Q4 VMP PLC FINANCIAL STATEMENTS RELEASE 2018

VMP PLC'S FINANCIAL STATEMENTS RELEASE JANUARY 1 – DECEMBER 31, 2018:

GROWTH STRATEGY IMPLEMENTATION PROCEEDED AS PLANNED

October–December 2018 in brief

- The Group's revenue was EUR 33.3 million (EUR 31.5 million in October–December 2017). Revenue increased by 5.9%.
- The Group's adjusted[1] EBITDA was EUR 2.4 million (2.7). Adjusted EBITDA decreased by 8.6%. Comparative figures do not include expenses of the parent companies[1] of the Group, which amount to EUR 0.1 million. Considering this, EBITDA for comparative period is EUR 2.5 million.
- The Group's earnings per share (EPS) was EUR 0.03[2]. The result was impacted by amortizations of goodwill amounting to EUR 1.8 million.
- VMP strengthened its market position and knowhow by acquiring Henkilöstötalo Voima and the HR services company Enjoy.

January–December 2018 in brief

- The Group's revenue was EUR 124.9 million (EUR 109.5 million in January–¬December 2017). Revenue increased by 14.0%.
- The Group's adjusted[3] EBITDA was EUR 10.2 million (9.3). Adjusted EBITDA increased by 10.2%. Comparative figures do not include expenses of the parent companies[1] of the Group, which amount to EUR 0.1 million. Considering this, EBITDA for 2017 is EUR 9.2 million.
- The Group's earnings per share (EPS) was EUR -0.20[2]. The result was impacted by amortizations of goodwill amounting to EUR 6.9 million and listing expenses of EUR 3.0 million.
- The Board's proposal to the Annual General Meeting is that dividends be paid EUR 0.08 per share, corresponding to a total of EUR 1.2 million.

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[1] In October–December 2018, EUR -0.1 million in personnel expenses relating to bonus payments related to the acquisition has been entered as items affecting comparability.

VMP Plc ("VMP") was founded on September 8, 2017. The company acquired Varamiespalvelu-Group on October 31, 2017 through a share transaction. Due to this, the consolidated financial statement of VMP Plc for 2017 only includes operative business activity from a two-month time period. The share transaction had no impact on business operations, but it resulted in VMP Plc having considerable consolidated goodwill and a changed financing structure. The financing structure has also changed due to the financing arrangement carried out in spring 2018 as well as the public listing carried out in June 2018.

The interim report presents information about VMP Group from January 1–December 31, 2018. Comparable data consists of interim information on Varamiespalvelu-Group ("VPG") from January 1–December 31, 2017 as well as information on VMP Plc from the financial period August 28–December 31, 2017. The interim information is not comparable concerning amortizations of goodwill and financing costs resulting from the share transaction.

The financial statements and interim reports of VMP Plc and Varamiespalvelu-Group are made pursuant to Finnish Accounting Standards (FAS).

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

[3] In January–December 2018, EUR 0.5 million in personnel expenses relating to severance payments and bonus payments related to the acquisition has been entered as items affecting comparability.

Outlook for 2019

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

Key figures

EUR million, unless otherwise specified	10–12/2018	10–12/2017	Change %	1–12/2018	1–12/2017	Change %
Revenue	33.3	31.5	5.9%	124.9	109.5	14.0%
Adjusted EBITDA	2.4	2.7	-8.6%	10.2	9.3	10.2%
Adjusted EBITDA margin, %	7.3%	8.5%	-	8.2%	8.5%	-
EBITDA	2.5	2.7	-6.3%	9.8	9.3	5.0%
Earnings per share, EUR	0.03 [4]	-	-	-0.20[4]	-	-

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

Juha Pesola, CEO

”In the last quarter of 2018, our business operations proceeded according to plans. Revenue continued to grow and reached EUR 33.3 (31.5) million. Profitability continued at a good level, and our adjusted EBITDA was EUR 2.4 (2.7) million.

In addition to organic growth, we pursue a significant role in industry consolidation. In the fourth quarter we executed two significant corporate acquisitions. In November, we acquired Henkilöstötalo Voima, and in December we acquired Enjoy group, which is focused on the HoReCa industry. After the review period, we acquired Henkilöstöratkaisu Extraajat Oy, which is focused on the retail industry. With these acquisitions, we further strengthened VMP’s position in the HR services industry, bringing a lot of new talent, customers and business into VMP. The total revenue of the companies we acquired was approximately EUR 50 million in 2018, and by improving the efficiency of our operations we can achieve significant synergy benefits.

The executed acquisitions strengthen our business in the service industry, which further balances the distribution between industries of the Group’s clientele, and creates even growth over fluctuations in economic cycle. By acquiring Enjoy, we expanded our operations to Lapland, where growth in tourism is expected to continue also in the coming years. I am pleased to see that VMP is seen as a good and strong partner, and as one that has the capability to develop its business and the entire industry.

The Ministry of Economic Affairs and Employment’s (TEM) growth services reform aims to promote employment and the availability of skilled labor while responding to changes in the labor market. Due to the elections drawing closer, the reform has entered the political debate stronger than before. I believe that the ongoing and new pilot projects related to the growth service reform, where VMP Urapalvelu career service is actively involved, will continue. The pressure to renew employment services has not disappeared, and the private sector is strongly involved in this development.

2018 was a time of significant changes for VMP. The company listed, and its business grew both organically and through acquisitions. I believe that the transformation of the labor market will present many new business opportunities in the future, and as a company we are well positioned to help businesses and employees succeed amidst these changes. “

Market review

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

The share of staffing services of the entire market was EUR 2.1 billion in 2018, and it was thereby clearly the largest service area. Correspondingly, the market size of recruitment and organization development services was approximately EUR 130 million in 2018. The market size of self-employment services has been estimated as being approximately EUR 140 million.

According to The Private Employment Agencies Association (HPL), the staffing service market continued to grow during 2018. Total growth generated organically and through corporate acquisitions was 13 percent. The growth of staffing services in October-December was 8 percent (HPL). Growth expectations of HPL's member companies have levelled out as Finland's GDP growth estimates for the ongoing year have been lowered. The management estimates that the recruitment market in 2018 has remained at the level of the previous year. In the self-employment services market, the market leaders have continued strengthening their position. In addition to the Finnish market, VMP also operates in the Swedish market. The Swedish HR services market grew by approximately 3 percent in January–September 2018, with growth in staffing service at 5 percent and slightly slower in other services.

Recent positive economic development has resulted in labor shortages in some industries. Solutions are being sought through cooperation with educational institutions and by strengthening the recruitment of international labor. In addition, VMP increasingly produces more employment-promotion services through growth services pilot projects related to the health, social services and regional government reform across Finland. The company believes that the health, social services and regional government reform would grow the HR services industry in Finland and would open up demand for services offered by private HR service companies. In addition, market growth potential is seen in digital services such as in provision of software robot labor.

