011–2016)

Timo Laine
Born 1966, MTK (technical school)
Member of the Board (2019–)
Founder of Restamax Oyj (now NoHo Partners Oyj)
Wave Capital Oy, CEO (2007–)

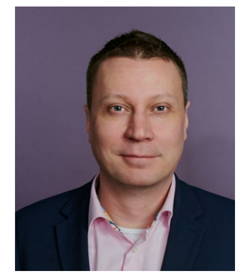
Management team

Sami Asikainen
Born 1971, Vocational Qualification in Business and Administration
Eezy's CEO



Hannu Nyman
s. 1969, DI, KTM
Born 1969, M.Sc. (Tech), M.Sc. (Econ.)
Eezy's CFO

Jani Suominen
Born 1967, M.Sc., eMBA
Eezy's Director of Entrepreneur Services



Aki Peiju
Born 1977, BBA
Eezy's CDO

Tomi Laaksola
Born 1982, Baccalaureate of Sc. (Econ.)
Eezy's Director of Staffing Services

Laura Santasalo
Born 1962, B.Sc. (Econ.)
Eezy's Director of Recruitment and Organizational Development Services

Hanna Lehto
Born 1984, M.A.
Eezy´s CCO, CMO

EEZY.FI/EN