EEZY PLC

2020

FINANCIAL REVIEW

1 JAN–31 DEC 2020

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MARKET REVIEW

The HR services market relevant to Eezy's business includes staffing services, selected professional services, and self-employment services. According to an estimate by Eezy's management, the size of the entire HR services market in Finland was EUR 2.8 billion in 2019.
The share of staffing services of the entire market was EUR 2.4 billion in 2019, so it was clearly the largest service area. The market size of recruitment services was approx. EUR 130 million in 2019. The market size of self-employment services has been estimated to be approximately EUR 200 million. Markets are estimated to have contracted in 2020 temporarily by 15-25%, and they are estimated to recover to the previous levels after the pandemic ends.

According to The Private Employment Agencies Association (HPL), the revenue of the largest companies in the staffing service market decreased 20% in November and 17% in January-November. According to HPL, the economic outlook in staffing services continues weak. The management estimates that the professional services market has decreased compared to the previous year. In the self-employment services market, there has been no significant change in addition to Corona.

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

CORONA EFFECTS

Corona virus has affected our customers and us since March. The impact has been largest in the Horeca sector that normally makes about one quarter of our revenue. Horeca sector's business stopped in spring, started recovery in summer, but then slowed again toward the end of the year, as worsening corona situation and new restrictions have decreased demand. Horeca market is estimated to remain weak for the next few months.

Corona's negative effects can be clearly seen also in the industrial and construction sectors, which normally generate almost half of our revenue, but the impact varies a lot by area and customer. Importing foreign labor is still difficult.

There is no certainty on the duration of the crisis and the related restrictions, or on the recovery pace after the crisis, which makes reliable forecasting of the revenue difficult. The company will adjust the size of the organization to match the needs at each moment.

Lengthening crisis may increase customers' financial difficulties, which can lead to credit losses. We closely monitor our customers' payment practices. Our own liquidity is currently good.

Corona has decreased the demand for professional services, but customer demand is gradually recovering. The crisis may increase unemployment, which may increase demand for employment services, change management and career coaching services.

REVENUE

October–December

Eezy's revenue amounted to EUR 43.4 million (65.6), decreasing by 34% compared to the corresponding period in the previous year.

Revenue decreased by 37% in the staffing service area. Revenue was clearly below our targets due to the impact of the Corona virus especially on the Horeca sector and also on the industrial sector. In the professional services area (earlier: Recruitments and organizational development) revenue increased by 12%. The growth stemmed from the acquisitions completed in October 2020. In the self-employment service area revenue decreased by 15%.

Of the Group's revenue, 98% came from Finland and the rest was generated in Sweden.

Eezy's chain-wide revenue amounted to EUR 67.9 million (93.1) decreasing by 27%. Franchise fees totaled EUR 1.7 million (1.6). The invoicing volume of self-employment services was EUR 10.9 million (13.5).

January–December

Eezy's revenue amounted to EUR 190.6 million (169.8), increasing by 12% compared to the corresponding period in the previous year.

Revenue increased by 16% in the staffing service area due to acquisitions done in 2019. In professional services area revenue decreased by 10%. In the self-employment service area, revenue decreased by 15%.

Of the Group's revenue, 98% came from Finland and the rest was generated in Sweden.

Eezy's chain-wide revenue amounted to EUR 282.6 million (285.6) decreasing by 1%. Franchise fees totaled EUR 6.1 million (7.8). The invoicing volume of self-employment services was EUR 41.9 million (49.9).

REVENUE BY SERVICE AREA

EUR million	10–12/2020	10–12/2019	Change %	1–12/2020	1–12/2019	Change %
Staffing services	37.5	60.0	-37%	173.4	149.4	16%
Franchise fees	1.7	1.6	3%	6.1	7.8	-22%
Professional services	3.5	3.1	12%	8.4	9.4	-10%
Self-employment	0.7	0.9	-15%	2.7	3.2	-15%
Total	**43.4**	**65.6**	**-34%**	**190.6**	**169.8**	**12%**

RESULT

October–December

EBITDA was EUR 3.4 million (4.2). Operating profit was EUR 1.5 million (2.3). Negative impact of Corona was visible in all business areas. The profitability in professional services was weak as customers postponed projects due to Corona and the unit's own business development projects.

Adjusted operating profit was EUR 1.8 million (2.9). EUR 0.1 million in expenses relating to acquisitions, EUR 0.1 million in personnel expenses relating to severance payments, EUR 0.02 million in listing expenses, a total of EUR 0.3 million, have been recorded as items affecting comparability.

The result before taxes was EUR 1.0 million (1.6) and the result for the period was EUR 0.8 million (1.4). Earnings per share was EUR 0.02 (0.05)

January–December

EBITDA was EUR 13.5 million (12.6). Operating profit was EUR 5.6 million (8.0). Negative impact of Corona started to show in March and have been visible in all businesses since then. The costs related to brand renewal and IT development have contributed negatively to the result of early 2020 by approx. EUR 1.0 million. Temporary layoffs of employees in group functions, mainly in the second quarter, had a positive impact of approx. EUR 2.0 million. Write-downs totaling approx. EUR 2.5 million have been made to receivables. A corona subsidy from State treasury totaling EUR 0.8 million is included in the result.

Adjusted operating profit was EUR 6.9 million (11.8). EUR 0.5 million write-down of IT systems, EUR 0.3 million in expenses relating to acquisitions, EUR 0.3 million in personnel expenses relating to severance payments, EUR 0.2 million in listing expenses, and a capital gain of EUR 0.05 million from divestment of an equity accounted investment, a total of EUR 1.3 million, have been recorded as items affecting comparability.

The result before taxes was EUR 4.0 million (6.7) and the result for the period was EUR 3.2 million (4.7). Earnings per share was EUR 0.11 (0.25).

FINANCIAL POSITION AND CASH FLOW

Eezy's consolidated balance sheet on December 31, 2020 amounted to EUR 205.2 million (209.6), of which equity made up EUR 103.7 million (101.8).

As of December 31, 2020, the Group has liabilities to credit institutions amounting to EUR 51.9 million (55.1), of which EUR 47.6 (51.0) was non-current. Cash balance on December 31, 2020 was EUR 15.4 million (5.7). The Group has overdraft facilities in total of EUR 10.0 million, all of which were unused on December 31, 2020. Relaxed due dates of pension payments and taxes have improved the cash position by approx. EUR 10.2 million.

Equity ratio stood at 50.6% (48.6%). The Group's net debt including IFRS16 leasing items on December 31, 2020 amounted to EUR 42.4 million (56.5). Net debt excluding IFRS16 leasing items was EUR 36.4 million (51.9). The net debt/adjusted EBITDA ratio was 2.9 x (2,7 x).

Operative free cash flow amounted to EUR 2.2 million (7.7) in October–December and EUR 21.3 million (13.1) in January-December.

INVESTMENTS AND ACQUISITIONS

Eezy's investments in subsidiary shares presented in the cash flow statement amounted to EUR 1.5 million (0.4) in October-December and EUR 2.1 million (11.4) in January–December. Investments include acquisition of Flow Consulting and additional purchase prices relating to earlier acquisitions.

Eezy Spirit Oy has acquired Flow Consulting on 1 October 2020. Flow is a management consulting and coaching company focusing on change management. Flow renews strategies, concepts, leadership as well as employee and customer experience. Eezy Spirit is the market leader in Finland in employee satisfaction surveys. The intention is to create a strong player in the research, coaching and consulting market in order to respond to the changes in the working life.

Eezy Personnel acquired on 1 October 2020 the businesses of Jaakko Lehto Executive Search Oy and ProMotive Oy and strengthened its position as one of the largest players in the recruitment, executive search and outplacement markets.

Eezy announced on December 11, 2020 the divestment of its Swedish subsidiary VMP Group AB to Palm & Partners Bemanning AB, who operates in the same business in Sweden. The transaction was completed after the review period on January 4, 2021. The assets and liabilities of VMP Group Sweden AB and its subsidiaries has been classified as assets held for sale as at December 31, 2020.

Investments in tangible and intangible assets totaled EUR 0.8 million (0.7) in October–December and EUR 2.1 million (1.7) in January–December. Investments in tangible and intangible assets were mainly related to IT investments as well as office premises.

EMPLOYEES

Eezy employs people in Group functions and as staffed employees assigned to customer companies. In October-December, Eezy employed an average of 359 and in January–December 370 on average (in October–December 2019 an average of 402) people in Group functions and on average 2,722 in October-December and 3,309 in January–December (in October–December 2019 an average of 4,337) staffed employees on FTE basis.

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

CHANGES IN MANAGEMENT

Eezy renewed its management model and streamlined its organization structure in September. Aki Peiju and Laura Santasalo left the company.

After the change, the renewed management team includes:

- **Sami Asikainen**, CEO
- **Hannu Nyman**, CFO
- **Tomi Laaksola**, Director, Staffing services
- **Pasi Papunen**, Director, Professional services
- **Hanna Lehto**, Director, Communications and Marketing

SHARES AND SHAREHOLDERS

On December 31, 2020, Eezy Plc had 24,849,375 (24,849,375) registered shares. The company holds no treasury shares. The company had 2,625 (1,563) shareholders, including nominee registered shareholders.

Trading in Eezy's share on the Nasdaq Helsinki main list started on September 9, 2020. Earlier the share was traded on Nasdaq's First North marketplace.

In January–December 2020, a total of 3,305,350 (3,457,089) shares were traded (in the Helsinki stock exchange main list and First North combined) and the total trading volume was EUR 15.6 million (18.3). During the period, the highest quotation was EUR 7.35 (6.95) and the lowest EUR 2.58 (3.60). The volume-weighted average price of the share was EUR 4.73 (5.33). The closing price of the share at the end of December was EUR 5.90 (6.35) and the market value stood at EUR 146.6 million (157.8).

On December 31, 2020, the members of the Board of Directors and the members of the management team owned a total of 1,433,171 (1,284,186) Eezy shares, corresponding to approximately 5.8% (5.2%) of shares and of the votes to which they entitle. The share numbers include the direct holdings of the persons in question and their controlled companies. In addition, Board members are employed in managerial duties by significant shareholders.

Ten largest shareholders as of December 31, 2020:

Shareholder	Shares	%
1. Noho Partners Oyj	7,520,910	30.27
2. Sentica Buyout V Ky	6,105,458	24.57
3. Meissa-Capital Oy	3,223,071	12.97
4. Asikainen Sami	404,350	1.63
5. Sijoitusrahasto Evli Suomi Pienyhtiöt	392,937	1.58
6. Taaleritehdas Mikro Markka Osake	380,000	1.53
7. Ilmarinen Mutual Pension	274,261	1.10
8. Oy Jobinvest Ltd	259,835	1.05
9. Laine Capital Oy	256,785	1.03
10. Sentica Buyout V Co-Investment Ky	253,068	1.02
10 largest in total	19,070,675	76.75
Nominee-registered	1,763,396	7.10
Others	4,015,304	16.16
Total	**24,849,375**	**100.00**

GOVERNANCE

Annual General Meeting

The Annual General Meeting (AGM) was held on April 21, 2020. The AGM adopted the Financial Statements for the year 2019.

The AGM decided that no dividends be distributed based on the balance sheet to be adopted for 2019 by a resolution of the general meeting, but that the board of directors be authorised to decide on the distribution of dividends from the company's unrestricted equity in one or more tranches so that the amount of dividends to be distributed does not exceed a total of EUR 0.20 per share. The Board decided to use the authorization for dividend distribution and a dividend of EUR 0.10 per share, EUR 2.5 million in total, was paid on November 20, 2020.

The AGM elected eight members to the Board of Directors. Tapio Pajuharju, Kati Hagros, Liisa Harjula, Timo Laine, Timo Mänty, Paul-Petteri Savolainen, Jarno Suominen and Mika Uotila were re-elected as members of the Board of Directors.

The members of the board of directors will be paid monthly remuneration EUR 4,000 per month for the chairperson of the board and EUR 2,000 per month for all other members of the board each.

In addition, for members of the board of directors' committees will be paid a meeting fee of EUR 300 for each committee meeting.

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.

In the organization meeting held on the same day, the Board of Directors elected Tapio Pajuharju as its Chairman. Liisa Harjula was elected as Chairman of the Audit Committee and Jarno Suominen and Kati Hagros as members of the Audit Committee.

Company prepares a corporate governance statement and a remuneration report separately from the report of Board of Directors and are presented on the company's web page.

Valid authorizations

The authorizations given by the AGM on 21.4.2020 are described in detail in the company announcement about the AGM's decisions.

The AGM authorized the board of directors to decide on the distribution of dividends from the company's unrestricted equity in one or more tranches so that the amount of dividends to be distributed does not exceed a total of EUR 0.20 per share. The Board of Directors decided to use the authorization of dividend distribution and the dividend EUR 0.10 per share was paid on 20 November.