Looking at different industries, the manufacturing and construction sectors are more sensitive to economic fluctuations in comparison to service industries, where the demand for HR services grows more moderately during economic upturns. The relative proportion of staffing in the service industry has increased among the industries served by VMP, especially as a consequence of realized acquisitions.

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

Revenue in October-December 2018

VMP's revenue amounted to EUR 33.3 million (31.5), increasing by 5.9% compared to the corresponding period in the previous year. Organic growth was -0.1 %. Organic growth was weakened by 2.4 percentage points because of restructuring carried out in the business in Sweden, in which revenue was transferred from the Group companies to the Swedish franchisees. Revenue increased by 1.0% in the staffing service area. In staffing, the organic growth came mainly from the industry sector. In the recruitment and organizational development service area, revenue decreased by 5.5% mainly due to a change in market demand. Revenue increased particularly strongly in the self-employment service area, which grew by 16.8%. The growth in the self-employment revenue stemmed particularly from the increase in the service's user volume.

Of the Group's revenue, 97.4% came from Finland and the rest was generated in Sweden.

VMP's chain-wide revenue amounted to EUR 53 million (50) and franchise fees totaled EUR 2.2 million (2.1). Chain-wide revenue increased by 6%.

Revenue in January–December 2018

VMP's revenue increased by 14.0% from the corresponding period in the previous year and amounted to EUR 124.9 million (109.5). Organic growth was 6.7%. Organic growth was weakened by 2.3 percentage points because of restructuring carried out in the business in Sweden, in which revenue was transferred from the Group companies to the Swedish franchisees. Supported by the service and industry sectors, revenue increased particularly in the staffing service area, which grew by 17.3%. In the recruitment and organizational development service area, revenue increased by 3.3% and it was mainly generated in the areas of personal evaluation, recruitment and headhunting services. The revenue of the self-employment service area increased by 11.5%. The growth stemmed mainly from the increase in the service's user volume.

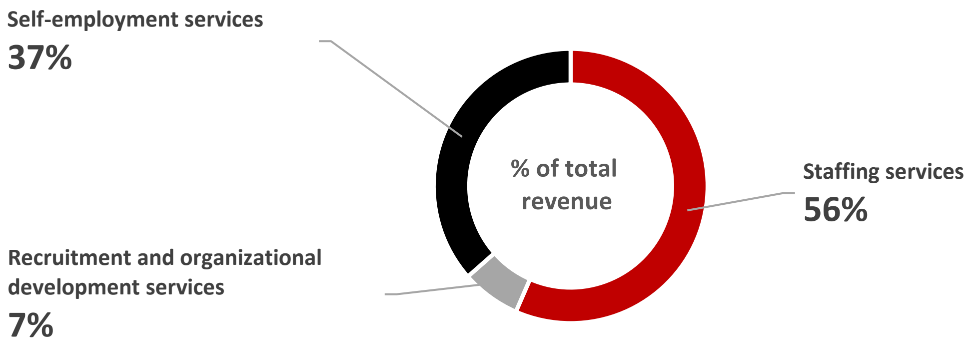
Of the Group's revenue, 95.8% came from Finland and the rest was generated in Sweden and Estonia.

VMP's chain-wide revenue amounted to EUR 204 million (178) and franchise fees totaled EUR 8.9 million (7.7). Chain-wide revenue increased by 15%.

VMP's revenue by service area

EUR million	10–12/2018	10–12/2017	Change %	1–12/2018	1–12/2017	Change %
Staffing	18.2	18.1	1.0%	70.0	59.7	17.3%
Recruitment and Organizational Development	2.4	2.5	-5.5%	8.7	8.5	3.3%
Self-employment	12.7	10.9	16.8%	46.1	41.4	11.5%
Total	33.3	31.5	5.9%	124.9	109.5	14.0%

VMP's revenue by service area in January–December 2018



Result in October–December 2018

The Group's EBITDA was EUR 2.5 million (2.7), making up 7.5% (8.5%) of the revenue. The slight decrease in EBITDA and in EBITDA margin was due to a change in the sales.

The adjusted EBITDA was EUR 2.4 million (2.7) or 7.3% of the revenue (8.5%). EUR -0.1 million (0.0) of personnel expenses relating to bonus payments for the corporate acquisition were entered as items affecting comparability. Comparative figures do not include expenses of the parent companies[5] of the Group, which amount to EUR 0.1 million. Considering this, EBITDA for comparative period is EUR 2.5 million.

The Group's operating profit was EUR 0.4 million (1.8). Compared to last year's figures, the operating profit was burdened by increased amortizations of consolidated goodwill and goodwill, which in the review period amounted to EUR 1.9 million (0.6). The increase in amortizations of consolidated goodwill stems from the share transaction carried out on October 31, 2017, in which VMP Plc acquired the majority of Varamiespalvelu-Group's share capital, and from the share exchange carried out on May 29, 2018, in which the Group's minority shareholders received VMP Plc's shares, with the Group receiving subsidiary shares in exchange.

The result before taxes was EUR 0.3 million (1.7) and the result for the period was EUR 0.5 million (1.2). Earnings per share were EUR 0.03[6]. A change in deferred tax asset of EUR -0.1 million was entered for the fourth quarter.

Result in January–December 2018

The Group's EBITDA amounted to EUR 9.8 million (9.3) or 7.8% of the revenue (8.5%). The increase in EBITDA was due to the cumulative effects of organic growth, corporate acquisitions and the company's scalable business. The decrease in EBITDA margin was due to a change in the sales distribution.

The adjusted EBITDA increased to EUR 10.2 million (9.3) or 8.2% of the revenue (8.5%). EUR 0.5 million (0.0) of personnel expenses relating to severance payments and bonus payments for the corporate acquisition were entered as items affecting comparability. Comparative figures do not include expenses of the parent companies[5] of the Group, which amount to EUR 0.1 million. Considering this, EBITDA for 2017 is EUR 9.2 million.

The Group's operating profit amounted to EUR 1.8 million (6.1). Compared to last year's figures, the operating profit was burdened by increased amortizations of consolidated goodwill and goodwill, which in the review period amounted to EUR 6.9 million (2.2). The increase in amortizations of consolidated goodwill stems from the share transaction carried out on October 31, 2017, in which VMP Plc acquired the majority of Varamiespalvelu-Group's share capital, and from the share exchange carried out on May 29, 2018, in which the Group's minority shareholders received VMP Plc's shares, with the Group receiving subsidiary shares in exchange.

The result before taxes was EUR -2.5 million (5.7) and the result for the period was EUR -3.0 million (4.3). Earnings per share were EUR -0.20[6]. The result was burdened by EUR 3.0 million in listing expenses, included in financing costs, as well as items affecting comparability amounting to EUR 0.5 million included in personnel costs. A deferred tax asset of EUR 0.5 million was entered for the financial year.

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The interim report presents information about VMP Group from January 1–December 31, 2018. Comparable data consists of interim information on Varamiespalvelu-Group ("VPG") from January 1–December 31, 2017 as well as information on VMP Plc from the financial period August 28–December 31, 2017. The interim information is not comparable concerning amortizations of goodwill and financing costs resulting from the share transaction.

