NoHo

NORDIC HOSPITALITY PARTNERS

Interim Report

2019

NOHO PARTNERS INTERIM REPORT
1 January–31 December 2019

A record year – the Board of Directors proposes to the Annual General Meeting an additional dividend

The implementation of the strategy of profitable growth in the restaurant business of NoHo Partners is proceeding as planned. The targeted synergy benefits of the Royal Ravintolat integration were achieved in full and the short-term profitability programmes were successfully completed during 2019. The company has returned to the path of profitable growth: the profitability of the restaurant business hit record figures in the 2019 financial period. The company's Board of Directors proposes to the AGM an additional dividend. The Group's labour hire business ended on 23 August 2019, when the subsidiary Smile Henkilöstöpalvelut Oyj was merged with VMP Plc and the combined company Eezy Plc became an associated company of the Group.

JANUARY–DECEMBER 2019 IN BRIEF

Group (continuing and discontinued operations):
- The turnover grew by 30.1 per cent to MEUR 272.8 (MEUR 209.6).
- EBIT grew by 95.1 per cent to MEUR 30.6 (MEUR 15.7).
- The EBIT percentage was 11.2 per cent (7.5 per cent, a growth of 49.9 per cent).
- The result of the discontinued operation was MEUR 23.8.
- The result of the financial period grew by 1,026.8 per cent to MEUR 47.7 (MEUR 4.2).
- Earnings per share grew by 823.1 per cent to EUR 2.36 (EUR 0.26).
- The gearing ratio excluding the impact of the IFRS 16 liabilities was 75.9 per cent. The interest-bearing net liabilities excluding the IFRS 16 effect were MEUR 105.4. The IFRS 16 liabilities amounted to MEUR 161.3. The gearing ratio including the impact of the IFRS 16 standard was 194.6 per cent.

Restaurant business (comparable continuing operations):
- Turnover grew by 30.1 per cent to MEUR 272.9 (MEUR 209.7).
- EBIT grew by 725.0 per cent to MEUR 18.4 (MEUR 2.2).
- The EBIT percentage was 6.7 per cent (1.1 per cent, a growth of 534.0 per cent).
- The review period's EBIT includes the write-offs of the Danish business operations amounting approximately to MEUR 0.3.
- The result of the financial period grew by 3,616.5 per cent to MEUR 11.7 (MEUR 0.3).
- Earnings per share grew by 1,152.0 per cent to EUR 0.47 (EUR 0.04).
- The earnings per share for the review period include the MEUR 2.1 price adjustment in the Danish operations.

DESCRIPTION OF ACCOUNTING PRINCIPLES:

- In the interim report, the labour hire segment is treated as a discontinued operation and a separate item in the income statement. Comparative information has been adjusted accordingly. For more detailed information, see Note 3.
- Due to the labour hire business transaction, the Group is starting to present alternative performance measures that improve comparability. It is believed that these alternative performance measures improve the understanding prevailing on the market regarding the development and financial situation of the restaurant business. The most significant item added to the comparable result is the Group's internal staffing service purchases that took place before the transaction. In the future, these will be presented as outsourced services. The calculation principles of the key figures that improve comparability are presented in more detail in Note 3.
- In the interim report, the Group's continuing and discontinued operations as well as the comparable continuing operations of the restaurant business are presented separately.
- Starting from September 2019, the Group only has one segment: the restaurant business.
- NoHo Partners adopted the IFRS 16 Leases standard as of 1 January 2019. The figures of the reference period 2018 have not been adjusted. More information about the application of the IFRS 16 standard and other significant interim report accounting principles can be found in the notes to the interim report.
- Unless otherwise stated, figures in parentheses refer to the corresponding period last year.

OCTOBER–DECEMBER 2019 IN BRIEF

Group (continuing and discontinued operations):
- Turnover grew by 11.2 per cent to MEUR 75.2 (MEUR 67.6).
- EBIT grew by 55.4 per cent to MEUR 7.0 (MEUR 4.5).
- The EBIT percentage was 9.3 per cent (6.7 per cent, a growth of 39.8 per cent).
- The result of the financial period grew by 90.4 per cent to MEUR 4.9 (MEUR 2.6).
- Earnings per share grew by 28.2 per cent to EUR 0.20 (EUR 0.16).

Restaurant business (comparable continuing operations):
- Turnover grew by 11.1 per cent to MEUR 75.2 (MEUR 67.6).
- EBIT grew by 466.6 per cent to MEUR 6.5 (MEUR 1.1).
- The EBIT percentage was 8.6 per cent (1.7 per cent, a growth of 409.9 per cent).
- The review period's EBIT includes the write-offs of the Danish business operations amounting approximately to MEUR 0.3.
- The result of the financial period grew by 567.5 per cent to MEUR 4.3 (MEUR 0.7).
- Earnings per share grew by 235.3 per cent to EUR 0.17 (EUR 0.05).

PIVOTAL EVENTS IN THE REVIEW PERIOD:

- NoHo Partners acquired five (5) restaurants on the Norwegian market.
- Together with Night People Group, the company founded a joint venture that will build new Wallis karaoke bars in Finland.

PIVOTAL EVENTS AFTER THE REVIEW PERIOD:

- NoHo Partners Plc has announced that it will redeem the MEUR 25 hybrid loan issued on 29 March 2019.
- The company will secure a controlling interest in Friends & Brgrs Ab Oy, with a growth target of a chain of 30–50 restaurants in three (3) years.
- The company will invest in the development of digital sales by improving the Ravintola.fi application and website and launching a "cloud kitchen" restaurant with no customer seating.

NUMBER OF RESTAURANTS

- There were 18 opened and 15 closed down/sold restaurant units in the 2019 financial period.
- On 31 December 2019, there were 225 restaurants in total.
  - Restaurants 75
  - Entertainment venues 65
  - Fast casual restaurants 48
  - International restaurants 37

DIVIDEND

NoHo Partners Plc's distributable assets on 31 December 2019 were EUR 120,632,298.64, of which the share of the financial period's result is EUR 52,890,302.63.

NoHo Partners Plc's Board of Directors proposes to the Annual General Meeting convening on 22 April 2020 that, based on the adopted balance sheet of the financial period ending on 31 December 2019, a divided of EUR 0.4 (0.34) per share will be paid at the time of dividend payment on shares owned by external shareholders. The Board of Directors proposes that the dividend be paid in two (2) instalments, such that the first instalment of EUR 0.2 per share is paid on 7 May 2020 to shareholders who have been recorded in the company's shareholder list maintained by Euroclear Finland Oy by the record date of 24 April 2020. The second instalment of EUR 0.2 per share is paid on 12 November 2020 to shareholders who have been recorded in the company's shareholder list maintained by Euroclear Finland Oy by the record date of 2 November 2020. The Board of Directors proposes that it be authorised to decide, if necessary, a new dividend payment record date and payment date for the second instalment of the dividend payment, if the rules or regulations of the Finnish book-entry system change or otherwise require it.

NoHo Partners Plc's Board of Directors proposes to the Annual General Meeting that, based on the adopted balance sheet of the financial period ending on 31 December 2019, an additional divided of EUR 0.15 per share will be paid at the time of dividend payment on shares owned by external shareholders. The board proposes that the additional dividend be paid on 7 May 2020 to shareholders who have been recorded in the company's shareholder list maintained by Euroclear Finland Oy by the record date of 24 April 2020. The rest of the distributable assets shall remain in equity.

At the time of the financial statements on 31 December 2019, there were 19,008,690 externally owned shares. The total amount of the corresponding dividend and additional dividend is EUR 10,454,779.50.

Prospects For 2020

PROFIT GUIDANCE (AS OF 5 MARCH 2020):

NoHo Partners estimates that, during the financial period 2020, the Group will achieve a total turnover of approximately MEUR 300 and an EBIT margin of approximately 9 per cent. The turnover of the restaurant business (comparable continuing operations) is estimated to be approximately MEUR 300 and the EBIT margin approximately 7.5 per cent.

In terms of the Group's restaurant business, the goal is to achieve a turnover of approximately MEUR 350 and an EBIT margin of approximately 8 per cent by the end of 2021. The Group will update the estimate for the financial period on an annual basis in conjunction with the publication of the result for the fourth quarter.

KEY FIGURES

NoHo Partners Group, total

(TEUR)	1 Oct.–31 Dec. 2019	1 Oct.–31 Dec. 2018	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
KEY FIGURES, ENTIRE GROUP (CONTINUING AND DISCONTINUED OPERATIONS)				
Turnover	75,178	67,628	272,820	209,627
EBIT	7,019	4,516	30,551	15,658
EBIT, %	9.3%	6.7%	11.2%	7.5%
Result of the financial period to parent company shareholders	4,236	2,852	46,128	4,581
Result to minority shareholders	657	-281	1,547	-350
Continuing operations' earnings per share (euros) for the review period attributable to the shareholders of the parent company	0.20	0.23	1.10	0.77
Earnings per share (euros) for the r eview period attributable to the shareholders of the parent company	0.20	0.16	2.36	0.26
Interest-bearing net liabilities, EUR			266,691	138,500
Interest-bearing net liabilities excluding the IFRS 16 effect, €			105,391	
Gearing ratio, %			194,6%	184,3%
Gearing ratio excluding the IFRS 16 effect, %			75.9%	
Equity ratio, %			29.1%	24.6%
Return on investment, % (p.a.)			8.4%	5.2%
Adjusted net finance costs	1,980	1,389	7,166	2,478
Material margin, %	75.6%	75.6%	74.3%	74.0%
Staff expenses, %	27.0%	33.2%	30.5%	32.1%

Restaurant Business
(Comparable continuing operations)

(TEUR)	1 Oct.–31 Dec. 2019	1 Oct.–31 Dec. 2018	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
KEY FIGURES				
Turnover	75,178	67,650	272,912	209,725
EBIT	6,470	1,142	18,389	2,229
EBIT, %	8.6%	1.7%	6.7%	1.1%
Result of the review period to parent company shareholders	4,236	4,270	22,300	13,892

ALTERNATIVE PERFORMANCE MEASURES

New guidelines from the European Securities and Markets Authority (ESMA) on alternative performance measures entered into force on 3 July 2016. An alternative performance measure is a financial key figure which is different from those defined or named in the IFRS accounting standards or from an epithet or key figure presented and specified in the IFRS financial statements.

NoHo Partners present certain comparable financial key figures (alternative performance measures) that are not included in the IFRS standards. NoHo Partners believes that the presentation of comparable key figures related to continuing operations improves the understanding prevailing on the market and among analysts and investors regarding the development and financial situation of the restaurant business. Added to the comparable result are the Group's internal staffing service purchases that took place before the transaction. In the future, these will be presented as outsourced services.

The alternative performance measures presented by NoHo Partners should not be reviewed separately from the corresponding IFRS key figures and should be read together with the most closely corresponding IFRS key figures. The calculation formulas for key figures can be found at the end of the financial statement bulletin.

Review By The Ceo: Aku Vikström

2019 was a successful year judging by many indicators. Wise strategic choices and – first and foremost – our staff's hard work enabled us to turn the profitability of our operations to a good level.

Here at home, we implemented the integration of the Royal Ravintolat acquisition as well as the targeted synergies in full, trimmed our restaurant portfolio to a more sustainable shape and started to lay the foundations for our future growth. When it comes to our international operations, we sharpened our operations in Denmark, focusing on profitability instead of growth at the end of the year, and successfully opened a new market in Norway by an acquisition.

In the future, we will focus 100% on developing our core business and creating value. To make this possible, we gave up our labour hire business and, instead, started to create future owner-value for our company as the majority shareholder of Eezy Plc, the second largest company in the staffing service sector. At the end of 2019, our ownership Eezy constituted nearly MEUR 50.

The last quarter of our restaurant business was fairly good. Our operative operating model has introduced the desired cost flexibility to fluctuations in demand. However, in terms of sales, we have not yet been able to utilise our whole potential with regard to corporate customers and the scale of the Group. In the last quarter, we reorganised our sales and marketing organisations and invested heavily in new digital systems, which we are confident will produce organic growth in 2020.

Thanks to the Eezy M&A transaction, our improved profitability and our strong cash flow, we were able to refinance our operations in the second half of 2019 by means of more sustainable financial agreements, and in early 2020, we announced that we would redeem the hybrid loan taken out in spring 2019 ahead of schedule. Our net liabilities, minus the effect of the IFRS 16 Lease Agreement standard, were approximately MEUR 105 at the end of the 2019 financial period.

