Q3

VMP PLC
INTERIM REPORT
JANUARY–SEPTEMBER 2019

VMP PLC'S INTERIM REPORT JANUARY 1 – SEPTEMBER 30, 2019:

VMP AND SMILE COMBINED

July-September 2019

- The Group's revenue was EUR 55.7 million (EUR 31.1 million in July–September 2018). Revenue increased by 79.0%.
- EBITDA was EUR 4.5 million (2.8). EBITDA increased by 61.3%.
- Adjusted[1] EBITDA was EUR 4.7 million (2.8). Adjusted EBITDA increased by 68.5%.
- Earnings per share (EPS) was EUR 0.00 (0.04). The result was weakened by amortizations of goodwill amounting to EUR 3.0 million[2]. Earnings per share excluding amortizations of goodwill was EUR 0.17 (0.16).
- VMP acquired Smile in August and Smile has been reported as part of VMP group since September.

January-September 2019

- The Group's revenue was EUR 138.2 million (EUR 91.6 million in January–September 2018). Revenue increased by 51.0%.
- EBITDA was EUR 11.1 million (7.2). EBITDA increased by 53.1%.
- Adjusted[3] EBITDA was EUR 10.5 million (7.8). Adjusted EBITDA increased by 34.4%.
- Earnings per share (EPS) was EUR 0.01 (-0.23). The result was weakened by amortizations of goodwill amounting to EUR 7.4 million[2]. Earnings per share excluding amortizations of goodwill was EUR 0.47 (0.11).
- VMP has strengthened its business with several acquisitions during the period. Smile is the most significant one, but also Extraajat and Corporate Spirit have complemented VMP's business portfolio.

Outlook for 2019

VMP expects adjusted EBITDA to grow significantly during the financial period ending December 31, 2019 compared to the financial period ended December 31, 2018.

Key figures

EUR million, unless otherwise specified	7–9/2019	7–9/2018	Change %	1–9/2019	1–9/2018	Change %	2018
Revenue	55.7	31.1	79.0%	138.2	91.6	51.0%	124.9
Adjusted EBITDA	4.7	2.8	68.5%	10.5	7.8	34.4%	10.2
Adjusted EBITDA margin, %	8.4%	8.9%	-	7.6%	8.5%	-	8.2%
EBITDA	4.5	2.8	61.3%	11.1	7.2	53.1%	9.8
Earnings per share, EUR	0.00	0.04	-	0.01	-0.23	-	-0.20
Earnings per share excluding amortizations of goodwill, EUR	0.17	0.16	-	0.47	0.11	-	0.27
Net debt / Adjusted EBITDA	-	-	-	2.3 x[4]	1.1 x	-	1.4 x
Operative free cash flow	3.0	1.5	-	6.4	5.9	-	9.5
Chain-wide revenue	74	53	42%	192	151	27%	204

[1] In July–September 2019, EUR 0.2 million in personnel expenses relating to severance payments have been entered as items affecting comparability.

[2] The financial statements and interim reports of VMP Plc are made pursuant to Finnish Accounting Standards (FAS).

[3] In January–September 2019, a capital gain of EUR 1.2 million from Alina divestment and EUR 0.6 million in personnel expenses relating to severance payments have been entered as items affecting comparability.

[4] Adjusted EBITDA is estimated combined pro forma EBITDA of last 12 months (FAS).

Sami Asikainen, CEO:

"COMBINATION OF TWO STRONG PLAYERS PROGRESSING AT FULL SPEED, GOAL TO BECOME THE MARKET LEADER"

"Combining VMP and Smile is without doubt the most significant event in 2019 so far. The acquisition was announced in July and was completed in late August. The acquisition has doubled the annual revenue of our staffing business. The combined company is a significant player in the HR services market and seeks to become the market leader.

The acquisition has naturally affected the operations of the combined company after the summer, as we have planned the combined organization and prepared a strategy and brand renewal, which we will announce later this year.

In the next few months our focus will be on combining the VMP and Smile businesses in practice. We work to ensure that our local units all around Finland work as unified teams, so that we can achieve the positive business synergies from the combination. Our main business, staffing services, is based on understanding the current needs of our corporate customers as well as fulfilling the employment wishes of our staffing employees. By operating in a united way, we can ensure that we serve both our corporate customers and our employees using the resources of the whole company.

During September-October we have renewed the group management team and modified our organization, so that we can efficiently manage the daily business in the new larger context. As part of the process, we initiated employee co-operation negotiations in October for re-organising the operations of the company. We seek to improve operational efficiency by centralizing our support functions, by harmonizing IT systems, and operating under fewer brands than earlier. We estimate that the combination will deliver cost synergy benefits of approximately EUR 5 million. A significant part of the synergies will materialize during the first year, and the remaining part during 2020-2021.

In the third quarter, our revenue grew by 79% to EUR 55.7 million (31.1). EBITDA was EUR 4.5 million (2.8). Adjusted EBITDA amounted to EUR 4.7 million (2.8). Smile's revenue and results have been reported in VMP's consolidated statements as of September. HR services market has continued growing, but growth has slowed down from previous years. Our own business has developed positively especially in HoReCa and retail sectors.

Our revenue for January–September increased by 51% and totaled EUR 138.2 million (91.6). Revenue increased particularly due to the acquisitions carried out at the end of last year and during this year. EBITDA was EUR 11.1 million (7.2). Adjusted EBITDA amounted to EUR 10.5 million (7.8).