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

Financial position and cash flow

VMP's consolidated balance sheet total on December 31, 2018 was EUR 100.7 million (39.7), of which equity made up EUR 55.7 million. VMP's share was listed on Nasdaq Helsinki's First North marketplace on June 19, 2018. In the initial public offering, VMP accumulated a total of EUR 34.5 million of new funds. The new funds were entered as part of the company's reserve for invested unrestricted equity.

Shareholder loans amounting to EUR 1.3 million were converted into the reserve for invested unrestricted equity, and an investment of EUR 7.5 million was made into the reserve. In May, a share exchange was carried out, in which the Group's minority shareholders received shares of VMP Plc and the company received subsidiary shares in exchange, and in which the total subscription price of the shares, EUR 15.3 million, was entered into the reserve for invested unrestricted equity. Furthermore, an increase of share capital from the reserve for invested unrestricted equity, amounting to EUR 0.1 million, was carried out.

During the review period and before the public listing, the Group drew new bank loans of EUR 44.5 million and repaid old bank loans amounting to EUR 43.7 million as well as a total of EUR 8.6 million in shareholder loans and their interests. Bank loans of EUR 24.6 million were repaid with the funds accumulated in the initial public offering. As of December 31, 2018, the Group has liabilities to credit institutions of EUR 20.3 million, of which EUR 20.2 is non-current. In addition, the Group has an overdraft facility of EUR 3.0 million, which on December 31, 2018 is fully unused.

Equity-to-assets ratio stood at 55.4% (18.9%). The Group's net debt on December 31, 2018 amounted to EUR 11.8 million (10.5). The net debt/adjusted EBITDA ratio was 1.2 x. VMP's long-term financial target for leverage is 1.5 x.

Operative free cash flow amounted to EUR 3.6 million (3.8) in October–December and EUR 9.5 million (7.8) in January–December. Cash conversion was 144.5% (142.3%) in October–December and 97.3% (84.1%) in January–December. Cash conversion was strong due to efficient working capital management.

Investments and acquisitions

VMP's investments in subsidiary shares amounted to EUR 5.3 million (3.3) in October–December. Investments include the acquisitions of Henkilöstötalo Voima and Enjoy. Additionally, the Group has acquired minority shares of subsidiaries and paid additional purchase prices relating to earlier acquisitions.

VMP group acquired Henkilöstötalo Voima on November 28, 2018. The acquisition included the share capital of Yrityspalvelu Voima Oy, Voima Rakentaminen Oy and Työpalvelu Voima Oy. The companies' total revenue in the financial period in January 1 – December 31, 2018 was EUR 11.8 million, and the EBITDA was EUR 1.1 million. Companies employed in 15 people in total, in addition to staffed employees. VMP financed the acquisition with its cash in hand. The fixed debt-free sale price was EUR 2.8 million, in addition to which an extra sale price of no more than EUR 2.0 million is paid based on the EBITDA in January 1 – December 31, 2018.

VMP group acquired Extremely Nice Job Oy (Enjoy) on December 31, 2018. Enjoy is a HR services company operating nationwide, with a focus on providing HR services in the HoReCa industry. Enjoy Group's revenue was EUR 18.6 million in 2018, and the EBITDA was EUR 0.8 million. The Enjoy Group employed 34 people in addition to staffed employees. VMP financed the acquisition with its cash in hand. The fixed debt-free sale price was EUR 2.7 million, in addition to which an extra sale price of no more than EUR 0.3 million is paid based on the EBITDA in January 1 – December 31, 2018.

VMP's investments in subsidiary shares amounted to EUR 8.7 million (4.3) in January-December. In addition to the acquisitions carried out in the fourth quarter, the acquisition of Arja Raukola Oy took place in April 2018. Arja Raukola Oy's revenue in 2018 was EUR 3.3 million and EBITDA was EUR 0.2 million. The fixed debt-free sale price was EUR 0.6 million. Additionally, the Group has acquired minority shares of subsidiaries and paid additional purchase prices relating to earlier acquisitions.

VMP's investments in tangible and intangible assets totaled EUR 0.2 million (0.2) in October–December and EUR 0.6 million (0.6) in January–December. Investments in tangible and intangible assets were mainly related to IT investments and robotics development projects. VMP has no substantial research and development costs.

During the review period, intra group fusions were carried out. On December 31, Forshire BidCo Oy merged into Forshire MidCo Oy, and Forshire MidCo Oy merged to VMP Plc. On September 30, 2018, the companies of the Romana sub-group merged into PD Personnel Oy Ltd. The fusions had no impact on the Group's result or consolidated balance sheet.

Personnel

VMP employs people in Group functions and as staffed employees assigned to customer companies. In October–December 2018, VMP employed an average of 224 people in Group functions and on average 1,583 staffed employees. In January–December, the number of Group employees was on average 211 and the number of staffed employees was 1,361.

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

VMP's goal is to help employers and employees succeed in a changing world of work. VMP'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 VMP, 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. VMP cooperates with labor unions and takes care of the occupational safety of staffed employees in cooperation with our customers.

VMP plays a significant role in preventing social exclusion. Young people and persons with migrant backgrounds are employed through VMP. In addition, VMP participates in the growth services reform related to the public sector's health, social services and regional government reform, where the aim is to promote new business activity, employment, the availability of skilled labor and to respond to changes in the labor market.

At VMP human rights are honored and followed. Employees or applicants are not discriminated under any basis. The goal is to provide a sought-after employment for all VMP's employees, where they are treated with uniform respect, and a culture of diversity is promoted. Harassment or workplace bullying in any form is not accepted.

Changes in company management

On September 27, 2018 VMP announced that VMP Plc's CFO Jarmo Korhonen had resigned from his position. On December 19, 2018 the company announced that Pauliina Soinio had been appointed interim CFO and member of the Management Team starting from January 1, 2019. Pauliina Soinio has been at VMP Group since 2012, working in several management positions in financial administration.

Shares and shareholders

Trading in VMP's share on Nasdaq Helsinki's First North marketplace began on June 19, 2018. In the initial public offering, which consisted of a public and a personnel offering, VMP issued 6,038,819 new shares. The final subscription price of the share in the initial public offering was EUR 5.0 per share, corresponding to a market value of approximately EUR 69.5 million. In connection with the listing, VMP got over 1,100 new shareholders.

In a directed share issue, 905,822 additional shares were issued to Danske Bank A/S, Finland Branch, for potential stabilizing measures. The shares were subscribed in July 2018.

On December 31, 2018 VMP had 14,799,198 registered shares. The company holds no treasury shares. The company had 1,065 shareholders, including nominee registered shareholders.

By the end of December, 1,839,717 VMP shares were traded in the Helsinki stock exchange and the total trading volume was EUR 9.3 million. During the time period, the highest quotation was EUR 5.80 and the lowest EUR 3.13. The volume-weighted average price of the share was EUR 5.03. The closing price of the share at the end of December was EUR 3.28 and the market value of VMP stood at EUR 48.5 million.