I look forward to 2020 full of confidence. At the offset, our prospects for the new year are materially stronger than a year ago. Our domestic restaurant business is already performing well, even though there is still a lot of potential for improvement, especially in the field of contemporary sales and marketing. Our committed employees have gone through a tough process of change, and this year, they will be better able to concentrate on the thing that matters – a quality customer experience. Globally, we have work to do in two different fields: to repeat in Denmark the change of direction implemented in Finland, and to speed up our profitable growth in Norway.

As an indication of our successful year and stronger financial position, our company's Board of Directors proposes to the AGM the payment of an additional dividend in 2020. Even though the economic forecast and global phenomena bring uncertainty to the operating environment, the belief and confidence in the sustainable development of our operative operations is strong, and it is also reflected on the management's updated guidelines regarding the 2020 statistics.

Aku Vikström
CEO

2019 TURNOVER AND INCOME IN BRIEF

GROUP (CONTINUING AND DISCONTINUED OPERATIONS):

The Group's turnover in ***January–December*** 2019 was MEUR 272.8, a growth of 30.1 per cent in comparison with last year's reference period. Staff expenses amounted to 30.5 per cent and the material margin was 74.3 per cent, which is in line with the synergy benefit targets set for 2019.

Depreciations, amortisations and impairment totalled MEUR 44.5. EBIT grew by 95.1 per cent to MEUR 30.6. Net finance costs totalled MEUR 5.2. The result was MEUR 47.7, a growth of 1,026.8 per cent, and earnings per share were EUR 2.36, a growth of 823.1 per cent in comparison with last year's reference period. The result of the discontinued operation was MEUR 23.8, consisting of the result of the labour hire segment, after eliminations, and the sales profit from the labour hire business (see Note 4. Discontinued operations).

The Group's turnover in ***October–December*** 2019 was MEUR 75.2, a growth of 11.2 per cent. Staff expenses amounted to 27.0 per cent and the material margin was 75.6 per cent. Depreciations, amortisations and impairment totalled MEUR 11.8. EBIT grew by 55.4 per cent to MEUR 7.0. Net finance costs totalled MEUR 2.0. The result grew by 90.4 per cent to MEUR 4.9, and earnings per share grew by 28.2 per cent to EUR 0.20 in comparison with last year's reference period.

RESTAURANT BUSINESS (COMPARABLE CONTINUING OPERATIONS):

The result of the restaurant business differentiates most from the above in terms of the processing of staffing service purchases, in which case EBIT is comparable with the restaurant segment's previously reported EBIT.

The turnover in ***January–December*** 2019 was MEUR 272.9, showing an increase of 30.1 per cent, EBIT was MEUR 18.4, showing an increase of 725.0 per cent, and the result was MEUR 11.7, showing an increase of 3,616.5 per cent, with earnings per share at EUR 0.47, up by 1,152.0 per cent in comparison with last year's reference period.

The turnover in ***October–December*** 2019 was MEUR 75.2, showing an increase of 11.1 per cent, EBIT was MEUR 6.5, showing an increase of 466.6 per cent, and the result was MEUR 4.3, showing an increase of 567.5 per cent, with earnings per share at EUR 0.17, up by 235.3 per cent in comparison with last year's reference period.

Turnover in the business areas of the restaurant business:

	1 Oct.–31 Dec. 2019	1 Oct.–31 Dec. 2018	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
RESTAURANTS				
Turnover (MEUR)	**28.3**	**29.7**	**107.5**	**86.7**
Percentage of the total turnover	37.7%	43.8%	39.4%	41.3%
Change in turnover	-4.5%		24.0%	
Units, number	75	79	75	79
Turnover unit (MEUR)	0.38	0.38	1.43	1.10
ENTERTAINMENT VENUES				
Turnover (MEUR)	**23.4**	**24.1**	**88.5**	**83.9**
Percentage of the total turnover	31.2%	35.6%	32.4%	40.0%
Change in turnover	-2,6%		5.6%	
Units, number	65	69	65	69
Turnover unit (MEUR)	0.36	0.35	1.36	1.22
FAST CASUAL RESTAURANTS				
Turnover (MEUR)	**8.3**	**8.6**	**33.6**	**26.7**
Percentage of the total turnover	11.1%	12.7%	12.3%	12.7%
Change in turnover	-2.8%		25.6%	
Units, number	48	49	48	49
Turnover unit (MEUR)	0.17	0.17	0.70	0.55
INTERNATIONAL RESTAURANTS				
Turnover (MEUR)	**15.1**	**5.4**	**43.3**	**12.4**
Percentage of the total turnover	20.1%	7.9%	15.9%	5.9%
Change in turnover	181.3%		248.3%	
Units, number	37	18	37	18
Turnover unit (MEUR)	0.41	0.30	1.17	0.69

RESTAURANTS

Restaurants form NoHo Partners' largest business sector, in which the company meets the growing demand for, and interest in, eating out with its extensive brand portfolio and partner operating model. Fierce competition has put the lifecycles of restaurants under heavy pressure, and the company aims to meet the dynamic by building long-lasting, iconic brands, like Savoy, Elite, Stefan's Steakhouse and Strindberg. The portfolio's so-called evergreen classic brands are doing particularly well in the tough competition. Newer brands and launches, such as Pyynikin Brewhouse, Farouge and Sikke's, also launched onto the market extremely successfully. On the other hand, corporate sales at Christmas time left a lot to be desired, with the corporate sales clearly below the previous year's level in restaurants. The lower turnover in October–December 2019 is largely explained by the termination of the agreement for the largest unit – Royal Crowne Plaza (with a turnover of MEUR 1.6 in the reference period) – at the end of 2018.

ENTERTAINMENT VENUES

As consumers' leisure-time needs and spending change, NoHo Partners is positioning its portfolio on the experience market with increasing variety. With traditional nightclub business representing approximately a third of the turnover of the Nightclubs and Pubs & Entertainment unit, the company is simultaneously renaming the unit to Entertainment Venues. With the restructuring of its portfolio, the company closed or sold five nightclubs. In 2019, the company focused on optimising its nightclub business by concentrating its operations on winning concepts and cities. Down the line, particularly good areas of growth will include entertainment and social venues as well as gaming venues, whose profitability is clearly higher than the Group's average.

FAST CASUAL RESTAURANTS

The market for fast and easy dining is continuing its rapid growth, driven by urbanisation, new ways of spending time and digitality. At the back end of 2019, NoHo Partners prepared for this future growth by defining its portfolio choices as well as investing in the optimisation of its units and the extensive Plussa marketing launched together with the Kesko Group. In the future, the growth of the company's Fast Casual business sector will be driven by Hanko Sushi, the largest sushi chain in Finland, as well as the Hook sports restaurants, the Friends & Brgrs burger chain acquired after the review period and the "cloud kitchen", concentrated on digital sales.

INTERNATIONAL RESTAURANTS

The international restaurant business continued its strong growth throughout the year. Its annual turnover is approaching the MEUR 50 milestone, with the number of restaurants closing in on forty. At the end of 2019, there were 20 units in Denmark and 17 units in Norway. Following a strong building and integration stage in Denmark, the company shifted its emphasis from growth to profitability in the second half of the year. The measures to achieve the profit turnaround are largely the same as in Finland: reorganising the units by getting rid of three units, implementing purchase and procurement synergies, reorganising administration and strengthening the operative management. In Norway, the growth has been very profitable from the beginning on, and the company continued its strategic acquisitions in the second half of the year by acquiring five new units. Integration of the new units has gone smoothly, and the company will continue on its chosen growth path, with the objective of increasing its business in 2020.

Summary

The factors influencing the Group's earnings in January–December 2019 were the discontinuation of the labour hire business, the progress made in the restaurant portfolio reorganisation programme and completing the short-term profitability programmes, the opening of new restaurants, concept reinventions and investments in international business.

The adoption of the IFRS 16 Leases standard has a MEUR 1.8 negative effect on earnings for January–December 2019. The earnings per share in the review period are affected by the MEUR 2.1 purchase price adjustment applicable to the investment in The Bird restaurant at Copenhagen Airport. The profit of the review period was influenced by the write-down of approximately MEUR 0.3 resulting from the winding down of said restaurant.

The result of the restaurant operations in October–December 2019 was not altogether in line with the company's targets. The restaurant Christmas sales did not start exactly as expected: October was slightly below the target level, and the sales in November–December were slightly back-end weighted. In the latter part of 2019, the sales organisation was reorganised, dynamic pricing was improved and the efficiency of the sales operations was increased.

The labour hire business is reported as a discontinued operation and it is included in the Group's (continuing and discontinued operations) figures in the financial statement bulletin. The comparative information for 2018 has been adjusted in the income statement, calculated cash flow and key figures. Starting from September 2019, the Group has had one business segment: the restaurant business.

In the restaurant business, most of the profits are made during the second half of the year due to the seasonal nature of the business.

Cash Flow, Investments and Financing

The Group's operating net cash flow in January–December 2019 was MEUR 57.3 (MEUR 18.7).

Growth investments during the review period included the opening of new restaurants in Finland, acquisitions in Finland and Norway as well as restaurant concept reinventions and changes.

The Group's gearing ratio excluding the impact of the IFRS 16 liabilities was 75.9 per cent. The interest-bearing net liabilities excluding the IFRS 16 effect were MEUR 105.4. The IFRS 16 liabilities amounted to MEUR 161.3. The Group's interest-bearing net liabilities (including the IFRS 16 liability) at the end of December 2019 were MEUR 266.7 (MEUR 138.5). The adjusted net finance costs in January–December 2019 were MEUR 7.2 (MEUR 2.5). The equity ratio was 29.1 per cent (24.6 per cent) and the gearing ratio was 194.6 per cent (184.3 per cent).

Pivotal Events in the Review Period

NEW RESTAURANTS:

Espa, Helsinki
Hanko Sushi and Pizzarium, Tripla Helsinki
Toqyo, Stockmann Helsinki
Viihdekeskus Hollywood, Ideapark Seinäjoki

CHANGES IN NOHO PARTNERS PLC'S BOARD OF DIRECTORS

Mikko Aartio, member of NoHo Partners Plc's Board of Directors and one of its founders, left the Board for personal reasons starting from 1 November 2019, after which the Board of Directors has consisted of six (6) members.

CINEMA AND RESTAURANT CENTRE, HELSINKI

On 1 November 2019, the company announced that it had been chosen as the operator in charge of the restaurant services of the new cinema and restaurant centre next to the Narinkkatori square in Helsinki. In addition, the company will be in charge of the event offering of the glass pavilion to be located on the Lasipalatsinaukio square. The completion of the centre is intended to take place in autumn 2021.

WALLIS COOPERATION

NoHo Partners announced on 22 November 2019 that it would launch a joint venture with Night People Group – a group specialising in nightclub operations – to open new Wallis karaoke bars in Finland. Next, the concept – which has gained great popularity in Katajanokka – will be exported to Levi, where a new Wallis will open at the end of February 2020.

ACQUISITION OF FIVE RESTAURANTS, NORWAY

On 16 December 2019, NoHo Partners announced that it had acquired five restaurants in Norway, in the Oslo market area and Tromsø (Cafe Christiania and Eilefs Landhandleri in Oslo, Z Nightclub and restaurant Brask og Bramm in Drammen as well as Emmas in Tromsø). All in all, the company's portfolio in Norway comprises 20 restaurants, in three of which it is a minority shareholder. The company is one of the most important restaurant operators in Norway.

SHARE-BASED INCENTIVE SCHEME FOR KEY PERSONNEL

On 30 December 2019, NoHo Partners Plc announced that the Board of Directors had decided the second earning period of the share-based incentive scheme for key personnel. The second earning period lasts 24 months and it will start on 1 January 2020 and end on 31 December 2021. The share-based incentive scheme aims to combine the goals of the shareholders and key employees in order to increase the value of the company and commit the key employees as well as to offer them a competitive incentive scheme that is based on the earning of the company's shares and their value development.