During 2019, we have been actively developing our business also with M&A activities in line with our strategy. We have strengthened our staffing business by acquiring Smile, the third largest player in the market, as well as the retail sector specialist Extraajat. Additionally, we have acquired Corporate Spirit to expand our portfolio with organizational development services. We have divested Alina Hoivatiimi to increasingly focus on our core business. Acquisitions will be part of our growth path also in the future,

Eezy, our self-employment service, renews the ways you can work. The unit has developed positively and has grown significantly during the review period.

Our goal is improve our services for our employees and customers, among other things by investing in digital solutions. Our growth and scale benefits from acquisitions also provide us good possibilities to continuously increase our operational efficiency.

I strongly believe in the success of the combined company in the developing HR services market. We have the necessary resources to develop the market itself, as well as a positive attitude for doing something new, which provide us a good base to become a frontrunner in the market."

Market review

The HR services market relevant to VMP's business includes staffing services, recruitment and organizational development services, and self-employment services. According to an estimate by VMP's management, the size of the entire HR services market in Finland was EUR 2.4 billion in 2018, growing by 9 percent year on year.

The share of staffing services of the entire market was EUR 2.1 billion in 2018, so it was clearly the largest service area. Correspondingly, the market size of recruitment and organizational development services was approximately EUR 130 million in 2018. The market size of self-employment services has been estimated to be approximately EUR 160 million.

According to The Private Employment Agencies Association (HPL), the revenue of the largest companies in the staffing service market continued to grow during January–August 2019. According to HPL, growth amounted to 6%, 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 the beginning of the year 2019 compared to the previous year. In the self-employment services market, the market leaders have continued strengthening their position.

Looking at different industries, the manufacturing and construction sectors are more sensitive to economic fluctuations in comparison to service industries, where 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 VMP, especially due to the completed acquisitions.

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

Revenue

July–September 2019

VMP's revenue amounted to EUR 55.7 million (31.1), increasing by 79.0% compared to the corresponding period in the previous year. Revenue increased by 128.6% in the staffing service area due to acquisitions realized at the end of 2018 and during 2019. Contribution from Smile was approximately 12,0 million euro in September. In the recruitment and organizational development service area, revenue increased by 2.9%. The growth stemmed from the acquisition of Corporate Spirit. In the self-employment service area, revenue increased by 12.7%. The growth in the self-employment revenue is mainly based on the increase in the number of users of the service.

Of the Group's revenue, 98.8% came from Finland and the rest was generated in Sweden.

VMP's chain-wide revenue amounted to EUR 74 million (53) increasing by 42%. Franchise fees totaled EUR 2.2 million (2.4). The decrease of franchise fees stems from the Alina divestment.

January–September 2019

VMP's revenue increased by 51.0% compared to the corresponding period in the previous year, and amounted to EUR 138.2 million (91.6). Revenue increased by 84.6% in the staffing service area due to acquisitions realized at the end of 2018 and during 2019. In the recruitment and organizational development service area, revenue decreased by 1.4%. In the self-employment service area, revenue increased by 8.9%. The growth in the self-employment is mainly based on the increase in the number of users of the service.

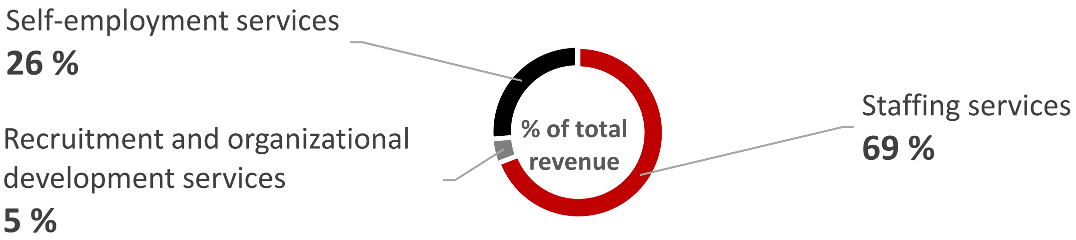
Of the Group's revenue, 98.4% came from Finland and the rest was generated in Sweden.

VMP's chain-wide revenue amounted to EUR 192 million (151) increasing by 27%. Franchise fees totaled EUR 6.2 million (6.7). The decrease of franchise fees stems from the Alina divestment.

VMP's revenue by service area

EUR million	7–9/2019	7–9/2018	Change %	1–9/2019	1–9/2018	Change %	2018
Staffing	40.9	17.9	128.6%	95.6	51.8	84.6%	70.0
Recruitment and Organizational Development	1.5	1.5	2.9%	6.3	6.4	-1.4%	8.7
Self-employment	13.2	11.7	12.7%	36.4	33.4	8.9%	46.1
Total	**55.7**	**31.1**	**79.0%**	**138.2**	**91.6**	**51.0%**	**124.9**

Distribution of VMP's revenue by service area 1–9/2019



Result

July–September 2019

The Group's EBITDA was EUR 4.5 million (2.8), making up 8.0% (8.9%) of the revenue. The increase in EBITDA was primarily due to increase in revenue from acquisitions realized. The decrease in EBITDA margin was due to a change in sales mix, as the share of staffing services has grown.

The adjusted EBITDA was EUR 4.7 million (2.8) or 8.4% of the revenue (8.9%). EUR 0.2 million of personnel expenses relating to severance payments were entered as items affecting comparability.

