



Eezy Plc

Q1/2021

Interim Report

January-March 2021

Corona continues, focus on the re-opening society

In Brief

January–March 2021

- Revenue was EUR 36.6 million (EUR 55.1 million in January–March 2020).
- EBITDA was EUR 2.8 million (2.8).
- EBIT was EUR 0.9 million (1.0).
- Earnings per share was EUR 0.01 (0.02).
- Continuing corona pandemic continued to decrease business volume.

Outlook for 2021

Due to the Corona pandemic, Eezy does not give guidance for year 2021.

The goal is to give guidance when visibility improves along the re-opening of the society.

Key figures (IFRS)

EUR million, unless otherwise specified	1–3/2021	1-3/2020	1–12/2020
Revenue	36.6	55.1	190.6
EBITDA	2.8	2.8	13.5
EBITDA, %	7.5%	5.1%	7.1%
EBIT	0.9	1.0	5.6
EBIT, %	2.5%	1.8%	2.9%
EPS, undiluted, EUR	0.01	0.02	0.11
EPS, diluted, EUR	0.01	0.02	0.11
Net debt / EBITDA ¹	4.1 x	2.9 x	3.1 x
Chain-wide revenue	56.4	77.9	282.6

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

Back to growth track during summer

"Eezy's performance was burdened by the lockdown and clear tightening of the Corona related restrictions. Fortunately, the infection rates are going down, vaccination progresses, and we expect the society to open up during the summer months. In the difficult conditions, we have successfully implemented our strategy and our focus is now tightly on the post-corona times.

Smallest quarter for staffing services

The first quarter is the smallest one even in normal conditions, and this time the tightening restrictions significantly affected our business. Our revenue was only approx. EUR 37 million. The decrease compared to last year comes especially from our horeca business, where our revenue was almost EUR 10 million below the corresponding quarter last year.

We estimate that the staffing services market has contracted by some 20% during Q1. For Eezy, the decrease has been visible, in addition to horeca, in our largest sectors, industry, construction and logistics, especially in the largest city areas. Our other units have been near the 2020 volumes. The franchise units have performed clearly better than the total market. This shows how corona's impact to our customers has been strongly polarised. The retail sector decreased mildly as some customers moved their own horeca sector employees to the retail sector.

During our history, we have consistently expanded into new customer segments. E.g. Eezy Doctors has already established its position in staffing of doctors. Eezy United has quickly found its place in bringing athletes and work together. We have also recently invested in developing office personnel staffing services and outsourcing services. All together, these developing business areas correspond to approx. 7% of the revenue in this small quarter. Our intention is to widen our offering further.

Professional services grew according to our strategy

We strengthened our professional services last autumn through acquisitions. Integrations inside both teams - Eezy Personnel and Eezy Flow - have been efficient and successful. Organisations, values and services have been combined to be part of Eezy. The revenue of professional services grew by 48% from last year, and its share of the total revenue doubled to 8%. We seek higher profitability from the professional services, so good progress there is vital in our journey toward our long-term profitability goals.

Recovery from corona conditions to normal will offer a great basis for growth of Eezy's employee and customer experience services, the change management services, and the recruiting services. Our goal is to grow the professional services both organically and inorganically, and that way widen the scope of the working-life services offered to our customers.

Success is built by operational abilities and good spirit

We focused last year in improving our efficiency, and thanks achieved a new productivity level. The main theme for this year is growth. We will not achieve growth by cost-cutting, so instead of one-time cost savings we have increased our sales activity and invested into good spirits and into enhancing the operational abilities of our employees. I am happy to note that the employee satisfaction surveys - done by Eezy Flow - confirm that we are on the right path. I am also delighted that some of our key persons have increased their ownership in the company during the spring. The ownership of our key persons and employees is currently almost 10%. This boosts our belief in Eezy's good future.

Toward growth

We expect the first quarter to be clearly the smallest in 2021. Naturally the corona restrictions will still have impact on the second quarter, but the activity level of customers has clearly increased in the last few weeks. This shows up as growth in open jobs and amount of applications, as well as growth in the number of projects in the professional services. Third quarter will likely be a clear step toward recovery, and we expect the last quarter to be near normal conditions. If all goes well, the opening of the society may trigger the pent-up demand and the domestic consumption springs into wild increase.

