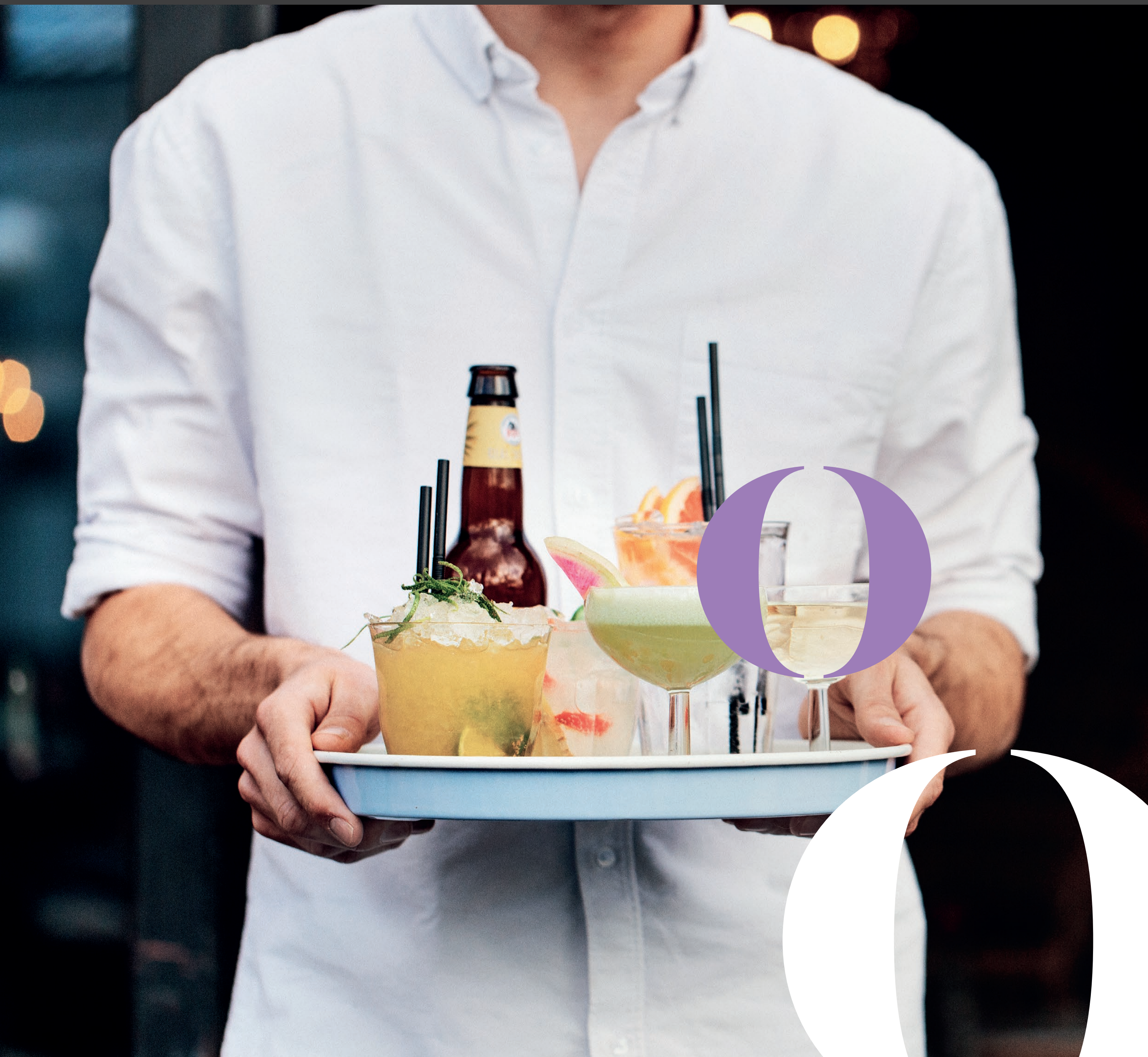
NORDIC HOSPITALITY PARTNERS

Half-year Report

Q2/2019



NoHo Partners Half-year Report 1 January–30 June 2019

EBIT improved by 110.3% and turnover increased by 47.6% – a clear turnaround in the company's profitability

January–June 2019 in brief

ENTIRE GROUP:

The Group's turnover was MEUR 180.6 (MEUR 122.4), growth of 47.6 per cent. EBIT was MEUR 8.5 (MEUR 4.0), growth of 110.3 per cent. Earnings per share were EUR 0.22 (EUR 0.14), growth of 59.7 per cent.

RESTAURANT BUSINESS:

The turnover of the restaurant business segment was MEUR 121.0 (MEUR 75.9), growth of 59.5 per cent. EBIT was MEUR 5.7 (MEUR 2.3), growth of 155.1 per cent.

LABOUR HIRE BUSINESS:

The turnover of the labour hire business segment was MEUR 67.5 (MEUR 53.0), growth of 27.4 per cent. EBIT was MEUR 2.8 (MEUR 1.8), growth of 55.2 per cent.

April–June 2019 in brief

ENTIRE GROUP:

The Group's turnover was MEUR 100.4 (MEUR 73.2), growth of 37.2 per cent. EBIT was MEUR 5.8 (MEUR 3.1), growth of 84.7 per cent. Earnings per share were EUR 0.08 (EUR 0.11), decrease of 28.4 per cent.

RESTAURANT BUSINESS:

The turnover of the restaurant business segment was MEUR 67.7 (MEUR 45.0), growth of 50.6 per cent. EBIT was MEUR 4.0 (MEUR 2.1), growth of 88.3 per cent.

LABOUR HIRE BUSINESS:

The turnover of the labour hire business segment was MEUR 37.2 (MEUR 31.6), growth of 17.9 per cent. EBIT was MEUR 1.8 (MEUR 1.0), growth of 79.8 per cent.

Prospects for 2019

PROFIT GUIDANCE (AS OF 14 FEBRUARY 2019):

NoHo Partners estimates that the Group's turnover and profitability will increase this year. The Group aims to achieve, after eliminations, a total turnover of approximately MEUR 390 and an EBIT margin of approximately 5.8 per cent (approximately MEUR 22.5) by the end of 2019. The restaurant segment aims to achieve a turnover of approximately MEUR 250 and an EBIT margin of over 6 per cent (over MEUR 15). The labour hire segment aims to achieve a turnover of approximately MEUR 150 and an EBIT margin of approximately 5 per cent (approximately MEUR 7.5).

The long-term goal of the Group is to achieve a turnover of over MEUR 600 and an EBIT margin of approximately 7.5 per cent by the end of 2021. The restaurant segment aims to achieve a turnover of approximately MEUR 350 and an EBIT margin of approximately 8 per cent. The labour hire segment aims to achieve a turnover of approximately MEUR 300 and an EBIT margin of approximately 6.5 per cent. 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.

Figures in parentheses refer to the period last year, unless otherwise stated.

Review by the CEO: Aku Vikström

EBIT AMOUNTING TO MEUR 8.5 – A MORE THAN 110 PER CENT IMPROVEMENT YEAR ON YEAR

Our Group's result for January–June 2019 was strong. The Group's turnover was MEUR 180.6, showing an increase of 47.6 per cent, and EBIT was MEUR 8.5, growing by 110.3 per cent, with earnings per share at EUR 0.22 (EUR 0.14), up by 59.7 per cent in comparison with last year's reference period.

During the review period, we have made significant progress with integration and the profitability programmes. The productivity of our restaurant portfolio has improved as the restructuring phase has been completed and the thorough concept renewal has begun. At the same time, the entry into the Norwegian market, carried out in April as part of our internationalisation strategy, and the associated business acquisition have exceeded our expectations.

During the first half of the year, EBIT developed positively, boosted by growth and the profitability programmes, which can also be seen in earnings per share. The Q2 comparison figures are materially affected by the MEUR 3.6 sales profit from the SuperPark transaction in the second quarter of 2018 and other non-recurring items. Their net effect on the earnings for the reference period was MEUR 1.4.

Due to the IFRS 16 Leases standard, adopted at the beginning of 2019, there is a finance cost entry item with a MEUR -0.9 negative effect on earnings and naturally also a negative effect on earnings per share.

PROFITABILITY PROGRAMMES PROCEED ON SCHEDULE

The profitability development programmes proceed on schedule and will be completed during the current financial period. In the integration of Royal Ravintolat, the consolidation of management and administration as well as the centralisation of purchase and procurement have been fully completed. The impact of the new flexible, demand-based operating model can already be seen clearly in staff efficiency in most units. The programme is still underway in approximately ten restaurant units and will be completed in the third quarter. To support staff efficiency, we launched a staff bonus model that is quite exceptional in our field: every day, we reward one of our professionals with a EUR 500 bonus based on customer feedback. At the beginning of the integration, we estimated that we would reach at least MEUR 6 synergy benefits – that figure will be exceeded.

The restaurant portfolio restructuring was completed in the second quarter when the last units to be terminated were removed from the portfolio. As part of the restructuring programme, a total of 25 restaurants were closed or sold.