The Group's operating profit was EUR 1.1 million (0.7). Adjusted operating profit was EUR 1.3 million (0.7). The increase in operating profit was primarily due to increase in revenue from acquisitions realized. Compared to last year's figures, the operating profit was burdened by increased amortizations of consolidated goodwill and goodwill, which in the review period amounted to EUR 3.0 million (1.8). The increase in amortizations of consolidated goodwill stems from the acquisitions realized.

The result before taxes was EUR 0.9 million (1.1) and the result for the period was EUR 0.1 million (0.5). Earnings per share was EUR 0.00 (0.04). Earnings per share excluding amortizations of goodwill was EUR 0.17 (0.16).

January–September 2019

The Group's EBITDA was EUR 11.1 million (7.2), making up 8.0% (7.9%) of the revenue. The increase in EBITDA was primarily due to increase in revenue from acquisitions realized and the capital gain from the Alina divestment.

The adjusted EBITDA was EUR 10.5 million (7.8) or 7.6% of the revenue (8.5%). The decrease in adjusted EBITDA margin was due to a change in the sales mix. The adjusted EBITDA is smaller than the Group's EBITDA by EUR 0.6 million mainly because of the capital gain of EUR 1.2 million from the Alina divestment, entered in other operating income, and personnel expenses of EUR 0.6 million relating to severance payments.

The Group's operating profit was EUR 2.7 million (1.4). The capital gain from the Alina divestment improved the operating profit. Adjusted operating profit was EUR 2.1 million (2.0). Compared to last year's figures, the operating profit was burdened by increased amortizations of consolidated goodwill and goodwill, which in the review period amounted to EUR 7.4 million (5.1).

The result before taxes was EUR 2.2 million (-2.8) and the result for the period was EUR 0.2 million (-3.4). Comparative figures were impacted by listing expenses of EUR 3.0 million. Earnings per share was EUR 0.01 (-0.23). Earnings per share excluding amortizations of goodwill was EUR 0.47 (0.11).

Financial position and cash flow

VMP's consolidated balance sheet total on September 30, 2019 was EUR 211.3 million (93.5), of which equity made up EUR 102.1 million (55.3).

As of September 30, 2019, the Group has liabilities to credit institutions amounting to EUR 53.0 million (20.0), of which EUR 48.4 (20.0) was non-current. The Group has overdraft facilities in total of EUR 7.0 million, of which on September 30, 2019 EUR 4.9 million was used.

Equity-to-assets ratio stood at 48.3% (59.2%). The Group's net debt on September 30, 2019 amounted to EUR 56.8 million (10.9). The net debt/adjusted EBITDA ratio was 2.3 x[5] (1.1 x).

Operative free cash flow amounted to EUR 3.0 million (1.5) in July–September and EUR 6.4 (5.9) in January–September. Cash conversion was 65.9% (54.4%) in July–September and 57.3% (81.0%) in January–September. Changes in cashflow are assessed to normal variation in business payment transactions.

[5] Adjusted EBITDA is estimated combined pro forma EBITDA of last 12 months (FAS).

Investments and acquisitions

VMP's investments in subsidiary shares presented in the cash flow statement amounted to EUR 2.0 million (0.4) in July–September. Investments include expenses related to acquisition of Smile Henkilöstöpalvelut Oyj and to a small extent also some additional purchase prices relating to earlier acquisitions.

VMP's investments in subsidiary shares presented in the cash flow statement amounted to EUR 13.1 million (3.3) in January–September. 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.

VMP's investments in tangible and intangible assets totaled EUR 0.4 million (0.1) in July–September and EUR 1.0 million (0.5) in January–September. Investments in tangible and intangible assets were mainly related to IT investments and robotics development projects as well as office premises.

Smile

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

According to preliminary illustrative combined financial information from year 2018, the combined net sales of VMP and Smile was approximately EUR 235.5 million, adjusted EBITDA EUR 21.8 million and adjusted EBITA EUR 20.6 million.

The transaction was approved by the Extraordinary General Meeting (EGM) of VMP 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 VMP since September 1, 2019. The transaction costs, approximately EUR 1.6 million, have been entered into the group goodwill according to FAS standards.

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

VMP 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.

VMP 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.

VMP 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 1.2 million. Excluding the capital gain, the transaction did not have a significant effect on VMP Group's result.

Personnel

VMP initiated in May a cost savings program to reduce overlapping operations and improve the efficiency of operations after completing acquisitions. The company is targeting annual cost savings of EUR 2.5–3.0 million through the program. Personnel reductions completed in Q2 are estimated to generate approx. EUR 2.1 million of annual savings, of which EUR 1.0 million will materialize already in this year. The implementation of other savings and efficiency improvement actions will continue during the remaining part of the year, but their impact will mainly be seen in the coming years.

After the review period in October, VMP has after the acquisition of Smile improved the efficiency and re-organized operations, through which cost savings of approximately EUR 5 million is 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.

VMP employs people in Group functions and as staffed employees assigned to customer companies. In July–September 2019, VMP employed an average of 338 (209) people in Group functions and on average 3,174 (1,326) staffed employees. In January–September 2019, VMP employed an average of 305 (206) people in Group functions and on average 2,572 (1,286) staffed employees.

Due to the nature of the staffing service business, VMP'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

In the early part of the year, before the Smile acquisition, the following changes were made to the management team: Pauliina Soinio served as the Interim CFO, Saija Hellstén was appointed as the director of self-employment services, Hannu Nyman started as the group CFO in May, and Aki Peiju was appointed as the new chief digital officer in June. It was announced in June that the HR director Matti Vuohiniemi will leave the company.

