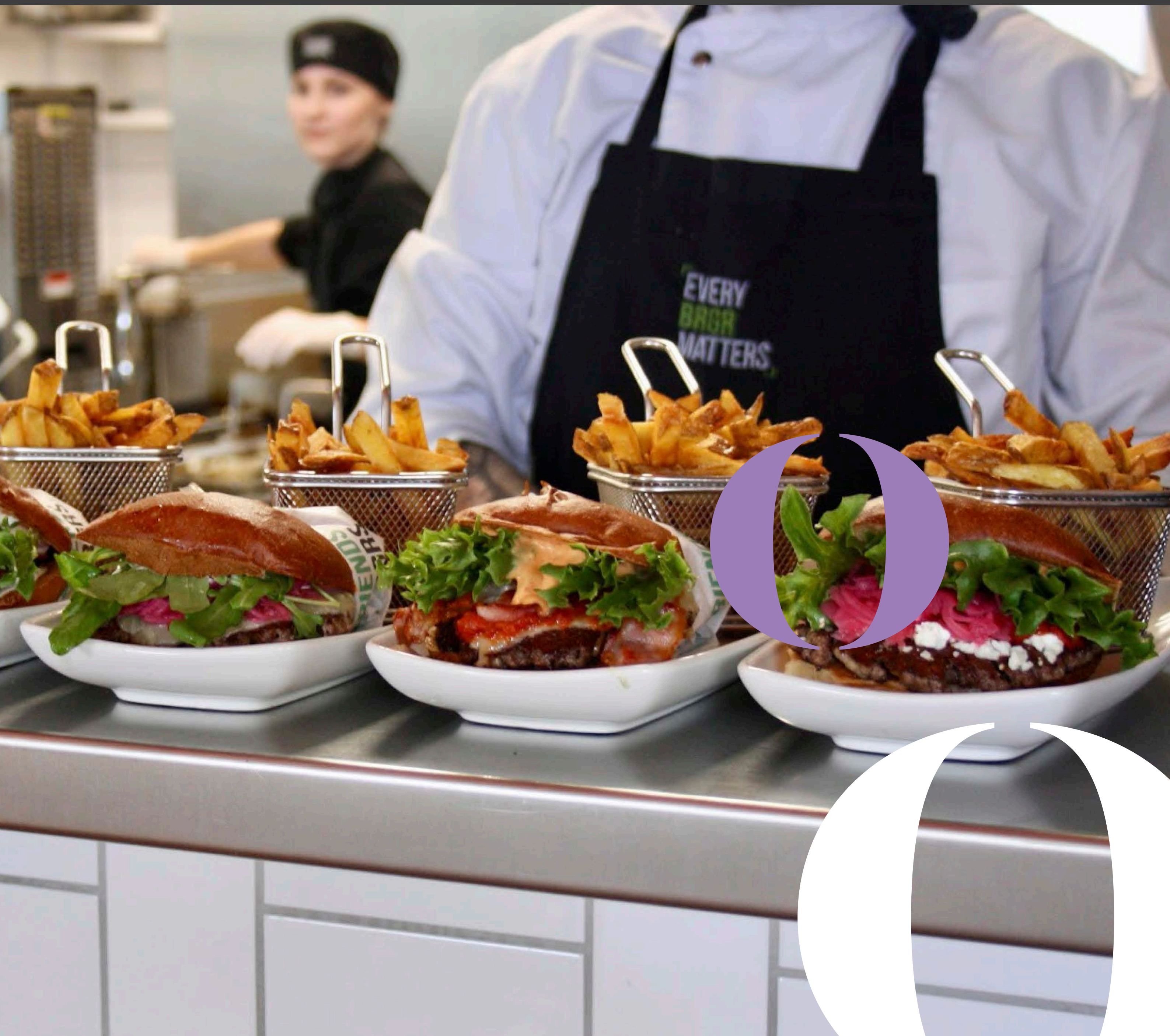
NoHo

NORDIC HOSPITALITY PARTNERS

Half-year Report

Q2/2020



NOHO PARTNERS HALF-YEAR REPORT 1 JANUARY–30 JUNE 2020

The second quarter was dominated by the coronavirus pandemic: the exceptional situation was brought under control through strong measures – demand has recovered better than anticipated following the lifting of restrictions