During the second quarter of the year, we launched exceptionally many concept renewal projects where we utilise the combined company's more extensive brand portfolio and skill set. The total number of restaurant concepts reinvented and new restaurant concepts introduced during the first half of the year is eight, with profit expectations estimated to be realised in the second half of the year. Portfolio and investment management will continue to be the company's key success factor in improving operational profitability and balance sheet efficiency.

STRONG FIRST HALF OF THE YEAR FOR RESTAURANTS

In January–June, turnover for restaurants was MEUR 46.8 (MEUR 28.0), an increase of 67.1 per cent. The positive market development and increased efficiency in sales operations had a positive impact on the result for the second quarter. Our strong restaurant brands, such as Elite, The Cock and Stefan's Steakhouse, as well as new concepts, such as Yes Yes Yes and Pyynikin Brewhouse, performed particularly well and are growing clearly faster than the market.

INCREASING DEMAND IN THE PUB AND ENTERTAINMENT VENUE SECTOR AND INTENSIFIED COMPETITION IN THE NIGHTCLUB MARKET

In January–June, turnover for nightclubs, pubs and entertainment venues was MEUR 42.1 (MEUR 35.8), an increase of 17.6 per cent. In the pub, entertainment and gaming venue sector, the winning streak continued as the market evolved. The leisure and entertainment market is growing and diversifying as consumers seek new experiences. To respond to intensified competition in the nightclub market, our strategy is to focus on growth centres and more closely defined customer segments.

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THE FAST CASUAL BUSINESS CONTINUED TO GROW

In January–June, turnover for fast casual restaurants was MEUR 16.1 (MEUR 8.8), an increase of 82.8 per cent. Growth was particularly driven by the Hanko Sushi and Hook concept and digital sales. There are significant differences between shopping centres in how the fast casual business grows and the distribution channel strategy is an increasingly important success factor for our scalable business operations in the future. Sales from fast and casual take-away and home-delivery meals continue to grow. Going forward, we will develop more digital services to make it easier for the consumer to buy and order food at home and at work.

INTERNATIONAL OPERATIONS EXPANDED TO NORWAY

In January–June, turnover for our international business was MEUR 16.0 (MEUR 3.3), a year-on-year increase of 390.8 per cent. In Denmark, the number of our restaurants has more than doubled from 11 to 23 during the year. After an intensive growth phase, the focus will now be shifted to harmonising the operating model and enhancing its efficiency as well as to streamlining the organisation.

At the beginning of April, we expanded our operations to the Norwegian market that is characterised by high purchasing power and amounts to roughly EUR 9 billion. The EV/EBITDA ratio of the strategically attractive and profitable transaction was under 5 when measured with the figures for the year 2018. The Norwegian business operations have got off to a very promising start and growth prospects are good both organically and through market consolidation. In our international business, our focus during the remainder of the year is on integrating the Danish and Norwegian operations into the Group and there are no plans for entering new markets.

STRONG PERFORMANCE CONTINUED IN THE LABOUR HIRE BUSINESS

During the review period, Smile's strong organic growth continued especially in the HoReCa sector. In January–June 2019, turnover for the labour hire business was MEUR 67.5, showing an increase of 27.4 per cent, and EBIT was MEUR 2.8, growing by 55.2 per cent in comparison with last year's reference period. The relative profitability of business operations has improved significantly. All businesses acquired in 2018 have been successfully integrated into Smile and synergy benefits can be seen especially in EBIT improvement. During the second quarter, service development continued through the expansion of hiring to service centres, among other actions. Despite the slight slowing down of general economic growth, the economic outlook in staffing services is better than in other service sectors. Although there are an increasing number of challenges with regard to the availability of labour, which slows down growth in the entire sector, staffing services are considered a future growth sector, in which Smile will continue to grow.

FUTURE GROWTH IN NEW MARKETS

Immediately after the review period, we announced the potential merger of our subsidiary Smile Henkilöstöpalvelut with VMP Plc, one of the largest companies in this field. The completion of the transaction is conditional on a resolution of VMP's general meeting and on obtaining the necessary consents from the financier banks. We will provide more detailed information about the effects of the transaction on our earnings and balance sheet upon the completion of the transaction. If the planned transaction is completed, the merged VMP and Smile will become our associated company, of which NoHo Partners Plc will own 30.27 per cent, being the company's largest individual shareholder.

We expect that the business combination will significantly increase our Group's shareholder value and create added value to us as a shareholder, thanks to the new company's stronger market position and increased competitiveness. The planned transaction will strengthen our Group's financial position significantly. Smile's potential separation from the Group enables us to fully concentrate our resources on the profitable growth and development of our core business operations.

At the beginning of August, we announced that we will expand to a new operating area: the lunch and staff restaurant market. The size of the market is considerable and our view is that its premiumisation holds potential for value creation in the future. Our strategic entry into this market is the acquisition of Pihka restaurants, well-known for their responsible and sustainable business approach. In the long term, we will concentrate on the growing and developing experience market and value creation especially in those segments where we consider our scale and operating model to give us a competitive advantage both in Finland and internationally.

Aku Vikström,
CEO

Key figures

NoHo Partners Group, total

(TEUR)	1 April–30 June 2019	1 April–30 June 2018	1 January–30 June 2019	January–30 June 2018	1 January–31 December 2018
KEY FIGURES, ENTIRE GROUP					
Turnover	100,409	73,174	180,628	122,392	323,158
EBITDA	17,542	7,764	32,706	11,893	28,410
EBITDA, %	17.5%	10.6%	18.1%	9.7%	8.8%
EBIT	5,788	3,134	8,504	4,045	7,190
EBIT, %	5.8%	4.3%	4.7%	3.3%	2.2%
Result of the review period	2,539	2,199	5,362	2,600	4,231
To shareholders of the parent company	1,555	2,036	4,221	2,476	3,494
To minority shareholders	984	163	1,141	124	737
Earnings per share (euros) to the shareholders of the parent company	0.08	0.11	0.22	0.14	0.19
Interest-bearing net liabilities			323,404	142,642	138,500
Gearing ratio, %			312.6%	197.3%	184.3%
Equity ratio, %			19.7%	23.8%	24.6%
Return on investment, % (p.a.)			6.5%	5.2%	5.2%
Net finance costs	2,207	639,3	4,237	787	2,478

Restaurant business

(TEUR)	1 April–30 June 2019	1 April–30 June 2018	1 January–30 June 2019	January–30 June 2018	1 January–31 December 2018
Turnover	67,726	44,970	121,000	75,871	209,725
EBITDA	14,480	5,741	27,461	8,454	19,643
EBITDA, %	21.4%	12.8%	22.7%	11.1%	9.4%
EBIT	3,979	2,113	5,743	2,252	2,206
EBIT, %	5.9%	4.7%	4.7%	3.0%	1.1%

KEY FIGURES

Material margin, %	73.6%	72.5%	73.8%	72.7%	73.9%
Staff expenses, %	34.2%	32.2%	34.0%	31.2%	32.1%

Labour hire business

(TEUR)	1 April–30 June 2019	1 April–30 June 2018	1 January–30 June 2019	January–30 June 2018	1 January–31 December 2018
Turnover	37,223	31,581	67,547	53,036	127,090
EBITDA	3,062	2,008	5,245	3,424	8,753
EBITDA, %	8.2%	6.4%	7.8%	6.5%	6.9%
EBIT	1,809	1,006	2,760	1,779	4,970
EBIT, %	4.9%	3.2%	4.1%	3.4%	3.9%

KEY FIGURES

Staff expenses, %	84.4%	82.3%	84.7%	83.2%	82.4%

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 Plc uses alternative performance measures to give a better picture of the operational development of its business and to improve comparability between reporting periods, also taking into account the typical special features of the sector. Alternative performance measures are also often used by analysts, investors and other parties. Alternative performance measures should not be considered replacement indicators for the key figures specified in the IFRS accounting standards. On the basis of ESMA guidelines, no changes have taken place in the key figures of NoHo Partners Plc. The figures and their calculation formulae are presented in the 2018 financial statements and at the end of this Half-year report.

Turnover and income

January–June 2019 in brief

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RESTAURANT BUSINESS:

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LABOUR HIRE BUSINESS:

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RESTAURANT BUSINESS:

The turnover of the restaurant business segment was MEUR 67.7 (MEUR 45.0), growth of 50.6 per cent. EBIT was MEUR 4.0 (MEUR 2.1), growth of 88.3 per cent.

LABOUR HIRE BUSINESS:

The turnover of the labour hire business segment was MEUR 37.2 (MEUR 31.6), growth of 17.9 per cent. EBIT was MEUR 1.8 (MEUR 1.0), growth of 79.8 per cent.

Summary

In January–June 2019, the Group's turnover was MEUR 180.6, showing an increase of 47.6 per cent, and EBIT was MEUR 8.5, growing by 110.3 per cent, with earnings per share at EUR 0.22, up by 59.7 per cent in comparison with last year's reference period. In April–June 2019, the Group's turnover was MEUR 100.4, showing an increase of 37.2 per cent, and EBIT was MEUR 5.8, growing by 84.7 per cent, with earnings per share at EUR 0.08, down by 28.4 per cent in comparison with last year's reference period.