The AGM authorised the board of directors to decide on the repurchase of the company's own shares using the company's unrestricted equity. The total maximum number of shares to be repurchased under the authorisation shall be 2,400,000 shares. The shares are repurchased in trading organized by Nasdaq Helsinki Oy at a price formed in public trading on the date of repurchase. The authorisation is valid until the end of the annual general meeting of 2021, however, for a maximum of 18 months. The authorization is unused.

The AGM authorised the board of directors to decide, in one or more tranches, on the issuance of shares as well as on the issuance of option rights and other special rights entitling to shares as referred to in chapter 10(1) of the Finnish Limited Liability Companies Act. The total maximum number of shares to be issued under the authorisation shall be 4,800,000 shares. The authorisation is valid until the end of the annual general meeting of 2021, however, for a maximum of 18 months. The authorization is unused.

LONG-TERM INCENTIVE PLAN

In November, Eezy Plc's Board of Directors resolved to amend the terms of the long-term incentive plan for the company's key employees due to the significant changes in the company's business environment caused by the coronavirus pandemic. The terms of the long-term incentive plan was amended by extending the duration of the long-term incentive plan by one year until 2025 and adding a new earning period.

The establishment of the long-term incentive plan has been announced on December 18, 2019. No shares were issued for the first earning period.

Eezy Plc's Board of Directors has resolved on the second earning period of the long-term incentive plan for the company's key employees. The second earning period is 13 months, starting on December 1, 2020, and ending on December 31, 2021. The reward criteria for the second earning period are based on Eezy Plc's revenue and operating profit. There are eight participants in the long-term incentive plan's second earning period. A maximum of 179,091 reward shares could be awarded for the second earning period.

RISKS AND UNCERTAINTIES

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

Corona virus and the restrictions related to it may significantly weaken the general economic conditions in Finland. This may negatively affect Eezy by customers' businesses stopping or disturbing, or by customers' financial difficulties. The virus can also directly affect Eezy through the sick leaves of either staffed employees of employees in group functions.

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

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

More information about risk management is available on the company website.

GUIDANCE FOR 2021

Due to the Corona pandemic, Eezy does not give guidance for year 2021. The goal is to give guidance during the first year-half.

DIVIDEND PROPOSAL

The parent company's distributable funds in the financial statement on December 31, 2020, was EUR 124.3 million, of which profit for the financial period was EUR 0.9. million. Board of Directors proposes a dividend of EUR 0.10 per share and seeks authorization for the Board to later decide on a dividend of max. EUR 0.05 per share.

EVENTS AFTER THE REPORTING DATE

Eezy announced on December 11, 2020 the divestment of its Swedish subsidiary VMP Group Sweden AB to Palm & Partners Bemanning AB, who operates in the same business in Sweden. The transaction was completed after the review period on January 4, 2021.

The assets and liabilities of VMP Group Sweden AB and its subsidiaries have been classified as assets held for sale as at December 31, 2020.

Non-financial information

EEZY'S BUSINESS OPERATIONS

Eezy Group consists of the parent company, Eezy Plc and its subsidiaries. Eezy's business operations are divided into two service areas: staffing services and professional services.

Through staffing services, we provide temporary labour to our corporate customers, where the employee is in an employment relationship to the staffing company but works for the agreed period of time at the customer company. Eezy offers staffing services both through its own units and through franchisees. Staffing services also include services for light entrepreneurs. Through the Eezy self-employment services, a private individual can operate independently as an entrepreneur without establishing their own company by billing customers through Eezy's service.

Through professional services, Eezy offers services related to finding permanent staff and outplacement as well as research, training and development services for a company's personnel. Management consulting and coaching services are also included in the offering.

With its comprehensive service offering, Eezy aims to respond to the changing needs of employers and employees. Thanks to its wide offering, Eezy is able to operate as a full-service HR partner to its customers.

Environment

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

Social and personnel matters

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

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

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

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

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

Respect for human rights and prevention of corruption and bribery

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

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

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

Helsinki 17.2.2021

Eezy Plc
Board of Directors

Key figures, their calculation and reconciliations

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

The companies do not calculate alternative performance measures in a uniform way, and thus the alternative performance measures presented by Eezy may not be comparable with the similarly named key figures presented by other companies.

KEY FIGURES

EUR thousand, unless otherwise specified	1 Oct – 31 Dec 2020	1 Oct – 30 Dec 2019	Change %	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019	Change %	1 Jan – 31 Dec 2018
Key figures for income statement							
Revenue	43,421	65,634	-34%	190,637	169,784	12%	81,698
EBITDA	3,405	4,183	-19%	13,495	12,586	7%	10,070
EBITDA margin, %	7.8%	6.4%	-	7.1%	7.4%	-	12.3 %
EBIT	1,472	2,290	-36%	5,565	8,022	-31%	8,154
EBIT margin, %	3.4%	3.5%	-	2.9%	4.7%	-	10.0 %
Items affecting comparability	290	604	-	1,290	3,777	-	1,077
Items affecting EBITDA and comparability	290	604	-	759	3,777	-	1,077
Adjusted EBITDA	3,695	4,787	-23%	14,254	16,363	13%	11,146
Adjusted EBITDA margin, %	8.5%	7.3%	-	7.5%	9.6%	-	13.6 %
Adjusted EBIT	1,762	2,894	-39%	6,856	11,799	-42%	9,230
Adjusted EBIT margin, %	4.1%	4.4%	-	3.6%	6.9%	-	11.3 %

EUR thousand, unless otherwise specified	1 Oct – 31 Dec 2020	1 Oct – 30 Dec 2019	Change %	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019	Change %	1 Jan – 31 Dec 2018
Earnings per share, basic, EUR	0.02	0.05	-	0.11	0.25	-	0.38
Earnings per share, diluted, EUR	0.02	0.05	-	0.11	0.25	-	-
Weighted average number of outstanding shares, pcs	24,849,375	24,849,375	-	24,849,375	18,296,109	-	10,559,819
Weighted average number of outstanding shares, diluted, pcs	25,039,283	24,870,255	-	24,997,332	18,301,372	-	-
Number of outstanding shares at the end of reporting period, pcs	-	-	-	24,849,375	24,849,375		14,799,198
Key figures for balance sheet							
Net debt	-	-	-	42,424	56,513	-	14,023
Net debt excluding IFRS16	-	-	-	36,440	51,887		11,373
Net debt / Adjusted EBITDA (net leverage)	-	-	-	2,9 x[1]	2.7x[1]	-	1.3 x
Gearing, %	-	-	-	40.9%	55.5%	-	27.6 %
Equity ratio, %	-	-	-	50.6%	48.6%	-	52.8 %
Equity per share, EUR	-	-	-	4.17	4.10	-	3.43

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

EUR thousand, unless otherwise specified	1 Oct – 31 Dec 2020	1 Oct – 30 Dec 2019	Change %	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019	Change %	1 Jan – 31 Dec 2018
Key figures for cash flow							
Operative free cash flow	2,179	7,701	-	21,267	13,061	-	9,843
Purchase of tangible and intangible assets	-781	-678	-	-2,096	-1,691	-	-667
Acquisition of subsidiaries, net of cash acquired	-1,514	-404	-	-2,082	-11,417	-	-7,937
Operative key figures							
Chain-wide revenue, EUR million	67.9	93.1	-27%	282.6	285.6	-1%	207.4
Franchise-fees, EUR million	1.7	1.6	3%	6.1	7.8	-22%	8.9
Self-employment invoicing volume, EUR million	10.9	13.5	-19%	41.9	49.9	-16%	46.1

Reconciliation of Certain Alternative Performance Measures

EUR thousand	1 Oct – 31 Dec 2020	1 Oct – 30 Dec 2019	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2018
EBITDA and adjusted EBITDA					
EBIT	1,472	2,290	5,565	8,022	8,154
Depreciation, amortization and impairment losses	1,933	1,893	7,929	4,564	1,916
EBITDA	**3,405**	**4,183**	**13,495**	**12,586**	**10,070**
Items affecting EBITDA and comparability	290	604	759	3,777	1,077
Adjusted EBITDA	**3,695**	**4,787**	**14,254**	**16,363**	**11,146**
Adjusted EBIT					
EBIT	1,472	2,290	5,565	8,022	8,154
Items affecting comparability	290	604	1,290	3,777	1,077
Adjusted EBIT	**1,762**	**2,894**	**6,856**	**11,799**	**9,230**
Operative free cash flow					
Cash flows from operating activities before financial items and taxes	2,961	8,379	23,363	14,752	10,510
Purchase of tangible and intangible assets	-781	-678	-2,096	-1,691	-667
Operative free cash flow	**2,179**	**7,701**	**21,267**	**13,061**	**9,843**

Calculation of key figures

KEY FIGURES FOR INCOME STATEMENT

EBITDA	=	Operating profit + Depreciation, amortization and impairment losses	
EBITDA margin, %	=	$\frac{\text{EBITDA}}{\text{Revenue}}$	x 100
Operating profit (EBIT)	=	Operating profit	
Operating profit margin, %	=	$\frac{\text{Operating profit}}{\text{Revenue}}$	x 100
Items affecting comparability	=	Material items outside the scope of ordinary operations relating to, among others, acquisitions, listing, closing of business operations, structural reorganization and significant redundancy costs	
Adjusted EBITDA	=	EBITDA + Items affecting EBITDA and comparability	
Adjusted EBITDA margin, %	=	$\frac{\text{Adjusted EBITDA}}{\text{Revenue}}$	x 100
Adjusted operating profit (EBIT)	=	Operating profit + Items affecting comparability	
Adjusted operating profit margin, %	=	$\frac{\text{Adjusted operating profit}}{\text{Revenue}}$	x 100
Earnings per share, basic	=	$\frac{\text{Profit for the period attributable to the owners of the parent company}}{\text{Weighted average number of outstanding shares}}$	x 100
Earnings per share, diluted	=	$\frac{\text{Profit for the period attributable to the owners of the parent company}}{\text{Weighted average number of outstanding shares taking into account obligations arising from potential dilutive share issues of the Parent Company in the future}}$	

KEY FIGURES FOR THE BALANCE SHEET

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

CASH FLOW KEY FIGURES

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

OPERATIVE KEY FIGURES

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

Consolidated Financial statements

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Consolidated statement of comprehensive income (IFRS)

EUR thousand	Note	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Revenue	3	190,637	169,784
Other operating income	4	1,330	653
Share of result of equity accounted investments		-1	-21
Materials and services	5	-4,444	-2,531
Personnel expenses	6, 7	-155,124	-139,374
Depreciation, amortization and impairment losses	8	-7,929	-4,564
Other operating expenses	9, 10	-18,904	-15,925
Operating profit		**5,565**	**8,022**
Financial income	11	150	71
Financial expense	11	-1,702	-1,349
Financial income and expenses	11	-1,552	-1,279
Profit (loss) before taxes		**4,014**	**6,743**
Income taxes	12	-819	-2,091
Profit (loss) for the period		**3,195**	**4,652**
Profit attributable to:			
Owners of the parent company		2,680	4,540
Non-controlling interests		515	113
Profit (loss) for the period		**3,195**	**4,652**

EUR thousand	Note	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Earnings per share attributable to the owners of the parent company:			
Earnings per share, basic (EUR)	24	0.11	0.25
Earnings per share, diluted (EUR)	24	0.11	0.25
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in the fair value of share investments	19	-78	71
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		8	-5
Other comprehensive income for the period, net of tax		**-69**	**66**
Total comprehensive income for the period		**3,126**	**4,718**
Total comprehensive income attributable to:			
Owners of the parent company		2,611	4,606
Non-controlling interests		515	113
Total comprehensive income for the period		**3,126**	**4,718**

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

Consolidated balance sheet (IFRS)

EUR thousand	Note	31 Dec, 2020	31 Dec, 2019
ASSETS			
Non-current assets			
Goodwill	16	127,938	125,757
Intangible assets	16	29,731	32,169
Property, plant and equipment	17	6,984	6,780
Equity accounted investments	30	0	85
Investments in shares	19	586	701
Receivables	21, 27	1,227	1,928
Deferred tax asset	20	374	275
Total non-current assets		**166,841**	**167,696**
Current assets			
Trade receivables and other receivables	21, 27	20,851	35,482
Current income tax receivables		0	739
Cash and cash equivalents	22	15,447	5,710
Total current assets		**36,298**	**41,931**
Assets classified as held for sale	15	**2,096**	**-**
Total assets		**205,235**	**209,626**

EUR thousand	Note	31 Dec, 2020	31 Dec, 2019
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent company			
Share capital	23	80	80
Reserve for invested unrestricted equity	23	106,572	106,572
Fair value reserve	23	-3	75
Translation differences	23	-50	-53
Retained earnings	23	-5,714	-5,864
Total equity attributable to the owners of the parent company		**100,885**	**100,809**
Non-controlling interests		2,859	1,024
Total equity		**103,744**	**101,833**
Non-current liabilities			
Borrowings	25, 27	51,628	54,186
Other liabilities	26, 27	66	63
Deferred tax liability	20	5,504	6,038
Total non-current liabilities		**57,198**	**60,286**
Current liabilities			
Borrowings	25, 27	6,242	5,578
Trade payables and other liabilities	26, 27	34,620	40,767
Current income tax liabilities		1,679	1,163
Total current liabilities		**42,542**	**47,508**
Liabilities directly associated with assets classified as held for sale	15	**1,752**	**-**
Total liabilities		**101,491**	**107,793**
Total equity and liabilities		**205,235**	**209,626**