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 as of September 2019 are:
• Hannu Nyman, CFO
• Tomi Laaksola, Staffing business
• Jani Suominen, Entrepreneur services business
• Laura Santasalo, Organisational development and recruitment business
• Aki Peiju, technology
• Hanna Lehto, people and culture

Shares and shareholders

On September 30, 2019, VMP 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 1,164 (1,127) shareholders, including nominee registered shareholders.

Trading in VMP's share on Nasdaq Helsinki's First North marketplace began in June 2018. In January–September 2019, a total of 2,372,673 (1,430,842) VMP shares were traded in the Helsinki stock exchange and the total trading volume was EUR 11.8 million (7.4). During the time period, the highest quotation was EUR 5.65 (5.80) and the lowest EUR 3.60 (5.05). The volume-weighted average price of the share was EUR 4.99 (5.14). The closing price of the share at the end of September was EUR 4.96 (5.30) and the market value of VMP stood at EUR 123.3 million (78.4).

On September 30, 2019, the members of the Board of Directors of VMP and the members of the management team owned a total of 757 566 (918,420) VMP shares, corresponding to approximately 3.0% (6.2%) of VMP's 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 September 30, 2019:

Shareholder	**Number of shares**	**% of shares**
1. NoHo Partners Oyj	7,520,910	30.27
2. Sentica Buyout V Ky	6,105,458	24.57
3. Meissa-Capital Oy	3,153,071	12.69
4. Evli Suomi Pienyhtiöt Fund	412,165	1.66
5. Asikainen Sami	404,350	1.63
6. Odin Finland	397,000	1.60
7. Taaleritehdas Mikro Markka Fund	380,000	1.53
8. Ilmarinen Mutual Pension Company	274,261	1.10
9. Oy Jobinvest Ltd	259,835	1.05
10. Sentica Buyout V Co-investment Ky	253,068	1.02
Ten largest shareholders total	**19,160,118**	**77.11**
Nominee registered shareholders	1,807,601	7.27
Others	3,881,656	15.62
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 August 22, 2019

The Extraordinary General Meeting (EGM) was held on August 22, 2019 for approving the Smile acquisition. 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.

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.

Risks and uncertainties

VMP's risk management principles are based on the Finnish Corporate Governance Code for Listed Companies (2015). 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 or Sweden may have an indirect adverse impact on VMP's business and result. In economic downturn it is possible that companies use less staffing services and other HR services offered by VMP. 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 VMP's profitability and financial position.

More information about VMP's risk management is available on the company website at https://www.vmpgroup.fi/en/.

VMP Plc
Board of Directors

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Financial reports 2020:

Financial Statement Release from January to December 2019	March 5, 2020
Annual Report 2019	week 13/2020
Interim Report from January to March 2020	May 12, 2020
Half-Year Report from January to June 2020	August 11, 2020
Interim Report from January to September 2020	November 10, 2020

Result publication event:
A press conference for analysts and media will be held on Tuesday, November 12, 2019 at 10.00 a.m. Finnish time as an audiocast at https://vmp.videosync.fi/2019-q3-tulokset/. The conference will be held in Finnish. The conference will be hosted by CEO Sami Asikainen and CFO Hannu Nyman. During the presentation, there will be an opportunity to ask questions. The presentation material will be available at the company website at http://www.vmpgroup.fi/en/investors/reports-and-presentations before the conference. A recording of the audiocast will be available at the same website later on the same day.

Accounting principles

VMP groups financial statements and interim reports are prepared in accordance with the Finnish Accounting Standards (“FAS”). Assets and liabilities are measured at the acquisition cost or the lower/higher fair value.

Intangible assets included in the company’s non-current assets are valued at acquisition cost less amortization according to plan, and tangible assets are valued at their variable acquisition cost less depreciation according to plan. Trade and other receivables included in the current assets are valued at their nominal value or probable value, if lower. The acquisition cost of intangible and tangible assets included in the company’s non-current assets is amortized/depreciated in accordance with a predetermined plan. The difference between the acquisition cost and the residual value is recorded as an expense during the estimated useful life. Group goodwill is amortized using straight-line method according to an estimated useful life of 10 years.

The deferred tax asset has been recognized for temporary differences between the interim report and the amounts used for taxation purposes, applying the current enacted tax rate. Deferred tax assets are only recognized to the extent that is probable that taxable profit will be available in the future, against which temporary differences can be utilized.

Receivables and liabilities denominated in foreign currencies are translated into euros using the closing rate.

In the preparation of consolidated financial statements, intra-group ownership is eliminated using the acquisition cost method. Intra-group transactions and mutual receivables and liabilities are eliminated.

Smile group, which was acquired in August, has previously prepared its own consolidated financial statements according to International Financial Accounting Standards (“IFRS”). Companies in Smile group have been consolidated to VMP group using company figures prepared according to Finnish Accounting Standards (“FAS”).

The figures in the interim report are unaudited. Information is presented in the scope required in the First North rules section 4.6. (e). Figures presented are rounded from exact figures.