In January–June 2019, the turnover of the **restaurant business segment** was MEUR 121.0, showing an increase of 59.5 per cent, and EBIT was MEUR 5.7, growing by 155.1 per cent in comparison with last year's reference period. In April–June 2019, turnover was MEUR 67.7, showing an increase of 50.6 per cent, and EBIT was MEUR 4.0, growing by 88.3 per cent in comparison with last year's reference period.

In January–June 2019, turnover for ***restaurants*** was MEUR 46.8 (MEUR 28.0), an increase of 67.1 per cent, and in April–June, it was MEUR 25.1 (MEUR 16.1), an increase of 56.0 per cent.

In January–June 2019, turnover for ***nightclubs, pubs and entertainment*** venues was MEUR 42.1 (MEUR 35.8), an increase of 17.6 per cent, and in April–June, it was MEUR 23.4 (MEUR 20.3), an increase of 15.1 per cent.

In January–June 2019, turnover for ***fast casual restaurants*** was MEUR 16.1 (MEUR 8.8), an increase of 82.8 per cent, and in April–June, it was MEUR 8.0 (MEUR 5.3), an increase of 51.4 per cent.

In January–June 2019, turnover for the ***international restaurant business*** was MEUR 16.0 (MEUR 3.3), an increase of 390.8 per cent, and in April–June, it was MEUR 11.2 (MEUR 3.3), an increase of 243.4 per cent.

In the restaurant business, factors influencing earnings for the review period were investments in international business, expansion to the Norwegian restaurant market, implementation of the restaurant portfolio reorganisation

Figures in parentheses refer to the period last year, unless otherwise stated.

programme and the resulting improvement in balance sheet efficiency through unit restructuring and business divestments as well as numerous restaurant concept reinventions with their ramp-up and opening costs. The Q2/2018 comparison figures were materially affected by the MEUR 3.6 sales profit from the SuperPark transaction and other non-recurring items, with an approximately MEUR 1.4 net effect on the earnings for the reference period.

A finance cost entry item resulting from the IFRS 16 Leases standard, adopted at the beginning of 2019, has a MEUR -0.9 negative effect on earnings and also a negative effect on earnings per share.

In January–June 2019, the turnover of the **labour hire business segment** was MEUR 67.5, showing an increase of 27.4 per cent, and EBIT was MEUR 2.8, growing by 55.2 per cent in comparison with last year's reference period. In April–June 2019, turnover was MEUR 37.2, showing an increase of 17.9 per cent, and EBIT was MEUR 1.8, growing by 79.8 per cent in comparison with last year's reference period. In the labour hire business, earnings for the review period were affected by organic and regional growth especially in the HoReCa sector.

Especially 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–June 2019 was MEUR 20.1 (MEUR 8.1).

Growth investments made during the review period included the expansion of the restaurant business to Norway, with 15 restaurants, and numerous restaurant concept reinventions and changes.

The Group's interest-bearing net liabilities at the end of June 2019 were MEUR 323.4 (MEUR 142.6). Net finance costs in January–June 2019 were MEUR 4.2 (MEUR 0.8). Equity ratio was 19.7 per cent (23.8 per cent) and gearing ratio 312.6 per cent (197.3 per cent).

Pivotal events in the review period

April

SALE OF MASU ASIAN BISTRO, HELSINKI

The business of Masu Asian Bistro & Bar located in Helsinki was sold on 1 April 2019.

EXPANSION OF RESTAURANT BUSINESS TO NORWAY

Based on the authorisation given by the Annual General Meeting, on 2 April 2019 the Board of Directors of NoHo Partners decided to proceed with a special issue of 116,343 new NoHo Partners shares. The issue was targeted at the Norwegian company Carpe Diem AS as part of an arrangement through which NoHo Partners is expanding to the Norwegian restaurant market. The shares were registered in the Trade Register on 5 April 2019. With the subscriptions, the number of NoHo Partners shares increased to 19,008,690 shares.

On 3 April 2019, NoHo Partners Plc announced that it is expanding its restaurant operations to a new market in Norway in accordance with its strategy. The Group established a joint venture with Crea Diem-gruppen, a local restaurant operator, of which NoHo Partners owns 80 per cent. 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 company Trobbelskyter. With this deal and 15 restaurants, NoHo Partners became a significant operator in Norway's restaurant market.

SIKKE'S, HELSINKI

At the beginning of April 2019, NoHo Partners opened a Sikke's restaurant on Tehtaankatu in Helsinki in cooperation with restaurateur, chef and cookbook writer Sikke Sumari. Chef and cookbook writer Pipsa Hurmerinta debuts as the restaurant's chef. The concept of Sikke's relies on clean local ingredients and an uncomplicated menu.

ALAN'S PARTY BAR, HELSINKI

At the beginning of April, a new youth restaurant concept, Alan's Party Bar, opened on Mikonkatu in Helsinki.

DECISIONS BY THE ANNUAL GENERAL MEETING

NoHo Partners Plc's Annual General Meeting was held in Tampere on 24 April 2019.

Financial statements

The meeting adopted NoHo Partners Plc's financial statements and discharged the members of the Board of Directors and the CEOs from liability for the 2018 financial period.

Dividend

The Board of Directors decided that, based on the balance sheet adopted for the financial period that ended on 31 December 2018, a dividend of EUR 0.34 per share will be paid. The dividend record date was 26 April 2019 and the dividend payment date is 9 May 2019.

Board of Directors

The meeting decided that the number of members of the Board of Directors will be seven (7). The meeting re-elected current members of the Board Timo Laine, Petri Olkinuora, Mikko Aartio, Mika Niemi, Tomi Terho and Saku Tuominen, and new member Mia Ahlström, to serve until the end of the next Annual General Meeting. The meeting elected Timo Laine as Chairman of the Board and Petri Olkinuora as Vice-Chairman.

The Annual General Meeting decided that the payment of remuneration and travel expense reimbursements to the members of the Board of Directors would be as follows until the following Annual General Meeting: annual remuneration will be EUR 25,000 to the Chairman of the Board, EUR 20,000 to the Vice-Chairman and EUR 10,000 to other members. Separate attendance allowances are not paid. Travel expenses will be reimbursed in accordance with the company's travel rules.

Auditor

The Annual General Meeting selected as auditor Ernst & Young Oy, a firm of authorised public accountants, until the end of the next Annual General Meeting. Juha Hilmola, APA, will act as the company's responsible auditor. In accordance with the Board's proposal, the meeting decided that the auditor's remuneration will be paid based on a reasonable invoice approved by the company.

Authorisation to purchase the company's own shares

The Annual General Meeting decided to authorise the Board to decide on using the company's unrestricted equity to purchase no more than 800,000 of the company's own shares in one or several tranches, taking into account the stipulations of the Limited Liability Companies Act regarding the maximum number of shares in possession of the company and under the following terms:

The company's own shares shall be purchased with the funds from the company's unrestricted equity, decreasing the distributable profits of the company. The shares shall be purchased in trading on the regulated market in the Helsinki Stock Exchange, and therefore the purchase takes place by private placing and not in relation to the shares owned by the shareholders. The sum paid for the shares is the price announced on the acquisition day for NoHo Partners Plc's shares on the regulated market on the stock list of Helsinki Stock Exchange. The shares are purchased in trading organised by Nasdaq Helsinki Ltd in accordance with its rules and regulations. The shares can be purchased for financing or carrying out possible corporate acquisitions or other arrangements, to implement incentive schemes within the company, or for other purposes decided upon by the Board of Directors. The maximum amount of the shares to be purchased is equivalent to approximately 4.2 per cent of all the shares and votes of the company calculated using the share count on the publication date of the notice of the Annual General Meeting, so the purchase of the shares does not have a significant influence on the share ownership and the distribution of voting rights in the company.

The Board of Directors shall decide on the other matters related to the purchase of the company's own shares.

The authorisation will expire at the end of the 2020 Annual General Meeting, however no later than 18 months from the Annual General Meeting's authorisation decision.

Authorisation to decide on share issue

The meeting decided, as proposed by the Board of Directors, to authorise the Board of Directors to decide on a share issue under the following terms:

With this authorisation, the Board may decide to issue a maximum of 2,000,000 new shares, and to transfer no more than 800,000 of the company's own shares held by the company ("Share Issue Authorisation").

The new shares can be issued and the company's own shares held by it can be assigned in one or more instalments, either with or without payment. The new shares may be issued and the company's own shares held by it can be assigned to company shareholders in proportion to the company shares that they already own or, deviating from the shareholders' pre-emptive right, in a special share issue if, from the company's perspective, there is a justified financial reason for it, such as the financing or implementation of corporate acquisitions or other arrangements, development of the company's equity structure, improvement of share liquidity or the implementation of company incentive schemes. The issue of new shares or transfer of the company's own shares held by the company can also take place against apport property or by using a claim for the company held by the subscriber to redeem the amount to be paid for the issue price or the price to be paid for the shares. A special issue may only be arranged without payment if a justified financial reason exists in terms of the overall benefit of the company and all of its shareholders.