As expected, the Group's result for the second quarter of 2020 was negative due to the impacts of the coronavirus pandemic. Approximately 90% of the Group's restaurants were closed in April–May. The business losses were minimised by quick and determined adjustment measures as well as government compensation. Starting from June 2020, the company focused on the gradual resumption of its business in a restricted operating environment and financing operations through cash flow. Business resumed better than expected thanks to active customer demand and controlled reopenings. Turnover in June was about MEUR 14 (approximately 55% of the turnover for the corresponding period last year) and turnover in July was about MEUR 20 (approximately 75% of the turnover for the corresponding period last year) while operating cash flow was positive in both months.

JANUARY–JUNE 2020 IN BRIEF

Group (continuing and discontinued operations):

- Turnover declined by 42.8% to MEUR 69.1 (MEUR 120.9).
- EBIT fell by 211.9% to MEUR -15.0 (MEUR 13.4).
- The EBIT percentage was -21.8% (11.1%), a decrease of 295.7%.
- The result for the financial period was MEUR -18.0 (MEUR 7.6), a decrease of 337.0%.
- Earnings per share were EUR -0.91 (EUR 0.69), a decrease of 231.6%.
- The gearing ratio excluding the impact of IFRS 16 liabilities was 158.5%. Interest-bearing net liabilities excluding the IFRS 16 effect amounted to MEUR 149.5. IFRS 16 liabilities totalled MEUR 154.6. The gearing ratio including the effect of IFRS 16 was 326.3%.

Restaurant business (comparable continuing operations):

- Turnover declined by 42.9% to MEUR 69.1 (MEUR 121.0).
- EBIT fell by 360.6% to MEUR -14.8 (MEUR 5.7).
- The EBIT percentage was -21.4% (4.7%), a decrease of 556.2%.
- Result of the review period attributable to the parent company's shareholders was MEUR -17.4 (MEUR 5.4), a decrease of 423.6%.
- Earnings per share were EUR -0.95 (EUR 0.28), a decrease of 432.5%.
- Operating cash flow fell by 129.5% to MEUR -3.5 (MEUR 11.8).
- The result for the financial period was affected by write-offs of approximately MEUR 4.6 allocated to discontinued units and units whose revenue generating capacity is estimated to decline in the future. The result for the financial period was also affected by MEUR 0.8 in costs associated with the closure and reopening of restaurants.
- Government support in January–June 2020 totalled approximately MEUR 8.4.
- Reductions in rent amounted to approximately MEUR 3.5 in April–May 2020, representing some 70% of the Group's leases in Finland.

SIGNIFICANT EVENTS IN THE REVIEW PERIOD

- The Group acquired a majority stake in the hit chain Friends & Brgrs Ab Oy on 3 April 2020. A special share issue was carried out as part of the acquisition and the newly issued shares in the company were registered in the Trade Register on 8 April 2020.
- The national authorities ordered the closure of restaurants from 4 April to 31 May 2020 in Finland.
- In April, the company reached an agreement on a MEUR 34 financing package for the period of business disruptions caused by the coronavirus pandemic. As the final part of the financing package, the company agreed in May on a debt of EUR 10 million with a right to conversion with Finnish Industry Investment Ltd (Tesi).
- As restrictions on restaurants were partially lifted, the Group gradually resumed its business operations in a restricted operating environment in Finland starting from 1 June 2020. In Denmark and Norway, restaurant operations were resumed on a restricted basis in May.
- Alcohol serving hours in restaurants were extended from 10 p.m. to 1 a.m. starting from 22 June 2020 and buffet tables were allowed again. The permitted customer volume was increased from 50% to 75% of normal capacity.
- The Group's turnover in June was approximately MEUR 14, which is about 55% of the turnover for the corresponding period last year.
- Approximately 30% of the Group's restaurants were closed at the end of June.
- Approximately 75% of the Group's entire personnel had returned to work either full-time or part-time by the end of June.