Consolidated Income Statement

EUR thousand	1 Jul – 30 Sep 2019	1 Jul – 30 Sep 2018	Change %	1 Jan – 31 Dec 2018
Revenue	**55,672**	**31,108**	**79.0%**	**124,892**
Other operating income	89	2	3540.5%	275
Income received from group undertakings	-8	0	-	0
Materials and services	-723	-460	57.0%	-2,210
Personnel expenses[6]	-47,754	-26,090	83.0%	-104,976
Amortization	-2,991	-1,835	63.0%	-6,924
Depreciation and impairment losses	-352	-275	28.1%	-1,001
Other operating expenses	-2,796	-1,783	56.8%	-8,229
Operating profit (loss)	**1,137**	**668**	**70.3%**	**1,826**
Financial income and expenses	-198	393	-150.4%	-4,340[7]
Profit (loss) before appropriations and taxes	**938**	**1,060**	**-11.5%**	**-2,513**
Income taxes	-799	-505	58.2%	-989
Deferred taxes	0	0	-	527
Minority shares	-54	-18	198.8%	0
Profit (loss) for the reporting period	**86**	**537**	**-84.0%**	**-2,975**

[6] Personnel expenses comprise of both expenses related to employees and expenses related to the users of self-employment services
[7] Financial income and expenses include interest expenses, as well as, expenses from the initial public offering (EUR 2,994 thousand).

Consolidated Income Statement

EUR thousand	1 Jan – 30 Sep 2019	1 Jan – 30 Sep 2018	Change %	1 Jan – 31 Dec 2018
Revenue	**138,243**	**91,563**	**51.0%**	**124,892**
Other operating income	1,419	210	575.9%	275
Income received from group undertakings	-29	0	-	0
Materials and services	-1,784	-1,620	10.1%	-2,210
Personnel expenses[8]	-119,217	-76,500	55.8%	-104,976
Amortization	-7,429	-5,068	46.6%	-6,924
Depreciation and impairment losses	-931	-743	25.3%	-1,001
Other operating expenses	-7,541	-6,408	17.7%	-8,229
Operating profit (loss)	**2,731**	**1,434**	**90.4%**	**1,826**
Financial income and expenses	-508	-4,222[9]	-88.0%	-4,340[9]
Profit (loss) before appropriations and taxes	**2,223**	**-2,788**	**179.7%**	**-2,513**
Income taxes	-1,998	-1,267	57.7%	-989
Deferred taxes	0	649	-100.0%	527
Minority shares	-54	-22	146.3%	0
Profit (loss) for the reporting period	**171**	**-3,427**	**105.0%**	**-2,975**

[8] Personnel expenses comprise of both expenses related to employees and expenses related to the users of self-employment services
[9] Financial income and expenses include interest expenses, as well as, expenses from the initial public offering (EUR 2,994 thousand).

Consolidated Balance Sheet

EUR thousand	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights	343	193	170
Goodwill	1,289	84	66
Group goodwill	150,933	62,406	67,492
Other non-current expenditures	2,095	1,876	1,865
Advance payments	332	0	105
Total intangible assets	**154,993**	**64,558**	**69,697**
Tangible assets			
Machinery and equipment	1,311	394	624
Other tangible assets	29	27	27
Advance payments	64	0	0
Total tangible assets	**1,403**	**421**	**651**
Investments			
Participating interests	77	0	106
Other shares and similar rights of ownership	443	226	225
Total investments	**519**	**226**	**332**
TOTAL NON-CURRENT ASSETS	**156,916**	**65,206**	**70,679**

Consolidated Balance Sheet

EUR thousand	30 Sep 2019	30 Sep 2018	31 Dec 2018
CURRENT ASSETS			
Receivables			
Non-current			
Receivables from participating interest companies	56	0	50
Loan receivables	66	29	23
Other receivables	264	190	284
Prepayments and accrued income	2,238	0	0
Total non-current	2,624	219	357
Current			
Trade receivables	41,768	14,436	17,816
Receivables from participating interest companies	38	0	40
Loan receivables	148	204	66
Deferred tax asset	527	649	527
Other receivables	1,152	1,013	581
Prepayments and accrued income	4,243	1,456	2,000
Total current	47,876	17,758	21,030
Total receivables	**50,501**	**17,977**	**21,388**
Cash at bank and in hand	3,844	10,300	8,645
Total cash at bank and in hand	**3,844**	**10,300**	**8,645**
TOTAL CURRENT ASSETS	**54,345**	**28,277**	**30,033**
TOTAL ASSETS	**211,260**	**93,483**	**100,713**

Consolidated Balance Sheet

EUR thousand	30 Sep 2019	30 Sep 2018	31 Dec 2018
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80	80	80
Translation differences	-207	-110	-103
Reserve for invested unrestricted equity	109,203	59,789	59,789
Retained earnings	-7,126	-1,031	-1,047
Profit (loss) for the reporting period	171	-3,427	-2,975
TOTAL EQUITY	**102,121**	**55,301**	**55,743**
MINORITY SHARES	**425**	**45**	**0**
LIABILITIES			
Non-current			
Liabilities to credit institutes	48,415	20,000	20,171
Other liabilities	4,235	407	204
Total non-current	52,650	20,407	20,375
Current			
Liabilities to credit institutes	4,622	0	93
Advances received	12	9	3
Trade payables	8,056	2,537	2,218
Other liabilities	16,257	6,472	9,304
Accruals and deferred income	27,116	8,711	12,976
Total current	56,064	17,730	24,595
TOTAL LIABILITIES	**108,714**	**38,137**	**44,970**
TOTAL EQUITY AND LIABILITIES	**211,260**	**93,483**	**100,713**

Consolidated Statement of Changes in Equity

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total
Balance at 1 Jan 2019	80	59,789	-103	-4,022	55,743
Share issue		50,894			50,894
Dividends and equity repayments		-1,480		-3,197	-4,677
Translation differences			-104	94	-10
Profit (loss) for the reporting period				**171**	**171**
Balance at 30 Sep 2019	**80**	**109,203**	**-207**	**-6,955**	**102,121**