The Board of Directors was authorised to decide on the other matters related to share issues.

The share issue authorisation will expire at the end of the 2020 Annual General Meeting; however, no later than 18 months from the Annual General Meeting's share issue authorisation decision.

May

YOU'RE A STAR

In May, the Group launched a staff bonus model that is quite exceptional in the field. Every day for a year, one Group employee receives the EUR 500 "You're a Star" bonus based on customer feedback.

ROSTER, TURKU

The business of the Roster restaurant located in Turku was sold on 1 May 2019.

VENUE FL, TAMPERE

In May 2019, the popular Tampere nightclub Fat Lady revamped its concept to become a pop-up events venue. Venue FL organises urban, house, techno, trance, trap, drum'n'bass and rap clubs, among other things.

June

RENEWAL IN TILLIKKA, TAMPERE

The legendary Tampere restaurant Tillikka underwent a facelift in June, with its overall appearance, interior and menu renewed. The premises were restored, the beverage selection was expanded and the menu returned to classics.

ROSTER, HELSINKI

The business operations of the Roster restaurant located in Helsinki were discontinued at the end of June. A restaurant under a new concept will be opened in the same premises later in autumn 2019.

COOPERATION WITH THE KESKO GROUP'S K-KAMPUS

NoHo Partners will be responsible for providing restaurant, conference and event services to the Kesko Group's head office, K-kampus, which was completed in Kalasatama, Helsinki, in June 2019. More than 1,800 Kesko employees will work at K-kampus.

Events after the review period and new projects

MERGER OF SMILE AND VMP

On 5 July 2019, NoHo Partners signed a share purchase agreement with VMP Plc on the sale of the share capital of NoHo Partners' subsidiary Smile Henkilöstöpalvelut Oyj to VMP in exchange for shares. Smile's minority shareholders have also committed to the transaction. If the transaction is completed, the merged VMP and Smile will become an associated company of NoHo Partners and NoHo Partners will become the combined company's largest shareholder with a 30.27% stake. Correspondingly, Smile will become a subsidiary of VMP. The Transaction will be executed as a share exchange, in which Smile's shareholders will receive 0.8087 new shares in VMP as share consideration for each share in Smile owned by them, corresponding to a debt-free purchase price of MEUR 82 (based on the closing price of EUR 4.92 for VMP share on 4 July 2019). The transaction is conditional on a resolution of VMP's extraordinary general meeting and on obtaining the necessary consents and undertakings from the financier banks. VMP's general meeting will be organised on 22 August 2019.

SOCIAL CLUB, TAMPERE

The concept of the nightclub Union Work & Leisure Club was reinvented. The restaurant was revamped as a Cuban-style restaurant and renamed Social Club to better reflect current trends and meet the customers' needs. The restaurant was opened on 6 July 2019.

SANDRO SHOP & RESTAURANT, CITYKÄYTÄVÄ, HELSINKI

The fifth Sandro concept restaurant was opened in Citykäytävä, Helsinki, in July. The restaurant, inspired by Middle Eastern and North African flavours, serves both lunch and à la carte food. The restaurant also has a shop selling Mediterranean and North African delicacies.

STEFAN'S STEAKHOUSE, OULU

The eighth Stefan's Steakhouse restaurant was opened on Kauppurienkatu in the centre of Oulu in July. The seven earlier Stefan's Steakhouse restaurants are located in Tampere, Helsinki, Jyväskylä, Ruka, Levi, Vaasa and Hanko.

KISKA, HELSINKI

In late July, a new terrace restaurant called Kiska was opened on the Erottaja square in the heart of Helsinki. The seasonal restaurant focuses on drink products and features 150 seats on the terrace and approximately 20 seats indoors.

PIHKA RESTAURANTS

NoHo Partners and Juuri Yhtiöt Oy are establishing a joint venture, Pihka Oy, that will operate the four Pihka staff restaurants and the Tapahtumatalo Bank starting from the beginnig of September. In addition to restaurant services, the company will also invest strongly in event, conference and catering operations. With the transaction, NoHo Partners will expand its operations to the new, growing lunch and staff restaurant market.

CHANGES IN NOHO PARTNERS PLC'S EXECUTIVE TEAM

On 9 April 2019, NoHo Partners Plc announced that CCO and member of the Executive Team Joonas Mäkilä and CBO (Events) and member of the Executive Team Elina Yrjänheikki left their positions. Mäkilä resigned from the service of NoHo Partners for personal reasons, and his employment ended on 26 July 2019. Yrjänheikki left the Executive Team of NoHo Partners on 1 May 2019, and she transferred to lead the company's new development ventures.

As of 27 July 2019, the Group's Executive Team will consist of the following people:

Aku Vikström, CEO, Chairman of the Executive Team
Juha Helminen, Deputy CEO, Director of International Operations
Jarno Suominen, CFO
Paul Meli, CBO, Nightclubs and Pubs&Entertainment, 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, Nightclubs and Pubs&Entertainment, Helsinki Metropolitan Area
Perttu Pesonen, Development Director
Anne Kokkonen, HR Director

Personnel

RESTAURANT BUSINESS:

In the period 1 January–30 June 2019, the restaurant operations of the NoHo Partners Group employed on average 970 (612) full-time employees and 582 (240) part-time employees converted into full-time employees as well as 464 (363) rented employees converted into full-time employees.

LABOUR HIRE BUSINESS:

In the period 1 January–30 June 2019, the NoHo Partners Group's labour hire business employed on average 140 (109) full-time and 3,029 (2,469) part-time employees converted into full-time employees.

Depending on the season, some 4,500 people converted into full-time employees work at the Group at the same time.

Risks and uncertainty factors

There have been no changes in the Group's risks and uncertainty factors during 2019. A more detailed description of risks and uncertainty factors can be found in the financial statements of 31 December 2018.

Tampere, 6 August 2019

NOHO PARTNERS PLC

Board of Directors

More information available from:
Aku Vikström, CEO, tel. +358 44 011 1989
Jarno Suominen, CFO, tel. +358 40 721 5655

NoHo Partners Plc
Hatanpään valtatie 1 B
FI-33100 Tampere, Finland

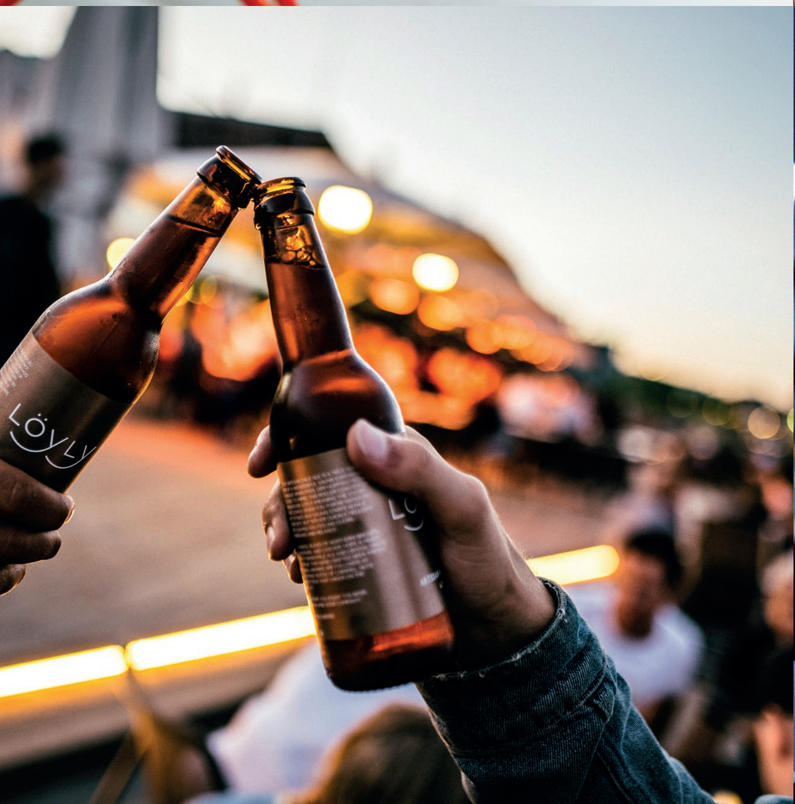
WWW.NOHO.FI

NOHO PARTNERS PLC is a Finnish group established in 1996, specialising in restaurant services and labour hire. 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 220 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 2018, NoHo Partners Plc's turnover was MEUR 323.2 and EBIT MEUR 7.2. Depending on the season, the Group employs approximately 4,500 people converted into full-time workers. NoHo Partners Plc's subsidiary Smile Henkilöstöpalvelut Oyj employed approximately 10,000 people during the 2018 financial period.