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

Consolidated cash flow statement (IFRS)

EUR thousand	Note	1 Jan – 31 Dec 2020	1 Jan - 31 Dec 2019
Cash flows from operating activities			
Customer payments received		204,069	175,986
Cash paid to suppliers and employees		-180,705	-161,234
Cash flows from operating activities before financial items and taxes		**23,363**	**14,752**
Interest paid		-1,627	-1,639
Dividends received		-	2
Interest received		66	65
Other financial items		52	-182
Income taxes paid		-397	-1,677
Loans granted		-21	-192
Proceeds from repayments of loans		142	193
Net cash flows from operating activities		**21,579**	**11,323**
Cash flows from investing activities			
Purchase of tangible and intangible assets	16, 17	-2,096	-1,691
Proceeds from sale of tangible assets	17	332	266
Acquisition of subsidiaries, net of cash acquired	14	-2,082	-11,417
Disposal of subsidiaries	14	-	760
Disposal of equity accounted investments	30	135	-
Purchase of investments		41	44
Proceeds from repayments of loans		8	402
Addition / deduction of current investments		-	-343
Net cash flows from investing activities		**-3,663**	**-11,980**

EUR thousand	Note	1 Jan – 31 Dec 2020	1 Jan - 31 Dec 2019
Cash flows from financing activities			
Proceeds from share issue	23	-	1
Change in non-controlling interests		-118	-23
Repayment of current borrowings	25	-3,204	-6,969
Proceeds from non-current borrowings	25	-	62,339
Repayment of non-current borrowings	25	-79	-51,426
Payment of lease liabilities	25	-1,998	-1,516
Dividends paid	23	-2,779	-4,677
Net cash flows from financing activities		**-8,177**	**-2,269**
Net change in cash and cash equivalents		**9,739**	**-2,926**
Cash and cash equivalents at the beginning of the financial year		5,710	8,645
Effects of exchange rate changes		-1	-10
Cash and cash equivalents at the end of the financial year		**15,447**	**5,710**

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

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Changes in equity (IFRS)

		Attributable to the owners of the parent							
EUR thousand	**Note**	**Share capital**	**Reserve for invested unrestricted equity**	**Fair value reserve**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity January 1, 2020		**80**	**106,572**	**75**	**-53**	**-5,864**	**100,809**	**1,024**	**101,833**
Profit (loss) for the period		-	-	-	-	2,680	2,680	515	3,195
Other comprehensive income:									
Change in fair value		-	-	-78	-	-	-78	-	-78
Translation differences		-	-	-	4	5	8	-	8
Total comprehensive income		**-**	**-**	**-78**	**4**	**2,685**	**2,611**	**515**	**3,126**
Transactions with owners									
Dividend distribution	23	-	-	-	-	-2,485	-2,485	-294	-2,779
Changes in non-controlling interests	29	-	-	-	-	-59	-59	1,613	1,554
Share based payments	7	-	-	-	-	9	9	-	9
Other changes		-	-	-	-	1	1	1	2
Total equity December 31, 2020		**80**	**106,572**	**-3**	**-50**	**-5,714**	**100,885**	**2,859**	**103,744**

		Attributable to the owners of the parent							
EUR thousand	**Note**	**Share capital**	**Reserve for invested unrestricted equity**	**Fair value reserve**	**Translation differences**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity January 1, 2019		**80**	**58,002**	**4**	**-7**	**-7,261**	**50,818**	**-**	**50,818**
Profit (loss) for the period		-	-	-	-	4,540	4,540	113	4,652
Other comprehensive income:									
Change in fair value		-	-	71	-	-	71	-	71
Translation differences		-	-	-	-46	41	-5	-	-5
Total comprehensive income		**-**	**-**	**71**	**-46**	**4,581**	**4,606**	**113**	**4,718**
Transactions with owners				**-**					
Dividend distribution	23	-	-	-	-	-3,197	-3,197	-	-3,197
Repayment of capital	23		-1,480			-	-1,480		-1,480
Share issue	23	-	50,050	-	-	-	50,050	-	50,050
Share based payments	7	-	-	-	-	4	4	-	4
Business combinations	14	-	-	-	-	-	-	911	911
Other changes		-	-	-	-	9	9	-	9
Total equity December 31, 2019		**80**	**106,572**	**75**	**-53**	**-5,864**	**100,809**	**1,024**	**101,833**

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

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION AND BASIS OF PREPARATION

General information

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

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

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

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

The Board of Directors of Eezy Plc has approved the publication of these financial statements in its meeting on February 17, 2021. According to the Finnish Limited Liability Companies Act, shareholders are authorized to approve or reject the financial statements in the Annual General Meeting held after the publication. The Annual General Meeting can also decide on the amendments of the financial statements.

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

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the SIC and IFRIC interpretations in force as at December 31, 2020. International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in the EU Regulation (EC) No. 1606/2002 and embodied in the Finnish Accounting Act and provisions under it. The notes to the consolidated financial statements have also been prepared in accordance with the requirements in Finnish accounting legislation and Community law that complement IFRS regulations.

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

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

Segments

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

Foreign currency items

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

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

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

2. SIGNIFICANT MANAGEMENT JUDGEMENT AND ESTIMATES

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

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

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

Effect of COVID-19 to accounting estimates and Group's business

Corona virus pandemic has had a negative effect on both general economic conditions in Finland and internationally, as well as customers businesses, which in turn has diminished and may also reduce the demand for staffing services provided by the Group and for HR services provided by others. Spreading of COVID-19 virus and restrictions and negative effects on customer demand caused by it have affected adversely Eezy's financial result and business, especially in the Horeca sector, which is impacted by the restrictions posed on restaurants. Restrictions on travelling have also an impact on importing foreign labor. Corona's negative effects are seen also in the industrial and constructions sectors, but the impact varies a lot by area and customer. Eezy's management has updated business forecasts according to the effects of the pandemic, but the outlook for short-term development has been challenging since the operational requirements of our customers can change rapidly.

The key assumptions of impairment testing

Group assesses on every reporting date if there are indicators of impairment of goodwill. If any signs are detected, the carrying value of goodwill is compared to recoverable amount. In 2020, impairment testing has been performed quarterly since reporting date of June. The business growth and EBITDA used in goodwill impairment testing are based on management's assessment of the speed of recovery from the current COVID19 situation as well as the future market demand and environment. More information is provided on note 16.

Financial risk management

The most significant financial risks for Eezy are liquidity risk and credit risk.

Liquidity risk relates to ensuring and maintaining sufficient financing for Eezy. Eezy strives to continuously assess and monitor the amount of financing needed for the business operations, by, among others, performing a monthly analysis on the sales development and investment needs in order to ensure the Group has sufficient liquid assets to finance the operations and to repay the borrowings when they fall due. Due to COVID-19 some of customers' ability to pay are estimated to be weakened and the Group has utilised relaxed due dates of pension payments and taxes.

Credit risk arises specially from trade receivables and the growth funding receivables. The Group monitors continuously the level of write downs on receivables and changes the models by taking into account existing conditions and forward-looking information. Due to COVID-19 some of customers' ability to pay are estimated to be weakened and the Group has recognised write-downs to receivables totalling EUR 2,473 (460) thousand.

More information on financial risk management is provided on note 27.

3. REVENUE

Eezy's revenue comprises income from staffing services, professional services (earlier: recruitment and organizational development services) and self-employment services.

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

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

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

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

Self-employment services comprise the invoicing and business support services provided to the employee customers and the revenue from self-employment services comprise the fees collected from the employee customers.

Revenue by service area:

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Staffing services	173,388	149,410
Franchise fees	6,106	7,836
Professional services	8,422	9,355
Self-employment services	2,721	3,183
Total revenue	**190,637**	**169,784**

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

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

Accounting policy

Revenue recognition

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

Staffing services

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

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

The transaction price is the amount of consideration that Eezy expects to be entitled to in exchange for transferring promised services. The price for the overall service depends on the amount of staffing services it contains. The price for the services is agreed on the customer contract and set prices are given for each service on the contract. Customer contracts don't include any significant variable consideration. The staffing services are mainly invoiced every two weeks. Typical payment term is 7-14 days net.

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

In staffing service contracts including growth funding arrangements, which Eezy has because of acquisition of Smile in 2019, the customer is obliged to purchase the amount of staffing services defined in the contract during a certain period. Contracts including growth funding arrangements are fixed-period contracts; typically 1-5 years. Eezy makes a growth funding payment to the customer based on a purchase commitment defined in the contract. Purchase commitment has been determined based on annual purchase estimate informed by the customer. By its nature, a growth funding payment is an advanced payment paid to the customer based on a purchase commitment and therefore recognized in receivables. The customer earns the growth funding paid in advance during the contract period based on the purchases made by them. The growth funding is a discount paid to the customer in advance which is recorded as a deduction of revenue when services are rendered to the customer.

Growth funding is recognized in other current and non-current receivables. The total amount of growth funding receivables was EUR 1,458 thousand as at December 31, 2020 (2,331 thousand euro as at December 31, 2019). Based on management estimate, growth funding receivables will be deducted from the recognized revenue during the next 1 to 5 years. More information on growth funding is presented in note 27.

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Franchising

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

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

Professional services (earlier: Recruitment and organizational development services)

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

The customer contracts don't include return or refund obligations or specific terms on warranties. Typical payment term agreed in the contract is 14-30 days net.

Self-employment services

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

Contractual assets and liabilities

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

Significant management judgement and estimates

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

4. OTHER OPERATING INCOME

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Gain on disposal of tangible and intangible assets	7	11
Gain on disposal of investments in group companies	-	336
Gain on disposal of equity accounted investments	51	-
Grants received	1,052	241
Other operating income	220	65
Total	**1,330**	**653**

Grants received include a corona subsidy from State treasury totaling EUR 800 thousand in 2020.

Eezy studies the practical implications of the decision made by the Supreme Administrative Court in November regarding the VAT handling of administration fee of self-employment services in Eezy Kevytyrittäjät Osk.

5. MATERIALS AND SERVICES

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Recruitment costs	-314	-614
Other external services	-4,130	-1,917
Total	**-4,444**	**-2,531**

Other external services consist primarily of subcontracting and other services.

6. PERSONNEL EXPENSES

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

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Wages and salaries	-130,649	-115,314
Pension expenses	-19,779	-19,597
Share-based payments (note 7)	-19	-10
Other social security expenses	-4,678	-4,453
Total	**-155,124**	**-139,374**

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

Accounting policy

Pension obligations are classified as defined benefit plans or defined contribution plans. The Group's statutory pension plans in Finland are classified as defined contribution plans. For defined contribution plans, the Group pays contributions to a separate fund, i. e. pension insurance companies. The Group does not have legal or constructive obligations to further payments if the fund does not have sufficient assets to pay the employee benefits related to the employee

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service from current and prior periods. Contributions to the defined contribution plans are recognized in the income statement in the period to which the contributions relate. Eezy does not have any defined benefit plans.

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

	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Salaried employees	370	392
Workers	3,309	3,013
Total	**3,679**	**3,405**

7. SHARE-BASED PAYMENTS

The Board of Directors of Eezy Plc decided on December 17, 2019 on a long-term share-based compensation plan (LTIP 2019-2025) targeted to key employees and on November 19,2020 to amend the terms due to the significant changes in the company's business environment caused by the coronavirus pandemic. The terms of the long-term incentive were amended by extending the duration of the long-term incentive plan by one year until 2025 and adding a new earning period.

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

The share-based incentive plan contains four earning periods. The first 13 months earning period started on December 1, 2019 and ended on December 31, 2020. The second 13 months earning period started on December 1, 2020 and ends on December 31, 2021. The third 24 months earning period starts on January 1, 2022 and ends on December 31, 2023. The fourth 24 months earning period starts on January 1, 2024 and ends on December 31, 2025. The Company's Board of Directors determines the reward criteria and their target levels as well as the employees covered by the incentive plan before the beginning of each earning period.

No shares were issued for the first earning period.

From the second period a maximum of 179,091 shares can be paid as compensation. The compensation will be paid to the key personnel in the spring of 2022. The payment of the compensation is subject to the condition that the key employee's employment or service relationship has not been terminated prior to the payment. Additionally, the payment is subject to achieving the set revenue and operating profit targets. The amount of compensation paid is subject to the achievement levels of the performance targets. The Board of Directors has the right to pay the compensation in shares, cash or as a combination of these. Based on management's judgement, the compensation will be paid as a combination of shares and cash.

