Q1

VMP PLC
INTERIM REPORT

JANUARY–MARCH 2019

VMP PLC'S INTERIM REPORT JANUARY 1 – MARCH 31, 2019:

GROWTH AND ACTIVE DEVELOPMENT CONTINUED

January–March 2019 in brief

- The Group's revenue was EUR 38.2 million (EUR 28.0 million in January–March 2018). Revenue increased by 36.3%.
- The Group's EBITDA was EUR 3.7 million (2.0). EBITDA increased by 81.9%.
- The Group's adjusted[1] EBITDA was EUR 2.6 million (2.4). Adjusted EBITDA increased by 8.3%.
- The Group's earnings per share (EPS) was EUR 0.02 (-0.06[2]). The result was weakened by amortizations of goodwill amounting to EUR 2.2 million[3].
- VMP strengthened its position in the retail industry by acquiring Henkilöstöratkaisu Extraajat Ltd.
- VMP focused on HR services and divested Alina care services business to Norlandia Care Oy.

Outlook for 2019 (unchanged)

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	1–3/2019	1–3/2018	Change %	2018
Revenue	38.2	28.0	36.3%	124.9
Adjusted EBITDA	2.6	2.4	8.3%	10.2
Adjusted EBITDA margin, %	6.7%	8.4%	-	8.2%
EBITDA	3.7	2.0	81.9%	9.8
Earnings per share, EUR	0.02	-0.06[2]	-	-0.20[4]
Net debt / Adjusted EBITDA (net leverage)	1.5 x	5.0 x[5]	-	1.2 x
Operative free cash flow	2.3	2.2	6.3%	9.5
Chain-wide revenue	55	46	22%	204

[1] In January–March 2019, a capital gain of EUR 1.2 million from Alina divestment and EUR 0.1 million in personnel expenses relating to severance payments have been entered as items affecting comparability.

[2] Earnings per share has been adjusted to take into account the free share issue, which was made on May 29, 2018. Earnings per share has been adjusted also with the share exchange arrangement executed on May 29, 2018 as a result of which VMP Plc owns the whole share capital of Forshire MidCo Oy and the shareholders of Forshire MidCo Oy are shareholders of VMP Group.

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

[4] In the calculation of earnings per share, the number of shares is 14,799,198 (registered number of shares as of December 31, 2018).

[5] The last 12 months' adjusted EBITDA, EUR 10.0 million, has been used as adjusted EBITDA. The adjusted EBITDA for the last 12 months has been calculated by combining the adjusted EBITDA of Varamiespalvelu-Group between January 1 and October 31, 2017, with the adjusted EBITDA of VMP Plc between August 28 and December 31, 2017, from which the adjusted EBITDA of Varamiespalvelu-Group between January 1 and March 31, 2017, has been subtracted and to which the adjusted EBITDA of VMP Plc between January 1 and March 31, 2018, has been added.

Juha Pesola, CEO

“Our revenue for the first quarter of 2019 increased significantly and totaled EUR 38.2 million (28.0). Revenue increased particularly due to the business acquisitions carried out at the end of last year and the beginning of this year. EBITDA was EUR 3.7 million (2.0), which included a capital gain of EUR 1.2 million from the Alina divestment. Adjusted EBITDA also increased from the corresponding period and amounted to EUR 2.6 million (2.4).

During the first quarter, we continued active development of the group according to our strategy. The acquisition of Henkilöstöratkaisu Extraajat Oy was completed. Thanks to the nationwide service concept of Extraajat, our position as a provider of retail personnel services strengthened significantly. We believe that the retail business will provide stable growth also in the future, and has relatively low cyclicality for personnel services.

We sharpened our strategy by focusing on the HR service business and divested Alina Hoivatiimi Oy. After the review period, the Group has strengthened its position with the acquisition of Corporate Spirit Oy, a top expert in organizational and leadership development, which enables us to provide our customers with an even wider selection of services. VMP’s nationwide network serves as a natural distribution platform for new services.

Because of the acquisitions carried out in the staffing service area, the proportion of services of higher added value of the revenue has diminished, which is visible in the Group’s profitability figures in the period. We will pay special attention to achieving synergy benefits. In the short term, synergies can be created by, for instance, combining purchases and office premises. In the medium term, more services as well as solutions producing higher added value to customers can be produced in the customer interface. After the review period, we have initiated a Group-wide cost savings and efficiency program, targeting annual savings of approximately EUR 2.5 to 3 million. A significant part of the savings are expected to start to materialize during 2019.