APRIL–JUNE 2020 IN BRIEF

Group (continuing and discontinued operations):

- Turnover declined by 71.9% to MEUR 19.0 (MEUR 67.7).
- EBIT fell by 200.6% to MEUR -8.4 (MEUR 8.4).
- The EBIT percentage was -44.3% (12.4%), a decrease of 457.7%.
- The result for the financial period was MEUR -9.2 (MEUR 4.8), a decrease of 291.8%.
- Earnings per share were EUR -0.46 (EUR 0.41), a decrease of 214.1%.

Restaurant business (comparable continuing operations):

- Turnover declined by 71.9% to MEUR 19.0 (MEUR 67.7).
- EBIT fell by 308.1% to MEUR -8.1 (MEUR 3.9).
- The EBIT percentage was -42.7% (5.8%), a decrease of 840.0%.
- Result of the review period attributable to the parent company's shareholders was MEUR -8.5 (MEUR 3.2), a decrease of 366.6%.
- Earnings per share were EUR -0.45 (EUR 0.17), a decrease of 364.4%.
- Operating cash flow fell by 103.0% to MEUR -0.2 (MEUR 6.4).
- The result for the financial period was affected by write-offs of approximately MEUR 4.6 allocated to discontinued units and units whose revenue generating capacity is estimated to decline in the future. The result for the financial period was also affected by MEUR 0.8 in costs associated with the closure and reopening of restaurants.
- Government support in April–June 2020 totalled approximately MEUR 7.4.
- Reductions in rent amounted to approximately MEUR 3.5 in April–May 2020, representing some 70% of the Group's leases in Finland.

SIGNIFICANT EVENTS AFTER THE REVIEW PERIOD

- The restrictions on opening hours, alcohol serving hours and customer volume were lifted starting from 13 July 2020 in Finland. Indoor and outdoor events attended by more than 500 people will be permitted starting from 1 August 2020.
- The Group's turnover in July was approximately MEUR 20, which is about 75% of the turnover for the corresponding period last year.
- Approximately 15% of the Group's restaurants remained closed at the end of July.
- Approximately 95% of the Group's entire personnel had returned to work either full-time or part-time by the end of July.

NUMBER OF RESTAURANTS

- On 30 June 2020, the Group had 233 reportable restaurant units in total
  - Restaurants 79
  - Entertainment venues 61
  - Fast casual restaurants 53
  - International restaurants 40

DESCRIPTION OF ACCOUNTING PRINCIPLES

- NoHo Partners divested its labour hire business in August 2019. Starting from September 2019, the Group only has one segment: the restaurant business.
- Due to the divestment of the labour hire business, the Group has started to present alternative performance measures that improve comparability. These alternative performance measures are intended to improve the market's understanding of 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 2.
- In the half-year report's comparison figures, the labour hire segment is treated as a discontinued operation and a separate item in the income statement. The comparison figures have been adjusted accordingly. For more information, see Note 2.
- In the half-year report, the Group's continuing and discontinued operations as well as the comparable continuing operations of the restaurant business are presented separately.
- The Group adopted operating cash flow as a new performance measure effective from 1 April 2020. (Calculation formula: EBIT + depreciation, amortisation and impairment losses – share of associated company's result – translation of IFRS 16 lease expenses to be cash flow based). This performance measure presents the cash flow generated by the company before investments, taxes and finance costs. It is intended to illustrate the cash flow generated by the restaurant business.
- Unless otherwise stated, figures in parentheses refer to the corresponding period last year.