As of December 31, 2018, the members of the Board of Directors of VMP and the members of the management team own a total of 918,420 VMP shares, corresponding to approximately 6.2% of VMP's shares and of the votes to which they entitle. The share numbers include the direct holdings of the persons in question. In addition, Board members are employed in managerial duties by significant shareholders.

Governance

The company's financial statements 2017 were adopted in the Annual General Meeting on March 27, 2018.

VMP's shareholders made on May 18, 2018 a unanimous decision to change the company into a public corporation and to change its name to VMP Plc. At the same time, the company's share capital was increased with an increase from reserves to the total of EUR 80,000 required from public corporations. Furthermore, it was decided that the company's shares be registered in a book-entry system. Joni Aaltonen, Heimo Hakkarainen, Tapio Pajuharju and Paul Savolainen were elected as new ordinary members of VMP Plc's Board of Directors. Liisa Harjula, Mika Uotila and Virva Vesanen continue as Board members. Liisa Harjula serves as Chairwoman of the Board.

VMP's shareholders made on May 18, 2018 a unanimous decision to increase the number of VMP shares by splitting the shares with a share issue without any compensation. Three new shares were given per each existing share and the number of the company's shares increased from 1,188,000 to 4,752,000. Additionally, the Board of Directors was authorized to decide on a share issue to be implemented in connection with a share exchange. Based on this authorization, the Board of Directors decided on May 29, 2018 to implement a share exchange in which the Group's minority shareholders received a total of 3,102,557 VMP Plc's shares and the subscription price was paid with subsidiary shares.

The company's Articles of Association previously included redemption and consent clauses. In a decision made on May 18, 2018, the company's shareholders resolved to remove these clauses from the Articles of Association in connection with the listing. VMP's shareholders authorized the Board of Directors on May 18, 2018 to resolve on a directed share issue in connection with the listing of the Company. The number of new shares to be issued on the basis of the authorization is 11,000,000 at maximum. Based on the aforementioned authorization, VMP's Board of Directors resolved on June 5, 2018 on a directed share issue in which a total of 6,038,819 shares were issued in a public and personnel offering. Furthermore, the Board of Directors resolved on June 18, 2018 on a directed share issue to Danske Bank A/S, Finland Branch concerning additional shares. 905,822 shares in total were issued for potential stabilization measures.

VMP's shareholders authorized on May 18, 2018 the Board of Directors to decide on the issuance of new shares or special rights under chapter 10 section 1 of the Finnish Limited Liability Companies Act that entitle to shares in one or several lots. The authorization concerns both the issuance of new shares as well as the transfer of own shares held by the company, and the aggregate number of shares to be issued on the basis of the authorization may not exceed 2,000,000 shares. New shares may be issued or special rights may be granted otherwise than in proportion to the shareholdings of the shareholders (directed share issue). The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2019.

VMP's shareholders authorized on May 18, 2018 the Board of Directors to resolve on the repurchase of the company's own shares. The maximum number of treasury shares to be acquired under the authorization is 1,000,000 shares. However, the Company may not, together with its subsidiaries, hold more than 10 percent of all the Company's shares at any time. The authorization remains in force until the end of the next Annual General Meeting, however, no longer than until June 30, 2019.

An Extraordinary General Meeting on May 30, 2018 authorized the Board of Directors to resolve on approving the placing agreement and offering circular and on submitting a listing application to the First North marketplace maintained by Nasdaq Helsinki. Based on this authorization, the Board of Directors of VMP resolved on June 5, 2018 that the company will apply for its shares to be listed on the First North marketplace of Nasdaq Helsinki. Trading in the shares began on June 19, 2018.

Risks and uncertainties

VMP's risk management principles are based on the Finnish Corporate Governance Code for Listed Companies (2015). The objective of risk management is to ensure that the group's targets are reached and to safeguard the continuity of operations. Risk management is part of internal control.

VMP's risk management is part of the Group's ERP and thus an integral part of the Group's management system. Risk management is systematic, predictive and comprehensive, and, taking into account the Group's activities, comprehensively covers all risk areas.

The Group's risks are related to its operational environment, or business or financial risks. Risks related to the operational environment may include business development risks, market risks or legislative risks. Business level risks may include personnel risks, risks related to management, process risks, service risks, information security risks, accident risks, growth-related risks or partner risks. Financial risks include, for example, financing and credit risks. During 2018, no substantial changes have occurred in the Group's view of its risks.

Poor economic development in Finland or Sweden may have an indirect adverse impact on VMP's business and result. In economic downturns it is possible that companies use less staffing services and other HR services offered by VMP. The future development of the labor market may affect VMP's business. 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.

VMP manages its activities according to its strategy. Therefore, the company's business operations include risks in case the company is unable to successfully realize its strategy. In its operations, VMP is reliant on its ability to find, recruit and manage a sufficient number of staffed workers, and on the successful execution of recruitment, headhunting and personal evaluation assignments. Identifying targets for corporate acquisitions, realizing corporate acquisitions and integrating the acquired companies into the Group's operations may present a risk for VMP's business. Development of new products and services include risks to business operations. In addition, there are risks related to the functionality of the Group's IT systems, data privacy, and the availability of competentand skilled key employees. The Group's business also includes reputational risk.

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

Long term financial targets

The Board of Directors has approved the following long-term financial targets.

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

Board proposal for utilization of distributable funds

The parent company’s distributable funds in the financial statement on December 31, 2018, was EUR 63.1 million, of which profit for the financial period was EUR 3.7 million. The Board’s proposal to the Annual General Meeting is that dividend be paid EUR 0.08 per share, corresponding to a total of EUR 1.2 million.

The Board proposes paying dividends in full on April 8, 2019 to shareholders who on the record date of April 1, 2019 are listed in the company’s register of shareholders maintained by Euroclear Finland Oy.

Annual General Meeting in 2019

VMP Plc’s Annual General Meeting will be held in Helsinki on Thursday, March 28, 2019. The Board of VMP will convene the Annual General Meeting separately at a later date.

Events after the review period

After the end of the financial period, VMP has strengthened its position in staffing in the retail sector by acquiring Henkilöstöratkaisu Extraajat Oy on February 14, 2019. Extraajat provides staffing services nationwide and is especially focused on customers and employees in the retail sector. Henkilöstöratkaisu Extraajat Oy’s revenue in October 1, 2017 – September 30, 2018 was EUR 19.8 million, and its EBITDA was EUR 1.7 million. VMP financed the acquisition by bank loan and its cash in hand. The fixed debt-free sale price was approximately EUR 7 million.

VMP sold Alina Hoivatiimi Oy to Norlandia Care Oy with a sales contract signed on February 15, 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 its EBITDA was EUR 0.2 million. The debt-free sale price paid in cash was EUR 1.5 million. Outside of profit from the sale, approximately EUR 0.7 million, the sale has no significant impact on VMP Group’s result.