Availability of workforce will again rise as a competitive factor when the economic recovery is brisk. Also, as the underlying megatrends have not changed, we may need to import foreign labour into Finland to cover the resource gap in several sectors. The pandemic has also increased the customers' needs for flexible workforce, so we expect the share of staffing services of the total market to grow.

The positive result impact of our more efficient organisation will become visible along the revenue growth. We can clearly scale up the business from the current level with the current staff. During the corona we have also continued the active development of the company, e.g. digitalisation of our services, and we focus our growth investments according to our growth strategy. We, the Eezy employees, aim to build good team spirit via successful work experiences. I encourage everybody to use domestic services and products, and this way help the Finnish economy back to growth track."

"Ready for wild growth of Finnish economy"

Sami Asikainen. CEO



Market review

The HR services market relevant to Eezy's business includes staffing services, light entrepreneurship services (earlier self-employment services) and selected professional services. Markets are estimated to have contracted in 2020 temporarily by 15-25%. Markets are expected to recover to the previous levels when the society re-opens. Due to the working life megatrends and the increased need for flexible workforce we expect the markets to continue on growth track. According to an estimate by management, the size of the entire HR services market in Finland was EUR 2.5 billion in 2020, of which the staffing services were EUR 2.15 billion. The market size of the relevant recruitment services was somewhat over EUR 100 million. The market size of light entrepreneurship services has been estimated to be approx. EUR 200 million.

According to The Private Employment Agencies Association (HPL), the revenue of the largest companies in the staffing service market decreased 18% in February and 20% in January-February. However, according to HPL, the economic outlook in staffing services has started to improve. The management estimates that the professional services market has decreased compared to the previous year, but the outlook has improved. In the light entrepreneurship services market, Corona is the largest factor affecting development, but also the competition has increased due to new actors.

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 strongly affected our customers and us since spring 2020. Corona's negative effects can be clearly seen in the industrial and construction sectors, which normally generate almost half of our revenue. Impact varies a lot by the area and the customer. Importing foreign labor is still difficult. However, customers' activity seems to be increasing, as the expectations of a decrease of the pandemic have grown.

Revenue by service area

EUR million	1-3/2021	1-3/2020	Change %	1-12/2020
Staffing services	31.8	51.0	-38%	173.4
Franchise fees	1.3	1.4	-5%	6.1
Professional services	3.0	2.0	48%	8.4
Light entrepreneurship services	0.5	0.7	-23%	2.7
Total	36.6	55.1	-34%	190.6

The negative impact has been largest in the Horeca sector, which normally generates about one quarter of our revenue. The sector's volume was only about a quarter of the normal. The lockdown that closed restaurants for March contributed to the decrease. Horeca market is estimated to gradually recover during the summer toward year-end as restrictions are lifted.

Volumes in the retail sector were near last year.

Corona crisis looks to be gradually moving to recovery phase as vaccination proceeds and restrictions are lifted, but there is no certainty on the recovery pace, which still makes reliable forecasting of the revenue difficult. Development will vary by sector as restrictions are lifted stepwise.

If the consumption demand recovers strongly, it is possible that the role of workforce availability increases again, like before corona.

Corona has decreased the demand for professional services, but customer demand is gradually recovering.

Lengthened 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.

Revenue

Eezy's revenue amounted to EUR 36.6 million (55.1), decreasing by 34% compared to the corresponding period in the previous year.

Revenue decreased by 38% 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 the industrial sector. In the professional services area revenue increased by 48% due to the acquisitions last year. In the light entrepreneurship service area revenue decreased by 23%.

Eezy's chain-wide revenue amounted to EUR 56.4 million (77.9) decreasing by 28%. Franchise fees totaled EUR 1.3 million (1.4). The invoicing volume of light entrepreneurship services was EUR 8.8 million (10.7).

Result

EBITDA was EUR 2.8 million (2.8). Operating profit was EUR 0.9 million (1.0). Negative impact of Corona was visible in all business areas, both in staffing services and in professional services.

Other operating income includes approx. EUR 1.7 million positive impact from change in light entrepreneurship service fee's VAT handling.

The result before taxes was EUR 0.5 million (0.7) and the result for the period was EUR 0.3 million (0.5). Earnings per share was EUR 0.01 (0.02).

Financial position and cash flow

Eezy's consolidated balance sheet on 31 March 2021 amounted to EUR 195.9 million (206.8), of which equity made up EUR 103.8 million (102.1).