Outlook for 2020

THE MARKET

The coronavirus pandemic has had a serious impact on the company's market and the restaurant industry as a whole, and the sudden change in the market has also considerably affected the company's operations starting from March 2020. Potential measures introduced to reduce the spread of the coronavirus pandemic would have a substantial impact on the company's business.

PROFIT GUIDANCE

On 13 March 2020, NoHo Partners cancelled its previously issued profit guidance for 2020 due to the impact of the coronavirus pandemic. At this time, the company will not specify its turnover and profitability forecast for this year due to the uncertain market situation. The financial impact of the pandemic on the Group's business and outlook cannot be fully determined at present.

The profit guidance will be updated when visibility is improved and the overall impact of the coronavirus pandemic on the operating environment and the Group's business can be assessed more accurately. The changes in the restrictions on business operations and the global economic uncertainty will have a significant impact on the Group's turnover and financial result for the remainder of the year.

The company will specify its profit guidance for 2020 later this year.

The company will also provide monthly reports on the development of its business during these exceptional circumstances.

FINANCIAL TARGETS

The Group cancelled the financial targets previously set for 2021 on 9 June 2020 and will specify its targets later this year.

KEY FIGURES

NoHo Partners Group, total

(EUR 1,000)	1 Apr.–30 Jun. 2020	1 Apr.–30 Jun. 2019	1 Jan.–30 Jun. 2020	1 Jan.–30 Jun. 2019	1 Jan.–31 Dec. 2019
KEY FIGURES, ENTIRE GROUP (CONTINUING AND DISCONTINUED OPERATIONS)					
Turnover	19,043	67,694	69,132	120,921	272,820
EBIT	-8,441	8,389	-15,037	13,438	30,551
EBIT, %	-44.3%	12.4%	-21.8%	11.1%	11.2%
Result of the review period attributable to the parent company's shareholders	-8,821	4,452	-16,782	7,273	46,128
Result attributable to the minority shareholders	-356	335	-1,248	335	1,547
Continuing operations' earnings per share (euros) for the review period attributable to the shareholders of the parent company	-0.46	0.41	-0.91	0.69	1.10
Earnings per share (EUR) for the review period attributable to the shareholders of the parent company	-0.46	0.24	-0.91	0.38	2.36
Operating cash flow	-190	6,360	-3,474	11,783	30,409
Interest-bearing net liabilities excluding the IFRS 16 effect, EUR			149,539	140,903	105,391
Gearing ratio excluding the IFRS 16 effect, %			158.5%	135.0%	75.9%
Interest-bearing net liabilities, EUR			304,171	322,425	266,691
Gearing ratio, %			326.3%	311.6%	194.6%
Equity ratio, %			19.9%	19.7%	29.1%
Return on investment, % (p.a.)			-7.4%	6.5%	8.4%
Adjusted net finance costs	2,113	2,207	5,409	4,237	7,166
Material margin, %	74.1%	73.6%	72.3%	73.8%	74.3%
Staff expenses, %	44.0%	34.2%	40.8%	34.0%	32.6%

Restaurant Business (Comparable continuing operations)

(EUR 1,000)	1 Apr.–30 Jun. 2020	1 Apr.–30 Jun. 2019	1 Jan.–30 Jun. 2020	1 Jan.–30 Jun. 2019	1 Jan.–31 Dec. 2019
KEY FIGURES					
Turnover	19,043	67,726	69,132	121,000	272,912
EBIT	-8,136	3,910	-14,788	5,674	18,389
EBIT, %	-42.7%	5.8%	-21.4%	4.7%	6.7%
Result of the review period attributable to the parent company's shareholders	-8,517	3,195	-17,425	5,385	10,183

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 as well as 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 purpose of the "Operating cash flow" key figure, introduced on 1 April 2020, is to improve the understanding prevailing on the market as well as among analysts and investors regarding the cash flow generated by the restaurant business before investments, taxes and finance costs.

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 half-year report.