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total
Balance at 1 Jan 2018	3	1,186	-6	-1,550	-368
Increase in share capital	78	-78			0
Investments		8,811			8,811
Share exchange		15,340			15,340
Initial public offering		34,529			34,529
Removal of minority shares				423	423
Translation differences			-103	96	-7
Profit (loss) for the reporting period				**-3,427**	**-3,427**
Balance at 30 Sep 2018	**80**	**59,789**	**-110**	**-4,458**	**55,301**

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total
Balance at 1 Jan 2018	3	1,186	-6	-1,550	-368
Increase in share capital	78	-78			0
Investments		8,811			8,811
Share exchange		15,340			15,340
Initial public offering		34,529			34,529
Removal of minority shares				408	408
Translation differences			-98	95	-3
Profit (loss) for the reporting period				**-2,975**	**-2,975**
Balance at 31 Dec 2018	**80**	**59,789**	**-103**	**-4,022**	**55,743**

Consolidated Cash Flow Statement

EUR thousand	1 Jul – 30 Sep 2019	1 Jul – 30 Sep 2018	1 Jan – 31 Dec 2018
Cash flow from operating activities			
Cash receipts from customers	58,101	35,016	126,082
Cash receipts from other operating income	89	10	275
Cash paid to suppliers and employees	-54,843	-33,387	-116,225
Cash flow from operating activities before financial items and taxes	**3,347**	**1,639**	**10,132**
Interest and expenses paid from other operating financial expenses	0	-1	-82
Interest received from operating activities	13	3	21
Direct taxes paid	-375	-362	-1,654
Net cash from operating activities	**2,985**	**1,280**	**8,418**
Cash flow from investing activities			
Investments in tangible and intangible assets	-394	-129	-643
Proceeds from sale of tangible and intangible assets	0	11	53
Granted loans	-180	-221	-221
Repayments of loan receivables	184	104	284
Investments in subsidiaries	-2,021	-440	-8,658
Net cash used in investing activities	**-2,412**	**-674**	**-9,185**
Cash flow from financing activities			
Proceeds from issuance of share capital	0	4,529	42,034
Change in current receivables	0	395	481
Repayment of current loans and borrowings	-133	-1,181	-1,181
Proceeds from non-current loans and borrowings	1,492	0	18,833
Repayment of non-current loans and borrowings	-9	-837	-50,787
Change in non-current receivables	0	-34	-131
Interest and other financial expenses paid	-210	-1,094	-4,666
Dividends paid and other distribution of profit	-3,493	0	0
Net cash used in financing activities	**-2,352**	**3,453**	**4,583**
Net increase/decrease in cash and cash equivalents	**-1,779**	**4,059**	**3,815**
Cash and cash equivalents at beginning of reporting period	5,622	6,242	4,830
Cash and cash equivalents at end of reporting period	3,844	10,300	8,645

Consolidated Cash Flow Statement

EUR thousand	1 Jan – 30 Sep 2019	1 Jan – 30 Sep 2018	1 Jan – 31 Dec 2018
Cash flow from operating activities			
Cash receipts from customers	138,053	94,545	126,082
Cash receipts from other operating income	199	210	275
Cash paid to suppliers and employees	-130,945	-88,425	-116,225
Cash flow from operating activities before financial items and taxes	**7,306**	**6,329**	**10,132**
Interest and expenses paid from other operating financial expenses	0	-80	-82
Dividends received from operating activities	2	0	0
Interest received from operating activities	51	14	21
Direct taxes paid	-1,425	-1,594	-1,654
Granted loans	-12	0	0
Net cash from operating activities	**5,922**	**4,670**	**8,418**
Cash flow from investing activities			
Investments in tangible and intangible assets	-950	-463	-643
Proceeds from sale of tangible and intangible assets	141	11	53
Granted loans	-180	-221	-221
Repayments of loan receivables	583	104	284
Investments in subsidiaries	-13,091	-3,335	-8,658
Divestments of subsidiaries	660	0	0
Net cash used in investing activities	**-12,837**	**-3,904**	**-9,185**
Cash flow from financing activities			
Proceeds from issuance of share capital	1	42,034	42,034
Change in current receivables	0	481	481
Repayment of current loans and borrowings	-186	-1,181	-1,181
Proceeds from non-current loans and borrowings	7,524	18,833	18,833
Repayment of non-current loans and borrowings	-40	-50,787	-50,787
Change in non-current receivables	0	-130	-131
Interest and other financial expenses paid	-510	-4,546	-4,666
Dividends paid and other distribution of profit	-4,677	0	0
Net cash used in financing activities	**2,114**	**4,705**	**4,583**
Net increase/decrease in cash and cash equivalents	**-4,802**	**5,470**	**3,815**
Cash and cash equivalents at beginning of reporting period	8,645	4,830	4,830
Cash and cash equivalents at end of reporting period	3,844	10,300	8,645

Collaterals and commitments

EUR thousand	30 Sep 2019	31 Dec 2018
Obligations relating to acquisitions, maximum	1,118	610
Lease obligations	849	555
Rental obligations	4,600	2,084
Other collaterals given		
Guarantees	10,367	10,244
Deposits	40	43
Trade receivables	0	1
Group cash pool with overdraft facility		
total amount of credit limit	7,000	3,000
amount used	4,861	0
Company mortgages	61,700	40,400
Book value of the pledged shares	65,162	56,350
Book value of the fixed assets given as collateral	90	255
Notes to hedging instruments		
Nominal amount of interest rate swap	11,584	12,417
Fair value of the instruments	-77	-75