Helsinki, February 27, 2019

VMP Plc
Board of Directors

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Juha Pesola, CEO,
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Financial reports 2019

The Annual Report for 2018	Week 11, 2019
Interim Report from January to March 2019	22 May 2019 at 8.00 a.m. EET
Half-Year Report from January to June 2019	21 August 2019 at 8.00 a.m. EET
Interim Report from January to September 2019	20 November 2019 at 8.00 a.m. EET

Result publication event:
A press conference for analysts and media will be held on Thursday, February 28, 2019 at 11.00 a.m. Finnish time as an audiocast at https://vmp.videosync.fi/2018-q4/register. The conference will be held in Finnish. The conference will be hosted by Juha Pesola, CEO and Pauliina Soinio, Interim CFO. During the presentation, there will be an opportunity to ask questions. The presentation material will be available at the company website at http://www.vmpgroup.fi/en/investors/reports-and-presentations before the conference. A recording of the audiocast will be available at the same website later on the same day

Accounting principles for financial statements

VMP Plc was incorporated on September 8, 2017, and it acquired Varamiespalvelu Group through a share transaction on October 31, 2017, due to which VMP Plc's consolidated financial statements for 2017 include the business operations of VMP for two months only. The share transaction did not impact VMP's business operations, but it created a significant amount of goodwill for VMP and its financing structure changed. VMP's financing structure has also changed in spring 2018 in connection with the implementation of a financing arrangement and the initial public offering.

VMP Group's and Varamiespalvelu Group's financial statements are prepared in accordance with the Finnish Accounting Standards ("FAS"). Assets and liabilities are measured at the acquisition cost or the lower/higher fair value.

Intangible assets included in the company's non-current assets are valued at acquisition cost less amortization according to plan, and tangible assets are valued at their variable acquisition cost less depreciation according to plan. Trade and other receivables included in the current assets are valued at their nominal value or probable value, if lower. The acquisition cost of intangible and tangible assets included in the company's non-current assets is amortized/depreciated in accordance with a predetermined plan. The difference between the acquisition cost and the residual value is recorded as an expense during the estimated useful life. Group goodwill is amortized using straight-line method according to an estimated useful life of 10 years. Other long-term expenditures and IT software are depreciated using straight-line method according to an estimated useful life of 5 to 10 years. Machinery and equipment have an estimated useful life of approximately 8 years and the maximum depreciation allowed under the Finnish Business Tax Act is used.

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

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

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

Financial statements release

The figures in the financial statements release are unaudited. Information is presented in the scope required in the First North rules section 4.6. (e). Figures in the income statement and cash flow statement are not comparable due to changes in group structure.

The following tables present VMP Group's interim information for the financial year ended on December 31, 2018. As comparative information is presented consolidated information of Varamiespalvelu Group (VPG Group) for the financial year ended on December 31, 2017. In addition, VMP Group's information for its first financial year from August 28 to December 31, 2018, which includes VPG's business from November 1, 2017 onward, is presented. The interim information is not comparable in respect to the amortization of goodwill and financial expenses generated by the share transaction. The numbers in the financial statements are audited.

Consolidated Income Statement

EUR thousand	1 Oct – 31 Dec 2018 VMP Group	1 Oct – 31 Dec 2017 VPG Group	Change %
Revenue	**33,339**	**31,462**	**5.9%**
Other operating income	65	7	894.2%
Materials and services	-591	-638	-7.4%
Personnel expenses	-28,476[7]	-24,425	16.6%
Depreciation, amortization and impairment losses	-2,114[8]	-884	139.2%
Other operating expenses	-1,821[9]	-3,731	-51.2%
Operating profit (loss)	**392**	**1,790**	**-78.1%**
Financial income and expenses	-118	-172	-31.7%
Profit (loss) before appropriations and taxes	**274**	**1,618**	**-83.0%**
Income taxes	278	-397	-170.1%
Deferred taxes	-122[10]	0	-
Minority shares	22	-2	-1329.2%
Profit (loss) for the reporting period	**452**	**1,219**	**-62.9%**

[7] Personnel expenses comprise of both expenses related to employees and expenses related to the users of self-employment services.
[8] The change in the Group goodwill and the Group goodwill amortization is presented more detailed in the table section after the collaterals and commitments.
[9] Decrease of other operating expenses is partly owing to the tax authority's notation related to the compensation of travel expenses paid by companies providing invoicing services in respect of tax prepayments and income taxation (November 6, 2017 / ref. A201/200/2017). Based on the notation, the accounting treatment was changed. The cost impact of the compensation paid to self-employed personnel was transferred from other operating expenses to personnel expenses.
[10] The deferred tax asset (EUR -122 thousand) related to the loss of the Group's parent company, was recorded on the reporting period, against which there will be taxable profit available in the future based on the management estimate.

Consolidated Income Statement

EUR thousand	1 Jan – 31 Dec 2018 VMP Group	1 Jan – 31 Dec 2017 VPG Group	Change %	28 Aug–31 Dec 2017 VMP Group
Revenue	**124,892**	**109,519**	**14.0%**	**20,978**
Other operating income	275	73	277.2%	4
Materials and services	-2,210	-2,248	-1.7%	-419
Personnel expenses	-104,976[11]	-85,100	23.4%	-16,825
Depreciation, amortization and impairment losses	-7,926[12]	-3,201	147.6%	-1,282
Other operating expenses	-8,229[13]	-12,959	-36.5%	-2,998
Operating profit (loss)	**1,826**	**6,084**	**-70.0%**	**-542**
Financial income and expenses	-4,340[14]	-339	1181.8%	-1,563
Profit (loss) before appropriations and taxes	**-2,513**	**5,746**	**-143.7%**	**-2,105**
Income taxes	-989	-1,466	-32.6%	-232
Deferred taxes	527[15]	0	-	0
Minority shares	0	-8	-100.0%	786
Profit (loss) for the reporting period	**-2,975**	**4,272**	**-169.6%**	**-1,550**

[11] Personnel expenses comprise of both expenses related to employees and expenses related to the users of self-employment services.
[12] The change in the Group goodwill and the Group goodwill amortization is presented more detailed in the table section after the collaterals and commitments.
[13] Decrease of other operating expenses is partly owing to the tax authority's notation related to the compensation of travel expenses paid by companies providing invoicing services in respect of tax prepayments and income taxation (November 6, 2017 / ref. A201/200/2017). Based on the notation, the accounting treatment was changed. The cost impact of the compensation paid to self-employed personnel was transferred from other operating expenses to personnel expenses.
[14] Financial income and expenses include interest expenses, as well as, expenses from the initial public offering (EUR 2,994 thousand).
[15] The deferred tax asset (EUR 527 thousand) related to the loss of the Group's parent company, was recorded on the reporting period, against which there will be taxable profit available in the future based on the management estimate.