Review by the CEO: Aku Vikström

The second quarter of 2020 was dominated by the coronavirus pandemic. Due to the orders issued by the authorities and the general circumstances, we closed approximately 90 per cent of our more than 230 restaurants in three countries and lost nearly MEUR 60 in turnover during the second quarter. Our EBIT was MEUR 8.4 in the negative due to the lockdown in April–May. Considering the highly exceptional business environment, the result for the review period is better than we expected. When our business gradually resumed in June, customer demand exceeded our expectations.

The loss for the review period consisted of MEUR 3.8 in business losses (restaurant business MEUR -3.5 and the profit effect of Eezy Plc MEUR -0.3) and write-offs of approximately MEUR 4.6. The losses from business operations were successfully minimised through quick decision-making, strong responses and government compensation.

In response to the coronavirus pandemic and the changed market environment, we have assessed the assets on our balance sheet and recognised write-offs of approximately MEUR 4.6. Approximately half of the write-offs are allocated to discontinued units and half to about 10 units whose revenue generating capacity is estimated to decline in the future. Following these write-offs, our depreciation will be reduced by approximately MEUR 1 per year for the next four years.

When the coronavirus pandemic hit, we shifted from profit-oriented decision-making to cash flow-oriented decision-making. Our quick and determined adjustment measures enabled us to keep our operating cash flow at our target level for the duration of the lockdown. In June, our business resumed in a restricted operating environment significantly better than expected. Higher-than-anticipated consumer demand combined with the controlled reopening of restaurants generated positive operative cash flow in June. Our turnover for June totalled approximately MEUR 14, exceeding the estimate we issued at the beginning of June by about 75 per cent. At the end of June, 30 per cent of our restaurants remained closed.

During the review period, we successfully stabilised the Group's financing structure and secured our liquidity for the duration of the exceptional circumstances. Our net debt stood at MEUR 149.5 at the midpoint of the year (excluding the IFRS 16 effect), which is in line with the forecast we issued in our Q1/2020 report. In spite of the coronavirus situation, our medium-term objective remains to achieve the target ratio of net debt to normal operating cash flow of less than 3. Provided that the current demand situation continues, we estimate that our net debt will decline during the second half of the year. We have prepared for quick changes in demand during the remainder of the year and we are maintaining our cash and cash equivalents at a substantially higher level than usual. At the end of July, we had approximately MEUR 22 in cash and cash equivalents along with MEUR 16 in unwithdrawn limits. Our position in terms of liquid assets means that we are prepared for potential new changes in the market. We have successfully carried out cash flow positive business operations in spite of the restrictions on restaurants and prepared for the continuation of our operations in a restricted operating environment as well as the potential reintroduction of stricter restrictions.

As the future outlook remains foggy, we will continue to manage our business with a strong focus on cash flow and keep investments to a minimum. We have prepared three different future scenarios with action plans for each. We are currently moving ahead in accordance with our basic scenario, in which sales will be approximately 70-85 per cent of the normal level and the operating cash flow will be positive for the rest of the year. Demand has remained strong after the end of the review period. Our turnover in July totalled approximately MEUR 20, which is approximately 75 per cent of the turnover in the corresponding period last year. The turnover of our basic business operations without the summer's concert and event sales was approximately 90 per cent of the figure in last year's July. At this level of turnover, we estimate that our operating cash flow in July will amount to approximately MEUR 3.

The coronavirus crisis has brought our entire organisation and our stakeholders closer together. The Group's ability to operate in extreme circumstances has been put to the test, our cash situation is significantly better than when the market shock occurred in the late winter and we are well-prepared even for rapid changes in our operating environment. Thanks to these factors, along with our highly committed personnel and broad customer base, my view of the future is now much more confident than it was in the early stages of the coronavirus pandemic.

Aku Vikström
CEO

Turnover and Income

JANUARY–JUNE 2020 IN BRIEF

Group (continuing and discontinued operations):

The Group's turnover in ***January–June 2020*** was MEUR 69.1, a decrease of 42.8 per cent year-on-year. Staff expenses were 40.8 per cent and the material margin was 72.3 per cent.