As of 31 March 2021, the Group has liabilities to credit institutions amounting to EUR 51.8 million (55.0), of which EUR 47.6 (51.0) was non-current.

Cash balance on 31 March 2021 was EUR 8.0 million (7.2). The Group has overdraft facilities in total of EUR 10.0 million, all of which were unused on 31 March 2021. The remaining positive effect from relaxed due dates on pension payments and taxes was approx. EUR 4 million.

Equity ratio stood at 53.0% (49.4%). The Group's net debt including IFRS16 leasing items on 31 March 2021 amounted to EUR 49.3 million (54.4). Net debt excluding IFRS16 leasing items was EUR 43.9 million (50.0). The net debt/EBITDA ratio was 4.1 x (2.9 x).

Operative free cash flow amounted to EUR -5.6 million (3.1) in January-March. Tax and pension payments of approx. EUR 6 million, related to corona actions last year, decreased cash flow as planned.

Investments and acquisitions

Eezy sold its Swedish subsidiary VMP-Group Sweden AB to Palm & Partners Bemanning AB on 4 January 2021. The transaction did not generate any significant capital gain.

Investments in tangible and intangible assets totaled EUR 0.5 million (0.4). Investments in tangible and intangible assets were mainly related to IT investments.

Employees

Eezy employs people in Group functions and as staffed employees assigned to customer companies. In January-March, Eezy employed an average of 364 (374) people in Group functions and on average 2 334 (3 951) 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 light entrepreneurship services are not included in the Group's personnel numbers.

Shares and shareholders

On 31 March 2021, Eezy Plc had 24 849 375 (24 849 375) registered shares. The company holds no treasury shares. The company had 2 557 (2 051) shareholders, including nominee registered shareholders.

In January-March 2021, a total of 834 627 (1 196 938) shares were traded and the total trading volume was EUR 4.4 million (6.5). During the period, the highest quotation was EUR 6.18 (7.35) and the lowest EUR 4.90 (2.58). The volume-weighted average price of the share was EUR 5.27 (5.46). The closing price of the share at the end of March was EUR 5.42 (2.96) and the market value stood at EUR 134.7 million (73.6).

On 31 March 2021, the members of the Board of Directors and the members of the management team owned a total of 1 496 604 (1 400 571) Eezy shares, corresponding to approximately 6.0% (5.6%) 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 31 March 2021:

Shareholder	Shares	%
1. Noho Partners Oyj	7 274 881	29.28
2. Sentica Buyout V Ky	6 105 458	24.57
3. Meissa-Capital Oy	3 223 071	12.97
4. Asikainen Sami	414 350	1.67
5. OP Suomi Mikroyhtiöt Fund	399 879	1.61
6. Evli Suomi Pienyhtiöt Fund	391 699	1.58
7. Taaleritehdas Mikro Markka Osake	380 000	1.53
8. Ilmarinen Mutual Pension	274 261	1.10
9. Oy Jobinvest Ltd	259 835	1.05
10. Laine Capital Oy	256 785	1.03
10 largest in total	18 980 219	76.38
Nominee-registered	1 704 806	6.86
Others	4 164 350	16.76
Total	24 849 375	100.00

The company has received one flagging notice during the period: The ownership of NoHo Partner Plc decreased below 30%. NoHo's ownership has decreased to approx. 25% in April, after the review period.

Governance

Annual General Meeting

The Annual General Meeting (AGM) was held on 13 April 2021. The AGM adopted the Financial Statements for the year 2020.

The AGM decided that for year 2020 a dividend of EUR 0.10 per share is distributed by a resolution of the general meeting, and in addition the board of directors was authorised to later decide on a possible dividend of max. EUR 0.05 per share.

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.

Valid authorizations

The authorizations given by the AGM on 13 April 2021 are described in detail in the stock exchange release 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 so that the amount of dividends to be distributed does not exceed a total of EUR 0.05 per share. The authorization is unused.

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 2022, 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 2022, however, for a maximum of 18 months. The authorization is unused.

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 continue to 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 or 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 when visibility improves along the re-opening of the society.

Events after the review period

The annual General Meeting was held on 13 April 2021.