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

Long-term (2019-2025) share-based compensation plan	**Earning period 1 Dec 2019 – 31 Dec 2020**
Number of shares granted (maximum)	137,210
Number of shares forfeited	31,008
Number of shares not exercised	106,202
Number of shares granted as at 31 Dec 2020	0
Share price at the beginning of service	6.25
Performance conditions	Service condition Revenue growth and operating profit %
Estimated time of payment	No payment
Payment method	Combination of shares and cash
Number of participants	7

Long-term (2019-2025) share-based compensation plan	**Earning period 1 Dec 2020 – 31 Dec 2021**
Number of shares granted (maximum)	179,091
Number of shares forfeited	-
Number of shares granted as at 31 Dec 2020	179,091
Share price at the beginning of service	4.87
Performance conditions	Service condition Revenue and operating profit
Estimated time of payment	March 2022
Payment method	Combination of shares and cash
Number of participants	8

The amount of expenses recognized in the accounting period is EUR 19 (10) thousand, of which EUR 9 (4) thousand is from the share portion and recognized within the equity. The amount of the liability recognized in the balance sheet is EUR 16 (6) thousand as at December 31, 2020.

Accounting policy

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

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

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

8. DEPRECIATION AND AMORTIZATION

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

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
IFRS 3 amortization		
Trademarks	-248	-111
Customer relationships	-2,666	-1,105
Non-competition agreements	-1,001	-489
Total	**-3,914**	**-1,645**
Other intangible assets		
Trademarks	-12	-13
IT software	-1,556	-1,060
Total	**-1,568**	**-1,073**
Total amortization, intangible assets	**-5,482**	**-2,777**

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Property, plant and equipment		
Buildings	-119	-32
Buildings, right-of-use	-1,959	-1,325
Machinery and equipment	-242	-268
Machinery and equipment, right-of-use	-105	-134
Other property, plant and equipment	-23	-28
Total	**-2,448**	**-1,786**
Total other depreciation, amortization and impairment losses[1]	**-4,016**	**-2,915**
Total depreciation and amortization	**-7,929**	**-4,564**

The IFRS 3 amortization comprises the amortization made on the recognized fair value adjustments arisen from business combinations. IFRS 3 amortization is amortization for acquired identified intangible assets in business combinations.

[1)] Total other depreciation, amortization and impairment losses is total depreciation and amortization less IFRS 3 amortization.

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9. OTHER OPERATING EXPENSES

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Administrative expenses	-4,090	-2,904
Travelling expenses	-3,385	-3,313
Marketing expenses	-2,973	-2,467
Credit losses	-2,473	-460
IT machinery and software expenses	-2,360	-2,209
Facility maintenance expenses	-1,248	-918
Personnel related expenses	-530	16
Transaction expenses related to acquisitions	-210	-2,806
Other operating expenses[1)]	-1,635	-864
Total	**-18,904**	**-15,925**

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

10. AUDITORS' FEES

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Statutory audit	184	167
Other advisory services	-	20
Tax advisory services	25	26
Other services	96	192
Total	**305**	**405**

Auditor fees include the fees paid to the auditors of each Group company. Other services include the expenses related to the acquisitions.

11. FINANCIAL INCOME AND EXPENSES

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Financial income		
Interest income from receivables	64	39
Gain on fair value valuation	-	75
Gain on disposal of financial assets carried at fair value	28	-
Other financial income	58	32
Total	**150**	**146**
Financial expenses		
Interest expenses from borrowings	-1,332	-719
Interest expenses from lease liabilities	-114	-71
Other interest expenses	-175	-96
Other financial expenses	-81	-539
Total	**-1,702**	**-1,425**
Total financial income and expenses	**-1,552**	**-1,279**

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12. INCOME TAXES

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Current income tax expense	-1,577	-1,824
Adjustments to taxes for prior periods	0	2
Total current income tax expenses	-1,577	-1,822
Change in deferred tax assets	98	-572
Change in deferred tax liabilities	660	303
Deferred tax expense/benefit	758	-269
Total income taxes	**-819**	**-2,091**

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

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Result for the period before taxes	4,014	6,743
Tax calculated at the Finnish tax rate of 20%	-803	-1,349
Tax effect of tax free and non-deductible items:		
Effect of the expenses not deductible for tax purposes[1)]	-206	-826
Effect of the tax-free income	24	68
Utilization of previously unrecognized deferred tax assets	148	30
Recognition of deferred tax assets for previously unrecognized losses	20	-
Losses for which no deferred tax asset has been recognized	-	-17
Effect of other tax rates for foreign subsidiaries	-2	1
Adjustments in respect to prior years	-	2
Total income taxes	**-819**	**-2,091**

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

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

Accounting policy

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

Significant management judgement and estimates

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

13. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties:

EUR thousand	2020	2019[1]
Communities that hold significant control in community		
Sales	9,322	6,997
Purchases	-87	-91
Trade receivables	797	2,084
Trade payables and other liabilities	3	2,062
Associated companies		
Loan receivables	61	93

[1] During financial year 2019 related party transactions have arisen mainly after Smile-acquisition, period from 1 Sep to 31 Dec 2019.

Eezy had an office lease contract with a company controlled by a member of a related party until December, 2020. Related party transactions are made on the same terms and conditions as transactions with independent parties. Related party loans and receivables are presented in notes 21, 26 and 27.

Purchases from key management were EUR - (8) thousand.

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Key management remuneration is presented below:

Board of Directors remuneration

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Tapio Pajuharju	44	24
Kati Hagros	24	18
Liisa Harjula	24	-
Timo Laine	22	-
Timo Mänty	22	8
Paul-Petteri Savolainen	22	-
Jarno Suominen	24	-
Mika Uotila	22	-
Heimo Hakkarainen	-	16
Joni Aaltonen	-	19
Timur Kärki	-	10
Total	**203**	**95**

Key management wages and salaries

(not including CEO)

EUR thousand	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Wages, salaries and benefits	861	803

CEO remuneration

EUR thousand	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2018
Wages, salaries and benefits		
CEO August 23, 2019 onwards	259	80
CEO up to August 23, 2019	-	358
Total	**259**	**438**

Management compensation

(Board of Directors, CEO, key management)

EUR thousand	1 Jan – 31 Dec 2019	1 Jan – 31 Dec 2018
Short-term employee benefits	1,133	1,052
Post-employment benefits	185	227
Termination benefits	217	307
Share-based payments	14	10
Total	**1,549**	**1,595**

Key management wages and salaries and CEO remuneration include severance payments.

CEO pension obligations and severance compensation

The CEO participates in the statutory Finnish pension scheme (TyEL) under the Employees Pension Act under which the pension is based on the service period and earnings. No specific retirement age has been agreed. The pension expenses recognized was EUR 43 (80) thousand. The CEO's term of notice is three months in case the CEO decides to resign and nine months if the contract is terminated by the company. The CEO will receive normal compensation during the termination period and is not entitled to a separate compensation.

Accounting policy

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decision. Eezy's related parties include associated companies and key management personnel. Key management personnel include members of the board of directors and the group management team, CEO and substitute CEO, and their close family members. In addition, Eezy's related parties include owners that use control or exercise significant influence in Eezy Plc and companies in which they have control or companies in which the person that uses control in Eezy Plc exercises significant influence or belongs to the company's or its parent's management. The Group structure is presented in note 28.

14. BUSINESS COMBINATIONS AND DISPOSAL OF SUBSIDIARIES

Acquisitions 2020
Acquisition of Flow Consulting, Jaakko Lehto Executive Search and ProMotive

Eezy Spirit Oy acquired Flow Consulting on October 1, 2020. Flow is a management consulting and coaching company focusing on change management. Flow renews strategies, concepts, leadership as well as employee and customer experience. Eezy Spirit is the market leader in Finland in employee satisfaction surveys. The intention is to create a strong player in the research, coaching and consulting market in order to respond to the changes in the working life.

Eezy Personnel acquired on October 1, 2020 the businesses of Jaakko Lehto Executive Search Oy and ProMotive Oy and strengthened its position as one of the largest players in the recruitment, executive search and outplacement markets.

EUR thousand	Flow Consulting	Jaakko Lehto Executive Search	ProMotive
Purchase considerations			
Cash consideration	1,406	75	75
Shares issued	1,676	-	-
Non-competition agreement	-351	-4	-4
Total purchase consideration	**2,731**	**71**	**71**

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Eezy Spirit shares issued in exchange for Flow Consulting

Eezy Spirit shares issued in exchange for Flow Consulting have been recorded at fair value of EUR 1,676 thousand.

Flow Consulting, Jaakko Lehto Executive Search and ProMotive non-competition agreements

Non-competition agreements included in the share purchase agreements are treated as part of the transactions and accounted for as separate intangible assets on the balance sheet of Eezy. Non-competition agreements were not considered to be a part of the acquired assets of Flow Consulting, Jaakko Lehto Executive Search or ProMotive. Therefore EUR 351 thousand have been deducted from the purchase consideration of Flow Consulting, EUR 4 thousand from the purchase consideration of Jaakko Lehto Executive Search and EUR 4 thousand from the purchase consideration of ProMotive.

Contingent consideration of acquiring Jaakko Lehto Executive Search

There is an additional contingent consideration included in the acquisition agreement of Jaakko Lehto Executive Search, which is determined based on the EBITDA for the periods of January 1 – December 31, 2021, January 1 – December 31, 2022 and January 1 – December 31, 2023. According to the company's management estimate, EUR 301 thousand represents the fair value of the additional purchase consideration at the time of acquisition. Based on the terms of the agreement, the sellers do not have the right to access the contingent consideration if none of the key management personnel of Jaakko Lehto Executive Search is employed at the payment date of part of the contingent consideration. Therefore, the purchase consideration of EUR 301 thousand will be accounted for as personnel expenses for the work performed after the acquisition during 2021-2023. In case the EBITDA is below the level agreed on the agreement, the additional purchase consideration will not be paid.

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

EUR thousand	Flow Consulting	Jaakko Lehto Executive Search	ProMotive
Non-current assets			
Intangible assets	346	11	14
Property, plant and equipment	5	-	-
Receivables	9	-	-
Total non-current assets	**359**	**11**	**14**
Current assets			
Trade receivables and other receivables	495	-	-
Cash and cash equivalents	168	-	-
Total current assets	**663**	**-**	-
Total assets	**1,023**	**11**	**14**
Non-current liabilities			
Deferred tax liability	139	3	4
Total non-current liabilities	**139**	**3**	**4**
Current liabilities			
Trade payables and other liabilities	295	-	-
Current income tax liabilities	41	-	-
Total current liabilities	**336**	**-**	**-**
Total liabilities	**476**	**3**	**4**
Net assets acquired	**547**	**8**	**10**
Goodwill	**2,184**	**64**	**61**
Purchase consideration	**2,731**	**71**	**71**

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

EUR thousand	Flow Consulting	Jaakko Lehto Executive Search	ProMotive
Customer relationships	346	11	14
Total	**346**	**11**	**14**

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Flow Consulting

The gross amount of trade receivables at the date of the acquisition was EUR 494 thousand and it was estimated to be fully collectable.

Goodwill arising from the acquisition of Flow Consulting amounted to EUR 2,184 thousand which comprises mainly workforce, synergies and market position. The goodwill recognized in connection with the acquisition is not tax deductible.

The transaction costs of the acquisition amounted to EUR 154 thousand and are recorded in other operating expenses for the period 2020.

Jaakko Lehto Executive Search

Goodwill arising from the acquisition of Jaakko Lehto Executive Search amounted to EUR 64 thousand which comprises mainly workforce, synergies, market position and the expertise in its field of business.

There were no transaction costs related to the acquisition.

ProMotive

Goodwill arising from the acquisition of ProMotive amounted to EUR 61 thousand and it comprises mainly workforce, synergies, market position.

There were no transaction costs related to the acquisition.

Impact on earnings

Revenue and profit (loss) for the period of the acquired company from the date of acquisition included i n the consolidated financial statements for the financial year 2020:

EUR thousand	Flow Consulting 1 Oct – 31 Dec 2020
Impact on the Group Revenue and Result	
Revenue	677
Result for the period	-58

If the acquisition had taken place on January 1, 2020, the pro forma consolidated revenue for the financial year from January 1, 2020 to December 31, 2020 would have been EUR 192,375 thousand and pro forma consolidated operating profit would have been EUR 5,855 thousand. The pro forma figures are based on the consolidated revenue and operating profit for the financial year 2020 as well as on the revenue and operating profit of the acquired company from the beginning of 2020 until the date of the acquisition. Figures have been adjusted related to the amortizations of intangible assets related to acquisition, as if acquisition had been done on January 1, 2020 and additional amortizations recorded since then.