Consolidated Balance Sheet

EUR thousand	31 Dec 2018 VMP Group	31 Dec 2017 VPG Group	Change %	31 Dec 2017 VMP Group
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	170	224	-24.2%	224
Goodwill	66	138	-52.4%	138
Group goodwill	67,492[16]	15,637	331.6%	54,934
Other non-current expenditures	1,865	2,108	-11.6%	2,108
Advance payments	105	0	-	0
Total intangible assets	**69 697**	**18 108**	**284,9 %**	**57 405**
Tangible assets				
Machinery and equipment	624	416	50.1%	416
Other tangible assets	27	24	12.6%	24
Advance payments and construction in progress	0	7	-100.0%	7
Total tangible assets	**651**	**447**	**45.7%**	**447**
Investments				
Participating interests	106	0	-	0
Other shares and similar rights of ownership	225	181	24.7%	181
Total investments	**332**	**181**	**83.5%**	**181**
TOTAL NON-CURRENT ASSETS	**70,679**	**18,735**	**277.3%**	**58,032**

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

Consolidated Balance Sheet

EUR thousand	31 Dec 2018 VMP Group	31 Dec 2017 VPG Group	Change %	31 Dec 2017 VMP Group
CURRENT ASSETS				
Receivables				
Non-current				
Receivables from participating interest companies	50	0	-	0
Loan receivables	23	11	110.2%	11
Other receivables	284	78	265.2%	78
Total non-current	357	89	302.3%	89
Current				
Trade receivables	17,816	14,523	22.7%	14,523
Receivables from group companies	0	960	-100.0%	0
Receivables from participating interest companies	40	0	-	0
Loan receivables	66	106	-37.4%	106
Deferred tax asset	527[17]	0	-	0
Other receivables	581	219	165.1%	415
Prepayments and accrued income	2,000	1,044	91.5%	1,044
Total current	21,030	16,852	24.8%	16,089
Total receivables	**21,388**	**16,941**	**26.2%**	**16,177**
Cash at bank and in hand	8,645	4,038	114.1%	4,830
Total cash at bank and in hand	**8,645**	**4,038**	**114.1%**	**4,830**
TOTAL CURRENT ASSETS	**30,033**	**20,980**	**43.2%**	**21,009**
TOTAL ASSETS	**100,713**	**39,715**	**153.6%**	**79,040**

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

Consolidated Balance Sheet

EUR thousand	31 Dec 2018 VMP Group	31 Dec 2017 VPG Group	Change %	31 Dec 2017 VMP Group
EQUITY AND LIABILITIES				
EQUITY				
Share capital	80	3	3100.0%	3
Translation differences	-103	-151	-31.7%	-6
Reserve for invested unrestricted equity	59,789	4,151	1340.5%	1,186
Retained earnings	-1,047	-757	38.3%	0
Profit (loss) for the reporting period	-2,975	4,272	-169.6%	-1,550
TOTAL EQUITY	**55,743**	**7,516**	**641.6%**	**-368**
MINORITY SHARES	**0**	**37**	**-100.0%**	**5,576**
LIABILITIES				
Non-current				
Liabilities to credit institutes	20,171	11,834	70.5%	42,834
Trade payables	0	4	-100.0%	4
Liabilities to group companies	0	0	-	1,268
Other liabilities	204	847	-76.0%	9,186
Accruals and deferred income	0	0	-	71
Total non-current	20,375	12,685	60.6%	53,364
Current				
Liabilities to credit institutes	93	1,666	-94.4%	1,666
Advances received	3	15	-79.0%	15
Trade payables	2,218	1,713	29.5%	1,864
Liabilities to group companies	0	162	-100.0%	0
Other liabilities	9,304	6,673	39.4%	7,224
Accruals and deferred income	12,976	9,247	40.3%	9,699
Total current	24,595	19,476	26.3%	20,468
TOTAL LIABILITIES	**44,970**	**32,161**	**39.8%**	**73,832**
TOTAL EQUITY AND LIABILITIES	**100,713**	**39,715**	**153.6%**	**79,040**

Consolidated Statement of Changes in Equity

VMP Group

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

VPG Group

EUR thousand	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total
Balance at 1 Jan 2017	3	4,151	-124	581	4,610
Dividends				-1,296	-1,296
Translation differences			-27	-42	-69
Profit (loss) for the reporting period				**4,272**	**4,272**
Balance at 31 Dec 2017	**3**	**4,151**	**-151**	**3,515**	**7,516**

Consolidated Cash Flow Statement

EUR thousand	1 Oct – 31 Dec 2018 VMP Group	1 Oct – 31 Dec 2017 VPG Group	Change %
Cash flow from operating activities			
Cash receipts from customers	31,537	31,590	-0.2%
Cash receipts from other operating income	65	7	894.2%
Cash paid to suppliers and employees	-27,800	-27,568	0.8%
Cash flow from operating activities before financial items and taxes	**3,803**	**4,029**	**-5.6%**
Interest and expenses paid from other operating financial expenses	-3	-21	-88.7%
Interest received from operating activities	7	43	-83.4%
Direct taxes paid	-60	13	-533.9%
Net cash from operating activities	**3,748**	**4,065**	**-7.8%**
Cash flow from investing activities			
Investments in tangible and intangible assets	-180	-224	-19.9%
Proceeds from sale of tangible and intangible assets	42	0	-
Purchase of other investments	0	-47	-100.0%
Proceeds from sale of investments	0	3	-100.0%
Repayments of loan receivables	180	121	49.0%
Investments in subsidiaries	-5,323	-3,249	63.8%
Net cash used in investing activities	**-5,281**	**-3,397**	**55.5%**
Cash flow from financing activities			
Repayment of current loans and borrowings	0	-866	-100.0%
Proceeds from non-current loans and borrowings	0	13,500	-100.0%
Repayment of non-current loans and borrowings	0	-12,533	-100.0%
Change in non-current receivables	-1	0	-
Interest and other financial expenses paid	-121	-29	316.8%
Net cash used in financing activities	**-121**	**72**	**-268.7%**
Net increase/decrease in cash and cash equivalents	**-1,654**	**740**	
Cash and cash equivalents at beginning of reporting period	10,300	3,297	
Cash and cash equivalents at end of reporting period	8,645	4,038	