Eezy Plc
Board of Directors

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Result publication event:

A Finnish-language briefing for analysts and media will be held on 11 May 2021 at 13.00 Finnish time as a webcast at <https://eezy.videosync.fi/2021-q1-tulos>

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

Result dates

Half-Year Report January–June 2021	10 Aug 2021
Interim Report January–September 2021	9 Nov 2021

Consolidated statement of comprehensive income (IFRS)

(unaudited)

EUR thousand	1 Jan – 31 Mar 2021	1 Jan – 31 Mar 2020	1 Jan – 31 Dec 2020
Revenue	36 599	55 091	190 637
Other operating income	1 836	128	1 330
Share of result of equity accounted investments	-	-1	-1
Materials and services	-1 238	-1 559	-4 444
Personnel expenses	-30 710	-45 948	-155 124
Other operating expenses	-3 737	-4 918	-18 904
Other depreciation, amortization and impairment losses	-851	-838	-4 016
IFRS3 amortization ¹	-1 000	-971	-3 914
Operating profit	899	984	5 565
Financial income	54	63	150
Financial expense	-435	-371	-1 702
Financial income and expenses	-381	-307	-1 552
Profit before taxes	518	677	4 014
Income taxes	-228	-197	-819
Profit for the period	290	480	3 195
Profit attributable to:			
Owners of the parent company	258	411	2 680
Non-controlling interests	32	69	515
Profit for the period	290	480	3 195
Earnings per share, basic (EUR)	0.01	0.02	0.11
Earnings per share, diluted (EUR)	0.01	0.02	0.11
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in the fair value of share investments	3	-206	-78
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	50	-6	8
Other comprehensive income for the period, net of tax	52	-213	-69
Total comprehensive income for the period	342	267	3 126
Total comprehensive income attributable to:			
Owners of the parent company	310	196	2 611
Non-controlling interests	32	72	515
Total comprehensive income for the period	342	267	3 126

¹⁾ The IFRS 3 amortization comprises the amortization made on the recognized fair value adjustments arisen from business combinations.

Consolidated balance sheet (IFRS)

EUR thousand	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Non-current assets			
Goodwill	127 938	125 800	127 938
Intangible assets	28 901	31 082	29 731
Property, plant and equipment	6 324	6 488	6 984
Investments in shares	240	430	586
Receivables	1 237	1 718	1 227
Deferred tax asset	1 257	931	374
Total non-current assets	165 898	166 449	166 841
Current assets			
Trade receivables and other receivables	22 022	32 350	20 851
Current income tax receivables	11	744	0
Cash and cash equivalents	7 952	7 224	15 447
Total current assets	29 985	40 318	36 298
Assets classified as held for sale	-	-	2 096
TOTAL ASSETS	195 883	206 767	205 235
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent company			
Share capital	80	80	80
Reserve for invested unrestricted equity	106 572	106 572	106 572
Fair value reserve	-	-131	-3
Translation differences	-	-60	-50
Retained earnings	-5 452	-5 393	-5 714
Total equity attributable to the owners of the parent company	101 200	101 067	100 885
Non-controlling interests	2 589	1 067	2 859
Total equity	103 789	102 134	103 744
Non-current liabilities			
Borrowings	51 169	53 792	51 628
Other liabilities	50	72	66
Deferred tax liability	5 333	5 823	5 504
Total non-current liabilities	56 552	59 687	57 198
Current liabilities			
Borrowings	6 104	5 638	6 242
Trade payables and other liabilities	28 302	38 137	34 620
Current income tax liabilities	1 136	1 171	1 679
Total current liabilities	35 542	44 946	42 542
Liabilities directly associated with assets classified as held for sale	-	-	1 752
Total liabilities	92 095	104 633	101 491
TOTAL EQUITY AND LIABILITIES	195 883	206 767	205 235

Consolidated cash flow statement (IFRS)