Our goal is to have a significant role in producing private employment services, and we believe that through cooperation between the public sector and private service providers, these services can truly be reformed. The discontinuation of the social and healthcare service reform slowed down the implementation of ongoing employment service pilot projects as well as the initiation of new projects. However, the need for service reforms still exists, both at a national and local level. Different and diverse actors, for example training service providers and third sector parties, are needed for the reform.

The industry and working life are facing interesting times. I strongly believe that VMP’s way of operating and our comprehensive service offering enable profitable growth also in the future.”

Market review

The HR services market relevant to VMP's business includes staffing services, recruitment and organizational development services and self-employment services. The size of the entire HR services market in Finland according to an estimate by VMP's management 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, and it was thereby 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–March 2019. According to HPL, growth was 8 percent including some inorganic growth. Growth expectations of HPL's member companies have levelled out as Finland's GDP growth estimates for the ongoing year have been lowered. The management estimates that the recruitment market in the beginning of the year 2019 has slightly decreased from the previous year. In the self-employment services market, the market leaders have continued strengthening their position.

Solutions for the labor shortage are sought, for example, in cooperation with different parties providing training services. More efficient use of foreign workforce is also on the agenda. The discontinuation of the growth service reform as part of the social and healthcare service reform is slowing down the implementation and initiation of new pilot projects. However, the need for service reforms still exists. Furthermore, market growth potential is seen in digital services such as in supplying robotic process automation workforce.

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 moderately during economic upturns. The relative proportion of staffing in the service industry has increased among the industries served by VMP, especially as a consequence of realized 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 in January–March 2019

VMP's revenue for January–March amounted to EUR 38.2 million (28.0), increasing by 36.3% compared to the corresponding period in the previous year. Revenue increased by 61.6% in the staffing service area due to acquisitions realized at the end of 2018 and during the first quarter of 2019. Revenue increased particularly in the service sector. In the recruitment and organizational development service area, revenue decreased by 12.0%. In the self-employment service area, revenue increased by 6.6%. The growth in the self-employment revenue stemmed particularly from the increase in the service's user volume.

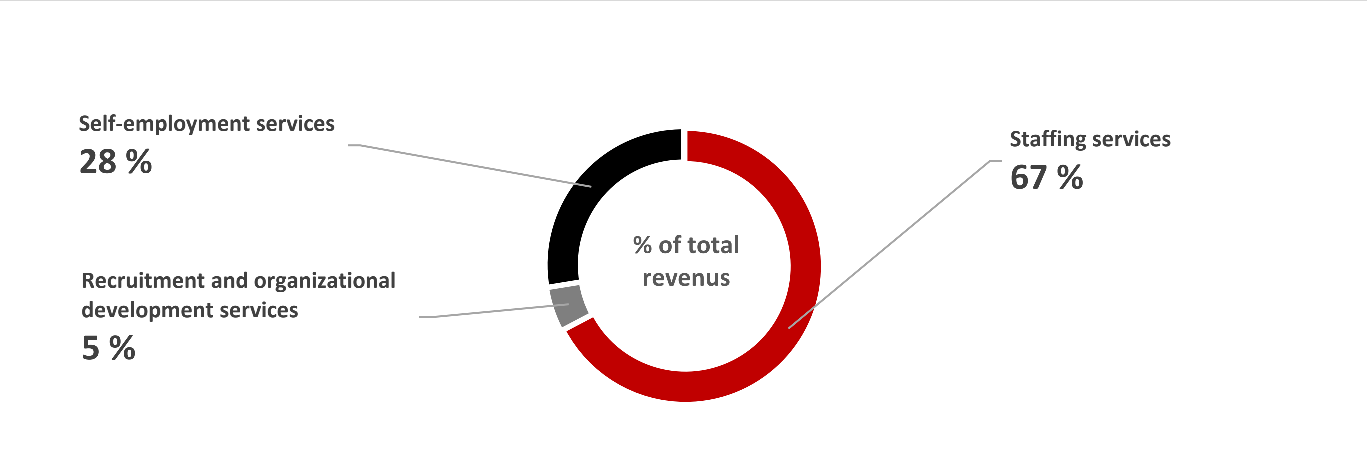
Of the Group's revenue, 97.9% came from Finland and the rest was generated in Sweden.