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

Half-year Report 1 January–30 June 2019:

Table Section and Notes

Half-year Report 1 January–30 June 2019: Table Section and Notes

The information presented in the Half-year Report has not been audited

Consolidated Income Statement (IFRS)

(TEUR)	Note	1 April– 30 June 2019	1 April– 30 June 2018	1 January– 30 June 2019	1 January– 30 June 2018	1 January–31 December 2018
Turnover		100,409.4	73,174.4	180,628.3	122,392.5	323,157.9
Other operating income		1,605.8	4,307.6	3,210.7	4,887.8	6,623.4
Materials and services		-20,616.7	-15,275.6	-36,501.7	-25,014.2	-66,147.0
Staff expenses		-47,866.3	-35,670.7	-86,749.4	-58,996.7	-151,267.1
Other operating expenses		-15,990.3	-18,771.7	-27,881.7	-31,376.9	-83,957.5
EBITDA		**17,541.9**	**7,763.9**	**32,706.3**	**11,892.6**	**28,409.7**
Depreciations, amortisations and impairment		-11,753.7	-4,630.3	-24,202.5	-7,848.0	-21,219.8
EBIT		**5,788.2**	**3,133.6**	**8,503.8**	**4,044.6**	**7,189.9**
Share of associated company profit		-68.6	19.3	-69.5	22.5	23.0
Financial income		39.6	0.0	2,198.0	50.2	1,986.7
Finance costs		-2,326.1	-718.2	-4,370.6	-915.9	-3,588.9
Profit/loss before taxes		**3,433.1**	**2,434.6**	**6,261.6**	**3,201.4**	**5,610.7**
Tax based on the taxable income from the financial period		-1,780.6	-894.6	-2,750.6	-1,747.3	-2,309.7
Change in deferred taxes		886.9	658.9	1,850.7	1,146.0	929.8
Result of the financial period		**2,539.4**	**2,198.9**	**5,361.7**	**2,600.2**	**4,230.8**
Attributable to:						
Parent company shareholders		1,555.3	2,035.7	4,221.0	2,476.0	3,494.0
Minority shareholders		984.1	163.3	1,140.7	124.2	736.8
Total		**2,539.4**	**2,198.9**	**5,361.7**	**2,600.2**	**4,230.8**
Earnings per share calculated from the review period profit for parent company shareholders						
Undiluted earnings per share (euros)		0.08	0.11	0.22	0.14	0.19
Diluted earnings per share (euros)		0.06	0.11	0.20	0.14	0.19
Comprehensive consolidated income statement						
Result of the financial period		**2,539.4**	**2,198.9**	**5,361.7**	**2,600.2**	**4,230.8**
Other comprehensive income items (after taxes):						
Other financial assets measured at fair value through other comprehensive income items, change		0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period		**2,539.4**	**2,198.9**	**5,361.7**	**2,600.2**	**4,230.8**
Distribution of the comprehensive income for the financial period:						
Parent company shareholders		1,555.3	2,035.7	4,221.0	2,476.0	3,494.0
Minority shareholders		984.1	163.3	1,140.7	124.2	736.8
Total		**2,539.4**	**2,198.9**	**5,361.7**	**2,600.2**	**4,230.8**

Non-recurring items recorded during the financial period from 1 January 2019 to 30 June 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 818 consisting of expenses relating to Smile Henkilöstöpalvelut Oyj's cancelled listing process was recorded under other operating expenses and TEUR 932 under financial expenses. TEUR 3,572 of the sales profit from SuperPark shares was recorded under other operating income.

A TEUR 1,830 adjustment of the estimated additional transaction price related to the share acquisitions of Job Service Two Oy, Job Service Three Oy and Bird Mother ApS was recorded under financial income, and a TEUR 87 adjustment of the actual additional sales price related to the share acquisition of Jobio Pirkanmaa Oy and Jobio Pohjanmaa Oy was recorded under finance costs. TEUR 1,133 of asset transfer tax was recorded in the restaurant segment and TEUR 307 in the labour hire segment.

Consolidated Balance Sheet (IFRS)

(TEUR)	30 June 2019	30 June 2018	31 December 2018
ASSETS			
Non-current assets			
Goodwill	156,188.6	160,945.7	147,434.0
Intangible assets	60,367.1	38,483.6	56,542.2
Property, plant and equipment	53,187.2	49,659.2	47,081.9
Right-of-use assets	180,417.4	0.0	0.0
Shares in associated companies and joint ventures	965.0	153.6	154.0
Financial assets measured at fair value through other items in the comprehensive income	98.1	98.1	98.1
Interest-bearing receivables	50.0	125.3	175.3
Non-interest-bearing receivables	4,794.6	5,107.9	3,755.4
Deferred tax assets	333.1	218.6	318.9
Non-current assets total	**456,401.0**	**254,792.1**	**255,559.8**
Current assets			
Inventories	6,462.2	5,852.7	5,147.0
Interest-bearing loans receivable	20.3	0.0	27.0
Sales receivables and other non-interest-bearing receivables	56,359.3	36,469.7	39,984.1
Cash and cash equivalents	5,875.8	7,128.4	4,954.6
Current assets total	**68,717.6**	**49,450.7**	**50,112.8**
Assets in total	**525,118.6**	**304,242.8**	**305,672.6**
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders			
Share capital	150.0	150.0	150.0
Invested unrestricted equity fund	68,027.1	66,944.8	66,944.8
Fair value fund	-4.5	-4.5	-4.5
Own shares	-191.4	-191.4	-191.4
Retained earnings	-5,388.2	-1,558.3	-519.3
Equity loan	0.0	220.0	0.0
Hybrid bond	25,000.0	0.0	0.0
Total equity attributable to parent company shareholders	**87,593.0**	**65,560.6**	**66,379.6**
Minority shareholders	15,869.2	6,737.7	8,767.5
Equity, total	**103,462.2**	**72,298.3**	**75,147.2**
Non-current liabilities			
Deferred tax liabilities	10,183.3	5,397.2	10,227.3
Financial liabilities	86,219.5	98,985.8	90,466.9
Liabilities for right-of-use assets	154,899.7	0.0	0.0
Trade payables and other liabilities	7,228.4	8,511.7	6,298.5
Non-current liabilities total	**258,530.8**	**112,894.7**	**106,992.7**
Current liabilities			
Financial liabilities	58,934.5	50,890.8	53,162.8
Provisions	382.7	0.0	1,025.0
Liabilities for right-of-use assets	26,642.6	0.0	0.0
Trade payables and other liabilities	77,165.8	68,159.0	69,344.9
Current liabilities total	**163,125.5**	**119,049.8**	**123,532.7**
Liabilities total	**421,656.4**	**231,944.5**	**230,525.4**
Equity and liabilities in total	**525,118.6**	**304,242.8**	**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.

Consolidated Statement of Changes in Equity

	Equity attributable to parent company shareholders										
(TEUR)	**Share capital**	**Invested unrestricted equity fund**	**Fair value fund**	**Own shares**	**Translation difference**	**Retained earnings**	**Hybrid bond**	**Equity loan**	**TOTAL**	**Minority shareholders' share**	**EQUITY, TOTAL**
Equity, 1 January 2019	**150.0**	**66,944.8**	**-4.5**	**-191.4**	**0.0**	**-519.2**	**0.0**	**0.0**	**66,379.6**	**8,767.5**	**75,147.2**
Comprehensive income for the financial period											
Profit for the financial period						4,221.0			**4,221.0**	1,140.7	**5,361.7**
Other comprehensive income (after taxes)									**0.0**		**0.0**
Financial assets available for sale									**0.0**		**0.0**
Total comprehensive income for the financial period	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**4,221.0**	**0.0**	**0.0**	**4,221.0**	**1,140.7**	**5,361.7**
Other changes					-32.1				**-32.1**		**-32.1**
IFRS 16 change						708.3			**708.3**		**708.3**
Other changes total	**0.0**	**0.0**	**0.0**	**0.0**	**-32.1**	**708.3**	**0.0**	**0.0**	**676.2**	**0.0**	**676.2**
Transactions with shareholders											
Drawing and expenses of the hybrid bond						-345.6	25,000.0		**24,654.4**		**24,654.4**
Distribution of dividends						-6,463.0			**-6,463.0**	-1,875.3	**-8,338.3**
New issue		1,027.3							**1,027.3**		**1,027.3**
Expenses directly incurred from the issue of new shares adjusted with taxes									**0.0**		**0.0**
Acquisition of own shares									**0.0**		**0.0**
Changes in minority shareholders' shares without a change in controlling interest		55.0				-3,391.2			**-3,336.2**	7,836.3	**4,500.1**
Changes in minority shareholders' shares that led to a change in controlling interest									**0.0**		**0.0**
Share-based payments						433.7			**433.7**		**433.7**
Transactions with shareholders, total	**0.0**	**1,082.3**	**0.0**	**0.0**	**0.0**	**-9,766.2**	**25,000.0**	**0.0**	**16,316.1**	**5,961.0**	**22,277.1**
Equity, 30 June 2019	**150.0**	**68,027.1**	**-4.5**	**-191.4**	**-32.1**	**-5,356.1**	**25,000.0**	**0.0**	**87,593.0**	**15,869.2**	**103,462.2**