Changes in group goodwill

EUR million	1 Jul – 30 Sep 2019	1 Jul – 30 Sep 2018	1 Jan – 30 Sep 2019	1 Jan – 30 Sep 2018	1 Jan – 31 Dec 2018
Group goodwill at the beginning of reporting period	74.6	64.2	67.5	54.9	54.9
Increases	79.2	0.0	90.7	12.5	19.4
Decreases	0.0	0.0	-0.1	0.0	0.0
Amortization	-2.9	-1.8	-7.3	-5.0	-6.9
Group goodwill at the end of reporting period	**150,9**	**62.4**	**150,9**	**62.4**	**67.5**

Key figures

EUR thousand, unless otherwise specified	1 Jul – 30 Sep 2019	1 Jul – 30 Sep 2018	Change %	1 Jan – 30 Sep 2019	1 Jan – 30 Sep 2018	Change %	1 Jan – 31 Dec 2018
Key figures for income statement							
EBITDA	4,479	2,777	61.3%	11,090	7,245	53.1%	9,752
EBITDA margin, %	8.0%	8.9%	-	8.0%	7.9%	-	7.8%
EBITA	4,127	2,503	64.9%	10,159	6,502	56.2%	8,750
EBITA margin, %	7.4%	8.0%	-	7.3%	7.1%	-	7.0%
Operating profit	1,136	668	70.2%	2,731	1,434	90.4%	1,826
Operating profit margin, %	2.0%	2.1%	-	2.0%	1.6%	-	1.5%
Items affecting comparability	200	0	-	-621	542	-	480
Adjusted EBITDA	4,679	2,777	68.5%	10,469	7,787	34.4%	10,232
Adjusted EBITDA margin, %	8.4%	8.9%	-	7.6%	8.5%	-	8.2%
Adjusted EBITA	4,327	2,503	72.9%	9,538	7,044	35.4%	9,230
Adjusted EBITA margin, %	7.8%	8.0%	-	6.9%	7.7%	-	7.4%
Adjusted operating profit	1,336	668	100.2%	2,109	1,976	6.7%	2,306
Adjusted operating profit margin, %	2.4%	2.1%	-	1.5%	2.2%	-	1.8%
Earnings per share, basic (EUR)	0.00	0.04	-	0.01	-0.23	-	-0.20
Earnings per share, diluted (EUR)	0.00	0.04	-	0.01	-0.23	-	-0.20
Earnings per share excluding amortizations (EUR)	0.17	0.16	-	0.47	0.11	-	0.27
Number of shares in calculating earnings per share	18,622,635	14,799,198	-	16,087,682	14,799,198	-	14,799,198
Number of shares at end of reporting period	24,849,375	14,799,198	-	24,849,375	14,799,198	-	14,799,198
Key figures for balance sheet							
Net debt	-	-	-	56,802	10,871	422.5%	14,625
Net debt / Adjusted EBITDA (net leverage)	-	-	-	2.3 x[10]	1.1 x	-	1.4 x
Gearing, %	-	-	-	55.6%	19.7%	-	26.2%
Equity-to-assets ratio, %	-	-	-	48.3%	59.2%	-	55.4%

[10] Adjusted EBITDA is estimated combined pro forma EBITDA of last 12 months (FAS).

Key figures

EUR thousand, unless otherwise specified	1 Jul – 30 Sep 2019	1 Jul – 30 Sep 2018	Change %	1 Jan – 30 Sep 2019	1 Jan – 30 Sep 2018	Change %	1 Jan – 31 Dec 2018
Key figures for cash flows							
Operative free cash flow	2,953	1,510	-	6,356	5,866	-	9,489
Cash conversion ratio, %	65.9%	54.4%	-	57.3%	81.0%	-	97.3%
Investments							
Investments in tangible and intangible assets	-394	-129	-	-950	-463	-	-643
Investments in subsidiary shares	-2,021	-440	-	-13,091	-3,335	-	-8,658
Operative key figures							
Chain-wide revenue (EUR million)	74	53	42%	192	151	27%	204
Franchise fees (EUR million)	2.2	2.4	-10.3%	6.2	6.7	-7.0%	8.9
Eezy's net revenue (EUR million)	0.8	0.7	20.4%	2.3	2.1	8.3%	2.9

Reconciliation of Certain Alternative Performance Measures

EUR thousand, unless otherwise specified	1 Jul – 30 Sep 2019	1 Jul – 30 Sep 2018	1 Jan – 31 Dec 2018
EBITDA and adjusted EBITDA			
Operating profit	1,136	668	1,826
Depreciation, amortization and impairment losses	3,342	2,109	7,926
EBITDA	**4,479**	**2,777**	**9,752**
Items affecting comparability	200	0	480
Adjusted EBITDA	**4,679**	**2,777**	**10,232**
Operating profit before amortization of goodwill (EBITA) and adjusted EBITA			
Operating profit	1,136	668	1,826
Amortization of goodwill	2,991	1,835	6,924
Operating profit before amortization of goodwill (EBITA)	**4,127**	**2,503**	**8,750**
Items affecting comparability	200	0	480
Adjusted EBITA	**4,327**	**2,503**	**9,230**
Adjusted operating profit			
Operating profit	1,136	668	1,826
Items affecting comparability	200	0	480
Adjusted operating profit	**1,336**	**668**	**2,306**
Earnings per share excluding amortizations			
Profit (loss) for the reporting period	86	537	-2,975
Amortization of goodwill	2,991	1,835	6,924
Profit (loss) for the reporting period excluding amortizations	3,076	2,372	3,949
Number of shares in calculating earnings per share	18,622,635	14,799,198	14,799,198
Earnings per share excluding amortizations	**0.17**	**0.16**	**0.27**
Operative free cash flow			
Cash flows from operating activities before financial items and taxes (from the cash flow statement)	3,347	1,639	10,132
Investments in tangible and intangible assets (from the cash flow statement)	-394	-129	-643
Operative free cash flow	**2,953**	**1,510**	**9,489**