EUR thousand	1 Jan – 31 Mar 2021	1 Jan – 31 Mar 2020	1 Jan – 31 Dec 2020
Cash flows from operating activities			
Customer payments received	38 117	59 005	204 069
Cash paid to suppliers and employees	-43 307	-55 522	-180 705
Cash flows from operating activities before financial items and taxes	-5 190	3 483	23 363
Interest paid	-100	-54	-1 627
Interest received	20	17	66
Other financial items	23	14	52
Income taxes paid	-1 830	-1 016	-397
Loans granted	-	-	-21
Proceeds from repayments of loans	6	35	142
Net cash flows from operating activities	-7 070	2 480	21 579
Cash flows from investing activities			
Purchase of tangible and intangible assets	-457	-353	-2 096
Proceeds from sale of tangible assets	63	90	332
Acquisition of subsidiaries, net of cash acquired	-	-268	-2 082
Disposal of subsidiaries	500	-	-
Disposal of equity accounted investments	-	135	135
Purchase of investments	-	37	41
Proceeds from sale of investments	311	-	-
Proceeds from repayments of loans	1	2	8
Net cash flows from investing activities	419	-356	-3 663
Cash flows from financing activities			
Change in non-controlling interests	-41	-23	-118
Repayment of current borrowings	-5	-56	-3 204
Repayment of non-current borrowings	-	-79	-79
Payment of lease liabilities	-515	-444	-1 998
Dividends paid	-284	-	-2 779
Net cash flows from financing activities	-844	-601	-8 177
Net change in cash and cash equivalents	-7 495	1 523	9 739
Cash and cash equivalents at the beginning of the reporting period	15 447	5 710	5 710
Effects of exchange rate changes	-	-9	-1
Cash and cash equivalents at the end of the reporting period	7 952	7 224	15 447

Changes in equity

EUR thousand	Attributable to owners of the parent							Non-controlling interests	Total equity
	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total			
Equity 1 Jan 2021	80	106 572	-3	-50	-5 714	100 885	2 859	103 744	
Result for the period	-	-	-	-	258	258	32	290	
Other comprehensive income:									
Change in fair value	-	-	3	-	-	3	-	3	
Translation differences	-	-	-	50	-	50	-	50	
Total comprehensive income	-	-	3	50	258	310	32	342	
Transactions with owners									
Dividend distribution	-	-	-	-	-	-	-284	-284	
Changes in non-controlling interests	-	-	-	-	-23	-23	-18	-41	
Share based payments	-	-	-	-	27	27	-	27	
Total equity 31 Mar 2021	80	106 572	-	-	-5 452	101 200	2 589	103 789	

EUR thousand	Attributable to the owners of the parent							Non-controlling interests	Total equity
	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total			
Equity 1 Jan 2020	80	106 572	75	-53	-5 864	100 809	1 024	101 833	
Result for the period	-	-	-	-	411	411	69	480	
Other comprehensive income:									
Change in fair value	-	-	-206	-	-	-206	-	-206	
Translation differences	-	-	-	-6	0	-6	-	-6	
Total comprehensive income	-	-	-206	-6	411	199	69	268	
Transactions with owners									
Changes in non-controlling interests	-	-	-	-	0	0	-29	-29	
Share based payments	-	-	-	-	60	60	-	60	
Other changes	-	-	-	-	-	-	3	3	
Total equity 31 Mar 2020	80	106 572	-131	-60	-5 393	101 067	1 067	102 134	

Attributable to owners of the parent

EUR thousand	Share capital	Reserve for invested unrestricted equity	Fair value reserve	Translation differences	Retained earnings	Total	Non- controlling interests	Total equity
Equity								
1 Jan 2020	80	106 572	75	-53	-5 864	100 809	1 024	101 833
Result 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	-	-	-	-	-2 485	-2 485	-294	-2 779
Changes in non-controlling interests	-	-	-	-	-59	-59	1 613	1 554
Share based payments	-	-	-	-	9	9	-	9
Other changes	-	-	-	-	1	1	1	2
Total equity 31 Dec 2020	80	106 572	-3	-50	-5 714	100 885	2 859	103 744

Notes to the Interim Report

Eezy Group is a versatile HR services company creating successful work experiences by offering staffing services and light entrepreneurship services as well as a wide range of professional services for the working life.

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

Basis of preparation

Eezy Plc has prepared this Interim Report in accordance with IAS 34 Interim Financial Reporting. The financial information in the Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting policies comply with the IFRS standards and IFRIC interpretations effective as at 31 March 2021. The accounting policies in Interim Report are the same as in Financial Statement 2020.

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

Accounting estimates

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

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

The continuing corona virus pandemic and the measures taken to contain its spread represent the main short-term risk to business operations and the demand environment. 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 the demand for staffing and HR services. 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 can be clearly seen also in the industrial and construction sectors, but the impact varies a lot by area and customer. The ongoing vaccination roll-out and easing of some of the restrictions will lead to visible improvement. Eezy's management has updated business forecasts according to the effects of the pandemic, but the outlook for short-term development taking into account the pace of implementing vaccination programmes, the new waves of corona virus infections and the level of restrictions has been challenging since the operational requirements of our customer can change rapidly.