Events After the Review Period and New Projects

NEW RESTAURANTS:

Wallis, Levi
Hook, Levi
Space Bowling & Billiards, Oulu
Madonna, Helsinki

CHANGES IN NOHO PARTNERS PLC'S EXECUTIVE TEAM

CFO Jarno Suominen (b. 1972) was appointed the Group's Deputy CEO effective from 1 January 2020. Suominen is responsible for the company's strategic development projects, corporate acquisitions and investor relations and has served as deputy to the CEO as of 14 October 2019.

Jarno Vilponen (b. 1987) was appointed CFO and member of the Executive Team from 1 January 2020. He is responsible for the company's financial administration, reporting, accounting and ICT operations.

REORGANISATION OF THE SALES ORGANISATION

The sales organisation of NoHo Partners was reorganised, for example, with regard to the corporate sales operations. Sales Manager Henri Virlander was appointed on 13 January 2020 to take charge of the sales strategy and operations.

REDEMPTION OF THE HYBRID LOAN

On 16 January 2020, NoHo Partners Plc announced that it will redeem the MEUR 25 hybrid loan issued on 29 March 2019. The redemption was carried out on 17 February 2020 with a redemption price in accordance with the terms and conditions of the hybrid loan, which is 102% of the principal plus the accumulated interests.

SPECIAL SHARE ISSUE

On 12 February 2020, NoHo Partners Plc announced that its Board of Directors has decided on a special share issue for cash on the basis of the authorisation given by the Annual General Meeting on 24 April 2019. The shares will be issued as part of the share transaction with which NoHo Partners will buy the majority of Friends & Brgrs Ab Oy's shares from the current shareholders. In this share transaction, the transaction price for the Friends & Brgrs Ab Oy's founding shareholders is paid partly in cash and partly as the company's shares issued for them in the special share issue. The Company expects that the Company's new shares issued during the special share issue will be registered in the Trade Register approximately on 8 April 2020.

FRIENDS & BRGRS ACQUISITION

NoHo Partners announced on 12 February 2020 that it would acquire approximately 70 per cent of the share capital of the popular fast food chain Friends & Brgrs. The goal for the next few years is to expand Friends & Brgrs into a national chain of 30–50 restaurants. The acquisition will enter into force on 1 April 2020.

NEW RAVINTOLA.FI APPLICATION AND WEBSITE FOR LOYAL CUSTOMERS

NoHo Partners is launching a new Ravintola.fi application and website to better serve both consumers, corporate customers and personnel. The new system covers nearly 200 of the company's restaurants. The application supports digital purchases because it enables the user to order products delivered to the table at the restaurant or for pick-up.

CLOUD KITCHEN LAUNCH

In the spring of 2020, NoHo Partners is launching a cloud kitchen, a restaurant with no customer seating that delivers food directly to homes via delivery services (Wolt and Foodora). The 400–500 m^2 restaurant space will open at Tukkutori in March. The restaurant will have a staff of approximately 25.

Personnel

In the period 1 January–31 December 2019, the restaurant business of the NoHo Partners Group employed on average 1,005 (723) full-time employees and 596 (398) part-time employees converted into full-time employees as well as 531 (455) rented employees converted into full-time employees.

Depending on the season, some 2,100 people converted into full-time employees work at the Group at the same time.

Risks and Uncertainty Factors

The NoHo Partners Group strives to conduct its restaurant business in accordance with all legislation and regulations governing the serving of alcohol and food products and labour agreements as well as all other legal provisions. A significant share of NoHo Partners' business operations is subject to licences and closely controlled. Any unexpected changes in regulation may impact the company's operations in a negative fashion. The expansion of NoHo Partners' restaurant operations to new international market areas may add risks and uncertainty factors pertaining to the new market areas, consumer behaviour and local regulations.

Despite NoHo Partners' extensive customer base, the general economic situation, uncertainties pertaining to the operating environment, the impact of potential global epidemics on financial development as well as changes in the consumption habits of our customers may all influence our customers' purchase behaviour.

Regulatory changes concerning, for example, alcohol legislation, food legislation and value added taxation may affect the company's business. The sector's profitability and sales are affected by the financial situation of households and the development of purchasing power and corporate sales. Economic growth is predicted to temporarily slow down in Finland in 2020. Taxation and a heavy cost structure present the sector with their own challenges.

In addition to the prices of alcohol and foodstuffs, NoHo Partners' operations are also significantly affected by the cost of our premises, which comprise a substantial portion of NoHo Partners' operating expenses. NoHo Partners' premises are primarily leased, so the general level of rent and development thereof have a major impact on the company's operations. Staff expenses also have a major effect on the company's operations. In addition, the availability of labour may be considered a risk factor.

The implementation of NoHo Partners' strategy and the financing of its business growth is partly dependent on outside financing. The company continuously strives to assess and monitor the amount of financing required for business in order to have sufficient liquidity to finance operations and repay maturing loans. Changes in the macroeconomic environment or the general financing market situation may negatively affect the availability, price and other terms and conditions of financing. Changes in the availability of equity and credit capital financing and in the terms and conditions of available financing may affect the company's ability to invest in business development and growth in the future.

Tampere, 5 March 2020

NOHO PARTNERS PLC

Board of Directors

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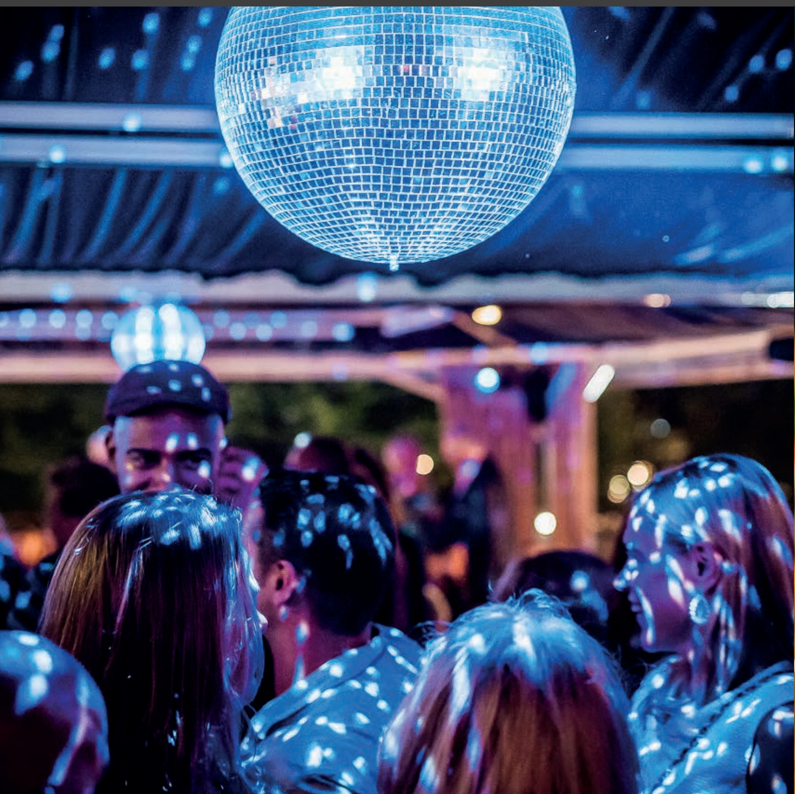
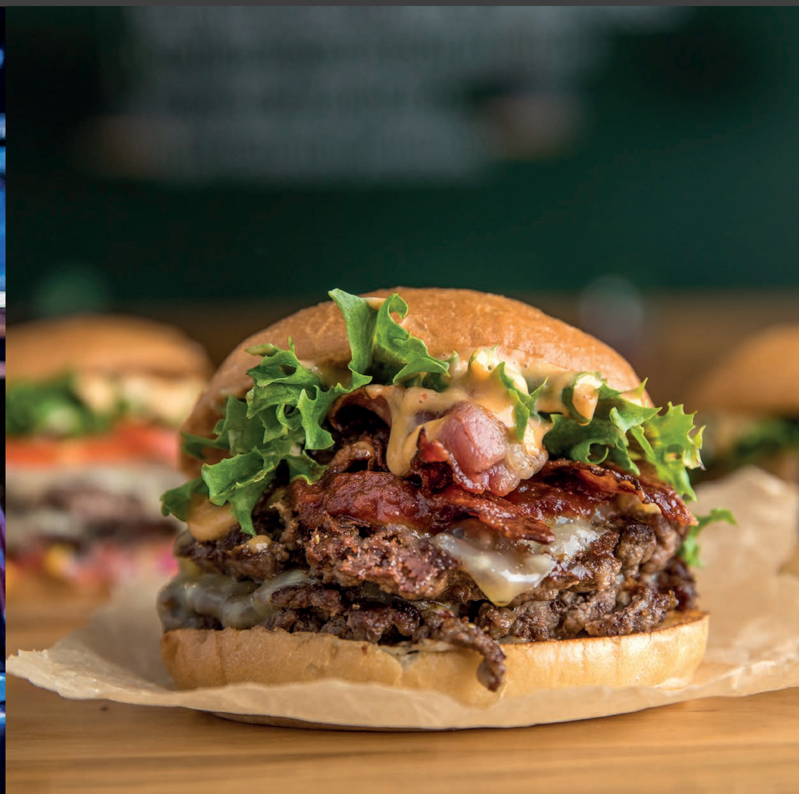
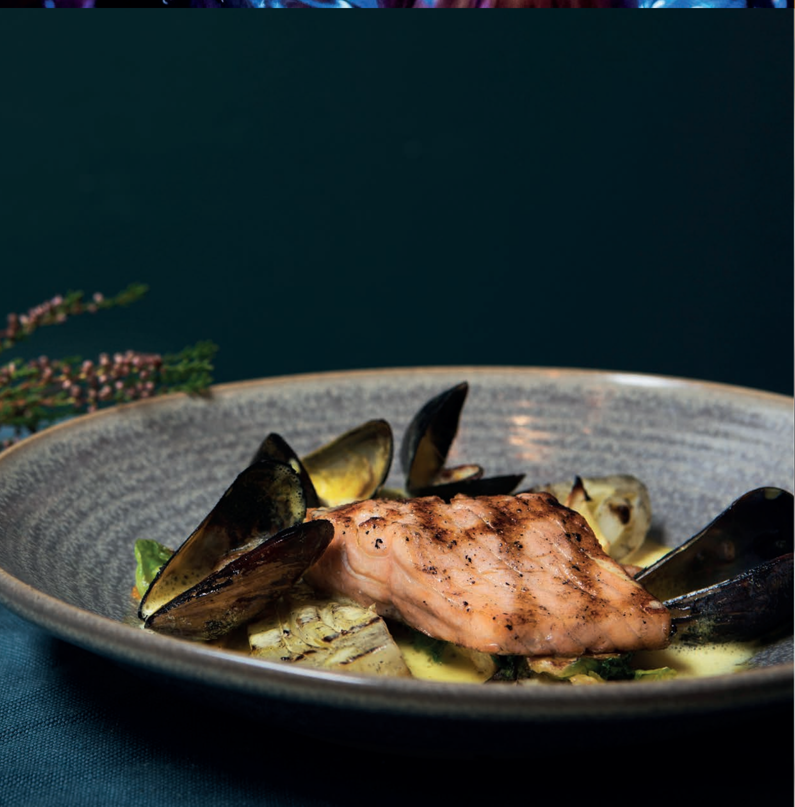
NOHO PARTNERS PLC is a Finnish group established in 1996, specialising in restaurant services. The company, which was listed on NASDAQ Helsinki in 2013 and became the first Finnish listed restaurant company, has continued to grow strongly throughout its history. The Group companies include some 250 restaurants in Finland, Denmark and Norway. Well-known restaurant concepts of the company include Elite, Savoy, Teatteri, Yes Yes Yes, Stefan's Steakhouse, Palace, Löyly, Hanko Sushi and Cock's & Cows. In 2019, NoHo Partners Plc's turnover was MEUR 272.8 and EBIT MEUR 30.6. Depending on the season, the Group employs approximately 2,100 people converted into full-time workers.