	Equity attributable to parent company shareholders										
(TEUR)	**Share capital**	**Invested unrestricted equity fund**	**Fair value fund**	**Own shares**	**Translation difference**	**Retained earnings**	**Hybrid bond**	**Equity loan**	**TOTAL**	**Minority shareholders' share**	**EQUITY, TOTAL**
Equity, 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**
Comprehensive income for the financial period											
Profit for the financial period						2,476.0			**2,476.0**	124.2	**2,600.2**
Other comprehensive income (after taxes)									**0.0**		**0.0**
Financial assets available for sale									**0.0**		**0.0**
Total comprehensive income for the financial period	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2,476.0**	**0.0**	**0.0**	**2,476.0**	**124.2**	**2,600.2**
Other changes					1.3	-550.0			**-548.7**		**-548.7**
Other changes total	**0.0**	**0.0**	**0.0**	**0.0**	**1.3**	**-550.0**	**0.0**	**0.0**	**-548.7**	**0.0**	**-548.7**
Transactions with shareholders											
Equity loans									**0.0**		**0.0**
Distribution of dividends						-5,484.5			**-5,484.5**	-708.3	**-6,192.8**
New issue		26,453.4							**26,453.4**	854.4	**27,307.8**
Expenses directly incurred from the issue of new shares adjusted with taxes									**0.0**		**0.0**
Acquisition of own shares									**0.0**		**0.0**
Changes in minority shareholders' shares without a change in controlling interest		-18.8				-2,238.6			**-2,257.3**	4,496.3	**2,239.0**
Changes in minority shareholders' shares that led to a change in controlling interest									**0.0**		**0.0**
Share-based payments									**0.0**		**0.0**
Transactions with shareholders, total	**0.0**	**26,434.7**	**0.0**	**0.0**	**0.0**	**-7,723.0**	**0.0**	**0.0**	**18,711.6**	**4,642.4**	**23,354.0**
Equity, 30 June 2018	**150.0**	**66,944.8**	**-4.5**	**-191.4**	**1.3**	**-1,559.6**	**0.0**	**220.0**	**65,560.6**	**6,737.7**	**72,298.3**

Consolidated Statement of Cash Flows (IFRS)

(TEUR)	1 January–30 June 2019	1 January–30 June 2018	1 January–31 December 2018
Operating net cash flow			
Profit for the financial period	5,431.3	2,600.2	4,230.8
Adjustments:			
Non-cash transactions	558.5	55.3	3,423.7
Sales profit from sales of shares of associated companies		-3,572.0	-3,572.0
Depreciations, amortisations and impairment	24,202.5	7,848.0	21,219.8
Finance costs (net)	2,172.7	865.7	1,602.2
Taxes	830.3	601.3	1,379.9
Share of associated company profit	69.5	-22.5	-23.0
Cash flow before change in working capital	**33,264.8**	**8,375.9**	**28,261.4**
Changes in working capital:			
Increase (-)/deduction (+) in accounts receivable and other receivables	-7,228.5	-1,632.1	-5,139.3
Increase (-)/deduction (+) in inventories	-475.3	19.3	893.8
Increase (+)/deduction (-) in accounts payable and other liabilities	777.0	4,622.4	1,839.1
Change in working capital	**-6,926.8**	**3,009.6**	**-2,406.4**
Dividends received	0.0	0.0	4.0
Interest paid and other finance costs	-4,176.7	-931.8	-3,494.5
Interest received and other financial income	60.9	48.8	89.1
Taxes paid	-2,157.1	-2,416.2	-3,741.8
Operating net cash flow	**20,065.1**	**8,086.3**	**18,711.9**
Investment cash flow			
Investments in tangible and intangible assets (-)	-6,943.3	-8,684.1	-10,205.7
Deduction (+)/increase (-) of other non-current receivables	-1,680.0	-171.1	-838.8
Acquisition of subsidiaries with time-of-acquisition liquid assets deducted	-11,479.4	-60,097.1	-66,198.8
Sales of subsidiaries with time-of-acquisition liquid assets deducted	0.0	27.0	77.3
Business transactions, acquisitions (-)	-1,295.0	-321.0	-367.9
Business transactions, sales (+)	302.1	166.0	340.7
Sales of minority shareholders' shares (+)	0.0	0.0	76.0
Associated company shares sold	0.0	6,513.3	6,513.3
Investment net cash flow	**-21,095.6**	**-62,567.1**	**-70,603.9**
Financial cash flow			
Payments to invested unrestricted equity fund	0.0	1,243.5	219.9
Minority shareholders' investments in subsidiaries	0.0	0.00	1,023.6
Repayment of equity convertible loans (-)	0.0	-13,319.5	-13,319.5
Non-current loans drawn (+)	3,050.0	77,843.7	85,085.5
Non-current loans repaid (-)	-9,445.5	-29,539.8	-32,368.9
Short-term loans drawn (+)/repaid (-)	5,786.6	8,601.5	125.3
Short-term commercial papers drawn (+)/repaid (-)	0.0	22,000.0	22,000.0
Acquisition of minority shareholders' shares (-)	-225.0	-983.78	-1,049.7
Drawing of hybrid bond	24,654.4	0.00	0.0
Right-of-use asset liabilities repaid	-13,453.7	0.00	0.0
Dividends paid	-8,415.1	-6,806.5	-7,439.5
Financial net cash flow	**1,951.6**	**59,039.2**	**54,276.6**
Change in liquid assets	**921.2**	**4,558.4**	**2,384.7**
Liquid assets 1 January	**4,954.6**	**2,570.0**	**2,570.0**
Change	**921.2**	**4,558.4**	**2,384.7**
Liquid assets 31 December	**5,875.8**	**7,128.4**	**4,954.6**

In stock exchange releases dated 21 March 2019, NoHo Partners Plc announced the issue of a MEUR 25 hybrid bond. The hybrid bond is an equity bond. NoHo Partners Plc will use the proceeds of the hybrid bond in accordance with its strategy, including possible international and domestic acquisitions, 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 half-year report has been prepared observing the IAS 34 Interim Financial Reporting standard. The half-year report should be read together with the 2018 IFRS consolidated financial statements. The half-year 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.

Hybrid bond
In stock exchange releases dated 21 March 2019, NoHo Partners Plc announced the issue of a MEUR 25 hybrid bond. The hybrid bond is an equity bond. NoHo Partners Plc will use the proceeds of the hybrid bond in accordance with its strategy, including possible international and domestic acquisitions, 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 bond, 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 bond will be paid if the Annual General Meeting decides to pay dividend. If divided is not paid, the company will decide separately on any payment of interest. Unpaid interest will cumulate. The bearers of the hybrid bond have no authority or votes at the Annual General Meeting.

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

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 half-year 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 or EBITDA 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 have estimated for each lease that all extension options will be utilised. There are both business and financial reasons for this. According to the management, the business reason at the time of preparing the IFRS 16 analysis is that the Group does not have leases for any unprofitable business premises. The financial reason is that the management considers that the business premises or the lease generate earnings throughout the entire time period covered by the basic lease term and extension options.

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 payables and other liabilities	69,344.9	-880.8	68,464.2
Equity and liabilities in total		**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

The 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 leases of operating leases were presented under other operating expenses.

During the reporting period 1 January–30 June 2019, the calculated effect of the IFRS 16 transition on earnings is MEUR 0.9 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 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 rents 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, and interest expenses in finance costs. The other information required by the standard are 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.

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.

3. Sales Revenue

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

DISTRIBUTION OF SALES REVENUE INTO GOODS AND SERVICES

(TEUR)	1 April– 30 June 2019	1 April– 30 June 2018	1 January– 30 June 2019	1 January– 30 June 2018	1 January–31 December 2018
Sale of goods	54,289.3	36,311.9	97,141.9	63,366.8	173,006.0
Sale of services	46,120.0	36,862.5	83,486.4	59,025.7	150,151.8
Total	**100,409.4**	**73,174.4**	**180,628.3**	**122,392.5**	**323,157.9**

The sale of goods is primarily comprised of food and beverage sales by restaurant operations to private and corporate customers.

The sale of services is primarily comprised of the sale of staffing services to, for example, the following sectors: hotel and restaurant sector, construction and industry, events and promotions, logistics and maintenance as well as health care. The services also include recruitment services as well as restaurants' service sales and marketing support payments received. Restaurant operations amount to approximately 7% of the sale of services.

The Group's sales are mainly comprised of domestic sales.

Asset and debt items based on contracts with customers
Growth funding paid to customers in connection with long-term contracts with labour hire customers are presented in other current and non-current receivables. On 30 June 2019, the total sum of the growth funding amounted to TEUR 3,360. The Group anticipates that growth funding will result in income recognition within 1 to 5 years.

Of asset items based on contracts, TEUR 160 of IFRS 9 credit loss provision has been recorded between 1 January and 30 June 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 30 June 2019, the value of gift cards sold was approximately TEUR 1,075, and they are expected to be entered as income within the calendar year.

4. Segment information

The Group has two reportable operating segments, which are its strategic business units: restaurants and labour hire. These business units produce various products and services and are managed as separate units, since their business requires applying different strategies. The Group's Executive Team has 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 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 220 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 offers flexible personnel solutions to companies operating in several different fields. Staffing services are 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 are derived from labour hire activities.