Key assumptions of impairment testing

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. Goodwill is tested regularly for impairment. No indications of impairment have been noticed at the time of preparation of the Interim Report.

Revenue

Eezy's revenue comprises income from staffing services, professional services and light entrepreneurship 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 services area Eezy provides recruitment aptitude testing training and development and executive search services to its customers. Additionally, Eezy provides services for organizational development and personnel surveys. Flow acquisition in 2020 increased the share of consulting services of area's revenue.

With the light entrepreneurship 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. Light entrepreneurship services comprise the invoicing and business support services provided to the employee customers and the revenue from light entrepreneurship services comprise the fees collected from the employee customers.

Revenue by service area:

EUR thousand	1 Jan – 31 Mar 2021	1 Jan – 31 Mar 2020	1 Jan – 31 Dec 2020
Staffing services	31 754	50 978	173 388
Franchise fees	1 340	1 413	6 106
Professional services	2 972	2 007	8 422
Light entrepreneurship services	533	694	2 721
Total revenue	36 599	55 091	190 637

Business combinations

Acquisitions in 1-3/2021

During reporting period there were no acquisitions.

Acquisitions in 1-3/2020

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 January–March 2020.

In March 2020 Eezy established Eezy United Oy together with minority shareholders. Eezy United employs both current and former athletes.

Businesses sold

Divestments in 1-3/2021

Eezy sold its Swedish subsidiary VMP-Group Sweden AB to Palm & Partners Bemanning AB on 4 January 2021. The sale had no significant impact on Eezy's result in January–March 2021.

Divestments in 1-3/2020

Eezy sold its share of Enjoy Festival Oy on 31 January 2020. Outside of profit from the sale EUR 0.1 million the sale had no significant impact on Eezy's result in January–March 2020.

Intangible assets

EUR thousand	Goodwill	Trademarks	IT software	Customer relationships	Non-competition agreements	Advances paid	Total intangible assets
Cost at 1 Jan 2021	127 938	2 623	8 144	26 870	3 315	-	40 953
Additions	-	9	418	-	-	-	427
Cost at 31 March 2021	127 938	2 632	8 562	26 870	3 315	-	41 379
Accumulated amortization and impairment at 1 Jan 2021	-	-420	-5 526	-3 780	-1 496	-	-11 222
Amortizations	-	-65	-214	-677	-262	-	-1 218
Impairment	-	-	-39	-	-	-	-39
Accumulated amortization and impairment at 31 Mar 2021	-	-485	-5 779	-4 457	-1 758	-	-12 479
Net carrying value at 1 Jan 2021	127 938	2 203	2 619	23 090	1 819	-	29 731
Net carrying value at 31 Mar 2021	127 938	2 147	2 783	22 416	1 558	-	28 901
EUR thousand	Goodwill	Trademarks	IT software	Customer relationships	Non-competition agreements	Advances paid	Total intangible assets
Cost at 1 Jan 2020	125 757	2 596	5 808	26 500	2 956	56	37 916
Translation differences	-2	-	-	-	-	-	-
Acquisitions	45	-	-	-	-	-	-
Additions	-	8	215	-	-	-	223
Transfers between classes	-	-	-	-	-	-50	-50
Cost at 31 Mar 2020	125 800	2 605	6 022	26 500	2 956	6	38 089
Accumulated amortization and impairment at 1 Jan 2020	-	-160	-3 977	-1 114	-496	-	-5 747
Amortizations	-	-64	-286	-663	-246	-	-1 259
Accumulated amortization and impairment at 31 Mar 2020	-	-225	-4 264	-1 778	-742	-	-7 009
Net carrying value at 1 Jan 2020	125 757	2 436	1 831	25 386	2 460	56	32 169
Net carrying value at 31 Mar 2020	125 800	2 380	1 759	24 723	2 214	6	31 082