NoHo Partners corporate website: **www.noho.fi**
NoHo Partners consumer websites: **www.ravintola.fi** and **www.royalravintolat.fi**

Interim Report 1 January–31 December 2019:

Table Section and Notes


Interim Report 1 January-31 December 2019: Table Section and Notes

The information presented in the Interim Report has not been audited

Consolidated statement of profit or loss and other comprehensive income

Continuing and discontinued operations

In thousands of euro	1 Oct.–31 Dec. 2019	1 Oct.–31 Dec. 2018	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
Continuing operations				
Turnover	75,178.5	67,628.3	272,819.9	209,626.7
Other operating income	2,198.1	726.4	5,974.7	5,598.1
Raw materials and consumables	-25,234.3	-19,010.3	-84,673.1	-61,778.9
Employee benefits	-18,219.5	-16,582.1	-63,445.7	-46,581.5
Other operating expenses	-15,676.2	-24,641.5	-56,393.2	-73,792.4
Depreciation, amortisation and impairment losses	-11,797.2	-3,596.3	-44,522.6	-17,436.8
Share of profit of associated company	569.2	-8.8	790.9	23.0
EBIT	**7,018.6**	**4,515.7**	**30,550.7**	**15,658.2**
Finance income	26.8	679.1	2,209.5	696.2
Finance costs	-1,999.7	-830.2	-7,448.4	-2,144.1
Net finance costs	-1,972.9	-151.1	-5,239.0	-1,447.8
Profit before tax	**5,045.6**	**4,364.6**	**25,311.8**	**14,210.3**
Income tax expense	-152.4	-375.5	-1,465.4	-668.7
Profit for the period, continuing operations	**4,893.2**	**3,989.1**	**23,846.4**	**13,541.6**
Discontinued operations				
Profit for the period, discontinued operations	**0.0**	**-1,418.5**	**23,828.0**	**-9,310.9**
Profit for period	**4,893.2**	**2,570.6**	**47,674.4**	**4,230.8**
Profit from continuing operations attributable to:				
Owners of the Company	4,236.3	4,270.2	22,299.6	13,892.0
Non-controlling interests	656.9	-281.1	1,546.8	-350.4
Total	**4,893.2**	**3,989.1**	**23,846.4**	**13,541.6**
Profit for the period attributable to:				
Owners of the Company	4,236.3	2,851.7	46,127.6	4,581.2
Non-controlling interests in continuing operations	656.9	-281.1	1,546.8	-350.4
Total	**4,893.2**	**2,570.6**	**47,674.4**	**4,230.8**
Earnings per share calculated from continuing operations' result of the review period for owners of the Company				
Basic earnings per share (euro)	0.20	0.23	1.10	0.77
Diluted earnings per share (euro)	0.20	0.23	1.10	0.77
Earnings per share calculated from the result of the review period for owners of the Company				
Basic earnings per share (euro)	0.20	0.16	2.36	0.26
Diluted earnings per share (euro)	0.20	0.16	2.34	0.26
Consolidated statement of comprehensive income				
Profit for period	**4,893.2**	**2,570.6**	**47,674.4**	**4,230.8**
Other comprehensive income (after tax):				
Foreign currency translation differences, foreign operations	25.5	0.2	-128.6	0.0
Total comprehensive income for the period	**4,918.7**	**2,570.8**	**47,545.7**	**4,230.8**
Distribution of the comprehensive income for the financial period:				
Owners of the Company	4,261.8	2,851.9	45,999.0	4,581.2
Non-controlling interests in continuing operations	656.9	-281.1	1,546.8	-350.4
Total	**4,918.7**	**2,570.8**	**47,545.7**	**4,230.8**

The comparable income statement of continuing operations is presented in Note 3.

Financial information regarding the discontinued operation is presented in Note 4.

The company has given up commenting on EBITDA. EBITDA excluding the share of profit of the associated company in 2019 is EUR 74,283 thousand and in 2018 EUR 33,072 thousand.

Non-recurring items recorded during the financial period from 1 January 2019 to 31 December 2019 are as follows:
A TEUR 2,144 adjustment of the estimated additional transaction price related to the share acquisitions of The Bird Mother ApS was recorded under financial income.

Non-recurring items recorded during the financial period from 1 January 2018 to 31 December 2018 are as follows:
Write-offs of fixed assets and fixed asset assignment losses relating to the restructuring of the Group were recorded amounting to TEUR 2,801. In addition, deferred expenses relating to the restructuring of the Group were recorded amounting to TEUR 1,620 under other operating expenses.

TEUR 3,572 of the sales profit from SuperPark shares was recorded under other operating income.

TEUR 1,133 of asset transfer tax was recorded in the restaurant segment.

Consolidated Balance Sheet (IFRS)

In thousands of euro	31 December 2019	31 December 2018
ASSETS		
Non-current assets		
Goodwill	128,831.6	147,434.0
Intangible assets	48,461.4	56,542.2
Property, plant and equipment	57,169.9	47,081.9
Right-of-use assets	159,077.4	0.0
Investment in associated company	39,368.0	154.0
Other investments	33.1	98.1
Loan receivables	453.1	175.3
Other receivables	2,916.4	3,755.4
Deferred tax assets	900.9	318.9
Non-current assets	**437,211.7**	**255,559.8**
Current assets		
Inventories	5,938.5	5,147.0
Loan receivables	303.3	27.0
Trade and other receivables	23,786.5	39,984.1
Cash and cash equivalents	3,618.1	4,954.6
Current assets total	**33,646.3**	**50,112.8**
Total assets	**470,858.0**	**305,672.6**
EQUITY AND LIABILITIES		
Equity		
Share capital	150.0	150.0
Invested unrestricted equity fund	57,670.4	66,944.8
Fair value reserve	0.0	-4.5
Treasury shares	0.0	-191.4
Retained earnings	46,442.4	-519.3
Hybrid loan	25,000.0	0.0
Equity	**129,262.8**	**66,379.6**
Non-controlling interests	7,760.4	8,767.5
Total equity	**137,023.2**	**75,147.2**
Non-current liabilities		
Deferred tax liabilities	6,330.0	10,227.3
Financial liabilities	72,712.8	90,466.9
Liabilities for right-of-use assets	134,048.0	0.0
Trade and other payables	7,744.0	6,298.5
Non-current liabilities	**220,834.9**	**106,992.7**
Current liabilities		
Financial liabilities	37,690.1	53,162.8
Provisions	0.0	1,025.0
Liabilities for right-of-use assets	27,251.3	0.0
Trade and other payables	48,058.6	69,344.9
Current liabilities	**113,000.0**	**123,532.7**
Total liabilities	**333,834.8**	**230,525.4**
Total equity and liabilities	**470,858.0**	**305,672.6**

In connection with the adoption of the IFRS 9 standard, the Group changed the classification of housing company shares from "financial assets recorded at fair value through other comprehensive income items" to the property, plant and equipment group as of 1 January 2018.

The management has made a new estimate of the utilisation of the options associated with long-term leases of business premises. The management considers that not all leases are such that their options would be worth utilising or that the decision about the utilisation of the options could be made yet. Some extension options will not be utilised, which has an impact of MEUR 17.4 on right-of-use assets and liabilities.

Consolidated statement of changes in equity

Consolidated statement of changes in equity

In thousands of euro	Share capital	Invested unrestricted equity fund	Fair value reserve	Treasury shares	Translation difference	Retained earnings	Hybrid loan	Equity loan	TOTAL	Non-controlling interests' share	TOTAL EQUITY
	Equity attributable to the owners of the Company										
Equity, 1 January 2019	**150.0**	**66,944.8**	**-4.5**	**-191.4**	**0.0**	**-519.3**	**0.0**	**0.0**	**66,379.7**	**8,767.6**	**75,147.2**
Change to the IFRS 16 accounting standard principles						708.3			**708.3**		**708.3**
Adjusted equity, 1 January 2019	**150.0**	**66,944.8**	**-4.5**	**-191.4**	**0.0**	**189.0**	**0.0**	**0.0**	**67,088.0**	**8,767.6**	**75,855.5**
Comprehensive income for the review period											
Profit for the review period						46,127.6			**46,127.6**	1,546.8	**47,674.4**
Other comprehensive income items (after taxes)											
Foreign currency translation differences, foreign operations					-128.6				**-128.6**		**-128.6**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**-128.6**	**46,127.6**	**0.0**	**0.0**	**45,999.0**	**1,546.8**	**47,545.7**
Other changes		-10,356.7	4.5	191.4		10,160.8			**0.0**		**0.0**
Other changes total	**0.0**	**-10,356.7**	**4.5**	**191.4**	**0.0**	**10,160.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Transactions with owners of the Company											
Contributions and distributions											
Equity loans						-345.6	25,000.0		**24,654.4**		**24,654.4**
Dividend distribution						-6,463.0			**-6,463.0**	-2,028.9	**-8,491.9**
Acquisition of treasury shares									**0.0**		**0.0**
Issue of ordinary shares		1,027.3							**1,027.3**		**1,027.3**
Share-based payments						1,368.2			**1,368.2**		**1,368.2**
TOTAL	**0.0**	**1,027.3**	**0.0**	**0.0**	**0.0**	**-5,440.3**	**25,000.0**	**0.0**	**20,587.0**	**-2,028.9**	**18,558.0**
Changes in ownership interests											
Changes in NCI without a change in control		55.0				-4,466.1			**-4,411.1**	-525.0	**-4,936.1**
Changes in NCI with a change in control									**0.0**		**0.0**
TOTAL	**0.0**	**55.0**	**0.0**	**0.0**	**0.0**	**-4,466.1**	**0.0**	**0.0**	**-4,411.1**	**-525.0**	**-4,936.1**
Total transactions with owners of the Company	**0.0**	**1,082.3**	**0.0**	**0.0**	**0.0**	**-9,906.4**	**25,000.0**	**0.0**	**16,175.9**	**-2,553.9**	**13,621.9**
Equity at 31 December 2019	**150.0**	**57,670.4**	**0.0**	**0.0**	**-128.6**	**46,571.0**	**25,000.0**	**0.0**	**129,262.8**	**7,760.4**	**137,023.2**

***Corrected changes in the non-controlling interests' shares from the Group's invested unrestricted equity into the Group's retained earnings according to their nature**

Consolidated statement of changes in equity

	Equity attributable to the owners of the Company										
In thousands of euro	Share capital	Invested unrestricted equity fund	Fair value reserve	Treasury shares	Translation difference	Retained earnings	Hybrid loan	Equity loan	TOTAL	Non-controlling interests' share	TOTAL EQUITY
Equity at 1 January 2018	**150.0**	**40,510.2**	**-4.5**	**-191.4**	**0.0**	**4,237.5**	**0.0**	**220.0**	**44,921.7**	**1,971.2**	**46,892.9**
Change in the IFRS 9 accounting principles						-554.8			**-554.8**		**-554.8**
Adjusted equity at 1 January 2018	**150.0**	**40,510.2**	**-4.5**	**-191.4**	**0.0**	**3,682.7**	**0.0**	**220.0**	**44,366.9**	**1,971.2**	**46,338.2**
Comprehensive income for the review period											
Profit for the review period						3,494.0			**3,494.0**	736.8	**4,230.8**
Other comprehensive income items (after taxes)											
Foreign currency translation differences, foreign operations					0.0				**0.0**		**0.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**3,494.0**	**0.0**	**0.0**	**3,494.0**	**736.8**	**4,230.8**
Other changes						-51.4			**-51.4**		**-51.4**
Other changes total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-51.4**	**0.0**	**0.0**	**-51.4**	**0.0**	**-51.4**
Transactions with owners of the Company									**0.0**		**0.0**
Contributions and distributions									**0.0**		**0.0**
Equity loans								-220.0	**-220.0**		**-220.0**
Dividend distribution						-5,484.5			**-5,484.5**	-775.0	**-6,259.5**
Acquisition of treasury shares									**0.0**		**0.0**
Issue of ordinary shares		26,453.4							**26,453.4**	854.4	**27,307.8**
Share-based payments						72.3			**72.3**		**72.3**
TOTAL	**0.0**	**26,453.4**	**0.0**	**0.0**	**0.0**	**-5,412.2**	**0.0**	**-220.0**	**20,821.2**	**79.4**	**20,900.6**
Changes in ownership interests											
Changes in NCI without a change in control		-18.8				-2,232.3			**-2,251.1**	5,980.2	**3,729.1**
Changes in NCI with a change in control									**0.0**		**0.0**
TOTAL	**0.0**	**-18.8**	**0.0**	**0.0**	**0.0**	**-2,232.3**	**0.0**	**0.0**	**-2,251.1**	**5,980.2**	**3,729.1**
Total transactions with owners of the Company	**0.0**	**26,434.7**	**0.0**	**0.0**	**0.0**	**-7,644.5**	**0.0**	**-220.0**	**18,570.2**	**6,059.5**	**24,629.7**
Equity at 31 December 2018	**150.0**	**66,944.8**	**-4.5**	**-191.4**	**0.0**	**-519.3**	**0.0**	**0.0**	**66,379.7**	**8,767.6**	**75,147.2**