Consolidated Cash Flow Statement

EUR thousand	1 Jan – 31 Dec 2018 VMP Group	1 Jan – 31 Dec 2017 VPG Group	Change %	28 Aug – 31 Dec 2017 VMP Group
Cash flow from operating activities				
Cash receipts from customers	126,082	106,342	18.6%	20,587
Cash receipts from other operating income	275	73	277.2%	4
Cash paid to suppliers and employees	-116,225	-97,970	18.6%	-18,800
Cash flow from operating activities before financial items and taxes	**10,132**	**8,445**	**20.0%**	**1,792**
Interest and expenses paid from other operating financial expenses	-82	-31	170.5%	-31
Interest received from operating activities	21	54	-60.6%	54
Direct taxes paid	-1,654	-926	78.5%	-926
Net cash from operating activities	**8,418**	**7,543**	**11.6%**	**7,543**
Cash flow from investing activities				
Investments in tangible and intangible assets	-643	-637	1.0%	-637
Proceeds from sale of tangible and intangible assets	53	0	-	0
Purchase of other investments	0	-50	-100.0%	-50
Proceeds from sale of investments	0	3	-100.0%	3
Granted loans	-221	0	-	0
Repayments of loan receivables	284	121	135.5%	121
Investments in subsidiaries	-8,658	-4,324	100.2%	-4,324
Net cash used in investing activities	**-9,185**	**-4,887**	**87.9%**	**-4,887**
Cash flow from financing activities				
Proceeds from issuance of share capital	42,034[18]	0	-	0
Change in current receivables	481	0	-	0
Repayment of current loans and borrowings	-1,181	-866	36.4%	-866
Proceeds from non-current loans and borrowings	18,833	13,500	39.5%	13,500
Repayment of non-current loans and borrowings	-50,787	-13,159	285.9%	-13,159
Change in non-current receivables	-131	0	-	0
Interest and other financial expenses paid	-4,666	-358	1204.8%	-358
Dividends paid and other distribution of profit	0	-1,296	-100.0%	-1,296
Net cash used in financing activities	**4,583**	**-2,179**	**-310.3%**	**-2,179**

[18] Proceeds from the issuance of share capital (EUR 42,034 thousand) contains cash flow from the initial public offering (EUR 34,529 thousand) and from the investment to the reserve for invested non-restricted equity (EUR 7,505 thousand), which was made before the initial public offering.

Net increase/decrease in cash and cash equivalents	**3,815**	**477**	**477**
Cash and cash equivalents at beginning of reporting period	4,830	3,561	3,561
Cash and cash equivalents at end of reporting period	8,645	4,038	4,038

Collaterals and commitments

EUR thousand	31 Dec 2018	31 Dec 2017[19]
Lease obligations	555	383
Rental obligations	2,084	1,297
Other collaterals given		
Guarantees	10,244	28,254
Deposits	43	0
Trade receivables	1	0
Group cash pool with overdraft facility, total amount of credit limit	3,000	3,000
Company mortgage	80,700	80,600
Book value of the pledged shares	56,350	64,882
Book value of the fixed assets given as collateral	255	
Notes to hedging instruments		
Hedged loan nominal	20,000	26,500
Nominal amount of interest rate swap	12,417	13,250
Fair value of the instruments	-75	-58

Changes in group goodwill

EUR million	1 Oct –31 Dec 2018 VMP Group	1 Oct –31 Dec 2017 VPG Group	Change %	1 Jan –31 Dec 2018 VMP Group	1 Jan –31 Dec 2017 VPG Group	Change %
Group goodwill at the beginning of reporting period	62.4[20]	12.0	420.2%	54.9[21]	13.4	308.8%
Increases	6.9	4.2	64.8%	19.4	4.2	335.4%
Amortization	-1.8	-0.6	229.8 %	-6.9	-2.0	253.0%
Group goodwill at the end of reporting period	**67.5**	**15.6**	**331.6%**	**67.5**	**15.6**	**331.6%**

[19] Comparable data consist of collaterals and commitments of VMP Group, as of December 31, 2017.
[20] Group goodwill in opening balance October 1, 2018 includes the group goodwill of Varamiespalvelu-Group, acquired on October 31, 2017.
[21] Group goodwill in opening balance January 1, 2018 includes the group goodwill of Varamiespalvelu-Group, acquired on October 31, 2017.

Key figures

EUR thousand, unless otherwise specified	1 Oct –31 Dec 2018 VMP Group	1 Oct –31 Dec 2017 VPG Group	Change %	1 Jan –31 Dec 2018 VMP Group	1 Jan –31 Dec 2017 VPG Group	Change %
Key figures for income statement						
Organic growth, %	-0.1%[22]	-	-	6.7%[23]	15.2%	-
EBITDA	2,507	2,674	-6.3%	9,752	9,286	5.0%
EBITDA margin, %	7.5%	8.5%	-	7.8%	8.5%	-
EBITA	2,248	2,397	-6.2%	8,750	8,327	5.1%
EBITA margin, %	6.7%	7.6%	-	7.0%	7.6%	-
Operating profit	392	1,790	-78.1%	1,826	6,084	-70.0%
Operating profit margin, %	1.2%	5.7%	-	1.5%	5.6%	-
Items affecting comparability	-62[24]	0	-	480[25]	0	-
Adjusted EBITDA	2,444	2,674	-8.6%	10,232	9,286	10.2%
Adjusted EBITDA margin, %	7.3%	8.5%	-	8.2%	8.5%	-
Adjusted EBITA	2,186	2,397	-8.8%	9,230	8,327	10.8%
Adjusted EBITA margin, %	6.6%	7.6%	-	7.4%	7.6%	-
Adjusted operating profit	330	1,790	-81.6%	2,306	6,084	-62.1%
Adjusted operating profit margin, %	1.0%	5.7%	-	1.8%	5.6%	-
Earnings per share, basic (EUR)	0.03[26]	-	-	-0.20[26]	-	-
Earnings per share, diluted (EUR)	0.03[26]	-	-	-0.20[26]	-	-
Key figures for balance sheet						
Net debt	-	-	-	11,823	10,471	12.9%
Net debt / Adjusted EBITDA (net leverage)	-	-	-	1.2 x	1.1 x	-
Gearing, %	-	-	-	21.2%	139.3%	-
Equity-to-assets ratio, %	-	-	-	55.4%	18.9%	-

[22] Organic growth includes revenue transferred from the Group companies to the Swedish franchisees, weakening the figure for organic growth by 2.4 percentage points.
[23] Organic growth includes revenue transferred from the Group companies to the Swedish franchisees, weakening the figure for organic growth by 2.3 percentage points.
[24] In October–December 2018, EUR -62 thousand in personnel expenses relating to bonus payments related to the acquisition has been entered as items affecting comparability.
[25] In January–December 2018, EUR 480 thousand in personnel expenses relating to severance payments and bonus payments related to the acquisition has been entered as items affecting comparability.
[26] In the calculation of earnings per share, the number of shares is 14,799,198 (registered number of shares as of December 31, 2018).