Cash flows from purchase considerations during financial year 2020

EUR thousand	Flow Consulting	Jaakko Lehto Executive Search	ProMotive
Cash consideration	1,055[1]	71[2]	71[3]
Deducted: Cash and cash equivalents acquired	-168	-	-
Net cash flow	887	71	71

[1)] EUR 351 thousand paid in cash for the non-competition agreement has been deducted from the cash consideration of EUR 1,406 thousand.

[2)] EUR 4 thousand paid in cash for the non-competition agreement has been deducted from the cash consideration of EUR 75 thousand.

[3)] EUR 4 thousand paid in cash for the non-competition agreement has been deducted from the cash consideration of EUR 75 thousand.

Others

Eezy purchased all the shares of Hazana Oy in January 2020. Hazana Oy was previously part of the Eezy franchise chain. Acquisition had no significant impact on the revenue and result of Eezy group in 2020. In March, Eezy established Eezy United Oy together with minority shareholders. Eezy United shall start employing both current and former athletes.

Acquisitions 2019

Acquisition of Smile, Henkilöratkaisu Extraajat, ja Eezy Spirit (previously Corporate Spirit)

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

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

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

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

Shares issued in exchange for Smile

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

Henkilöstöratkaisu Extraajat non-competition agreement

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

Contingent consideration of acquiring Eezy Spirit

There was an additional contingent consideration of EUR 500 thousand maximum included in the acquisition agreement of Eezy Spirit, which was determined based on the adjusted EBITDA for the period of January 1 – December 31, 2019. According to the company's management estimate at the time of the acquisition, EUR 250 thousand represented the fair value of the additional purchase consideration. Additional purchase price of EUR 300 thousand was paid in the spring 2020. EUR 50 thousand exceeding the originate estimate was recorded as financial expense.

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

EUR thousand	Smile	Henkilöstö-ratkaisu Extraajat	Eezy Spirit
Non-current assets			
Intangible assets	26,818	2,078	405
Property, plant and equipment	2,699	135	269
Share investments	426	-	-
Receivables	1,877	-	-
Deferred tax assets	245	-	-
Total non-current assets	**32,065**	**2,213**	**674**
Current assets			
Trade receivables and other receivables	24,181	739	585
Current income tax receivables	821	10	-
Cash and cash equivalents	5	3,720	976
Total current assets	**25,007**	**4,469**	**1,561**
Total assets	**57,072**	**6,682**	**2,235**
Non-current liabilities			
Borrowings	25,947	-	94
Deferred tax liability	5,354	412	80
Total non-current liabilities	**31,301**	**412**	**174**

EUR thousand	Smile	Henkilöstö-ratkaisu Extraajat	Eezy Spirit
Current liabilities			
Borrowings	6,517	-	105
Trade payables and other liabilities	24,112	2,737	888
Current income tax liabilities	988	-	-
Total current liabilities	**31,617**	**2,737**	**994**
Total liabilities	**62,919**	**3,149**	**1,168**
Net assets acquired	**-5,847**	**3,533**	**1,068**
Non-controlling interests	**920**	**-**	**-**
Goodwill	**56,816**	**6,575**	**2,462**
Purchase consideration	**50,050**	**10,107**	**3,530**

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

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

Smile

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

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

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

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

Henkilöstöratkaisu Extraajat

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

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

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

Eezy Spirit

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

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

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

Impact on earnings

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

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

If the acquisitions had taken place on January 1, 2019, the pro forma consolidated revenue for the financial year from January 1, 2019 to December 31, 2019 would have been EUR 268,261 thousand and pro forma consolidated operating profit would have been EUR 14,250 thousand. The pro forma figures are based on the consolidated revenue and operating profit for the financial year 2019 as well as on the revenue and operating profit of the acquired companies from the beginning of 2019 until the dates of the acquisitions.

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

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

Accounting policy

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

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

Significant management judgement and estimates

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

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

Divestments in financial year 2020

During financial year 2020 there were no disposal of subsidiaries.

Divestments in financial year 2019

Eezy sold Alina Hoivatiimi Oy to Norlandia Care Oy in February 2019. Alina is a nationwide franchise chain offering home care, domestic work and home medical care services. Alina Group's revenue in 2018 was EUR 1.5 million and EBITDA EUR 0.2 million. The debt-free cash consideration was EUR 1.5 million. Outside of profit from the sale, EUR 0.3 million, the sale had no significant impact on Eezy's result in January–September 2019.

15. ASSETS CLASSIFIED AS HELD FOR SALE

On December 11, 2020 Eezy has signed an agreement to sell its Swedish subsidiary VMP-Group Sweden AB to Palm & Partners Bemanning AB. VMP-Group Sweden provides staffing services to customers in Sweden. VMP-Group Sweden turnover was EUR 3,2 million and EBITDA EUR 0,2 million in 2020. The transaction was completed on January 4, 2021.

As of December 31, 2020, Eezy has classified VMP-Group Sweden AB and its subsidiaries' assets and liabilities as held for sale.

EUR thousand	31 Dec 2020	31 Dec 2019
Assets classified as held for sale		
Goodwill	173	-
Tangible assets	172	-
Trade receivables and other receivables	572	-
Cash and cash equivalents	1,179	-
Assets classified as held for sale total	**2,096**	**-**
Liabilities directly associated with assets classified as held for sale		
Lease liabilities	177	-
Trade payables and other liabilities	1,575	-
Liabilities directly associated with assets classified as held for sale total	**1,752**	**-**

16. INTANGIBLE ASSETS

EUR thousand	Goodwill	Trademarks	IT Software	Customer relationships	Non-competition agreements	Advances paid	Intangible assets total
Cost at January 1, 2020	125,757	2,596	5,808	26,500	2,956	56	37,916
Translation differences	-1	-	-	-	-	-	-
Business combinations	2,353	-	-	370	360	-	730
Additions	-	21	2,336	-	-	-	2,357
Classification as held for sale	-173	-	-	-	-	-	-
Transfers between classes	-	6	-	-	-	-56	-50
Cost at December 31, 2020	127,938	2,623	8,144	26,870	3,315	-	40,953
Accumulated amortization and impairment at January 1, 2020	-	-160	-3,971	-1,114	-496	-	-5,740
Amortizations	-	-260	-1,024	-2,666	-1,001	-	-4,951
Impairments	-	-	-531	-	-	-	-531
Accumulated amortization and impairment at December 31, 2020	-	-420	-5,526	-3,780	-1,496	-	-11,222
Net carrying value January 1, 2020	125,757	2,436	1,831	25,386	2,460	56	32,169
Net carrying value December 31, 2020	**127,938**	**2,203**	**2,619**	**23,090**	**1,819**	**-**	**29,731**

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

Goodwill impairment testing

Goodwill is tested for impairment annually to identify any impairment. In addition, the Group monitors any internal and external indicators to identify any signs for impairment. If signs are detected, the carrying value of goodwill is compared to recoverable amount. In 2020, impairment testing has been performed quarterly since reporting date of June.

In the goodwill impairment testing, the carrying value of the group of cash generating units (CGU) is compared to the recoverable amount of the CGU. Eezy has one CGU which is the segment defined by the company and is the level used to monitor the goodwill.

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

Impairment testing and the key assumptions

The recoverable amount of the CGU is determined using a value-in-use method. Value-in-use is calculated by discounting the future cash flows. The calculation of the recoverable amount is impacted primarily by changes in the forecasted EBITDA, discount rate used and the estimated revenue growth. The business growth and EBITDA are based on management's assessment of the speed of recovery from the current COVID19 situation as well as the future market demand and environment.

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

	31 Dec 2020	31 Dec 2019
The average cumulative increase in revenue, forecast period	12.7%	16.7%
Terminal growth assumption	1.0%	1.0%
Average EBITDA, forecast period	10.1%	10.9%
Forecasted EBITDA, terminal value	9.0%	9.5%
Pre-tax discount rate	10.5%	11.0%

Impairment testing calculations are based on the cash flow forecasts and the budget prepared by the Group's management team and approved by the Board of Directors, including the forecast and terminal periods. A five-year forecast period is used in the impairment testing calculations. The (after-tax) discount rate used is based on the weighted average cost of capital (WACC).

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

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

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

The management judgement and estimates regarding future have a central role in preparing the impairment testing calculations. The discounted cash flow method used in preparing the calculations requires forecasts and assumptions of which the most significant relate to revenue growth, the development of costs, the level of maintenance investments and changes in the discount rate. The main uncertainty factors in calculations are the ultimate duration of the COVID-19 pandemic and speed of recovery in business.
The growth assumption for the terminal period has been determined as 1% which represents the long-term inflation projections. It is possible that the predictions related to the cash flow forecasts are not achieved.
As a result, the impairment of goodwill or other assets may have a significantly negative effect on the result and the financial position in the future periods.

The result of impairment testing is assessed by comparing recoverable amount of CGU to carrying value of CGU as follows:

Recoverable amount / Carrying value	Test result
less than 1.0	Impairment
1.0–1.2	Exceeds slightly
1.2–1.5	Exceeds clearly
more than 1.5	Exceeds remarkably

Test result of impairment testing exceeds remarkably, therefore no impairment losses have been recognized in any financial periods presented. The management has prepared a sensitivity analysis for the key factors and based on the management estimate none of the reasonably possible changes in the staffing service key assumptions would lead to a situation in which the recoverable amount would be less than the carrying value of the cash generating unit.

Accounting policy

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

Goodwill

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

Goodwill is not amortized but is tested for impairment annually and whenever there is an indication that it might be impaired. Impairment loss is immediately recognized in the income statement if the carrying amount exceeds the recoverable amount. Impairment losses on goodwill are not reversed. Goodwill is measured at cost less any accumulated impairment losses incurred.

Trademarks

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

Other intangible assets

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

Non-competition agreements

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

Customer relationships

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

Intangible assets are amortized over the following estimated useful life:

Trademarks	10 years
IT software	3-5 years
Non-competition agreements	2-3 years
Customer relationships	7-10 years

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

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

Impairment of tangible and intangible assets

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

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

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

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

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Significant management judgement and estimates

Business combinations

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

Goodwill impairment testing

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

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

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

17. PROPERTY, PLANT AND EQUIPMENT

EUR thousand	Buildings	Buildings, right-of-use	Machinery and equipment	Machinery and equipment, right-of-use	Other	Advances paid and work in progress	Total
Cost at January 1, 2020	962	6,409	1,947	388	102	557	10,366
Translation differences	-	0	0	-1	-	-	-0
Business combinations	-	-	4	-	-	-	4
Additions	119	3,403	26	122	-	578	4,248
Disposals	-	-24	-296	-	-	-1,135	-1,454
Classification as held for sale	-	-215	-36	-152	-	-	-403
Revaluation	-	42	-	-17	-	-	25
Cost at December 31, 2020	1,080	9,616	1,646	341	102	-	12,786
Accumulated depreciation and impairment at January 1, 2020	-539	-2,017	-753	-233	-51	-	-3,592
Translation differences	-	-1	-0	0	-	-	-1
Classification as held for sale		106	36	97	-	-	239
Depreciation	-119	-1,914	-242	-105	-23	-	-2,403
Impairment	-	-45	-	-	-	-	-45
Accumulated depreciation and impairment at December 31, 2020	-658	-3,871	-959	-241	-73	-	-5,802
Net carrying value at January 1, 2020	430	4,392	1,194	155	52	557	6,780
Net carrying value at December 31, 2020	**422**	**5,745**	**687**	**100**	**29**	**-**	**6,984**

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

Accounting policy

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

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

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

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

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

18. LEASES

Eezy's leases relate primally to premises and cars. The most significant leases are for the premises in the largest cities in which the operations have been centralized. These leases are mainly 3 to 5-year fixed term leases. Leases may include extension options and it is determined on a lease-by-lease basis if the extension option is exercised or not. Smaller premises have been leased for a perpetual term. If a decision to terminate a perpetual lease contract has not been made the lease is assumed to be continued for the next strategy period.

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

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

Lease liabilities

EUR thousand	31 Dec 2020	31 Dec 2019
Current	1,986	1,489
Non-current	3,998	3,136
Total	**5,984**	**4,625**

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

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

EUR thousand	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Depreciation	-2,019	-1,459
Interest expenses from lease liabilities	-114	-71
Lease expenses from short term leases	-226	-245
Lease expenses from leases of low value assets	-636	-432

The total cash outflow for leases in 2020 was EUR 2,974 (2,148) thousand.

Accounting policy

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

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

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

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

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

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

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

Significant management judgement and estimates

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

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

19. INVESTMENTS IN SHARES AND FUNDS

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

	31 Dec 2020 Fair value	Level	31 Dec 2019 Fair value	Level
Investments in shares, quoted	351	1	458	1
Investments in shares, unquoted	235	3	243	3
Total	**586**		**701**	

The changes in level 3 items are as follows:

	Share investments
1 January, 2019	178
Acquisitions	65
December 31, 2019	**243**
Sales	-8
December 31, 2020	**235**

In addition, in 2019 the Group had contingent consideration liabilities which were classified as level 3 in the fair value hierarchy. More information is presented in notes 14 and 26.