Consolidated Statement of Cash Flows (IFRS)

In thousands of euro	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
Cash flows from operating activities		
Profit for the period	47,674.4	4,230.8
Adjustments for:		
Non-cash transactions*	-31,002.9	3,423.7
Gain of sale of shares in associated companies	0.0	-3,572.0
Depreciation, amortisation and impairment losses	47,839.2	21,219.8
Net finance costs	7,261.5	1,602.2
Tax expense	2,114.5	1,379.9
Share of profit of associated company	-790.9	-23.0
Cash flow before change in working capital	**73,095.8**	**28,261.4**
Changes in working capital:		
Trade and other receivables	1,245.7	-5,139.3
Inventories	-237.3	893.8
Trade and other payables	-6,114.8	1,839.1
Changes in working capital	**-5,106.4**	**-2,406.4**
Dividends received	6.0	4.0
Interest paid and other finance costs	-8,061.0	-3,494.5
Interest received and other finance income	115.9	89.1
Income taxes paid	-2,756.8	-3,741.8
Cash flows from operating activities	**57,293.5**	**18,711.9**
Cash flows from investing activities		
Acquisition of property, plant and equipment	-16,151.4	-10,205.7
Change in other non-current receivables	1,564.5	-838.8
Acquisition of subsidiary, net of cash acquired	-16,891.5	-66,198.8
Disposal of subsidiary, net of cash disposed of	0.0	77.3
Acquisition of business operations	-2,218.6	-367.9
Disposal of business operations	308.0	340.7
Disposal of non-controlling interests	0.0	76.0
Disposal of associated company	0.0	6,513.3
Investments in other investments	-62.5	0.0
Net cash from investing activities	**-33,451.6**	**-70,603.9**
Cash flows from financing activities		
Payments to invested equity fund	0.0	219.9
Proceeds from non-controlling investors	0.0	1,023.6
Equity loan repayments	0.0	-13,319.5
Proceeds from non-current loans and borrowings	45,927.0	85,085.5
Payment of non-current loans and borrowings	-61,913.2	-32,368.9
Proceeds from current loans and borrowings	2,962.3	125.3
Proceeds from current commercial papers	0.0	22,000.0
Acquisition of non-controlling interests	-264.3	-1,049.7
Proceeds from hybrid loan	24,654.4	0.0
Payment of liabilities for right-of-use assets	-27,898.1	0.0
Dividends paid	-8,646.5	-7,439.5
Net cash from financing activities	**-25,178.5**	**54,276.6**
Change in cash and cash equivalents	**-1,336.5**	**2,384.7**
Cash and cash equivalents at 1 January	**4,954.6**	**2,570.0**
Change	**-1,336.5**	**2,384.7**
Liquid assets at 31 December	**3,618.1**	**4,954.6**

***There is no cash transaction related to the labour hire business transaction**

In stock exchange releases dated 21 March 2019, NoHo Partners Plc announced the issue of a MEUR 25 hybrid loan. The hybrid loan is an equity bond. NoHo Partners Plc used the proceeds of the hybrid loan in accordance with its strategy, including the Eezy Plc corporate transaction implementation, the set of acquisitions in the Norwegian market and the repayment of certain existing liabilities in the amount of approximately EUR 5 million, including the repayment of certain loans granted by the Lead Manager, as well as for general corporate purposes.

The NoHo Partners Plc Group reformed its financial arrangements during the second quarter of the 2018 financial period. During the quarter, the Group drew approximately MEUR 97 of new capital as financial institution loans and commercial papers. The capital acquired was used to cover, in addition to the purchase prices of share transactions executed, the purchased companies' financial institution and equity loans in the amount of approximately MEUR 35.1.

Notes

1. Accounting Principles

This unaudited financial statements report has been prepared observing the IAS 34 Interim Financial Reporting standard. The financial statements report should be read together with the 2018 IFRS consolidated financial statements. The financial statements report has been prepared by observing the same accounting principles as with the 2018 IFRS consolidated financial statements, with the exception of the new amendments to the IFRS standards effective as of 1 January 2019. The changes are described in the 2018 IFRS consolidated financial statements.

Discontinued operation
On 23 August 2019, NoHo Partners announced that the combination of Smile Henkilöstöpalvelut and VMP had been completed. NoHo Partners sold the share capital of Smile Henkilöstöpalvelut Oyj to VMP Plc and Smile Henkilöstöpalvelut demerged from the Group on 23 August 2019.

The Combined Company changed its name to Eezy Plc. The new name is used consistently throughout this financial statements report.

Eezy Plc became an associated company of NoHo Partners and NoHo Partners became Eezy Plc's largest shareholder with a 30.27% stake. Eezy Plc Group will be consolidated with the NoHo Partners Group as an associated company using the equity method.

On 23 August 2019, the Board of Directors of Eezy Plc carried out a special share issue in which the shareholders of Smile received 0.8087 new shares in Eezy Plc as share consideration for each share in Smile owned by them, corresponding to a total of 10,050,177 new shares in Eezy Plc. In the transaction, NoHo Partners received 7,520,910 shares in Eezy Plc as consideration. At the average price of the Eezy Plc share on 23 August 2019, the value of these shares was EUR 38,251,348.26.

Previously, Smile was a separate labour hire business segment within the NoHo Partners Group. In this financial statements report, Smile is classified as a discontinued operation. The balance sheet of 31 August 2019 was used in Smile's demerger.

In the consolidated income statement, continuing and discontinued operations are presented separately. Discontinued operations are presented as a separate item and comparative information has been adjusted accordingly. Internal business transactions between continuing and discontinued operations have been eliminated from the figures.

Financial impact of the discontinued operation is presented in Note 4.

Hybrid bond
In stock exchange releases dated 21 March 2019, NoHo Partners Plc announced the issue of a MEUR 25 hybrid loan. The hybrid loan is an equity bond. NoHo Partners Plc used the proceeds of the hybrid loan in accordance with its strategy, including the Eezy Plc corporate transaction implementation, the set of acquisitions in the Norwegian market and the repayment of certain existing liabilities in the amount of approximately EUR 5 million, including the repayment of certain loans granted by the Lead Manager, as well as for general corporate purposes.

An equity bond, a hybrid loan, is an instrument which is subordinated to the company's other debt obligations. However, it is not subordinated to other items included in shareholders' equity. The interest accrued on the hybrid loan will be paid if the Annual General Meeting decides to pay dividend. If dividend is not paid, the company will decide separately on any payment of interest. Unpaid interest will cumulate. The bearers of the hybrid loan have no authority or votes at the Annual General Meeting.

Interest on the hybrid loan will be considered in the calculation of earnings per share. Basic undiluted earnings per share will be calculated by dividing the result of the financial period attributable to owners of the Company adjusted with hybrid loan interest expenses and hybrid loan repayment premiums, adjusted with tax effects, with the weighted average of the shares outstanding during the financial period.

The hybrid loan redemption is introduced in the Events following the period end date section in Note 11.

Harmonisation of depreciation and amortisation plans
Due to the business acquisitions made this and last year, the Group has reviewed and harmonised the depreciation and amortisation plans of the acquired companies into a unified whole starting from 1 January 2019.

Changes in the presentation methods
The company has given up the presentation of EBITDA due to the IFRS 16 standard adoption. In the future, the impact of the associated company profit will be presented above EBIT as a separate item. Previously, the company has presented the item in question under EBIT.

IFRS 16 and other standard changes
The effects of the IFRS 16 Leases standard are described in Section 2 of the notes. Other changes do not have a significant effect on the financial statements report.

Preparing the consolidated financial statements under the IFRS requires the use of the management's estimates and assumptions, which affects the amounts of assets and liabilities as well as revenue and costs on the balance sheet. Although the assessments are based on the management's best perception at the moment, it is possible that realisations may deviate from the original assessments and presumptions.

All figures are presented as thousands of euros and have been rounded to the nearest 0.1 thousand euros; thus the sum of individual figures may deviate from the total sum presented.

2. Impact Of New Standards

At the beginning of the financial period, the Group adopted the standard IFRS 16 Leases, effective as of 1 January 2019.

IFRS 16 establishes the requirements for recognition, measurement, presentation and disclosure of leases. According to the standard, all lessees' leases will be processed in the same way, with the lessee entering assets and debts for all leases in the balance sheet in accordance with the management's estimation. Exceptions to the above are comprised of the standard's exemptions regarding low-value underlying assets and short-term leases.

The lessee will enter in the balance sheet a lease liability consisting of the present value of lease payments based on future cash flows. This liability will be used as the basis for calculating a right-of-use asset recognised in the balance sheet. The right-of-use asset must also include, for example, lease payments made in advance, restoration costs and direct costs resulting from the lease, etc. The right-of-use asset is depreciated during the lease term. The discount rate used will be the internal rate of interest, if one is available, or the incremental borrowing rate specified in the standard.

Lease costs are primarily presented in the income statement as depreciations and amortisations as well as interest expenses. The costs of leases eligible for exemptions (low-value and short-term) are presented as lease costs in the income statement. In practice, this will increase short-term and long-term interest-bearing liabilities and assets on the balance sheet as well as EBIT in the income statement.

The management has specified the leases to be included in IFRS 16 calculation. NoHo Partners Plc will use all the exemptions of the standard in terms of low-value underlying assets with regard to all leases, and in terms of short-term leases for all asset item categories.

Asset classification
According to the standard, the class of underlying assets refers to a group of similar underlying assets used for similar purposes in the activities of a corporation. Leases are divided into the following classes of underlying assets:

(a) Buildings
(b) Civil engineering areas
(c) Machines and equipment
(d) Other underlying assets

Incremental borrowing rate

The company will use the lessee's incremental borrowing rate of interest to define the discount rate of future lease payments. The management has estimated the incremental borrowing rate in accordance with what the interest rate would be if the asset were obtained with outside financing. The incremental borrowing rate has been specified separately for each asset, considering the risk-free interest rate, lease term, economic environment and underlying asset. The management has estimated that, with the prevailing interest rate level, the amount of interest on various assets will not materially differ from one another on the effective date, 1 January 2019. The incremental borrowing rate will be re-assessed for each new lease and the changing situations specified in the standard. Incremental borrowing rate is approximately 2.9%.

Lease term

The principle used for the definition of the lease term: The lease term of the lease of an individual restaurant operating on leased premises determines the lease term lengths of any underlying assets on said premises that are based on a basic non-fixed-term lease or a shorter lease. For example, if the lease term of restaurant premises is 4 years, the lease term of beverage taps based on a non-fixed-term lease or a shorter lease is also specified to be 4 years.

The Group's leases often include the option to extend the lease term. The management has made an estimate of the utilisation of the extension options, and some extension options will not be utilised for business and financial reasons.

Restoration costs

The management has also estimated the amount of restoration costs in any leases that include provisions regarding restoration requirements. The restoration costs entered in a right-of-use asset are based on estimates, the specific amount of which cannot be known in advance, and their scale has been estimated based on previously realised restoration costs. Restoration costs have primarily consisted of dismantling commercial premises or similar. Restoration costs will be recognised in a right-of-use asset and provisions by discounting them with risk-free interest.

Transition

NoHo Partners Plc has selected the simplified approach to transition to the IFRS 16 standard, wherein the present value of future lease payments will be primarily entered in the opening balance on 1 January 2019 as a lease liability and right-of-use asset. NoHo Partners Plc will not restate the comparative information.

Opening balance on 1 January 2019

The table below presents a bridge calculation from rental liabilities in accordance with IAS 17 as of 31 December 2018 to the opening balance in accordance with IFRS 16 on 1 January 2019.