Key figures

EUR thousand, unless otherwise specified	1 Oct –31 Dec 2018 VMP Group	1 Oct –31 Dec 2017 VPG Group	Change %	1 Jan –31 Dec 2018 VMP Group	1 Jan –31 Dec 2017 VPG Group	Change %
Key figures for cash flows						
Operative free cash flow	3,623	3,805	-4.8%	9,489	7,808	21.5%
Cash conversion ratio, %	144.5%	142.3%	-	97.3%	84.1%	-
Investments						
Investments in tangible and intangible assets	-180	-224	-19.9%	-643	-637	1.0%
Investments in subsidiary shares	-5,323	-3,249	63.8%	-8,658	-4,324	100.2%
Operative key figures						
Chain-wide revenue (EUR million)	53	50	6%	204	178	15%
Franchise fees (EUR million)	2.2	2.1	7.7%	8.9	7.7	15.7%
Eezy's net revenue (EUR million)	0.8	0.9	-5.2%	2.9	2.9	2.7%

Reconciliation of Certain Alternative Performance Measures

EUR thousand, unless otherwise specified	1 Oct –31 Dec 2018 VMP Group	1 Oct –31 Dec 2017 VPG Group
Organic growth		
Revenue	33,329	31,462
Increase of revenue	1,867	
Impact of acquisitions	-1,905	
Organic growth, EUR thousand	**-38**	
Organic growth, %	**-0.1%**[27]	
EBITDA and adjusted EBITDA		
Operating profit	392	1,790
Depreciation, amortization and impairment losses	2,114	884
EBITDA	**2,507**	**2,674**
Items affecting comparability	-62[28]	0
Adjusted EBITDA	**2,444**	**2,674**
Operating profit before amortization of goodwill (EBITA) and adjusted EBITA		
Operating profit	392	1,790
Amortization of goodwill	1,856[29]	607
Operating profit before amortization of goodwill (EBITA)	**2,248**	**2,397**
Items affecting comparability	-62[28]	0
Adjusted EBITA	**2,186**	**2,397**
Adjusted operating profit		
Operating profit	392	1,790
Items affecting comparability	-62[28]	0
Adjusted operating profit	**330**	**1,790**

[27] Organic growth includes revenue transferred from the Group companies to the Swedish franchisees, weakening the figure for organic growth by 2.4 percentage points.
[28] In October–December 2018, EUR -62 thousand in personnel expenses relating to bonus payments related to the acquisition has been entered as items affecting comparability.
[29] The change in the Group goodwill and the Group goodwill amortization is presented more detailed in the table section after the collaterals and commitments.

Operative free cash flow		
Cash flows from operating activities before financial items and taxes (from the cash flow statement)	3,803	4,029
Investments in tangible and intangible assets (from the cash flow statement)	-180	-224
Operative free cash flow	**3,623**	**3,805**

Reconciliation of Certain Alternative Performance Measures

	1 Jan – 31 Dec2018	1 Jan – 31 Dec 2017
EUR thousand, unless otherwise specified	**VMP Group**	**VPG Group**
Organic growth		
Revenue	124,892	109,519
Increase of revenue	15,373	19,462
Impact of acquisitions	-8,088	-5,811
Organic growth, EUR thousand	**7,286**	**13,651**
Organic growth, %	**6.7%**[30]	**15.2%**
EBITDA and adjusted EBITDA		
Operating profit	1,826	6,084
Depreciation, amortization and impairment losses	7,926	3,201
EBITDA	**9,752**	**9,286**
Items affecting comparability	480[31]	0
Adjusted EBITDA	**10,232**	**9,286**
Operating profit before amortization of goodwill (EBITA) and adjusted EBITA		
Operating profit	1,826	6,084
Amortization of goodwill	6,924[32]	2,243
Operating profit before amortization of goodwill (EBITA)	**8,750**	**8,327**
Items affecting comparability	480[31]	0
Adjusted EBITA	**9,230**	**8,327**

[30] Organic growth includes revenue transferred from the Group companies to the Swedish franchisees, weakening the figure for organic growth by 2.3 percentage points.
[31] In January–December 2018, EUR 480 thousand in personnel expenses relating to severance payments and bonus payments related to the acquisition has been entered as items affecting comparability.
[32] The change in the Group goodwill and the Group goodwill amortization is presented more detailed in the table section after the collaterals and commitments.

Adjusted operating profit		
Operating profit	1,826	6,084
Items affecting comparability	480[33]	0
Adjusted operating profit	**2,306**	**6,084**

Operative free cash flow		
Cash flows from operating activities before financial items and taxes (from the cash flow statement)	10,132	8,445
Investments in tangible and intangible assets (from the cash flow statement)	-643	-637
Operative free cash flow	**9,489**	**7,808**

Calculation of key figures

Key figures for income statement

Organic growth, % = The revenue growth of companies and businesses that have been a part of the Group for over 12 months (for the staffing services in Finland, the impact of transfer of service area assets between Group companies and franchisees on the organic growth has been eliminated)

EBITDA = Operating profit + Depreciation, amortization and impairment losses

EBITDA margin, % = $\frac{\text{EBITDA}}{\text{Revenue}} \times 100$

EBITA = Operating profit + Amortization of goodwill

EBITA margin, % = $\frac{\text{EBITA}}{\text{Revenue}} \times 100$

Operating profit = Profit before minority shares, appropriations, income tax, financial income and financial expenses

Operating profit margin, % = $\frac{\text{Operating profit}}{\text{Revenue}} \times 100$

Items affecting comparability = Material items outside the scope of ordinary operations relating to, among others, acquisitions, closing of business operations, structural reorganization and significant redundancy costs

Adjusted EBITDA = EBITDA + Items affecting comparability

Adjusted EBITDA margin, % = $\frac{\text{Adjusted EBITDA}}{\text{Revenue}} \times 100$

Adjusted EBITA = EBITA + Items affecting comparability

Adjusted EBITA margin, % = $\frac{\text{Adjusted EBITA}}{\text{Revenue}} \times 100$

[33] In January–December 2018, EUR 480 thousand in personnel expenses relating to severance payments and bonus payments related to the acquisition has been entered as items affecting comparability.

Adjusted operating profit	=	Operating profit + Items affecting comparability	
Adjusted operating profit margin, %	=	Adjusted operating profit / Revenue	x 100
Earnings per share, basic	=	Net result attributable to owners of the Parent Company / Weighted average number of outstanding shares	
Earnings per share, diluted	=	Net result attributable to owners of the Parent Company / Weighted average number of outstanding shares taking into account obligations arising from possible share issues of the Parent Company in the future	
Key figures for balance sheet			
Net debt	=	Non-current and current liabilities to credit institutions + subordinated loans + non-current and current liabilities to Group companies + other non-current liabilities - cash at bank and in hand	
Net debt / Adjusted EBITDA (net leverage)	=	Net debt / Adjusted EBITDA	
Gearing, %	=	Net debt / Equity	x 100
Equity-to-assets ratio, %	=	Equity / Total assets – advances received	x 100
Key figures for cash flows			
Operative free cash flow	=	Cash flow from operating activities presented in the cash flow statement before financing items and taxes - investments in tangible and intangible assets	
Cash conversion ratio, %	=	Operative free cash flow / EBITDA	x 100
Investments			
Investments in tangible and intangible assets	=	Investments in tangible and intangible assets presented in the cash flow statement	
Investments in subsidiary shares	=	Acquired shares of subsidiaries presented in the cash flow statement	
Operative key figures			
Chain-wide revenue	=	Consolidated revenue + revenue chain franchisees – franchise fees (and other significant internal chain revenue)	
Franchise fees	=	Fees paid by franchisees based on revenue and/or gross profit + initial fees	
Eezy’s net revenue	=	Total fees received from the services provided by Eezy	

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

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

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