EUR thousand	Goodwill	Trademarks	IT software	Customer relationships	Non-competition agreements	Advances paid	Total intangible assets
Cost at 1 Jan 2020	125 757	2 596	5 808	26 500	2 956	56	37 916
Translation differences	-1	-	-	-	-	-	-
Acquisitions	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 31 Dec 2020	127 938	2 623	8 144	26 870	3 315	-	40 953
Accumulated amortization and impairment at 1 Jan 2020	-	-160	-3 971	-1 114	-496	-	-5 740
Amortizations	-	-260	-1 024	-2 666	-1 001	-	-4 951
Impairment	-	-	-531	-	-	-	-531
Accumulated amortization and impairment at 31 Dec 2020	-	-420	-5 526	-3 780	-1 496	-	-11 222
Net carrying value at 1 Jan 2020	125 757	2 436	1 831	25 386	2 460	56	32 169
Net carrying value at 31 Dec 2020	127 938	2 203	2 619	23 090	1 819	-	29 731

Property, plant and equipment

EUR thousand	Buildings	Buildings right-of-use	Machinery and equipment	Machinery and equipment right-of-use	Other	Advances paid	Total
Cost at 1 Jan 2021	1 080	9 616	1 646	341	102	-	12 786
Additions	30	10	-	444	-	-	484
Disposals	-	-22	-61	-134	-	-	-217
Revaluation	-	-356	-	-	-	-	-356
Cost at 31 Mar 2021	1 110	9 249	1 585	651	102	-	12 696
Accumulated depreciation and impairment at 1 Jan 2021	-658	-3 871	-959	-241	-73	-	-5 802
Disposals	-	22	-	-	-	-	22
Depreciation	-34	-477	-40	-34	-	-	-585
Impairment	-	-	-10	-	-	-	-10
Accumulated depreciation and impairment at 31 Mar 2021	-691	-4 325	-1 009	-275	-73	-	-6 373
Net book value at 1 Jan 2021	422	5 745	687	100	29	-	6 984
Net book value at 31 Mar 2021	419	4 924	577	376	29	-	6 324

EUR thousand	Buildings	Buildings right-of-use	Machinery and equipment	Machinery and equipment right-of-use	Other	Advances paid	Total
Cost at 1 Jan 2020	962	6 409	1 947	388	102	557	10 366
Translation differences	-	-12	-3	-10	-	-	-25
Additions	27	-	11	52	-	157	247
Disposals	-	-	-88	-	-	-77	-165
Revaluation	-	189	-	-	-	-	189
Cost at 31 Mar 2020	988	6 587	1 867	430	102	637	10 611
Accumulated depreciation and impairment at 1 Jan 2020	-532	-2 017	-753	-233	-51	-	-3 585
Translation differences	-	5	3	4	-	-	12
Depreciation	-27	-425	-72	-25	-	-	-549
Accumulated depreciation and impairment at 31 Mar 2020	-560	-2 437	-821	-254	-51	-	-4 123
Net book value at 1 Jan 2020	430	4 392	1 194	155	52	557	6 780
Net book value at 31 Mar 2020	430	4 149	1 045	176	52	637	6 488

EUR thousand	Buildings	Buildings right-of-use	Machinery and equipment	Machinery and equipment right-of-use	Other	Advances paid	Total
Cost at 1 Jan 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 31 Dec 2020	1 080	9 616	1 646	341	102	-	12 786
Accumulated depreciation and impairment at 1 Jan 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 31 Dec 2020	-658	-3 871	-959	-241	-73	-	-5 802
Net book value at 1 Jan 2020	430	4 392	1 194	155	52	557	6 780
Net book value at 31 Dec 2020	422	5 745	687	100	29	-	6 984

Financial assets and liabilities measured at fair value

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

EUR thousand	31 Mar 2021		31 Mar 2020		31 Dec 2020	
	Fair value	Level	Fair value	Level	Fair value	Level
Investments in shares, listed	-	1	190	1	351	1
Investments in shares, unlisted	240	3	243	3	235	3

During the reporting period there were no transfers between hierarchy levels 1, 2 or 3.

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

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 used as a comprehensive guarantee for liabilities on the bank accounts included in the cash pool agreement.