Rental liabilities on 31 December 2018	202,756.0
Discounted rental liabilities 2018	189,013.4
Finance lease agreements	627.5
Exemptions	-11,870.1
Other items	-880.7
Lease liability on 1 January 2019	**176,890.1**

The impact of the IFRS 16 standard on the Group's opening balance:

The leasing arrangements and other amortised leases recorded on the consolidated balance sheet before the adoption of the IFRS 16 standard have been written off on 1 January 2019. The written-off leases are included in IFRS 16 calculation from 1 January 2019. The difference between the asset items and debt items of these leases recorded on the balance sheet has been recorded in earnings. The entry had an impact of a total of TEUR 708 on earnings, increasing the earnings.

ASSETS	31 December 2018	Adjustment	Opening balance on 1 January 2019
Non-current assets			
Tangible assets	47,081.9	-627.5	46,454.3
Right-of-use assets	0.0	176,890.1	176,890.1
Deferred tax assets	318.9	-177.6	141.3
Total		**176,085.0**	

EQUITY AND LIABILITIES	31 December 2018	Adjustment	Opening balance on 1 January 2019
Equity			
Retained earnings	-519.3	708.3	189.0
Non-current liabilities			
Financial liabilities	90,466.9	-269.1	90,197.9
Liabilities for right-of-use assets	0.0	150,749.6	150,749.6
Deferred tax liabilities	10,227.3	-2.2	10,225.1
Current liabilities			
Financial liabilities	53,162.8	-361.4	52,801.4
Liabilities for right-of-use assets	0.0	26,140.6	26,140.6
Trade and other payables	69,344.9	-880.8	68,464.2
Total equity and liabilities		**176,085.0**	

The tables include only those balance sheet items which have been impacted by the amendments to the standards; therefore, no subtotals are presented.

The profit impact of the standard

TThe adoption of the IFRS 16 standard has a negative impact on NoHo Partners' result of the financial period. For leases, the asset depreciation is recorded under the operating result and the interest accumulated on lease liabilities entered under finance costs in the income statement. With an unchanged contract portfolio, interest expenses are at their highest at the beginning of the lease term and decrease towards the end of the lease term as liabilities are reduced. Before 2019, the lease amounts of operating leases were presented under other operating expenses.

During the reporting period 1 January–31 December 2019, the calculated effect of the IFRS 16 transition on earnings is MEUR 1.8 negative. The IFRS 16 transition has a positive impact on the operating result and a significant positive effect on EBITDA and, as a result, the company has given up commenting on and presentation of EBITDA.

Presentation

NoHo Partners Plc presents right-of-use assets on the balance sheet as a separate item and presents an itemisation of the classes of underlying assets in the balance sheet notes. Lease liability is presented in non-current and current liabilities as separate items. The lease amounts for low-value or short-term leases are presented in other operating expenses and itemised in the notes. The depreciations of other leases are presented in the income statement in depreciations, amortisations and impairments as well as interest expenses in finance costs. The other information required by the standard is presented in the notes.

The adoption of the IFRS 16 Leases standard influenced the method of presentation of the consolidated statement of cash flows with regard to operating and financial cash flow. The payments of rent realised with the adoption of the standard are allocated to operating cash flow, for the part corresponding to the finance cost, and to financial cash flow, for the part corresponding to the repayment of a liability. The IFRS 16 Leases standard does not have an impact on the Group's cash flows; rather, it is a question of a change in the method of presentation of the various parts of the cash flow statement.

3. Calculation Principles of the Key Figures of Comparable Continuing Operations

Continuing operations' comparable turnover, EBIT and result of the financial period have been calculated by adding to them the Group's internal sales and purchases that took place between restaurant and labour hire business operations before the transaction. In the future, these will be presented as the Group's external items. The most significant item that improves comparability is staffing service purchases influencing materials and services. Furthermore, internal items that influence turnover, other operating income, other operating expenses and financial income before the transaction are added to the comparable result. In the future, these will be presented as external items.

Apart from staffing service purchases, other internal sales and purchases are low-value and related to food sales in restaurants, growth funding paid by the labour hire business, external service charges and interest income, among other things. The dividends paid by the labour hire business are not added to the comparable key figures because in the future, these dividends will be presented in the Group in connection with associated company accounting.

This Note presents figures for continuing restaurant business operations. The Share of associated company profit item only includes the restaurant business companies. Eezy Plc's impact is included in comparable item: Group's continuing and discontinued operations' result.

In thousands of euro	1 Oct.–31 Dec. 2019	1 Oct.–31 Dec. 2018	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
Restaurant business (comparable continuing operations)				
Turnover	75,178.5	67,650.0	272,912.0	209,725.0
Other operating income	2,198.1	903.6	6,453.7	6,300.9
Materials and services	-25,234.3	-22,595.4	-96,789.1	-75,788.1
Staff expenses	-18,219.5	-16,582.1	-63,445.7	-46,581.5
Other operating expenses	-15,676.2	-24,629.1	-56,461.6	-74,013.5
Depreciation, amortisation and impairment losses	-11,797.2	-3,596.3	-44,522.6	-17,436.8
Share of profit of associated company	21.1	-8.8	242.7	23.0
EBIT	**6,470.4**	**1,141.9**	**18,389.5**	**2,228.9**
Finance income	26.8	714.7	2,254.4	899.5
Finance costs	-1,999.7	-830.2	-7,448.4	-2,144.1
Profit/loss before taxes	**4,497.5**	**1,026.5**	**13,195.5**	**984.3**
Tax based on the taxable income from the financial period	-543.8	333.1	-5,429.9	-957.9
Change in deferred taxes	391.4	-708.6	3,964.5	289.2
Result of the financial period, comparable continuing operations	**4,345.1**	**650.9**	**11,730.1**	**315.6**
Result from comparable continuing operations attributable to:				
Owners of the Company	3,688.2	932.1	10,183.3	666.0
Non-controlling interests	656.9	-281.1	1,546.8	-350.4
Total	**4,345.1**	**650.9**	**11,730.1**	**315.6**
Earnings per share calculated from comparable continuing operations' result of the review period for owners of the Company				
Basic earnings per share (euro)	0.17	0.05	0.47	0.04
Diluted earnings per share (euro)	0.17	0.05	0.46	0.04
Key figures of comparable continuing operations				
EBIT, %	8.6,%	1.7,%	6.7,%	1.1,%
Material margin, %	75.6,%	75.5,%	74.3,%	73.9,%
Staff expense, %	27.0,%	33.2,%	30.5,%	32.1,%

4. Discontinued operation

On 23 August 2019, NoHo Partners announced that the combination of Smile Henkilöstöpalvelut and VMP had been completed (hereinafter referred to as "Eezy").

The Extraordinary General Meeting of Eezy Plc held on 22 August 2019 approved the acquisition of the share capital of NoHo Partners Plc's subsidiary Smile Henkilöstöpalvelut Oyj in exchange for shares. On 23 August 2019, the conditions for the completion of the transaction had been fulfilled and the transaction was completed.

Eezy Plc became an associated company of NoHo Partners and NoHo Partners became Eezy Plc's largest shareholder with a 30.27% stake. Eezy Plc Group will be consolidated with the NoHo Partners Group as an associated company using the equity method.

On 23 August 2019, the Board of Directors of Eezy Plc carried out a special share issue in which the shareholders of Smile received 0.8087 new shares in Eezy Plc as share consideration for each share in Smile owned by them, corresponding to a total of 10,050,177 new shares in Eezy Plc. In the transaction, NoHo Partners received 7,520,910 shares in Eezy Plc as consideration. At the average price of the Eezy Plc share on 23 August 2019, the value of these shares was EUR 38,251,348.26.

Due to the transaction, Smile demerged from the Group on 23 August 2019. Previously, Smile was a separate labour hire business segment within the NoHo Partners Group. In this financial statements report, Smile is classified as a discontinued operation.

In the consolidated income statement, continuing and discontinued operations are presented separately. Discontinued operations are presented as their own line item and comparative information has been adjusted accordingly. Internal business transactions between discontinued operations have been eliminated from the figures.

The discontinued operation's result for the period 1 January–31 December 2019 includes MEUR 33 in EBIT arising from the transaction. The balance sheet of 31 August 2019 was used in Smile's demerger.

Financial information related to the result of the discontinued operation until the transfer of business is presented below. The statement provides information about the labour hire segment. The information describes the business operations as carried out outside the NoHo Partners Group in the future. At the end, reconciliation with the result of the discontinued operation is provided.

Result of the discontinued operation

The business of the discontinued operation is described in Note 6 on segment information.

INFORMATION ABOUT THE LABOUR HIRE SEGMENT In thousands of euro	1 Oct.–31 Dec. 2019	1 Oct.–31 Dec. 2018	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
Turnover	0.0	34,152.7	95,925.8	127,089.6
Other operating income	0.0	229.8	505.1	1,025.3
Materials and services	0.0	-873.7	-1,261.8	-4,368.1
Staff expenses	0.0	-27,871.5	-80,950.2	-104,685.6
Other operating expenses	0.0	-3,112.2	-5,864.9	-10,308.7
Depreciation, amortisation and impairment losses	0.0	-1,031.8	-3,316.5	-3,783.0
EBIT	**0.0**	**1,493.2**	**5,037.5**	**4,969.6**
Finance income	0.0	913.1	73.6	1,304.8
Finance costs	0.0	-339.5	-2,126.3	-1,648.0
Profit/loss before taxes	**0.0**	**2,066.8**	**2,984.7**	**4,626.4**
Income tax expense	0.0	534.2	-1,622.0	-1,351.8
Change in deferred taxes	0.0	-681.3	972.9	640.6
Profit/loss of the labour hire segment after taxes	**0.0**	**1,919.6**	**2,335.6**	**3,915.1**
Result of the discontinued operation				
Profit/loss of the labour hire segment after taxes	0.0	1,919.6	2,335.6	3,915.1
Sales profit after taxes	0.0	0.0	33,110.1	0.0
Impact of internal items	0.0	-3,338.1	-11,617.7	-13,226.0
Result of the discontinued operation	**0.0**	**-1,418.5**	**23,828.0**	**-9,310.9**
Attributable to:				
Owners of the Company	0.0	-2,067.4	22,988.1	-10,398.1
Non-controlling interests	0.0	648.9	839.9	1,087.2
Total	**0.0**	**-1,418.5**	**23,828.0**	**-9,310.9**
Earnings per share calculated from the review period profit for owners of the Company				
Basic earnings per share (euro)	0.00	-0.11	1.21	-0.58
Diluted earnings per share (euro)	0.00	-0.11	1.20	-0.58
Labour hire segment key figures				
EBIT, %	-	4.4%	5.3%	3.9%
Staff expense, %	-	81.7%	84.4%	82.4%

Non-recurring items recorded during the financial period from 1 January 2018 to 31 December 2018 are as follows:

TEUR 818 consisting of expenses relating to Smile Henkilöstöpalvelut Oyj's cancelled listing process was recorded under other operating expenses and TEUR 932 under finance costs.

A TEUR 1,226 adjustment of the estimated additional transaction price related to the share acquisitions of Job Service Two Oy and Job Service Three Oy was recorded under financial income.

Net cash flows of the discontinued operation

In thousands of euro	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
Operating cash flow	2,142.0	6,793.1
Cash flows from investing activities	-1,627.1	-17,998.9
Cash flows from financing activities	-517.4	11,188.8

Sales profit arising from the discontinued operation

Sales profit from special purpose entity 38,249. 0

Book values of the net assets to be transferred, 31 August 2019

Non-current assets.. 45,500.8
Current assets 22,298.9
Total assets 67,799.7

Non-current liabilities 25,946.4
Current liabilities... 32,662.6
Total liabilities.. 58,609.1

Net assets to be transferred, total 9,190.7

Net value of the internal assets that remain in the Group................................4,051.8

Sales profit from the discontinued operation 33,110.1

5. Turnover

Continuing operations
The Group adopted the IFRS 15 standard at the beginning of 2018.

DISTRIBUTION OF CONTINUING OPERATIONS' TURNOVER INTO GOODS AND SERVICES

In thousands of euro	1 Oct.–31 Dec. 2019	1 Oct.–31 Dec. 2018	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
Sale of goods	61,015.7	55,450.1	219,368.2	173,006.0
Sale of services	14,162.8	12,178.2	53,451.7	36,620.7
Total	**75,178.5**	**67,628.3**	**272,819.9**	**209,626.7**

The sale of goods is primarily comprised of food and beverage sales by restaurant operations to private and corporate customers. The services include restaurants' service sales and marketing support payments received. The Group has sales in Finland, Denmark and Norway.