Accounting policy

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

Investment funds consisting of residential property funds are measured at fair value based on the brokers quate. The realized and unrealized changes in the fair value of the investment funds are recognized in the profit or loss. Eezy has sold all investments funds during the financial year 2019.

The financial instruments measured at fair value in the balance sheet are classified based on the following fair value hierarchy levels:
Level 1: The fair value is based on quoted market prices of similar assets or liabilities in active markets.

Shares owned by the Group comprise mainly of listed shares.

Level 2: The fair value of financial instruments that are not traded on the active market is determined with a valuation technique. These techniques maximize the use of observable market data and apply company-specific estimates only to a minimal degree. When all significant inputs needed to determine the fair value of the instrument are observable, the instrument is categorized on level 2. Eezy's fund investments are categorized on level 2.

Level 3: If one or several significant inputs are not based on observable market data, the instrument is categorized on level 3. Such instruments include the Company's investments in unlisted shares.

20. DEFERRED TAX ASSETS AND LIABILITIES

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

EUR thousand	1 Jan 2020	Recognized in profit or loss	31 Dec 2020
Deferred tax assets			
Tax losses carried forward	-	20	20
Tax losses from the period	-	98	98
Interest cost suspended in taxation	-	47	47
Leases	10	9	19
Credit loss provision	266	-77	189
Total	**275**	**98**	**374**

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

EUR thousand	1 Jan 2020	Recognized in profit or loss	Recognized in equity	Acquisitions	31 Dec 2020
Deferred tax liabilities					
Business combinations	6,001	-656	-	146	5,491
Loans	18	-4	-	-	14
Leases	-0	0	-	-	-
Share investments	19	-	-19	-	0
Total	**6,038**	**-660**	**-19**	**146**	**5,504**

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

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

Eezy has EUR 1,381 (1,451) thousand of tax losses originating from Sweden as at December 31, 2020 of which a deferred tax asset has not been recognized.

The tax losses do not have an expiry date in Sweden. On December 11, 2020 Eezy has signed an agreement to sell its Swedish subsidiary VMP-Group Sweden AB to Palm & Partners Bemanning AB. The transaction was completed on January 4 2021, because of which deferred tax asset could not be utilized.

Accounting policy

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

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

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

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

Significant management judgement and estimates

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

21. TRADE RECEIVABLES AND OTHER RECEIVABLES

EUR thousand	31 Dec 2020	31 Dec 2019
Non-current receivables		
Growth funding receivables	1,017	1,663
Loan receivables from associated companies	23	54
Other loan receivables	6	14
Lease guarantees	182	197
Total non-current receivables	**1,227**	**1,928**
Current receivables		
Trade receivables	19,044	32,361
Growth funding receivables	441	941
Loan receivables from associated companies	38	38
Other loan receivables	90	190
Other receivables	459	794
Accrued income	778	1,158
Total current receivables	**20,851**	**35,482**
Total trade receivables and other receivables	**22,078**	**37,410**

Accrued income consists of employer insurance and advance payments.

Trade receivables are measured at the transaction price.

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

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

22. CASH AND CASH EQUIVALENTS

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

23. EQUITY

EUR thousand unless otherwise specified	Shares 1 000 pcs	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total attributable to the owners of the parent company	Non-controlling interests	Total equity
31 Dec, 2020	24,849	80	106,572	-3	-50	-5,714	100,885	2,589	103,744
31 Dec, 2019	24,849	80	106,572	75	-53	-5,864	100,809	1,024	101,833

Share capital

Eezy Plc has one series of shares and all shares are equally entitled to dividends. One share carries one vote at the general meeting. Eezy's shares are September 9, 2020 onwards listed on the official list of Nasdaq Helsinki. Before that, Eezy's shares were listed in Nasdaq First North Growth Market.

Pcs	2020	2019
1 January	**24,849,375**	**14,799,198**
Directed share issue	-	10,050,177
31 December	**24,849,375**	**24,849,375**

The directed share issue in the 2019 financial year is related to the Smile acquisition.

Own shares

The Company does not hold its own shares.

Dividends

Eezy Plc has distributed dividends of EUR 0.10 per share on November 20, 2020 based on the decision of the Board of Directors and authorization from the Annual General Meeting.

Reserve for invested unrestricted equity

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

Fair value reserve

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

Translation differences

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

Accounting policy

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

24. EARNINGS PER SHARE

	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Result for the period attributable to the owners of the company	2,680,445	4,539,794
Weighted average number of shares, undiluted	24,849,375	18,296,109
Earnings per share, basic (EUR)	**0.11**	**0.25**
Impact of shares related to the share-based payments plan	147,957	5,263
Weighted average number of shares, diluted	24,997,332	18,301,372
Earnings per share, diluted (EUR)	**0.11**	**0.25**

The number of dilutive shares in 2020 was 147,957 (5,263).

Accounting policy

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

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

25. BORROWINGS

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

EUR thousand	Loans from financial institutions	Lease liabilities	Other loans	Total
January 1, 2019	**19,838**	**2,650**	**-**	**22,488**
Proceeds from borrowings	62,339	-	-	62,339
Repayments of borrowings	-58,387	-1,400	-	-59,788
Acquisitions	31,019	1,652	29	32,700
New leases	-	1,699	-	1,699
Other changes	300	25	-	325
December 31, 2019	**55,109**	**4,625**	**29**	**59,764**
Repayments of borrowings	-3,282	-1,998	-18	-5,299
Acquisitions	12	-	-	12
New leases	-	3,502	-	3,502
Other changes	38	-145	-1	-108
December 31, 2020	**51,877**	**5,984**	**9**	**57,870**

Eezy drew down new EUR 55 million non-current loans from financial institutions in order to refinance the Group's debt financing in November 2019. The maturities of these financing arrangements range from 1 to 5 years. The new loans replaced all previous loans of the Group. The financing arrangements of the Group related primarily to the financing of the business acquisitions.

The Group's loans include covenants defined in the financing agreements. The most important loan covenants are reported to the creditors half yearly. If the Group does not meet the covenants, the creditor may require an accelerated loan prepayment. During the financial years presented, the Group has met loan related covenants, which relate to net debt ratio and ratio of interest bearing net debt compared to EBITDA.

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

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

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

Accounting policy

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

The transaction costs incurred in connection with the borrowings are recognized as interest expenses using the effective interest method.

26. TRADE PAYABLES AND OTHERLIABILITIES

EUR thousand	31 Dec 2020	31 Dec 2019
Non-current liabilities		
Contingent considerations	-	57
Other liabilities	66	6
Total non-current liabilities	**66**	**63**
Current liabilities		
Trade payables	5,600	5,343
Contingent considerations	-	683
VAT liability	9,783	9,139
Personnel related liabilities	6,097	4,266
Associated company liabilities	-	1,720
Other liabilities	521	151
Personnel related accrued expenses	12,257	18,244
Other accrued expenses	362	1,222
Total current liabilities	**34,620**	**40,767**
Total trade payables and other liabilities	**34,686**	**40,829**

Accounting policy

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

27. FINANCIAL RISK MANAGEMENT

The group's principles of financial risk management have not significantly changed during reporting period. Eezy and its operating activities are exposed to certain financial risks. Financial risk management is a part of the Group's risk management processes and an integral part of Eezy's strategy process, planning process and day-to-day management. Eezy's CEO is responsible for drafting the principles of risk management and for ensuring that the principles are implemented systematically and appropriately. Eezy's Group Management Team is responsible for identifying group level risks. Risk management is reported to Eezy's Board of Directors and the Board confirms the company's principles of risk management.

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

Liquidity risk

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

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

Cash and cash equivalents amounted to EUR 15,447 (5,710) thousand at the end of the financial year, in addition to which the Group had undrawn committed credit limits available totaling to EUR 10,000 (10,000) thousand. Relaxed due dates of pension payments and taxes have increased the Group's cash and cash equivalents by approx. EUR 10.2 million.

The group has a long-term senior loan from financial institutions and the financial agreements include the terms of covenants. The breach of covenants may lead to the situation where the creditor may require an accelerated loan prepayment or immediate prepayment. As of December 31, 2020, the Group has non-current loans from financial institutions EUR 47,630 (51,040) thousand and current loans from financial institutions EUR 4,247 (4,069) thousand. The terms and conditions of the loans and related covenants are described in note 25.

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

EUR thousand	0-6 months	7-12 months	1-3 years	4-5 years	Total contractual cash flows	Carrying value
December 31, 2020						
Loans from financial institutions	1,436	3,965	10,570	40,134	56,104	51,877
Lease liabilities	1,021	965	3,618	381	5,984	5,984
Trade payables	5,600	-	-	-	5,600	5,600
Other loans	9	-	-	-	9	9
Total	**8,066**	**4,930**	**14,187**	**40,514**	**67,698**	**63,470**

In addition to the table above: In Spring 2020 periodical (self-assessed) taxes were postponed and will mature following: below six months 2,755 thousand euro, next 6-12 months 2,755 thousand euro and following 13-36 months 918 thousand euro, as total of 6,428 thousand euro.

EUR thousand	0-6 months	7-12 months	1-3 years	4-5 years	Total contractual cash flows	Carrying value
December 31, 2019						
Loans from financial institutions	1,295	4,019	9,800	43,639	58,753	55,109
Contingent consideration liabilities	169	570	-	-	739	739
Lease liabilities	784	705	3,049	88	4,625	4,625
Trade payables	5,343	-	-	-	5,343	5,343
Other loans	12	8	9	-	29	29
Total	**7,603**	**5,303**	**12,858**	**43,727**	**69,490**	**65,846**

Credit risk

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

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

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

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

During the financial year, the Group has recognized EUR 2,473 (460) thousand on trade receivables and growth funding receivables as credit losses in profit or loss.

Trade receivables

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

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group monitors continuously the level of write downs on receivables and changes the models by taken into account existing conditions and forward-looking information. Due to COVID-19 some of customers' ability to pay are estimated to be weakened.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2020 or December 31, 2019, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information and macroeconomic factors affecting the ability of the customers to settle the receivables.

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

EUR thousand	Not due	Due, 1-30 days	Due, 31-60 days	Due, 61-90 days	Due, 91-180 days	Over 180 days	Total
December 31, 2020							
Expected credit loss rate, %	0.2%	0.8%	1.5%	2.0%	8.0%	26.0%	
Carrying value of trade receivables	16,125	941	504	472	388	960	19,390
Credit loss provision	**32**	**8**	**8**	**9**	**39**	**250**	**345**

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

EUR thousand	2020	2019
January 1	574	71
Change in provision	2,653	1,138
Recognized as credit losses	-2,924	-647
Unused amount reversed	42	12
December 31	**345**	**574**

The Group monitors continuously the level of write downs on receivables and changes the models by taken into account existing conditions and forward-looking information.

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

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

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

Unexpected customers insolvency situations may lead to disruptions of providing services and may lead to termination of growth funding agreements that are earlier considered favorable. Corona virus pandemic has had a negative effect on both general economic conditions in Finland and internationally, as well as some of customers businesses. The Group monitors continuously the level of write downs on receivables and changes the models by taken into account existing conditions and forward-looking information.

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

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

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

Significant management judgement and estimates

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

Capital management

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

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

Interest rate risk

Interest rate risk means the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has not been materially exposed to fair value interest rate risks because a significant part of its loans are linked to the Euribor. Further, the cash flow interest rate risk is not considered to be significant due to the current interest rate level. The interest rates of borrowings are described in note 25. During year 2019 the Group used an interest rate swap to hedge its exposure to variable interest rate changes. It was terminated in connection with the refinancing of the borrowings by the year of 2019. In 2020 the Group does not have derivative contracts at the balance sheet date.

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

Foreign exchange risk

The Group operates mainly in Finland but has some business operations in Sweden as well until January 4, 2021. Local companies operate in their functional currency. Due to these factors, the impact from foreign exchange risk is not material, and it is not hedged. The foreign exchange risk associated with net investments is not hedged.