VMP's chain-wide revenue amounted to EUR 55 million (46) and franchise fees totaled EUR 2.0 million (2.0). Chain-wide revenue increased by 22%.

VMP's revenue by service area

EUR million	1–3/2019	1–3/2018	Change %	2018
Staffing	25.7	15.9	61.6%	70.0
Recruitment and Organizational Development	2.0	2.2	-12.0%	8.7
Self-employment	10.5	9.9	6.6%	46.1
Total	**38.2**	**28.0**	**36.3%**	**124.9**

Distribution of VMP's revenue by service area 1–3/2019



Result

The Group's EBITDA was EUR 3.7 million (2.0), making up 9.6% (7.2%) of the revenue. The increase in EBITDA was primarily due to increase in revenue from acquisitions realized and the capital gain from Alina divestment. The increase in EBITDA margin was primarily due to the capital gain from Alina divestment.

The adjusted EBITDA was EUR 2.6 million (2.4) or 6.7% of the revenue (8.4%). 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 1.1 million mainly because of the capital gain of EUR 1.2 million from Alina divestment, entered in other operating income, and personnel expenses of EUR 0.1 million relating to severance payments.

The Group's operating profit was EUR 1.2 million (0.2). The capital gain from the Alina divestment improved the operating profit.

Adjusted operating profit was EUR 0.1 million (0.6). 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 2.2 million (1.6). The increase in amortizations of consolidated goodwill stems from the share exchange carried out on May 29, 2018, in which the Group's minority shareholders received VMP Plc's shares, with the Group receiving subsidiary shares in exchange and from the acquisitions realized.

The result before taxes was EUR 1.0 million (-0.4) and the result for the period was EUR 0.4 million (-0.5). Earnings per share were EUR 0.02 (-0.06[6]).

Financial position and cash flow

VMP's consolidated balance sheet total on March 31, 2019 was EUR 109.1 million (76.9), of which equity made up EUR 54.9 million (-0.9).

During the first quarter, the Group drew new bank loans of EUR 6.0 million. As of March 31, 2019, the Group has liabilities to credit institutions amounting to EUR 26.2 million (43.7), of which EUR 26.1 (42.0) was non-current. In addition, the Group has an overdraft facility of EUR 3.0 million, which on March 31, 2019 was fully unused.

Equity-to-assets ratio stood at 50.3% (-1.1%). The Group's net debt on March 31, 2019 amounted to EUR 16.0 million (50.0). The net debt/adjusted EBITDA ratio was 1.5 x (5.0 x[7]). VMP's long term financial target for leverage is 1.5 x.

Operative free cash flow amounted to EUR 2.3 million (2.2) in January–March and cash conversion was 63.2% (108,1%). The change in cash conversion reflects the EUR 1.2 million Alina capital gain, which is included in the EBITDA but not in the free operational cash flow.

Investments and acquisitions

VMP's investments in subsidiary shares amounted to EUR 6.9 million (0.8) in January–March. Investments include

[6] In the calculation of earnings per share, the number of shares is 7,854,557 (registered number of shares as of May 29, 2018. Earnings per share has been adjusted to take into account the free share issue, which was made May 29, 2018. Earnings per share has also been adjusted with the share exchange arrangement executed on May 29, 2018 as a result of which VMP Plc owns the whole share capital of Forshire MidCo Oy and the shareholders of Forshire MidCo Oy are shareholders of VMP Group.

[7] The last 12 months' adjusted EBITDA, EUR 10.0 million, has been used as adjusted EBITDA. The adjusted EBITDA for the last 12 months has been calculated by combining the adjusted EBITDA of Varamiespalvelu-Group between January 1 and October 31, 2017, with the adjusted EBITDA of VMP Plc between August 28 and December 31, 2017, from which the adjusted EBITDA of Varamiespalvelu-Group between January 1 and March 31, 2017, has been subtracted and to which the adjusted EBITDA of VMP Plc between January 1 and March 31, 2018, has been added.

the acquisitions of Henkilöstöratkaisu Extraajat Ltd and additional purchase prices relating to earlier acquisitions.