Depreciation, amortisation and impairment totalled MEUR 27.2. EBIT was MEUR -15.0, a decrease of 211.9 per cent. Adjusted net finance costs totalled MEUR 5.4. The result was MEUR -18.0, a decrease of 337.0 per cent, and earnings per share amounted to EUR -0.91, down by -231.6 per cent year-on-year.

Restaurant business (comparable continuing operations):

Turnover in ***January–June 2020*** was MEUR 69.1, down by 42.9 per cent, EBIT was MEUR -14.8, a decrease of 360.6 per cent, the result of the review period attributable to the parent company's shareholders was MEUR -17.4, down by 423.6 per cent and earnings per share amounted to EUR -0.95, down by 432.5 per cent year-on-year.

APRIL–JUNE 2020 IN BRIEF

Group (continuing and discontinued operations):

The Group's turnover in ***April–June 2020*** was MEUR 19.0, a decrease of 71.9 per cent year-on-year. Staff expenses were 44.0 per cent and the material margin was 74.1 per cent.

Depreciation, amortisation and impairment totalled MEUR 16.1. EBIT was MEUR -8.4, a decrease of 200.6 per cent. Adjusted net finance costs totalled MEUR 2.1. The result was MEUR -9.2, a decrease of 291.8 per cent, and earnings per share amounted to EUR -0.46, down by -214.1 per cent year-on-year.

Restaurant business (comparable continuing operations):

Turnover in ***April–June 2020*** was MEUR 19.0, down by 71.9 per cent, EBIT was MEUR -8.1, a decrease of 308.1 per cent, the result of the review period attributable to the parent company's shareholders was MEUR -8.5, down by 366.6 per cent and earnings per share amounted to EUR -0.45, down by 364.4 per cent year-on-year.

The turnover of the restaurant business was approximately MEUR 5 in April–May 2020 and approximately MEUR 14 in June. Turnover in June 2020 was approximately 55 per cent of the turnover in the corresponding period last year.

JULY 2020 IN BRIEF

The Group's turnover in July 2020 was approximately MEUR 20, which is roughly 75 per cent of the turnover in the corresponding period last year.

Turnover in the business areas of the restaurant business:

	1 Apr.–30 Jun. 2020	1 Apr.–30 Jun. 2019	1 Jan.–30 Jun. 2020	1 Jan.–30 Jun. 2019	1 Jan.–31 Dec. 2019
RESTAURANTS					
Turnover (MEUR)	**5.2**	**25.2**	**24.3**	**46.9**	**107.5**
Percentage of the total turnover	27.4%	37.2%	35.1%	38.7%	39.4%
Change in turnover	-79.3%		-48.2%		24.0%
Units, number	79	68	79	68	75
Turnover/unit (MEUR)	0.07	0.37	0.31	0.69	1.43
ENTERTAINMENT VENUES					
Turnover (MEUR)	**4.5**	**23.4**	**19.1**	**42.3**	**88.5**
Percentage of the total turnover	23.5%	34.6%	27.7%	34.9%	32.4%
Change in turnover	-80.9%		-54.7%		5.6%
Units, number	61	65	61	65	65
Turnover/unit (MEUR)	0.07	0.36	0.31	0.65	1.36
FAST CASUAL RESTAURANTS					
Turnover (MEUR)	**5.9**	**8.0**	**12.4**	**16.1**	**33.6**
Percentage of the total turnover	31.2%	11.8%	18.0%	13.3%	12.3%
Change in turnover	-25.7%		-22.9%		25.6%
Units, number	53	44	53	44	48
Turnover/unit (MEUR)	0.11	0.18	0.23	0.37	0.70
INTERNATIONAL RESTAURANTS					
Turnover (MEUR)	**3.4**	**11.1**	**13.3**	**15.7**	**43.3**
Percentage of the total turnover	17.9%	16.4%	19.2%	13.0%	15.9%
Change in turnover	-69.3%		-15.7%		248.3%
Units, number	40	28	40	28	37
Turnover/unit (MEUR)	0.08	0.40	0.33	0.56	1.17