Asset and debt items based on contracts with customers
Of the asset items in continuing operations based on contracts, a total of TEUR 241 of IFRS 9 credit loss provision has been recorded as expenses between 1 January and 31 December 2019.

The Group has no asset items recorded for the costs of obtaining or fulfilling contracts with customers. The Group's contracts with customers do not include restitution or repayment obligations or special warranty terms.

Restaurants sell gift cards, which are presented in current liabilities. Gift card revenue is recognised when the card is used. On 31 December 2019, the value of gift cards sold was approximately TEUR 1,576, and they are expected to be entered as income during 2020.

6. Segment Information

NoHo Partners sold the share capital of Smile Henkilöstöpalvelut Oyj to Eezy Plc on 23 August 2019. Due to the transaction, Smile demerged from the Group on 23 August 2019. Previously, Smile was a separate labour hire business segment within the NoHo Partners Group. In this financial statements report, Smile is classified as a discontinued operation. The discontinued operation is presented in Note 4.

Until the divestment of Smile Henkilöstöpalvelut Oyj, the Group had two reportable operating segments, which were its strategic business units: restaurants and labour hire. These business units produced various products and services and were managed as separate units, since their business required applying different strategies. The Group's Executive Team had been named as the top operative decision-maker responsible for resource allocation and income estimates. The Group's restaurant segment operates on the domestic and international market and the labour hire segment operated solely on the domestic market.

The Group's restaurant segment operates extensively in the restaurant sector, providing restaurant experiences for the needs of customers. The restaurant segment includes approximately 230 restaurants, pubs and nightclubs with various concepts in Finland, Denmark and Norway. Well-known restaurant concepts of the company include Elite, Savoy, Teatteri, Yes Yes Yes, Viihdemaailma Ilona, Stefan's Steakhouse, Palace, Löyly, Hanko Sushi and Cock's & Cows.

The labour hire segment offered flexible personnel solutions to companies operating in several different fields. Staffing services were offered for hotels, restaurants and catering, events and promotions, construction and industry, logistics and maintenance, doctor services as well as direct-recruitment services, for example. The earnings from the segment were derived from labour hire activities.

The segment information presented by the Group was based on the management's internal reporting that is prepared in accordance with the IFRS standards. The pricing between segments was based on a fair market price. The Group's assets and liabilities were not allocated or monitored segment-by-segment in internal financial reporting.

The Group's evaluation of profitability and decisions concerning the resources to be allocated to a segment were based on the segments' EBIT. It is the understanding of the management that this was the most suitable benchmark for comparing the profitability of the segments to other companies in their respective fields.

The presentation method of the table corresponds to the previously used presentation method of the Segment information in which the share of the associated company's result has been presented under the EBIT.

	1 Oct.–31 Dec. 2019				1 Oct.–31 Dec. 2018			
	Restaurants	Labour hire/ Discontinued operation	Eliminations	Group	Restaurants	Labour hire/ Discontinued operation	Eliminations	Group
Turnover	75,178.5	0.0	0.0	75,178.5	67,650.0	34,152.7	-3,420.3	98,382.4
Other operating income	2,198.1	0.0	0.0	2,198.1	903.6	229.8	-178.2	955.1
Depreciations	-11,797.2	0.0	0.0	-11,797.2	-3,596.3	-1,031.8	0.0	-4,628.1
EBIT	6,449.3	0.0	0.0	6,449.3	1,150.7	1,493.2	0.0	2,644.0
Profit/loss before taxes	5,038.6	0.0	0.0	5,038.6	1,026.5	2,066.8	0.0	3,093.3

	1 Jan.–31 Dec. 2019				1 Jan.–31 Dec. 2018			
	Restaurants	Labour hire/ Discontinued operation	Eliminations	Group	Restaurants	Labour hire/ Discontinued operation	Eliminations	Group
Turnover	272,912.0	95,925.8	-11,814.5	357,023.2	209,725.0	127,089.6	-13,656.7	323,157.9
Other operating income	6,453.7	505.1	-494.3	6,464.5	6,300.9	1,025.3	-702.8	6,623.4
Depreciations	-44,522.6	-3,316.5	0.0	-47,839.2	-17,436.8	-3,783.0	0.0	-21,219.8
EBIT	18,146.7	5,037.5	-34.8	23,149.4	2,206.0	4,969.6	14.4	7,189.9
Profit/loss before taxes	15,975.6	2,984.7	-2,281.6	16,678.8	984.3	4,626.4	0.0	5,610.7

Segment-specific non-recurrent items are presented as follows:

Restaurants/Continuing operations: Income statement

Labour hire/Discontinued operation: Note 4

7. Changes in Group Structure

Restaurant business (continuing operations)

ACQUIRED SUBSIDIARIES AND BUSINESSES

Acquired company or business	Transfer of the right of ownership and management	Shareholding acquired
Catering business acquisition, Casseli Oy, Tampere	2.1.2019	-
Restaurant operations, Taqueria El Rey, Helsinki	1.3.2019	-
Business acquisition, Arla, Lahden Järvimatkailu Oy, Lahti	3.4.2019	-
Dubliners AS	1.4.2019	100%
DOD AS	1.4.2019	100%
MEO AS	1.4.2019	100%
Rådhuskroken AS	1.4.2019	100%
SBF AS	1.4.2019	100%
Complete Security AS	1.4.2019	100%
Trøbbelskyter AS Group	1.4.2019	70%
Business acquisition, Juuri Yhtiöt Oy, Helsinki	1.9.2019	-
Eilefs Landhandleri AS	1.10.2019	100%
Cosmopolitan AS	4.11.2019	100%
Suomen Karaokebaarit Oy	11.11.2019	51%

Business acquisitions in Norway
On 3 April 2019, the company announced a corporate transaction, whereby a subsidiary of NoHo Partners Plc Group purchased a 100% share in the Complete Security AS, Dubliners AS, Rådhuskroken AS, MEO AS, DOD AS and SBF AS companies and a 70% share in the Trobbelskyter AS Group.

In the corporate transaction, NoHo Partners established a joint venture with the Norwegian company Crea Diem AS (hereinafter referred to as "Crea Diem"), with NoHo Partners owning 80 per cent of the joint venture. The new enterprise purchased the shareholdings of certain Crea Diem and Carpe Diem subsidiaries as well as 70 per cent of the shareholding in the Norwegian company Trobbelskyter AS (hereinafter referred to as"Trobbelskyter").

After adjustments to the transaction price and fair value, goodwill will amount to TEUR 10,475. In the light of the existing market, the Group considers goodwill to consist of the actual business operations, the staff's expertise, synergy benefits (e.g. utilisation of purchase contracts and concepts across organisational boundaries) and the improvement of cost control and general operational management. The Group estimates that the combination of the Norwegian management and NoHo's expertise will yield benefits both for building new concepts and for developing existing ones. Business expertise also reflects on the staff's competence.

AT THE MOMENT OF TRANSFER OF CONTROL, THE VALUES OF THE BUSINESSES ACQUIRED WERE AS FOLLOWS:

In thousands of euro	Dubliners AS	Trobbelskyter AS Group	DOD, MEO, Rådhuskroken, SBF, Complete Security	Other acquisitions	Total acquisitions
Assets					
Intangible assets	1,729.1	2,282.2	1,281.7	841.9	6,134.9
Tangible assets	147.9	3,334.7	2,092.7	1,640.3	7,215.5
Investments	0.0	1,183.9	0.0	0.0	1,183.9
Non-current receivables	0.0	234.5	0.0	124.1	358.7
Current receivables	160.5	4,013.5	1,114.2	182.6	5,470.8
Inventories	110.3	307.4	188.4	89.9	696.0
Cash and cash equivalents	694.9	1,638.6	277.8	183.4	2,794.7
Total assets	**2,842.7**	**12,994.8**	**4,954.8**	**3,062.3**	**23,854.5**
Liabilities					
Deferred tax liabilities	349.3	502.9	292.1	131.9	1,276.2
Financial liabilities	0.0	4,802.3	1,087.6	41.8	5,931.8
Other payables	1,004.5	3,848.0	3,135.1	2,101.1	10,088.8
Total liabilities	**1,353.9**	**9,153.2**	**4,514.8**	**2,274.9**	**17,296.9**
Net assets	**1,488.8**	**3,841.6**	**440.0**	**787.4**	**6,557.7**
Total purchase consideration at time of acquisition:					
Share of the purchase consideration consisting of cash and cash equivalents	4,333.5	5,745.4	1,870.1	4,493.5	16,442.6
Share of equity of the purchase consideration	1,035.3	0.0	0.0	0.0	1,035.3
Contingent purchase consideration	1,073.8	0.0	374.0	0.0	1,447.8
Total purchase consideration in total	**6,442.6**	**5,745.4**	**2,244.2**	**4,493.5**	**18,925.7**
Generation of goodwill through acquisitions:					
Total purchase consideration	6,442.6	5,745.4	2,244.2	4,493.5	18,925.7
Non-controlling interests' share	44.7	1,754.8	13.2	-349.9	1,462.8
Net identifiable assets of the acquired entity	1,488.8	3,841.6	440.0	787.4	6,557.7
Goodwill	**4,998.5**	**3,658.7**	**1,817.4**	**3,356.3**	**13,830.8**

THE VALUES OF IFRS 16 RIGHT-OF-USE ASSETS FROM ACQUIRED BUSINESSES

(TEUR)	International operations	Domestic operations	Acquisitions total
Acquisitions and business acquisitions	25,115.1	1,314.3	26,429.4

During the reporting period 1 January–31 December 2019, the company has recorded a total of TEUR 194 in acquisition-related expert expenses under other operating expenses.

Determination of contingent transaction prices

The amount of the transaction price for Dubliners, DOD, MEO, Rådhuskroken, SFB and Complete Security that was paid at the time of acquisition was TEUR 7,239. The contracts between NoHo Partners and Crea Diem AS include put and call options, due in 2023, for redeeming shares in minority shareholders' possession. The company has estimated that the probability of exercising the options is high. The shareholding of minority shareholders, TEUR 1,448, is presented as a contingent additional transaction price under liabilities. According to the contracts, the fair value of the companies will be determined in 2023.

Acquired associated companies

As a part of the corporate transaction completed, NoHo Partners acquired a 30.27% stake in Eezy Plc on 23 August 2019. On 23 August 2019, the Board of Directors of Eezy Plc carried out a special share issue in which the shareholders of Smile Henkilöstöpalvelut Oyj received 0.8087 new shares in Eezy Plc as share consideration for each share in Smile owned by them, corresponding to a total of 10,050,177 new shares in Eezy Plc. In the transaction, NoHo Partners received 7,520,910 shares in Eezy Plc as consideration. At the average price of the Eezy Plc share on 23 August 2019, the value of these shares was EUR 38,251,348.26.

In connection with the transaction, a total of MEUR 1.2 of intangible rights related to the customer relationships and non-competition agreements were identified. They will be depreciated within 2–4 years.

SOLD BUSINESS OPERATIONS

DURING THE FINANCIAL PERIOD, THE GROUP SOLD SHARES IN SUBSIDIARIES AND RESTAURANT BUSINESSES AS FOLLOWS:

Name	Shareholding sold	Location	Date of control transfer
Restaurant, Maurinkatu 6	100.0%	Helsinki	1.2.2019
Restaurant, Hämeenkatu 14	100.0%	Tampere	12.3.2019
Restaurant, Eteläesplanadi 22	100.0%	Helsinki	1.4.2019
Restaurant, Tuomiokirkonkatu 6	100.0%	Turku	1.5.2019
Smile Henkilöstöpalvelut Oyj	74.8%	Tampere	23.8.2019
Restaurant, Kauppalaispiha 3	100.0%	Jyväskylä	1.10.2019
Cholo Oy *	51.0%	Helsinki	30.11.2019

AT THE MOMENT OF TRANSFER OF CONTROL, THE VALUES OF THE ASSETS SOLD WERE IN TOTAL AS FOLLOWS:

Goodwill	32,637.7
Property, plant and equipment	3,657.0
Other asset items	32,865.2
Minority share	-6,456.7
Liabilities	-52,152.3
Net assets, total	**10,550.8**

Of completed sales, a loss of TEUR 573 due to the difference between the sales profit from fixed assets and the recognition of goodwill deductions; and TEUR 116 capital losses of fixed assets were recognised in the income statement.