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. VMP financed the acquisition with a combination of a bank loan and cash assets. 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.

VMP's investments in tangible and intangible assets totaled EUR 0.2 million (0.1) in January–March. Investments in tangible and intangible assets were mainly related to IT investments and robotics development projects.

Personnel

VMP employs people in Group functions and as staffed employees assigned to customer companies. In January–March 2019, VMP employed an average of 266 (198) people in Group functions and on average 2,207 (1,149) 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

Starting from January 1, 2019, Pauliina Soinio was appointed interim CFO and member of the Management Team. On March 15, 2019, VMP announced that Hannu Nyman has been appointed as the new CFO and member of the Management Team. Previously, Hannu Nyman has worked as CFO of Efecte Plc. Hannu Nyman started in his position at VMP on May 15, 2019, and he is responsible for financial administration, development of financial operations, investor relations and M&A processes of VMP.

VMP announced on March 7, 2019 that Saija Hellstén had been appointed as the director of self-employment services, Managing Director of Eezy and member of the Management Team of VMP. Previously, Saija Hellstén has worked as the Development Director of Eezy.

Shares and shareholders

Trading in VMP's share on Nasdaq Helsinki's First North marketplace began on June 19, 2018. On March 31, 2019, VMP had 14,799,198 registered shares. The company holds no treasury shares. The company had 1,081 shareholders, including nominee registered shareholders.

In January–March 2019, a total of 223,572 VMP shares were traded in the Helsinki stock exchange and the total trading volume was EUR 0.9 million. During the time period, the highest quotation was EUR 4.75 and the lowest EUR 3.60. The volume-weighted average price of the share was EUR 3.96. The closing price of the share at the end of March was EUR 4.75 and the market value of VMP stood at EUR 70.3 million.

As of March 31, 2019, the members of the Board of Directors of VMP and the members of the management team own a total of 883,306 VMP shares, corresponding to approximately 6.0% 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.

Governance

The Annual General Meeting was held on March 28, 2019. The Annual General Meeting adopted the Financial Statements for the year 2018.

The Annual General Meeting approved the proposal of the Board of Directors according to which a dividend of EUR 0.08 per share will be paid from the distributable funds of the Company for the financial year 2018. The dividend, EUR 1.2 million in total, was paid on April 8, 2019.

The Annual General Meeting 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 for a term of office expiring at the end of the Annual General Meeting 2020.

Convening after the Annual General Meeting, 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 for a term of office expiring at the end of the Annual General Meeting 2020. KPMG Oy Ab has informed that Authorized Public Accountant Mr. Esa Kailiala will act as the principal auditor.

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.

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

Long-term financial targets

VMP's long-term financial targets are:

- Growth: Revenue growth exceeding market growth
- Profitability: 10 percent adjusted EBITDA margin
- Leverage: Net debt / adjusted EBITDA ratio of 1.5x
- Dividends: The target is to pay out 30–50 percent of the annual net result adjusted with amortization of goodwill as dividends to shareholders. The company's Board of Directors assesses annually the balance between the dividend to be paid and the company's financial standing, cash flow and growth investments and gives a proposal of the amount of dividend to be paid based on this assessment.

Events after the review period

After the review period, VMP has 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. VMP financed the acquisition with its cash assets. The fixed debt free purchase price was EUR 2.5 million, with an additional purchase price of up to EUR 0.5 million based on the profitability of year 2019.

VMP announced on May 2, 2019, that it will initiate 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. Some of the savings are expected to materialize during 2019. As part of the cost savings program, VMP initiated employee cooperation negotiations covering the company's operations and personnel in Finland, excluding Corporate Spirit Ltd. The company estimates that the cooperation negotiations will result in a reduction of a maximum of 30 salaried employees in the Group.