The segment information presented by the Group is based on the management's internal reporting that is prepared in accordance with the IFRS standards. The pricing between segments is based on a fair market price. The Group's assets and liabilities are 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 are based on the segments' EBIT. It is the understanding of the management that this is the most suitable benchmark for comparing the profitability of the segments to other companies in their respective fields.

	1 April–30 June 2019				1 April–30 June 2018			
	Restaurants	Labour hire	Eliminations	Group	Restaurants	Labour hire	Eliminations	Group
Turnover	67,725.9	37,222.8	-4,539.3	100,409.4	44,969.7	31,580.6	-3,375.9	73,174.4
Other operating income	1,587.6	215.7	-197.5	1,605.8	4,262.9	230.4	-185.8	4,307.6
EBITDA	14,480.1	3,061.8	0.0	17,541.9	5,741.3	2,008.3	14.4	7,763.9
Depreciations	-10,501.2	-1,252.5	0.0	-11,753.7	-3,628.3	-1,002.1	0.0	-4,630.3
EBIT	3,978.9	1,809.3	0.0	5,788.2	2,113.0	1,006.2	14.4	3,133.6
Profit/loss before taxes	4,076.7	1,603.1	-2,246.8	3,433.1	1,696.0	738.6	0.0	2,434.6

	1 January-30 June 2019				1 January-30 June 2018			
	Restaurants	Labour hire	Eliminations	Group	Restaurants	Labour hire	Eliminations	Group
Turnover	121,000.2	67,547.1	-7,919.1	180,628.3	75,871.1	53,036.3	-6,514.9	122,392.5
Other operating income	3,232.3	349.5	-371.1	3,210.7	4,763.6	474.6	-350.4	4,887.8
EBITDA	27,461.0	5,245.3	0.0	32,706.3	8,454.4	3,423.8	14.4	11,892.6
Depreciations	-21,717.6	-2,484.9	0.0	-24,202.5	-6,202.8	-1,645.2	0.0	-7,848.0
EBIT	5,743.4	2,760.4	0.0	8,503.8	2,251.6	1,778.6	14.4	4,044.6
Profit/loss before taxes	6,099.8	2,408.7	-2,246.8	6,261.6	1,687.0	1,514.4	0.0	3,201.4

	1 January-31 December 2018			
	Restaurants	Labour hire	Eliminations	Group
209 725,0	209,725.0	127,089.6	-13,656.7	323,157.9
6 300,9	6,300.9	1,025.3	-702.8	6,623.4
19 642,8	19,642.8	8,752.6	14.4	28,409.7
-17 436,8	-17,436.8	-3,783.0	0.0	-21,219.8
2 206,0	2,206.0	4,969.6	14.4	7,189.9
984,3	984.3	4,626.4	0.0	5,610.7

Non-recurring items recorded during the financial period from 1 January 2019 to 30 June 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 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.

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

A TEUR 1,830 adjustment of the estimated additional transaction price related to the share acquisitions of Job Service Two Oy, Job Service Three Oy and Bird Mother ApS was recorded under financial income, and a TEUR 87 adjustment of the actual additional sales price related to the share acquisition of Jobio Pirkanmaa Oy and Jobio Pohjanmaa Oy was recorded under finance costs.

TEUR 1,133 of asset transfer tax was recorded in the restaurant segment and TEUR 307 in the labour hire segment.

5. Changes in group structure

ACQUIRED SUBSIDIARIES AND BUSINESSES

RESTAURANT SEGMENT ACQUISITIONS:		
Acquired company or business	Transfer of the right of ownership and management	Shareholding acquired
Catering business acquisition, Casseli Oy, Tampere	02/01/2019	-
Restaurant operations, Taqueria El Rey, Helsinki	01/03/2019	-
Business acquisition, Arla, Lahden Järvimatkailu Oy, Lahti	03/04/2019	-
Dubliners AS	01/04/2019	100%
DOD AS	01/04/2019	100%
MEO AS	01/04/2019	100%
Rådhuskroken AS	01/04/2019	100%
SBF AS	01/04/2019	100%
Complete Security AS	01/04/2019	100%
Trøbbelskyter AS Group	01/04/2019	70%

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 ("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 ("Trobbelskyter").

After adjustments to the transaction price and fair value, goodwill will amount to TEUR 8,926. 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 Partners´ 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:

(TEUR)	Dubliners AS	Trobbelskyter AS Group	DOD, MEO, Rådhuskroken, SBF, Complete Security	Other acquisitions	Total acquisitions
Assets					
Intangible assets	2,108.9	3,536.2	2,012.0	96.6	7,753.7
Tangible assets	147.9	3,027.4	2,092.7	763.8	6,031.8
Investments	0.0	952.2	0.0	0.0	952.2
Non-current receivables	0.0	60.7	0.0	0.0	60.7
Current receivables	160.5	3,256.8	1,114.2	0.0	4,531.4
Inventories	110.3	541.1	188.4	0.0	839.8
Cash and cash equivalents	710.2	1,209.9	320.3	0.0	2,240.4
Assets in total	**3,237.8**	**12,584.3**	**5,727.7**	**860.4**	**22,410.1**
Liabilities					
Deferred tax liabilities	432.9	778.7	452.8	0.0	1,664.4
Financial liabilities	0.0	1,700.3	1,087.6	0.0	2,787.9
Other payables	1,004.5	5,141.6	3,135.1	0.0	9,281.3
Liabilities total	**1,437.4**	**7,620.7**	**4,675.5**	**0.0**	**13,733.6**
Net assets	**1,800.3**	**4,963.7**	**1,052.2**	**860.4**	**8,676.5**
Total purchase consideration at time of acquisition:					
Share of purchase consideration consisting of cash and cash equivalents	4,333.5	5,745.4	1,870.1	995.0	12,944.1
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**	**995.0**	**15,427.1**
Generation of goodwill through acquisitions:					
Total purchase consideration	6,442.6	5,745.4	2,244.2	995.0	15,427.1
Minority shareholders' share	21.8	2,267.4	20.3	0.0	2,309.5
Net identifiable assets of the acquired entity	1,800.3	4,963.7	1,052.2	860.4	8,676.5
Goodwill	**4,664.1**	**3,049.1**	**1,212.3**	**134.6**	**9,060.2**

The acquisition cost calculations are preliminary and the management will conduct more detailed calculations on fair value allocations during this financial period.

During the reporting period 1 January–30 June 2019, the company has recorded a total of TEUR 220 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.

LABOUR HIRE SEGMENT ACQUISITIONS:

Acquired company or business	Transfer of the right of ownership and management	Share capital
Business acquisition, Popula Partner	01/04/2019	-

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

(TEUR)	Business acquisitions	Total acquisitions
Assets		
Intangible assets	71.0	71.0
Assets in total	**71.0**	**71.0**
Net assets	**71.0**	**71.0**
Total purchase consideration at time of acquisition:		
Share of purchase consideration consisting of cash and cash equivalents	275.0	275.0
Total purchase consideration in total	**275.0**	**275.0**
Generation of goodwill through acquisitions:		
Total purchase consideration	275.0	275.0
Net identifiable assets of the acquired entity	71.0	71.0
Goodwill	**204.0**	**204.0**

The acquisition cost calculations are preliminary, but the management does not expect material changes to them.

During the reporting period 1 January–30 June 2019, the company has recorded a total of TEUR 13 in acquisition-related asset transfer taxes under other operating expenses.

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%	Helsinki	01/02/2019
Restaurant, Hämeenkatu 14	100%	Tampere	12/03/2019
Restaurant, Eteläesplanadi 22	100%	Helsinki	01/04/2019
Restaurant, Tuomiokirkonkatu 6	100%	Turku	01/05/2019

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

Property, plant and equipment 646.2
Other asset items 41.3
Net assets, total.................... 687.5

There were impairment losses relating to the goodwill allocated to the sold units. The goodwill impairment relating to the sold units was recognised as follows:

Intangible rights, goodwill 509.9

Of completed sales, a loss of TEUR 109 due to the difference between the sales profit from fixed assets and the recognition of goodwill impairment; and TEUR 503 capital losses of fixed assets were recognised in the income statement.