28. GROUP STRUCTURE

Subsidiaries belonging to the Group as at December 31, 2020 are presented in the table below:

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

Subsidiary	Domicile	Group ownership portion, %
Extraajat Etelä-Suomi Oy	Helsinki	100%
Extraajat Helsinki Oy	Helsinki	100%
Extraajat Häme Oy	Helsinki	100%
Extraajat Keski-Suomi Oy	Helsinki	100%
Extraajat Pirkanmaa Oy	Helsinki	100%
Extraajat Pohjois-Suomi Oy	Helsinki	100%
Extraajat Uusimaa Oy	Helsinki	100%
Extraajat Varsinais-Suomi Oy	Helsinki	100%
Eezy Spirit Oy	Turku	70,02%
Flow Consulting Oy	Helsinki	100%
VMP-Group Sweden AB (divested 1 Jan, 2021)	Sweden	92,69%
VMP Bemanning AB		
Karriär & Utveckling AB		
Protorent AB		
VMP Elkraftservice AB		
Eezy Henkilöstöpalvelut Oy	Tampere	100%
Happy Henkilöstöpalvelut Oy	Tampere	100%
Smile Job Services Oy	Tampere	100%
Max Henkilöstöpalvelut Oy	Tampere	100%
Resta Henkilöstöpalvelut Oy	Tampere	100%
RM Henkilöstöpalvelut Oy	Tampere	100%
Smile Botnia Oy	Tampere	100%
Smile Doctors Oy	Tampere	76%
Smile Office Oy	Tampere	100%
Smile Events & Promotions Oy	Tampere	100%

Subsidiary	Domicile	Group ownership portion, %
Smile Huippu Oy	Kuopio	100%
Smile Palvelut Jyväskylä Oy	Tampere	100%
Smile MMS Oy	Kuortane	100%
Smile Industries Oy	Kuortane	100%
Smile Palvelut Etelä-Savo Oy	Tampere	100%
Smile Industries Kuopio Oy	Tampere	90%
Smile Industries Tampere Oy	Tampere	100%
Smile Hoiva Oy	Tampere	100%
Smile Pohjanmaa Oy	Kuortane	100%
Smile Palvelut Helsinki Oy	Tampere	100%
Smile Palvelut Hämeenlinna Oy	Hämeenlinna	100%
Smile Palvelut Pohjoinen Oy	Tampere	100%
Smile Palvelut Ilo Oy	Tampere	100%
Smile Palvelut Turku Oy	Tampere	100%
Smile Railways Oy	Tampere	100%
Smile Services Oy	Tampere	100%
Smile Super Oy	Tampere	100%
Smile Tampere Oy	Tampere	100%
Smile Banssi Oy	Tampere	100%
Smile Banssi Etelä Oy	Espoo	100%
Smile Banssi Pohjoinen Oy	Espoo	100%
Smile Banssi Häme Oy	Espoo	100%
Smile Banssi Uusimaa Oy	Vantaa	100%
Smile Banssi Itä Oy	Joensuu	100%
Smile Banssi Länsi Oy	Turku	100%
Smile Banssi Keski Oy	Jyväskylä	100%

Subsidiary	Domicile	Group ownership portion, %
Smile Banssi Lappi Oy	Rovaniemi	100%
Smile Palvelut Royal Oy	Tampere	100%
Eezy Teollinen Etelä Oy	Helsinki	100%
Smile Rmax Oy	Espoo	100%
Smile Seinäjoki Oy	Tampere	100%
Smile Jobio Pohjanmaa Oy	Tampere	100%
Smile Jobio Pirkanmaa Oy	Tampere	100%
Smile Jobio Uusimaa Oy	Tampere	100%
Smile Jobio Varsinais-Suomi Oy	Tampere	100%
Smile Import Oy	Tampere	80%
Smile Job Services Three Oy	Helsinki	100%
Eezy Teollinen Pohjoinen Oy	Tampere	100%
Smile Pohjois-Pohjanmaa Oy	Tampere	100%
Smile Kymppi Service Länsi-Suomi Oy	Tampere	100%
Smile Kymppi Service Pohjois-Suomi Oy	Tampere	100%
Smile Kymppi Service Satakunta Oy	Tampere	100%
Smile Palvelut Maja Oy	Tampere	100%
Kymppi Service Eesti Oü	Estonia	100%
Smile Industries Pohjanmaa Oy	Tampere	100%
Eezy United Oy	Helsinki	70%

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

Events after the balance sheet date

On December 11, 2020 Eezy has signed an agreement to sell its Swedish subsidiary VMP-Group Sweden AB to Palm & Partners Bemanning AB. The transaction was completed on January 4, 2021.

Accounting policy

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

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

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

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

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

29. CHANGES IN THE NON-CONTROLLING INTERESTS

Company in which interests are acquired	Acquisition date	Acquired share	New ownership interest	Purchase consideration (EUR thousand)	Change in non-controlling interests (EUR thousand)	Change in retained earnings (EUR thousand)
2020						
Eezy Henkilöstöpalvelut Oy						
Smile Doctors Oy	30 Jan, 2020	4.75%	76.00%	23	-23	0
Smile Banssi Oy						
Smile Banssi Lappi Oy	10 Jun, 2020	10.00%	100.00%	31	-7	-49
Smile Banssi Oy						
Smile Banssi Uusimaa Oy	10 Sep, 2020	10.00%	100.00%	62	-8	-23
2019						
Smile Banssi Oy						
Smile Banssi Kaakko Oy	25 Nov, 2019	10.00%	100.00%	22	-3	-20

30. INVESTMENTS IN ASSOCIATES

EUR thousand	2020	2019
Cost at 1 January	85	106
Share of the result of associates	-1	-21
Divestments	-84	-
Cost at 31 December	0	85

Eezy sold its share of Enjoy Festival Oy on January 31, 2020. Outside of profit from the sale, EUR 0.05 million, the sale had no significant impact on Eezy's result in 2020.

31. COMMITMENTS AND CONTINGENCIES

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

EUR thousand	31 Dec 2020	31 Dec 2019
Liabilities in balance sheet for which collaterals given		
Loans from financial institutions, non-current	47,630	51,040
Loans from financial institutions, current	4,247	4,069
Total	**51,877**	**55,109**

EUR thousand	31 Dec 2020	31 Dec 2019
Mortgages on own behalf		
Company mortgages	100,000	100,000
Property, plant and equipment	51	174
Total	**100,051**	**100,174**

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

More information on business combinations is presented in note 14.

Accounting policy

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

32. NEW STANDARDS

New and amended standards and interpretations applied in the financial year ended December 31, 2020

Group has applied following new and amended standards from January 1, 2020 onwards. These have not had a significant impact on consolidated financial statements 2020.

Amendments to References to Conceptual Framework in IFRS Standards (effective for financial years beginning on or after 1 January 2020)

The revised Framework codifies IASB's thinking adopted in recent standards. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs.

Definition of a Business – Amendments to IFRS 3 Business Combinations (effective for financial years beginning on or after 1 January 2020)

The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set is a group of assets rather than a business.

Definition of Material – Amendments to IAS 1 Presentation of Financial Instruments and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for financial years beginning on or after 1 January 2020)

The amendments clarify the definition of material and include guidance to help improve consistency in the application of that concept across all IFRS Standards. In addition, the explanations accompanying the definition have been improved.

COVID-19-Related Rent Concessions – Amendment to IFRS 16 Leases (effective for financial years beginning on or after 1 June 2020

The amendment allows the lessees not to account for rent concessions as lease modifications if the concessions are a direct consequence of the COVID-19 pandemic and only if certain conditions are met.

Adoption of new and amended standards in future financial years

Group estimates that adoption of new and amended standards listed below in future financial years will not have a significant impact on consolidated financial statements.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases (to be applied from 1 January 2021)

Amendments address issues affecting financial statements when changes are made to contractual cash flows and hedging relationships as a result of interest rate benchmark reform. Amendments assist companies in providing useful information about the effects of interest rate benchmark reform on financial statements.

Property, Plant and Equipment — Proceeds before Intended Use – Amendments to IAS 16 Property, Plant and Equipment (to be applied from 1 January 2022)*

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (to be applied from 1 January 2022)*

When an onerous contract is accounted for based on the costs of fulfilling the contract, the amendments clarify that these costs comprise both the incremental costs and an allocation of other direct costs.

*Annual Improvements to IFRS Standards 2018–2020 * (to be applied from 1 January 2022)*

The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments clarify the following standards:

- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities: This amendment clarifies that – for the purpose of performing the "10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- IFRS 16 Leases – Lease incentives – Example 13. The amendment removes the illustration of payments from the lessor relating to leasehold improvements. The example was not clear as to why such payments are not a lease incentive.

*Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Presentation of Financial Statements * (to be applied from 1 January 2023)*

The amendments are to promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

* = not yet endorsed for use by the European Union as of December 31, 2020

33. EVENTS AFTER THE BALANCE SHEET DATE

Eezy announced on December 11, 2020 the divestment of its Swedish subsidiary VMP Group AB to Palm & Partners Bemanning AB, who operates in the same business in Sweden. The transaction was completed after the review period on January 4, 2021.

Parent company financial statements

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Parent company income statement (FAS)

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EUR	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
REVENUE	**12,251,618.05**	**1,600,000.00**
Other operating income	351.62	0.00
Personnel expenses		
Wages and salaries	-990,798.22	-614,924.43
Social security expenses		
Pension expenses	-129,250.12	-76,843.11
Other social security expenses	-24,159.51	-8,619.90
Total social security expenses	-153,409.63	-85,463.01
Total personnel expenses	-1,144,207.85	-700,387.44
Depreciation, amortisation and impairment losses		
Depreciation and amortisation according to plan	-47,458.38	-26,883.85
Total depreciation, amortisation and impairment losses	-47,458.38	-26,883.85
Other operating expenses	-12,682,408.70	-1,148,525.42
OPERATING PROFIT (LOSS)	**-1,622,105.26**	**-275,796.71**
Financial income and expenses		
Income from holdings in group companies	0.00	10,760,000.00
Other interest income and other financial income		
Income from holdings in group companies	283.93	54.49
Other interest income and other financial income	1,665,002.29	373,173.90
Interests expenses and other financial expenses		
To other companies	-1,332,084.50	-450,085.96
To group companies	-1,262.03	-9,317.65
Financial income and expense	331,939.69	10,673,824.78
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**-1,290,165.57**	**10,398,028.07**
Appropriations		
Group contribution	2,380,000.00	7,018,000.00

EUR	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Appropriations	2,380,000.00	7,018,000.00
Income taxes		
Taxes for the financial year and previous financial years	-237,335.05	-805,304.17
Income taxes	-237,335.05	-805,304.17
PROFIT (LOSS) FOR THE FINANCIAL YEAR	**852,499.38**	**16,610,723.90**

Parent company balance sheet (FAS)

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EUR	31 Dec 2020	31 Dec 2019
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Other non-current expenditures	136,549.80	0.00
Total intangible assets	136,549.80	0.00
Tangible assets		
Machinery and equipment	60,488.70	80,651.58
Total tangible assets	60,488.70	80,651.58
Investments		
Holdings in group companies	109,653,669.23	109,653,669.23
Total investments	109,653,669.23	109,653,669.23
TOTAL NON-CURRENT ASSETS	**109,850,707.73**	**109,734,320.81**
CURRENT ASSETS		
Non-current receivables		
Receivables from group companies	49,518,858.32	47,018,555.56
Total non-current receivables	49,518,858.32	47,018,555.56
Current receivables		
Receivables from group companies	44,462,555.88	27,227,347.83
Other receivables	3,350.52	4,779.89
Prepayments and accrued income	92,020.54	58,380.08
Total current receivables	44,557,926.94	27,290,507.80
Cash at bank and in hand	14,548,644.07	53,646.57
TOTAL CURRENT ASSETS	**108,625,429.33**	**74,362,709.93**
TOTAL ASSETS	**218,476,137.06**	**184,097,030.74**

EUR	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80,000.00	80,000.00
Reserve for invested unrestricted equity	109,202,890.02	109,202,890.02
Other reserves	109,202,890.02	109,202,890.02
Retained earnings	14,288,848.40	163,062.00
Profit (loss) for the financial year	852,499.38	16,610,723.90
TOTAL EQUITY	**124,424,237.80**	**126,056,675.92**
LIABILITIES		
Non-current liabilities		
Liabilities to credit institutes	47,666,664.00	51,000,000.00
Total non-current liabilities	47,666,664.00	51,000,000.00
Current liabilities		
Liabilities to credit institutes	4,222,224.00	4,000,000.00
Trade payables	578,963.72	308,214.10
Liabilities to group companies	40,408,678.82	2,304,754.34
Other liabilities	246,583.60	63,049.14
Accruals and deferred income	928,785.12	364,337.24
Total current liabilities	46,385,235.26	7,040,354.82
TOTAL LIABILITIES	**94,051,899.26**	**58,040,354.82**
TOTAL EQUITY AND LIABILITIES	**218,476,137.06**	**184,097,030.74**

Parent company cash flow statement (FAS)

EUR	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Cash flow from operating activities		
Cash receipts from customers	11,981,878.65	1,273,138.07
Cash paid to suppliers and employees	-13,015,293.85	-1,601,603.11
Cash flow from operating activities before financial items and taxes	-1,033,415.20	-328,465.04
Interest and expenses paid from other operating financial expenses	-1,338,776.53	-222,521.17
Dividends received	10,760,000.00	0.00
Interest received from operating activities	1,053,262.04	54.49
Other financial expenses paid	-42.21	-120,274.01
Direct taxes paid	21,973.56	-1,735,651.29
Net cash from operating activities	**9,463,001.66**	**-2,406,857.02**
Cash flow from investing activities		
Investments in tangible and intangible assets	-163,845.30	-107,535.43
Investments in subsidiaries	0.00	-2,409,397.40
Net cash from investing activities	**-163,845.30**	**-2,516,932.83**

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EUR	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Cash flow from financing activities		
Repayment of current loans and borrowings	-3,111,112.00	0.00
Group cash pool	-1,884,664.92	8,812,718.32
Proceeds from non-current loans and borrowings	0.00	55,000,000.00
Repayment of non-current loans and borrowings	0.00	-10,832,999.00
Dividends paid	-2,484,937.50	-4,676,546.57
Granted loans	-6,000,000.00	-43,500,000.00
Group contribution received and paid	15,158,000.00	0.00
Proceeds from repayment of loans	3,518,555.55	0.00
Net cash from financing activities	**5,195,841.13**	**4,803,172.75**
Net increase/decrease in cash and cash equivalents	**14,494,997.50**	**-120,617.10**
Cash and cash equivalents at beginning of financial year	53,646.57	174,263.67
Net increase/decrease in cash and cash equivalents	14,494,997.50	-120,617.10
Cash and cash equivalents at end of financial year	14,548,644.07	53,646.57

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Accounting principles for financial statements

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Notes to accounting principles for financial statements (PMA 1:1.5 §)

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

Valuation and recognition principles and methods

Intangible assets held under non-current assets are carried at cost consisting of related expenditures less amortization according to plan. Tangible assets are carried at cost consisting of related variable expenditures less depriciation according to plan.