VMP Plc
Board of Directors

More information:

Juha Pesola, CEO,
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Hannu Nyman, CFO,
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Financial reports 2019

Half-Year Report from January to June 2019	21 August 2019 at 8.00 a.m. EET
Interim Report from January to September 2019	20 November 2019 at 8.00 a.m. EET

Result publication event:

A press conference for analysts and media will be held on Wednesday, May 22, 2019 at 11.00 a.m. Finnish time as an audiocast at https://vmp.videosync.fi/2019-q1/register. The conference will be held in Finnish. The conference will be hosted by Juha Pesola, CEO, Hannu Nyman, CFO of VMP Plc starting from May 13, 2019 and Pauliina Soinio, who was appointed as Interim CFO of the Group for the beginning of 2019. 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 Plc was incorporated on September 8, 2017, and it acquired Varamiespalvelu Group through a share transaction on October 31, 2017, due to which VMP Plc's consolidated financial statements for 2017 include the business operations of VMP for two months only. The share transaction did not impact VMP's business operations, but it created a significant amount of goodwill for VMP and its financing structure changed. VMP's financing structure has also changed in spring 2018 in connection with the implementation of a financing arrangement and the initial public offering.

VMP Group's 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 y'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. Other long-term expenditures and IT software are depreciated using straight-line method according to an estimated useful life of 5 to 10 years. Machinery and equipment have an estimated useful life of approximately 8 years and the maximum depreciation allowed under the Finnish Business Tax Act is used.

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.

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 Jan – 31 Mar 2019	1 Jan – 31 Mar 2018	Change %	1 Jan – 31 Dec 2018
Revenue	**38,207**	**28,025**	**36.3%**	**124,892**
Other operating income	1,272	130	878.7%	275
Income received from group undertakings	-4	0	-	0
Materials and services	-492	-601	-18.0%	-2,210
Personnel expenses[8]	-32,923	-23,149	42.2%	-104,976
Depreciation, amortization and impairment losses[9]	-2,432	-1,807	34.6%	-7,926
Other operating expenses	-2,403	-2,396	0.3%	-8,229
Operating profit (loss)	**1,225**	**204**	**501.7%**	**1,826**
Financial income and expenses	-179	-602	-70.3%	-4,340[10]
Profit (loss) before appropriations and taxes	**1,046**	**-399**	**-362.4%**	**-2,513**
Income taxes	-694	-401	73.1%	-989
Deferred taxes	0	0	-	527[11]
Minority shares	0	309	-100.0%	0
Profit (loss) for the reporting period	**352**	**-491**	**-171.7%**	**-2,975**

[8] Personnel expenses comprise of both expenses related to employees and expenses related to the users of self-employment services
[9] The change in the Group goodwill and the Group goodwill amortization is presented more detailed in the table section after the collaterals and commitments.
[10] Financial income and expenses include interest expenses, as well as, expenses from the initial public offering (EUR 2,994 thousand).
[11] In 2018, a deferred tax asset (EUR 527thousand) related to the loss of the Group's parent company, was recorded on the reporting period, against which there will be taxable profit available in the future based on the management estimate.

Consolidated Balance Sheet

EUR thousand	31 Mar 2019	31 Mar 2018	Change %	31 Dec 2018
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	199	203	-1.8%	170
Goodwill	49	120	-58.9%	66
Group goodwill[12]	74,205	54,346	36.5%	67,492
Other non-current expenditures	1,776	1,968	-9.8%	1,865
Advance payments	26	38	-31.1%	105
Total intangible assets	**76,256**	**56,675**	**34.5%**	**69,697**
Tangible assets				
Machinery and equipment	669	409	63.5%	624
Other tangible assets	27	24	12.6%	27
Total tangible assets	**696**	**433**	**60.7%**	**651**
Investments				
Participating interests	102	0	-	106
Other shares and similar rights of ownership	225	181	24.7%	225
Total investments	**328**	**181**	**81.4%**	**332**
TOTAL NON-CURRENT ASSETS	**77,279**	**57,289**	**34.9%**	**70,679**

[12] The change in the Group goodwill and the Group goodwill amortization is presented more detailed in the table section after the collaterals and commitments.