6. Intangible and tangible assets

(TEUR) Goodwill	30 June 2019	30 June 2018	31 December 2018
Book value 1 Jan.	147,434.0	52,571.3	52,571.3
Business acquisitions	9,264.2	108,435.8	95,024.7
Deductions	-509.5	-61.4	-162.0
Book value at the end of the review period	**156,188.6**	**160,945.7**	**147,434.0**

(TEUR) Intangible,assets	30 June 2019	30 June 2018	31 December 2018
Book value 1 Jan.	56,542.2	13,648.4	13,648.4
Business acquisitions	7,683.5	27,735.6	52,774.0
Additions	595.5	21.6	24.9
Depreciations, amortisations and impairment	-4,454.2	-2,921.9	-7,190.9
Deductions	0.0	0.0	-1.8
Transfers between account types	0.0	0.0	-2,712.5
Book value at the end of the review period	**60,367.1**	**38,483.6**	**56,542.2**

Tangible,assets	30 June 2019	30 June 2018	31 December 2018
Book value 1 Jan.	47,081.9	32,391.2	32,391.2
Business acquisitions	6,031.8	19,695.9	18,020.6
Additions	6,107.5	2,095.9	10,882.8
Depreciations, amortisations and impairment	-5,350.4	-4,926.0	-14,028.9
Deductions	-683.7	-184.7	-770.8
Transfers between account types	0.0	587.0	587.0
Book value at the end of the review period	**53,187.2**	**49,659.2**	**47,081.9**

Right-of-use,assets	30 June 2019	30 June 2018	31 December 2018
Book value 1 Jan.	176,890.1	0.0	0.0
Additions	18,105.9	0.0	0.0
Depreciations, amortisations and impairment	-14,398.0	0.0	0.0
Deductions	-180.6	0.0	0.0
Transfers between account types	0.0	0.0	0.0
Book value at the end of the review period	**180,417.4**	**0.0**	**0.0**

7. Related party transactions

RELATED PARTY TRANSACTIONS

(TEUR)	Sales	Acquisitions	Receivables	Liabilities
30 June 2019	631.7	2,509.5	939.0	406.8
30 June 2018	1,221.6	1,641.4	871.8	419.1
31 December 2018	2,518.9	3,727.5	704.7	266.1

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 started on 1 December 2018 and will end on 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 will cover 10 key employees of the company's Executive Team in the first earning period. The Board of Directors anticipates that if the reward is fully paid in shares, the maximum dilutive effect on the number of the company's registered shares for the first earning period is 1.1%.

The costs of the first earning period of the share incentive scheme are allocated over a period from December 2018 to the end of 2019. The maximum reward for the first earning period at the grant date is TEUR 1,879. 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 434 in benefits paid in shares have been entered as expenses for the 1 January–30 June 2019 financial period.

MEMBERS OF THE EXECUTIVE TEAM OF NOHO PARTNERS PLC ON 27 JULY 2019

Aku Vikström, CEO, Chairman of the Executive Team
Juha Helminen, Deputy CEO
Jarno Suominen, CFO
Paul Meli, ICBO, Nightclubs and Pubs&Entertainment, 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, Nightclubs and Pubs&Entertainment, Helsinki Metropolitan Area
Perttu Pesonen, Development Director
Anne Kokkonen, HR Director

8. Conditional 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 bond is described in more detail in Note 1. On 30 June 2019, the interest accumulated on the hybrid bond is TEUR 569.

GUARANTEES AND CONTINGENT LIABILITIES

(TEUR)	30 June 2019	30 June 2018	31 December 2018
Liabilities with guarantees included on the balance sheet			
Loans from financial institutions, non-current	83,036.6	98,139.4	89,981.0
Loans from financial institutions, current	36,941.1	27,598.1	30,810.6
Total	**119,977.7**	**125,737.5**	**120,791.6**
Liabilities with guarantees included on the balance sheet			
Commercial papers, current	22,000.0	22,000.0	22,000.0
Total	**22,000.0**	**22,000.0**	**22,000.0**
Guarantees given on behalf of the Group			
Collateral notes secured by a mortgage	54,885.8	54,350.0	54,885.7
Real estate mortgage	4,364.7	4,096.8	4,364.6
Subsidiary shares	115,046.5	97,171.2	114,736.6
Other shares	0.0	164.8	0.0
Bank guarantees	8,464.8	10,666.6	8,842.6
Other guarantees	17,222.6	3,000.0	17,980.0
Total	**199,984.4**	**169,449.3**	**200,809.4**
Commitments			
Purchase commitment	**600.0**	**600.0**	**600.0**

With a deed of sale dated 1 July 2017, NoHo Partners Plc's subsidiary engaging in the labour hire business purchased 100% of the shares in Smile Job Services Oy (formerly Job Services One Oy). A part of the sale price has been paid with NoHo Partners Plc subsidiary's shares involving a fixed-term repurchase obligation.

9. Events after the reporting period

Smile Henkilöstöpalvelut and VMP are planning to unite
On 5 July 2019, NoHo Partners Plc announced that it has signed a share purchase agreement with VMP Plc ("VMP") on 5 July 2019 on the potential sale of the share capital of NoHo Partners' subsidiary Smile Henkilöstöpalvelut Oyj ("Smile") to VMP (the "Transaction" or the "Combination") in exchange for shares.

If the Transaction is completed, the merged VMP and Smile (the "Combined Company") would become an associated company of NoHo Partners and NoHo Partners would become the Combined Company's largest shareholder with a 30.27% stake. Correspondingly, Smile would become a subsidiary of VMP.

The completion of the Transaction is conditional on a resolution of VMP's general meeting and on obtaining the necessary consents and undertakings from the financier banks. VMP's largest shareholders, the funds managed by Sentica Partners Oy, as well as Meissa-Capital Oy, which represent approximately 58.1% of the votes borne by the shares in the company, have stated that they support the Transaction and have committed in advance to vote for the Transaction in VMP's extraordinary general meeting.

Key terms of the planned Transaction in brief

According to the plan, VMP would purchase the entire share capital of Smile according to the terms of the share purchase agreement. The Transaction would be executed as a share exchange, in which Smile's shareholders would receive 0.8087 new shares in VMP as share consideration for each share in Smile owned by them, which would correspond to a debt-free purchase price of approximately MEUR 82 (based on the closing price of EUR 4.92 for VMP share on 4 July 2019). The number of new VMP shares to be issued is expected to be 10,050,177 shares.

The share consideration to be potentially paid as the purchase price is not agreed to include adjustments. The number of shares to be paid as the purchase price would be fixed and would not be adjusted for any changes in the share price.

The completion of the Transaction is subject to, among other things, the approval of the Transaction by the EGM of VMP by a majority of two-thirds of votes cast and shares represented at the EGM and consents and undertakings from the financier banks.

The EGM of VMP is held in 22 August 2019, and the Transaction is expected to be completed during the third quarter of 2019.

The financial effects of the planned Transaction on the NoHo Partners Plc Group

In this Half-year report, Smile Henkilöstöpalvelut is included in the NoHo Partners Plc Group as the terms and conditions for presenting Smile as an asset available for sale and discontinued operations have not been met.

The VMP shares received by NoHo Partners will be measured at fair value upon the completion of the potential Transaction.

NoHo Partners to expand to the lunch and staff restaurant market
NoHo Partners will expand its restaurant operations to the growing and developing lunch and staff restaurant market. In June, NoHo Partners and Juuri Yhtiöt Oy established a joint venture, Pihka Oy, that will operate the four Pihka staff restaurants and the Event Arena Bank. The lunch restaurants Pihka Ruoholahti, Lintulahti, Meclu and Kalasatama will be included in the NoHo Partners restaurant portfolio starting from the beginning of September. Pihka Oy will also invest strongly in event, conference and catering operations.

NoHo Partners has been selected as the provider of restaurant, conference and event services to the Kesko Group's head office, K-kampus. The head office that was completed in Kalasatama, Helsinki, in June 2019 serves more than 1,800 Kesko Group employees and various Kesko Group stakeholders.

10. Key figures

(TEUR)	1 April–30 June 2019	1 April–30 June 2018	1 January–30 June 2019	1 January–30 June 2018	1 January–31 December 2018
Earnings per share, **EUR**	0.08	0.11	0.22	0.14	0.19
EBIT %, **entire Group**	5.8%	4.3%	4.7%	3.3%	2.2%
EBIT %, **restaurants**	5.9%	4.7%	4.7%	3.0%	1.1%
EBIT %, **labour hire**	4.9%	3.2%	4.1%	3.4%	3.9%
EBITDA %, **entire Group**	17.5%	10.6%	18.1%	9.7%	8.8%
EBITDA %, **restaurants**	21.4%	12.8%	22.7%	11.1%	9.4%
EBITDA %, **labour hire**	8.2%	6.4%	7.8%	6.5%	6.9%
Return on equity, % (p.a.)			12.0%	8.7%	6.9%
Return on investment, % (p.a.)			6.5%	5.2%	5.2%
Equity ratio, %			19.7%	23.8%	24.6%
Gearing ratio, %			312.6%	197.3%	184.3%
Interest-bearing net liabilities, EUR			323,403.8	142,642.1	138,499.7
Net finance costs, EUR	2,206.5	639.3	4,236.7	786.7	2,478.1
Material margin %, **restaurants**	73.6%	72.5%	73.8%	72.7%	73.9%
Staff expense %, **restaurants**	34.2%	32.2%	34.0%	31.2%	32.1%
Staff expense %, **labour hire**	84.4%	82.3%	84.7%	83.2%	82.4%

Average staff, **restaurants**					
Registered staff					
Full-time staff			970	612	723
Part-time staff translated into full-time staff			582	240	398
Rented workforce, translated into full-time staff			464	363	455
Average staff, **labour hire**					
Registered staff					
Full-time staff			140	109	130
Part-time staff translated into full-time staff			3,029	2,469	2,762

CALCULATION FORMULAS FOR KEY FIGURES

Earnings per share

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

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 %

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

Gearing ratio %

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

Staff expense %

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

Material margin %

$$\frac{\text{Turnover purchases}}{\text{Turnover}} * 100$$

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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