Trade, loan and other receivables held under current assets are carried at the lower of nominal value. Trade, loan and other receivables held under current assets are carried at the lower of nominal value and probable value.

Impacts of the coronavirus

Due to the restrictions set by the government and authorities because of the virus epidemic, the operating conditions of the company have declined, which has weakened the volume of the company's business operations and its profitability in the financial period 2020. The total economic impacts of the epidemic depend on its extent and duration, which it is not possible to accurately assess at this point. The company's Board of Directors and management monitor closely the development of the virus situation and update their estimate on the impacts of the epidemic as the situation progresses.

Recognition principles and methods

Cost of intangible and intagible assets held under non-current assets is amortized/depreciated in accordance with a pre-determined plan, by apllying the maximum amortization/depreciation allowed under the Finnish Business Tax Act (BTA). The cost of an asset, less its residual value, is depreciated/amortized over its estimated useful life.

Asset	Estimated useful life / years	Depreciation/ amortization: percentage and method
Machinery and equipment	app. 8	maximum depreciation allowed under BTA
IT software	5	20% straight line method

Foreign currency transactions

The receivables in foreign currencies are translated into Finnish currency using the exchange rate quoted on the balance sheet date.

Notes to parent company

Eezy Plc, domicile Helsinki, is the parent company of the Eezy group.
A copy of the consolidated financial statements of the Eezy group is available from the Finnish patent and registration office.

Notes to the personnel and management

Average number of personnel during the financial year	2020	2019
Salaried employees	6	2
Total	**6**	**2**

Notes to assets

INTANGIBLE ASSETS

EUR	Other non-current expenditures	Total
Cost at 1 Jan 2020	0.00	0.00
Increases	163,845.30	163,845.30
Cost at 31 Dec 2020	163,845.30	163,845.30
Accumulated amortization and impairment losses at 1 Jan 2020	0.00	0.00
Amortization	-27,295.50	-27,295.50
Accumulated amortization and impairment losses at 31 Dec 2020	-27,295.50	-27,295.50
Book value 31 Dec 2020	**136,549.80**	**136,549.80**

EUR	Other non-current expenditures	Total
Cost at 1 Jan 2019	0.00	0.00
Increases	0.00	0.00
Cost at 31 Dec 2019	0.00	0.00
Accumulated amortization and impairment losses at 1 Jan 2019	0.00	0.00
Amortization	0.00	0.00
Accumulated amortization and impairment losses at 31 Dec 2019	0.00	0.00
Book value 31 Dec 2019	**0.00**	**0.00**

TANGIBLE ASSETS

EUR	Machinery and equipment	Total
Cost at 1 Jan 2020	107,535.43	107,535.43
Cost at 31 Dec 2020	107,535.43	107,535.43
Accumulated depreciation and impairment losses at 1 Jan 2020	-26,883.85	-26,883.85
Amortization	-20,162.88	-20,162.88
Accumulated depreciation and impairment losses at 31 Dec 2020	-47,046.73	-47,046.73
Book value 31 Dec 2020	**60,488.70**	**60,488.70**

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

INVESTMENTS

EUR	Investments in Group companies	Total
Cost at 1 Jan 2020	109,653,669.23	109,653,669.23
Cost at 31 Dec 2020	109,653,669.23	109,653,669.23
Book value 31 Dec 2020	**109,653,669.23**	**109,653,669.23**

	Investments in Group companies	Total
Cost at 1 Jan 2019	56,350,175.51	56,350,175.51
Increases	53,303,493.72	53,303,493.72
Cost at 31 Dec 2019	109,653,669.23	109,653,669.23
Book value 31 Dec 2019	**109,653,669.23**	**109,653,669.23**

Notes to equity and liabilities

EUR	31 Dec 2020	31 Dec 2019
CHANGES IN EQUITY		
Restricted equity		
Share capital at 1 Jan	80,000.00	80,000.00
Share capital at 31 Dec	**80,000.00**	**80,000.00**
Total restricted equity	**80,000.00**	**80,000.00**
Unrestricted equity		
Reserve for invested unrestricted equity at 1 Jan	109,202,890.02	59,788,713.50
Issue of shares	0.00	50,894,096.32
Distribution of funds	0.00	-1,479,919.80
Reserve for invested unrestricted equity at 31 Dec	**109,202,890.02**	**109,202,890.02**
Retained earnings at 1 Jan	16,773,785.90	3,359,688.77
Dividend distribution	-2,484,937.50	-3,196,626.77
Retained earnings at 31 Dec	**14,288,848.40**	**163,062.00**
Profit (loss) for the financial year	**852,499.38**	**16,610,723.90**
Total unrestricted equity	**124,344,237.80**	**125,976,675.92**
TOTAL EQUITY	**124,424,237.80**	**126,056,675.92**

EUR	31 Dec 2020
Specification of distributable funds	
Retained earnings at 31 Dec	14,288,848.40
Profit (loss) for the financial year	852,499.38
Reserve for invested unrestricted equity at 31 Dec	109,202,890.02
Total unrestricted equity	124,344,237.80
Total distributable funds	124,344,237,80

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

Share capital	2020	2019
Number of shares	24,849,375	24,849,375

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

Dividend proposal
Board of Directors proposes a dividend of EUR 0.10 per share and to seek authorization for the Board to later decide on a dividend of max. EUR 0.05 per share.

COLLATERALS AND COMMITMENTS

EUR	31 Dec 2020	31 Dec 2019
Liabilities, mortgages and shares as collaterals		
Liabilities to credit institutions, other mortgage as collateral	**51,888,888.00**	**55,000,000.00**
Liabilities to credit institutions	51,888,888.00	55,000,000.00
Liabilities, mortgages and shares as collaterals	**51,888,888.00**	**55,000,000.00**
Mortgage and shares, collateral for liabilities to credit institutions		
Company mortgage given to collateral for liabilities to credit institutions	100,000,000.00	100,000,000.00
Other mortgage, collateral for liabilities to credit institutions	100,000,000.00	100,000,000.00
Book value of pledged shares, collateral for liabilities to credit institutions	109,653,669.23	109,653,669.23
Pledged shares	109,653,669.23	109,653,669.23
Mortgage and shares, collateral for liabilities to credit institutions	**209,653,669.23**	**209,653,669.23**
Collaterals give on behalf of group companies		
Guarantees	10,000,000.00	3,000,000.00
Collaterals given on behalf of group companies	**10,000,000.00**	**3,000,000.00**
Collaterals	**219,653,669.23**	**219,653,669.23**
Commitments and other obligations		
Lease obligations, payable in less than one year	76,123.95	0.00
Lease obligations, payble in more than one year	52,687.83	0.00
Lease obligations	**128,811.78**	**0.00**
Commitments	**128,811.78**	**0.00**

Signatures to the Financial Statements and Annual Report

Helsinki, 17 February 2021

Tapio Pajuharju
Chair of the Board of Directors

Kati Hagros
Member of the Board of Directors

Liisa Harjula
Member of the Board of Directors

Timo Laine
Member of the Board of Directors

Timo Mänty
Member of the Board of Directors

Paul-Petteri Savolainen
Member of the Board of Directors

Jarno Suominen
Member of the Board of Directors

Mika Uotila
Member of the Board of Directors

Sami Asikainen
CEO

Auditor's note

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

Helsinki,
17 February 2021

KPMG Oy Ab

Esa Kailiala
Authorized Public Accountant

Auditor’s Report

This document is an English translation of the Finnish auditor’s report. Only the Finnish version of the report is legally binding

TO THE ANNUAL GENERAL MEETING OF EEZY PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eezy Plc (business identity code 2854570-7) for the year ended 31 December, 2020. The financial statements comprise the consolidated balance sheet, consolidated statement of comprehensive income, changes in equity, cash flow statement and notes, including a summary of significant accounting policies, as well as the parent company’s balance sheet, income statement, statement of cash flows and notes.

In our opinion

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

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 10 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

The key audit matter	How the matter was addressed in the audit
Revenue recognition (EUR 190.6 million) **(Accounting policies for the consolidated financial statements and note 3)**	
• Eezy Group’s revenue comprises income from staffing services, professional services and self-employment services. Franchising revenue comprises charges based on cooperation agreements. • The amount and timing of recognition of reportable revenues depend on range of services, contract terms and conditions, and contract term. • Revenue recognition involves a risk of revenue being recognized in the financial statements in the incorrect period or at inaccurate amount.	• We evaluated the appropriateness of the company’s revenue recognition policies applied and tested related internal controls in place. • We verified the accuracy of revenue recognition by testing on a sample basis that the service provided and the related invoice were recognized in the appropriate period in accordance with the contract terms, among others. In respect of trade receivables we examined doubtful receivables. • Furthermore, we inspected credit notes and controls over credit note approval and recognition.
Valuation of consolidated goodwill (EUR 127.9 million) and subsidiary shares in parent company’s financial statements (EUR 109.7 million) **(Accounting policies for the consolidated financial statements, note 16 and notes to the parent company financial statements)**	
• At the balance sheet date 31 December 2020 goodwill totaled EUR 127.9 million, representing approximately 62% of the consolidated total assets. The subsidiary shares, EUR 109.7 million, account for approximately 50% for the parent company’s total assets. • Consolidated goodwill is not amortised, but is tested at least annually for impairment. Valuation of subsidiary shares is tested in connection with the goodwill impairment testing. • Group management is responsible for preparing impairment tests. The calculations use discounted future cash flow forecasts in which management makes significant judgments over revenue growth rate, discount rate and long-term growth rate underlying the projections. • Preparation of impairment testing calculations requires management make significant judgments and estimates about the future.	• We assessed the appropriateness of the cash flow forecasts and discount rates used in the calculations. We analysed critically the management assumptions underlying the future cash flow forecasts. • We utilised our own valuation specialists that assessed the technical accuracy of the calculations and compared the assumptions used to market and industry information. • In the year-end audit we considered the appropriateness and adequacy of the notes provided on goodwill, subsidiary shares and impairment testing calculations.
Interest-bearing liabilities (EUR 57.9 million) (Notes 25 and 27 to the consolidated financial statements)	
• Tilikauden 2020 päättyessä konsernin korollisten velkojen määrä oli 57,9 milj. euroa muodostaen noin 28 % taseen loppusummasta	• As part of the year-end audit procedures we reconciled the interest-bearing liability balances to external confirmations. • We considered the appropriateness of the notes concerning the interest-bearing liabilities.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We have been appointed as auditors by the Annual General Meeting, and our appointment represents a total period of uninterrupted engagement of four years. Eezy Plc has been a public interest entity since 9.9.2020.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 17 February 2021
KPMG OY AB

Esa Kailiala
Authorised Public Accountant, KHT

Board of Directors

Tapio Pajuharju
b. 1963, M.Sc. (Econ.)
Chairperson of the Board (2019–)
Member of the Board (2010–)
Harvia Group, CEO (2016–)

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

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

Timo Laine
b.1966, MTK (technical school)
Member of the Board (2019–)
Founder of Restamax Oyj (now NoHo Partners Oyj)
Wave Capital Oy, Chief Executive Officer (2007–)

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

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

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

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

Management Team

Sami Asikainen
b.1971, Vocational Qualification in Business and Administration
CEO (2019–)

Hannu Nyman
b. 1969, M.Sc.(Tech), M.Sc.(Econ.)
CFO (2019–)

Tomi Laaksola
b. 1982, Baccalaureate of Sc. (Econ.)
Director of Staffing Services (2019–)

Hanna Lehto
b. 1984, M.A.
CCO, CMO (2019–)

Pasi Papunen
b. 1963, M.Soc.Sc.
Director, Professional Services
(2020–)

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