Reconciliation of Certain Alternative Performance Measures

EUR thousand, unless otherwise specified	1 Jan – 30 Sep 2019	1 Jan – 30 Sep 2018	1 Jan – 31 Dec 2018
EBITDA and adjusted EBITDA			
Operating profit	2,731	1,434	1,826
Depreciation, amortization and impairment losses	8,360	5,811	7,926
EBITDA	**11,090**	**7,245**	**9,752**
Items affecting comparability	-621	542	480
Adjusted EBITDA	**10,469**	**7,787**	**10,232**
Operating profit before amortization of goodwill (EBITA) and adjusted EBITA			
Operating profit	2,731	1,434	1,826
Amortization of goodwill	7,429	5,068	6,924
Operating profit before amortization of goodwill (EBITA)	**10,159**	**6,502**	**8,750**
Items affecting comparability	-621	542	480
Adjusted EBITA	**9,538**	**7,044**	**9,230**
Adjusted operating profit			
Operating profit	2,731	1,434	1,826
Items affecting comparability	-621	542	480
Adjusted operating profit	**2,110**	**1,976**	**2,306**
Earnings per share excluding amortizations			
Profit (loss) for the reporting period	171	-3,427	-2,975
Amortization of goodwill	7,429	5,068	6,924
Profit (loss) for the reporting period excluding amortizations	7,600	1,641	3,949
Number of shares in calculating earnings per share	16,087,682	14,799,198	14,799,198
Earnings per share excluding amortizations	**0.47**	**0.11**	**0.27**
Operative free cash flow			
Cash flows from operating activities before financial items and taxes (from the cash flow statement)	7,306	6,329	10,132
Investments in tangible and intangible assets (from the cash flow statement)	-950	-463	-643
Operative free cash flow	**6 356**	**5,866**	**9,489**

Calculation of key figures

Key figures for income statement

EBITDA	=	Operating profit + Depreciation, amortization and impairment losses
EBITDA margin, %	=	$\frac{\text{EBITDA}}{\text{Revenue}} \times 100$
EBITA	=	Operating profit + Amortization of goodwill
EBITA margin, %	=	$\frac{\text{EBITA}}{\text{Revenue}} \times 100$
Operating profit	=	Profit before minority shares, appropriations, income tax, financial income and financial expenses
Operating profit margin, %	=	$\frac{\text{Operating profit}}{\text{Revenue}} \times 100$
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, %	=	$\frac{\text{Adjusted EBITDA}}{\text{Revenue}} \times 100$
Adjusted EBITA	=	EBITA + Items affecting comparability
Adjusted EBITA margin, %	=	$\frac{\text{Adjusted EBITA}}{\text{Revenue}} \times 100$
Adjusted operating profit	=	Operating profit + Items affecting comparability
Adjusted operating profit margin, %	=	$\frac{\text{Adjusted operating profit}}{\text{Revenue}} \times 100$
Earnings per share, basic	=	$\frac{\text{Net result attributable to owners of the Parent Company}}{\text{Weighted average number of outstanding shares}}$
Earnings per share, diluted	=	$\frac{\text{Net result attributable to owners of the Parent Company}}{\text{Weighted average number of outstanding shares taking into account obligations arising from possible share issues of the Parent Company in the future}}$
Earnings per share excluding amortizations	=	$\frac{\text{Profit (loss) for the reporting period + Amortizations of goodwill}}{\text{Number of shares in calculating earnings per share}}$

Key figures for balance sheet

Net debt	=	Non-current and current liabilities to credit institutions + subordinated loans + other non-current liabilities + short-term acquisition liabilities + current financial liabilities- cash at bank and in hand
Net debt / Adjusted EBITDA (net leverage)	=	$\frac{\text{Net debt}}{\text{Adjusted EBITDA}}$
Gearing, %	=	$\frac{\text{Net debt}}{\text{Equity}} \times 100$
Equity-to-assets ratio, %	=	$\frac{\text{Equity}}{\text{Total assets – advances received}} \times 100$

Key figures for cash flows

Operative free cash flow	=	Cash flow from operating activities presented in the cash flow statement before financing items and taxes - investments in tangible and intangible assets
Cash conversion ratio, %	=	$\frac{\text{Operative free cash flow}}{\text{EBITDA}} \times 100$

Investments

Investments in tangible and intangible assets	=	Investments in tangible and intangible assets presented in the cash flow statement
Investments in subsidiary shares	=	Acquired shares of subsidiaries presented in the cash flow statement

Operative key figures

Chain-wide revenue	=	Consolidated revenue + revenue chain franchisees – franchise fees (and other significant internal chain revenue)
Franchise fees	=	Fees paid by franchisees based on revenue and/or gross profit + initial fees
Eezy's net revenue	=	Total fees received from the services provided by Eezy

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