Consolidated Balance Sheet

EUR thousand	31 Mar 2019	31 Mar 2018	Change %	31 Dec 2018
CURRENT ASSETS				
Receivables				
Non-current				
Receivables from participating interest	50	0	-	50
Loan receivables	19	6	222.9%	23
Other receivables	284	148	92.1%	284
Total non-current	353	154	129.7%	357
Current				
Trade receivables	18,568	13,677	35.8%	17,816
Receivables from participating interest	38	0	-	40
Loan receivables	66	22	197.6%	66
Deferred tax asset	527	0	-	527[13]
Other receivables	538	106	408.7%	581
Prepayments and accrued income	1,298	1,490	-12.9%	2,000
Total current	21,034	15,295	37.5%	21,030
Total receivables	**21,387**	**15,449**	**38.4%**	**21,388**
Cash at bank and in hand	10,425	4,174	149.8%	8,645
Total cash at bank and in hand	**10,425**	**4,174**	**149.8%**	**8,645**
TOTAL CURRENT ASSETS	**31,812**	**19,624**	**62.1%**	**30,033**
TOTAL ASSETS	**109,091**	**76,912**	**41.8%**	**100,713**

[13] In 2018, a deferred tax asset (EUR 527 thousand) related to the loss of the Group's parent company, was recorded on the reporting period, against which there will be taxable profit available in the future based on the management estimate.

Consolidated Balance Sheet

EUR thousand	31 Mar 2019	31 Mar 2018	Change %	31 Dec 2018
EQUITY AND LIABILITIES				
EQUITY				
Share capital	80	3	3100.0%	80
Translation differences	-133	-85	56.5%	-103
Reserve for invested unrestricted equity	59,789	1,186	4943.3%	59,789
Retained earnings	-5,182	-1,479	250.4%	-1,047
Profit (loss) for the reporting period	352	-491	-171.7%	-2,975
TOTAL EQUITY	**54,905**	**-867**	**-6435.2%**	**55,743**
MINORITY SHARES	**0**	**5,268**	**-100.0%**	**0**
LIABILITIES				
Non-current				
Liabilities to credit institutes	26,133	42,001	-37.8%	20,171
Trade payables	0	2	-100.0%	0
Liabilities to group companies	0	1,293	-100.0%	0
Other liabilities	204	9,186	-97.8%	204
Accruals and deferred income	0	178	-100.0%	0
Total non-current	26,337	52,660	-50.0%	20,375
Current				
Liabilities to credit institutes	66	1,666	-96.1%	93
Advances received	7	19	-60.5%	3
Trade payables	3,515	1,530	129.7%	2,218
Other liabilities	10,834	7,146	51.6%	9,304
Accruals and deferred income	13,428	9,491	41.5%	12,976
Total current	27,850	19,852	40.3%	24,595
TOTAL LIABILITIES	**54,186**	**72,511**	**-25.3%**	**44,970**
TOTAL EQUITY AND LIABILITIES	**109,091**	**76,912**	**41,8%**	**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
Dividends				-1,184	-1,184
Translation differences			-30	24	-6
Profit (loss) for the reporting period				**352**	**352**
Balance at 31 Mar 2019	**80**	**59,789**	**-133**	**-4,830**	**54,905**

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
Translation differences			-79	71	-8
Profit (loss) for the reporting period				**-491**	**-491**
Balance at 31 Mar 2018	**3**	**1,186**	**-85**	**-1,970**	**-867**

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 Jan – 31 Mar 2019	1 Jan – 31 Mar 2018	Change %	1 Jan – 31 Dec 2018
Cash flow from operating activities				
Cash receipts from customers	37,620	28,889	30.2%	126,082
Cash receipts from other operating income	52	8	518.4%	275
Cash paid to suppliers and employees	-35,123	-26,636	31.9%	-116,225
Cash flow from operating activities before financial items and taxes	**2,548**	**2,261**	**12.7%**	**10,132**
Interest and expenses paid from other operating financial expenses	0	-55	-100.0%	-82
Dividend received from operating activities	1	0	-	0
Interest received from operating activities	34	7	359.8%	21
Direct taxes paid	-543	-966	-43.8%	-1,654
Granted loans	-4	0	-	0
Net cash from operating activities	**2,037**	**1,247**	**63.4%**	**8,418**
Cash flow from investing activities				
Investments in tangible and intangible assets	-239	-88	172.0%	-643
Proceeds from sale of tangible and intangible assets	99	0	-	53
Granted loans	0	0	-	-221
Repayments of loan receivables	396	0	-	284
Investments in subsidiaries	-6,922	-752	819.8%	-8,658
Divestments in subsidiaries	660	0	-	0
Net cash used in investing activities	**-6,005**	**-840**	**614.7%**	**-9,185**
Cash flow from financing activities				
Proceeds from issuance of share capital	1	0	-	42,034
Change in current receivables	0	84	-100.0%	481
Repayment of current loans and borrowings	-41	0	-	-1,181
Proceeds from non-current loans and borrowings	6,000	0	-	18,833
Repayment of non-current loans and borrowings	-25	-835	-97.0%	-50,787
Change in non-current receivables	0	-65	-100.0%	-131
Interest and other financial expenses paid	-188	-246	-23.7%	-4,666
Net cash used in financing activities	**5,747**	**-1,063**	**-640.7%**	**4,583**
Net increase/decrease in cash and cash equivalents	**1,780**	**-656**		**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	10,425	4,174		8,645