* Cholo Oy will be consolidated with the Group as an associated company as of 1 December 2019.

8. Intangible and Tangible Assets

CONTINUING AND DISCONTINUED OPERATIONS

In thousands of euro		
Goodwill	**31 December 2019**	**31 December 2018**
Book value 1 Jan.	147,434.0	52,571.3
Business acquisitions	14,034.8	95,024.7
Depreciation, amortisation and impairment losses	0.0	0.0
Deductions	-32,637.3	-162.0
Book value at the end of the review period	**128,831.5**	**147,434.0**

In thousands of euro		
Intangible assets	**31 December 2019**	**31 December 2018**
Book value 1 Jan.	56,542.2	13,648.4
Business acquisitions	6,064.7	52,774.1
Additions	1,534.3	24.9
Depreciation, amortisation and impairment losses	-7,493.5	-7,190.9
Deductions	-8,186.3	-1.8
Transfers between account types	0.0	-2,712.5
Book value at the end of the review period	**48,461.4**	**56,542.2**

Tangible assets	31 December 2019	31 December 2018
Book value 1 Jan.	47,081.9	32,391.2
Business acquisitions	7,215.5	18,020.6
Additions	14,919.0	10,882.8
Depreciation, amortisation and impairment losses	-10,213.1	-14,028.9
Deductions	-1,994.8	-770.9
Transfers between account types	0.0	587.0
Book value at the end of the review period	**57,008.4**	**47,081.9**

Right-of-use assets	31 December 2019	31 December 2018
Book value 1 Jan.	176,890.1	0.0
Additions	39,817.6	0.0
Depreciation, amortisation and impairment losses	-30,132.5	0.0
Deductions*	-27,497.8	0.0
Transfers between account types	0.0	0.0
Book value at the end of the review period	**159,077.4**	**0.0**

*** The deductions consist of deductions resulting from the Smile sales transaction and the reassessment of the IFRS 16 options.**

9. Related Party Transactions

TRANSACTIONS WITH RELATED ENTITIES

In thousands of euro	Sales	Acquisitions	Receivables	Liabilities
31.12.2019	389.0	10,875.1	2,417.7	2,335.4
31.12.2018	2,365.7	2,987.5	691.9	254.1

The comparative information for 2018 has been adjusted so that it corresponds with the related party transactions of continuing operations. Transactions with related entities have been completed applying the same terms as transactions with independent parties.

SHARE-BASED INCENTIVE SCHEME

The Group has a long-term share-based incentive scheme for key personnel. The scheme is described in more detail in the 2018 consolidated financial statements.

The share-based incentive scheme contains three earning periods. The first 13-month earning period was between 1 December 2018 and 31 December 2019. Based on the decision by the Board of Directors, a maximum amount of 214,282 NoHo Partners Plc's shares may be paid to the key employees during the first earning period based on the achieved target levels of the EBIT percentage of Finnish operations and the EBITDA of foreign business operations. The incentive scheme covered 10 key employees of the company's Executive Team in the first earning period. The Board of Directors anticipated that if the reward was fully paid in shares, the maximum dilutive effect on the number of the company's registered shares for the first earning period would have been 1.1%.

The costs of the first earning period of the share incentive scheme have been allocated over a period from December 2018 to the end of 2019. Share reward benefits are recorded as staff expenses and in equity under earnings. Based on the management's estimate, for the first earning period of the scheme, TEUR 1,441 in benefits paid in shares have been entered as expenses for the entire earning period, corresponding to 137,193 shares with an exchange rate of EUR 10.50 per share.

On 30 December 2019, the company announced that the second earning period of the share-based incentive scheme will take place between 1 January 2020 and 31 December 2021. This arrangement has been described in Note 11.

MEMBERS OF THE EXECUTIVE TEAM OF NOHO PARTNERS PLC ON 31 DECEMBER 2019

Aku Vikström,
CEO, Chairman of the Executive Team
Jarno Suominen,
CFO, Deputy to the CEO
Juha Helminen,
Director of International Operations
Paul Meli,
CBO, Entertainment Venues, rest of Finland
Tero Kaikkonen,
CBO, Fast Casual
Tanja Virtanen,
CBO, Restaurants, rest of Finland
Benjamin Gripenberg,
CBO, Restaurants, Helsinki Metropolitan Area
Eemeli Nurminen,
CBO, Entertainment Venues, Helsinki Metropolitan Area
Perttu Pesonen,
Development Director
Anne Kokkonen,
HR Director

CHANGE IN THE EXECUTIVE TEAM OF NOHO PARTNERS PLC ON 1 JANUARY 2020

Jarno Suominen, Deputy CEO
Jarno Vilponen, CFO

10. Conditoobal Liabilities and Assets and Commitments

LEASE AGREEMENTS

Starting from 1 January 2019, the NoHo Partners Group complies with the IFRS 16 Leases standard. The impacts of the transition are presented in Note 2.

HYBRID BOND

The hybrid loan is described in more detail in Notes 1 and 11. On 31 December 2019, the interest accumulated on the hybrid loan is TEUR 1,694.

GUARANTEES AND CONTINGENT LIABILITIES

In thousands of euro	31 December 2019	31 December 2018
Liabilities with guarantees included on the balance sheet		
Loans from financial institutions, non-current	68,493.3	89,981.0
Loans from financial institutions, current	15,728.8	30,810.6
Total	**84,222.0**	**120,791.6**
Commercial papers, current	22,000.0	22,000.0
Total	**22,000.0**	**22,000.0**
Guarantees given on behalf of the Group		
Collateral notes secured by a mortgage	34,885.4	54,885.7
Real estate mortgage	4,364.5	4,364.6
Subsidiary shares	97,557.8	114,736.6
Bank guarantees	8,611.8	8,842.6
Other guarantees	4,449.0	17,980.0
Total	**149,868.5**	**200,809.4**
Purchase commitments		
Eezy Plc	69,285.8	85,749.7
Other	200.0	600.0

Guarantees and contingent liabilities presented in the table for 31 December 2019 are related to continuing operations.

11. Events After the Reporting Period

Share-based incentive scheme for key personnel
On 30 December 2019, the company announced that the second 24-month earning period of the long-term share-based incentive scheme for the key personnel will start on 1 January 2020 and end on 31 December 2021. A maximum number of 354,668 NoHo Partners Plc's shares may be paid to the key employees during the second earning period based on the achieved key goals in terms of the business operations set by the Board of Directors. The EBIT percentage of NoHo Partners Plc's business operations in Finland and abroad and the value development of the company's share during the earning period in question have been defined as the earning criteria.

The Board of Directors anticipates that the maximum dilutive effect on the number of the company's registered shares is approximately 1.83%. The incentive scheme will cover 11 key employees of the company's Executive Team in the second earning period.

Hybrid bond
On 16 January 2020, the company announced that it will redeem the MEUR 25 hybrid loan issued on 29 March 2019. The redemption was carried out on 17 February 2020 with a redemption price in accordance with section 7.3 of the terms and conditions of the hybrid loan, which was 102% of the principal plus the accumulated interests.

The hybrid loan enabled the Smile arrangement as well as the entry into the Norwegian restaurant markets. The redemption of the hybrid loan ahead of schedule will enable the utilisation of more affordable financial arrangements in the future.

Business acquisitions
NoHo Partners has continued its expansion in the Norwegian restaurant market. NoHo Norway AS acquired the business operations of Café Christiania AS on 2 January 2020 and the business operations of Emmas AS on 1 February 2020.

Acquisition of Friends & Brgrs
On 12 February 2020, the company announced the acquisition of Friends & Brgrs Ab Oy's shares and a special share issue for cash. The shares will be issued as part of the share transaction with which NoHo Partners will buy the majority of Friends & Brgrs Ab Oy's shares from the current shareholders. In this share transaction, the transaction price for the Friends & Brgrs Ab Oy's founding shareholders is paid partly in cash and partly as the company's shares issued for them in the special share issue. The minority shareholders of Friends & Brgrs Ab Oy's shares have the right to choose whether they want the transaction price to be paid in cash or as the Company's shares issued for them in the special share issue.

According to the terms and conditions of the share purchase agreement, a maximum of 238,145 new shares of the Company are offered to be subscribed in the special share issue. The subscription price per each share is EUR 10.60557 and the subscription price total is a maximum of approximately MEUR 2.5. The subscription price of the shares is paid to the Company with apport property using the Friends & Brgrs Ab Oy's shares. The Company has a justified financial reason for deviating from the shareholder's pre-emptive subscription right, since the special share issue enables the realisation of the share transaction. According to the Board of Directors' view, the share transaction will support the growth of the company and implementation of the strategy.

The transaction will be completed on 1 April 2020, which will strengthen the shareholding of the company. NoHo Partners will own at least 68.3% of the shares of Friends & Brgrs Ab Oy.

12. Key Figures

In thousands of euro	1 Oct.–31 Dec. 2019	1 Oct.–31 Dec. 2018	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
Earnings per share, continuing operations, EUR	0.20	0.23	1.10	0.77
Earnings per share, result of the review period, EUR	0.20	0.16	2.36	0.26
Key figures for continuing operations				
EBIT, %	9.3%	6.7%	11.2%	7.5%
Material margin, %	75.6%	75.6%	74.3%	74.0%
Staff expense, %	27.0%	33.2%	30.5%	32.1%
Average staff				
Registered staff				
Full-time staff			1,005	723
Part-time staff translated into full-time staff			596	398
Rented workforce, translated into full-time staff			531	455
Restaurant business (comparable continuing operations)				
EBIT, %	8.6%	1.7%	6.7%	1.1%
Key figures for the entire Group				
Return on equity, % (p.a.)			44.9%	6.9%
Return on investment, % (p.a.)			8.4%	5.2%
Equity ratio, %			29.1%	24.6%
Gearing ratio, %			194.6%	184.3%
Interest-bearing net liabilities, EUR			266,690.6	138,499.7
Adjusted net finance costs, EUR	1,980	1,389	7,166	2,478
Key figures excluding the IFRS 16 effect				
Gearing ratio, %			75.9%	
Interest-bearing net liabilities, EUR			105,391.3	

CALCULATION FORMULAS FOR KEY FIGURES

Key figures required by the IFRS standards

Earnings per share

$$\frac{\text{Parent company owners' share of profit from the financial period – hybrid bond interest}}{\text{Average number of shares}}$$

Earnings per share (diluted)

$$\frac{\text{Parent company shareholders' share of profit from the financial period – hybrid bond interest}}{\text{Diluted average number of shares}}$$

Alternative performance measures

Return on equity %

$$\frac{\text{Profit (profit attributable to owners of parent company + profit belonging to minority shareholders)}}{\text{Equity on average (attributable to owners of parent company and minority shareholders)}} * 100$$

Equity ratio %

$$\frac{\text{Equity (attributable to owners of parent company + minority shareholders)}}{\text{Total assets – advances received}} * 100$$

Return on investment %

$$\frac{\text{Profit before taxes + finance costs}}{\text{Equity (attributable to owners of parent company and minority shareholders) + interest-bearing financial liabilities on average}} * 100$$

Interest-bearing net financial liabilities

Interest-bearing liabilities - non-current interest-bearing receivables - cash and cash equivalents

Interest-bearing net financial liabilities excluding IFRS 16

Interest-bearing liabilities without IFRS 16 liabilities - non-current interest-bearing receivables - cash and cash equivalents

Gearing ratio %

$$\frac{\text{Interest-bearing net financial liabilities}}{\text{Equity (attributable to owners of parent company and minority shareholders)}} * 100$$

Gearing ratio % excluding IFRS 16

$$\frac{\text{Interest-bearing net financial liabilities}}{\text{Equity (attributable to parent company shareholders and minority shareholders) – depreciations, amortisations, lease costs and finance costs recorded in the income statement with regard to IFRS 16}} * 100$$

Staff expense %

$$\frac{\text{Staff expenses + hired labour}}{\text{Turnover}} * 100$$

Material margin %

$$\frac{\text{Turnover – acquisitions}}{\text{Turnover}} * 100$$

Net finance costs

Financial income – finance costs (adjusted with entries associated with acquisitions and IPO expenses in accordance with the IFRS standards)

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