EUR thousand	31 Mar 2021	31 Mar 2020	31 Dec 2020
Liabilities in balance sheet for which collaterals given			
Borrowings non-current	47 608	50 967	47 630
Borrowings current	4 229	4 029	4 247
Total	51 837	54 997	51 877

EUR thousand	31 Mar 2021	31 Mar 2020	31 Dec 2020
Mortgages on own behalf			
Company mortgages	100 000	100 000	100 000
Property plant and equipment	37	64	51
Total	100 037	100 064	100 051

Related party transactions

Transactions and balances with related parties:

EUR thousand	1 Jan- 31 Mar 2021	1 Jan – 31 Mar 2020	1 Jan – 31 Dec 2020
Companies that have significant influence			
Sales	822	3 361	9 322
Purchases	-13	-24	-87
Trade receivables	732	2 643	797
Trade payables and other liabilities	-	-	3
Associated companies			
Loan receivables	61	93	61

Related party transactions are made on the same terms and conditions as transactions with independent parties. Eezy had an office lease contract with a company controlled by a member of a related party until December 2020.

Events after the review period

The annual General Meeting was held on 13 April 2021.

Key figures, their calculation and reconciliations

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

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

Key figures

EUR thousand unless otherwise specified	1 Jan – 31 Mar 2021	1 Jan – 31 Mar 2020	Change %	1 Jan – 31 Dec 2020
Key figures for income statement				
Revenue	36 599	55 091	-34%	190 637
EBITDA	2 750	2 794	-2%	13 495
EBITDA margin, %	7.5%	5.1%	-	7.1%
EBIT	899	984	-9%	5 565
EBIT margin, %	2.5%	1.8 %	-	2.9%
Earnings per share basic EUR	0.01	0.02	-	0.11
Earnings per share diluted EUR	0.01	0.02	-	0.11
Weighted average number of outstanding shares pcs	24 849 375	24 849 375	-	24 849 375
Weighted average number of outstanding shares diluted pcs	25 028 466	24 986 585	-	24 997 332
Number of outstanding shares at the end of reporting period pcs	24 849 375	24 849 375	-	24 849 375
Key figures for balance sheet				
Net debt	49 337	54 410	-	42 424
Net debt excluding IFRS16	43 905	50 002	-	36 440
Net debt/EBITDA ¹	4.1 x	2.9 x	-	3.1 x
Gearing %	47.5%	53.3 %	-	40.9%
Equity ratio %	53.0%	49.4 %	-	50.6%
Equity per share EUR	4.18	4.11	-	4.17
Key figures for cash flow				
Operative free cash flow	-5 647	3 130	-	21 267
Purchase of tangible and intangible assets	-457	-353	-	-2 096
Acquisition of subsidiaries, net of cash acquired	-	-268	-	-2 082
Operative key figures				
Chain-wide revenue, EUR million	56.4	77.9	-28%	282.6
Franchise-fees EUR million	1.3	1.4	-5%	6.1
Light entrepreneurship invoicing volume EUR million	8.8	10.7	-18%	41.9

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

Reconciliation of Certain Alternative Performance Measures

EUR thousand	1 Jan – 31 Mar 2021	1 Jan – 31 Mar 2020	1 Jan – 31 Dec 2020
EBITDA			
EBIT	899	984	5 565
IFRS3 amortization	1 000	971	3 914
Other depreciation, amortization and impairment losses	851	838	4 016
EBITDA	2 750	2 794	13 495
Operative free cash flow			
Cash flows from operating activities before financial items and taxes	-5 190	3 483	23 363
Purchase of tangible and intangible assets	-457	-353	-2 096
Operative free cash flow	-5 647	3 130	21 267

Calculation of key figures

Key figures for income statement

EBITDA	=	Operating profit + Depreciation amortization and impairment losses
EBITDA margin, %	=	EBITDA / Revenue x100
Operating profit (EBIT)	=	Operating profit
Operating profit margin, %	=	Operating profit / Revenue x100
Earnings per share, basic	=	Profit for the period attributable to the owners of the parent company / Weighted average number of outstanding shares
Earnings per share, diluted	=	Profit for the period attributable to the owners of the parent company / Weighted average number of outstanding shares taking into account obligations arising from potential dilutive share issues of the Parent Company in the future

Key figures for the balance sheet

Net debt	=	Interest bearing liabilities - interest-bearing receivables - cash at bank and in hand
Net debt excluding IFRS16	=	Net debt - IFRS 16 items
Net debt / EBITDA	=	Net debt / EBITDA
Gearing	=	Net debt / Equity x100
Equity ratio	=	Equity / (Total equity and liabilities – advances received) x100
Equity per share	=	Equity / 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) light entrepreneurship 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
Light entrepreneurship invoicing volume	=	Invoicing volume of the light entrepreneurship services