Collaterals and commitments

EUR thousand	31 Mar 2019	31 Dec 2018
Lease obligations	561	555
Rental obligations	1,886	2,084
Other collaterals given		
Guarantees	10,240	10,244
Deposits	43	43
Trade receivables	1	1
Group cash pool with overdraft facility, total amount of credit limit	3,000	3,000
Company mortgage	80,700	80,700
Book value of the pledged shares	56,350	56,350
Book value of the fixed assets given as collateral	195	255
Notes to hedging instruments		
Hedged loan nominal	20 000	20 000
Nominal amount of interest rate swap	12 001	12 417
Fair value of the instruments	-74	-75

Changes in group goodwill

EUR million	1 Jan – 31 Mar 2019	1 Jan – 31 Mar 2018	Change %	1 Jan – 31 Dec 2018
Konserniliikearvo kauden alussa	67.5	54.9	22.9%	54.9
Lisäykset	9.0	1.0	818.1%	19.4
Poistot	-2.1	-1.6	36.6%	-6.9
Konserniliikearvo kauden lopussa	**74.2**	**54.3**	**36.5%**	**67.5**

Key figures

EUR thousand, unless otherwise specified	1 Jan – 31 Mar 2019	1 Jan – 31 Mar 2018	Change %	1 Jan – 31 Dec 2018
Key figures for income statement				
EBITDA	3,657	2,010	81.9%	9,752
EBITDA margin, %	9.6%	7.2%	-	7.8%
EBITA	3,378	1,785	89.2%	8,750
EBITA margin, %	8.8%	6.4%	-	7.0%
Operating profit	1,225	204	501.7%	1,826
Operating profit margin, %	3.2%	0.7%	-	1.5%
Items affecting comparability	-1,103[14]	349[15]	-	480[16]
Adjusted EBITDA	2,554	2,359	8.3%	10,232
Adjusted EBITDA margin, %	6.7%	8.4%	-	8.2%
Adjusted EBITA	2,275	2,134	6.6%	9,230
Adjusted EBITA margin, %	6.0%	7.6%	-	7.4%
Adjusted operating profit	122	553	-77.9%	2,306
Adjusted operating profit margin, %	0.3%	2.0%	-	1.8%
Earnings per share, basic (EUR)	0.02	-0.06[17]	-	-0.20[18]
Earnings per share, diluted (EUR)	0.02	-0.06[16]	-	-0.20[18]
Key figures for balance sheet				
Net debt	15,978	49,972	-68.0%	11,823
Net debt / Adjusted EBITDA (net leverage)	1.5 x	5.0 x[19]	-	1.2 x
Gearing, %	29.1%	-5766.1%	-	21.2%
Equity-to-assets ratio, %	50.3%	-1.1%	-	55.4%

[14] In January–March 2019, a capital gain of EUR 1.2 million from Alina divestment and EUR 0.1 million in personnel expenses relating to severance payments has been entered as items affecting comparability.
[15] In January–March 2018, EUR 349 thousand in personnel expenses relating to severance payments and bonus payments related to the acquisition has been entered as items affecting comparability.
[16] In January–December 2018, EUR 480 thousand in personnel expenses relating to severance payments and bonus payments related to the acquisition has been entered as items affecting comparability.
[17] In the calculation of earnings per share, the number of shares is 7,854,557 (registered number of shares as of May 29, 2018) Earnings per share has been adjusted to take into account the free share issue, which was made May 29, 2018. Earnings per share has been adjusted also with the share exchange arrangement executed on May 29, 2018 as a result of which VMP Plc owns the whole share capital of Forshire MidCo Oy and the shareholders of Forshire MidCo Oy are shareholders of VMP Group.
[18] In the calculation of earnings per share, the number of shares is 14,799,198 (registered number of shares as of December 31, 2018).
[19] The last 12 months' adjusted EBITDA, EUR 10.0 million, has been used as adjusted EBITDA. The adjusted EBITDA for the last 12 months has been calculated by combining the adjusted EBITDA of Varamiespalvelu-Group between January 1 and October 31, 2017, with the adjusted EBITDA of VMP Plc between August 28 and December 31, 2017, from which the adjusted EBITDA of Varamiespalvelu-Group between January 1 and March 31, 2017, has been subtracted and to which the adjusted EBITDA of VMP Plc between January 1 and March 31, 2018, has been added.

Key figures

EUR thousand, unless otherwise specified	1 Jan – 31 Mar 2019	1 Jan – 31 Mar 2018	Change %	1 Jan – 31 Dec 2018
Key figures for cash flows				
Operative free cash flow	2,310	2,173	6.3%	9,489
Cash conversion ratio, %	63.2%	108.1%	-	97.3%
Investments				
Investments in tangible and intangible assets	-239	-88	172.0%	-643
Investments in subsidiary shares	-6,922	-752	819.8%	-8,658
Operative key figures				
Chain-wide revenue (EUR million)	55	46	22%	204
Franchise fees (EUR million)	2.0	2.0	-0.1%	8.9
Eezy's net revenue (EUR million)	0.7	0.7	4.3%	2.9

Reconciliation of Certain Alternative Performance Measures

EUR thousand, unless otherwise specified	1 Jan – 31 Mar 2019	1 Jan – 31 Mar 2018	1 Jan – 31 Dec 2018
EBITDA and adjusted EBITDA			
Operating profit	1,225	204	1,826
Depreciation, amortization and impairment losses	2,432	1,807	7,926
EBITDA	**3,657**	**2,010**	**9,752**
Items affecting comparability	-1,103[20]	349[21]	480[22]
Adjusted EBITDA	**2,554**	**2,359**	**10,232**
Operating profit before amortization of goodwill (EBITA) and adjusted EBITA			
Operating profit	1,225	204	1,826
Amortization of goodwill	2,153	1,582	6,924
Operating profit before amortization of goodwill (EBITA)	**3,378**	**1,785**	**8,750**
Items affecting comparability	-1,103[20]	349[21]	480[22]
Adjusted EBITA	**2,275**	**2,134**	**9,230**
Adjusted operating profit			
Operating profit	1,225	204	1,826
Items affecting comparability	-1,103[20]	349[21]	480[22]
Adjusted operating profit	**122**	**553**	**2,306**
Operative free cash flow			
Cash flows from operating activities before financial items and taxes (from the cash flow statement)	2,548	2,261	10,132
Investments in tangible and intangible assets (from the cash flow statement)	-239	-88	-643
Operative free cash flow	**2,310**	**2,173**	**9,489**

[20] In January–March 2019, a capital gain of EUR 1.2 million from Alina divestment and EUR 0.1 million in personnel expenses relating to severance payments has been entered as items affecting comparability.
[21] In January–March 2018, EUR 349 thousand in personnel expenses relating to severance payments and bonus payments related to the acquisition has been entered as items affecting comparability.
[22] In January–December 2018, EUR 480 thousand in personnel expenses relating to severance payments and bonus payments related to the acquisition has been entered as items affecting comparability.

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	=	$\frac{\text{Net result attributable to owners of the Parent Company}}{\text{Weighted average number of outstanding shares taking into account obligations arising from possible share issues of the Parent Company in the future}}$

Key figures for balance sheet

Net debt	=	Non-current and current liabilities to credit institutions + subordinated loans + non-current and current liabilities to Group companies + other non-current 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

VMP is a Finnish HR services company with a comprehensive offering of staffing, recruiting and organizational development, and self-employment services.

VMP's vision is to help both employers and employees succeed in the changing world of work.

We serve customers in Finland and Sweden, and we have a recruitment hub for staffed employees in Romania. VMP Group consists of VMP Varamiespalvelu, Voima, Enjoy, Extraajat, Personnel, Eezy and Corporate Spirit brands.