The Impact of the COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic has had a significant impact on the Group's business since March 2020. Once the business impacts of the COVID-19 pandemic became apparent in March, the Group reacted immediately by initiating determined adjustment measures and preparing for the changed market conditions. The Group reacted to the change by quickly driving down costs, temporarily laying off personnel and balancing its finances. On 13 March 2020, the Group cancelled the profit guidance for 2020 it had issued earlier in March due to the uncertain market situation and initiated negotiations pursuant to the Act on Co-operation within Undertakings on fixed-term part-time or full-time layoffs of 90 days at most, concerning all of the Group's personnel in Finland, or approximately 1,300 people.

The Finnish Government ordered the closure of restaurants throughout the country starting from 4 April 2020, until the end of May, to prevent the spread of the coronavirus pandemic. The Group closed its nightclubs and a number of other restaurants in accordance with the recommendations of the authorities before the official order of the Finnish Government to close down all restaurants was issued. In Denmark and Norway, restaurants were closed in compliance with the orders issued by the authorities on 12–13 March 2020. In accordance with the recommendations issued by the Finnish Government, the Group cancelled all public events of more than 500 people from March until the end of July.

The Group's largest fixed costs are staff expenses and business premises expenses. The Group negotiated a rent exemption mainly for April–May for 70 per cent of its leases in Finland. In Denmark and Norway, approximately 80 per cent of lease expenses and other fixed expenses were covered by the state during the crisis. The Danish state covered 80 per cent of wage expenses until 8 July 2020. The Group also prepared payment plans for trade payables with its suppliers until the end of 2020 in Finland, Denmark and Norway.

At the same time, the company negotiated a financing package of EUR 34 million with its funding partners in Finland, Denmark and Norway, of which Finnvera guaranteed EUR 15 million. In late May, the company finalised a refinancing programme for its maturing debt as part of its overall financing package. As the final part of the financing package, the company agreed on a debt of EUR 10 million with a right to conversion with the Finnish Industry Investment Ltd (Tesi). The financing is for stabilisation provided by Tesi in the coronavirus situation. The management of the Group estimates that this financing package, together with other financing arrangements, is sufficient to ensure the company's working capital for the next 12 months in spite of the potential prolongation of the uncertain market situation caused by the coronavirus pandemic.

Cooperation negotiations were continued in May due to the uncertain market situation. As a result of the two-week negotiations, the continuation of the layoffs, either full-time or part-time, concerned approximately 550 employees in Finland.

Restaurant operations resumed in Denmark and Norway in May subject to country-specific restrictions. Once the gradual resumption of business operations in Finland began on 1 June 2020 in a restricted operating environment, the company has focused on the gradual resumption of its operations and financing its operations through cash flow.

Starting from the beginning of June, restaurants, entertainment venues and fast casual restaurants were reopened gradually and in a controlled manner. Approximately 30 per cent of the Group's restaurants remained closed at the end of June. Nightclubs were reopened gradually starting from 26 June 2020 as the restrictions were relaxed and more extensively starting from 13 July 2020 as the restrictions on opening hours and alcohol serving hours were lifted.

Approximately 15 per cent of the Group's restaurants remained closed at the end of July. Staff restaurants will reopen in August. The Group's restaurants that are open by reservation, event restaurants and some nightclubs and other restaurants remain closed. By July, approximately 95 per cent of the Group's employees had returned to work full-time or part-time.

Restrictions on restaurants

Restaurants in Finland were reopened at the beginning of June subject to restrictions on opening hours, alcohol serving hours and customer volumes. Starting from 22 June 2020, alcohol serving hours were extended from 10 p.m. to 1 a.m. and the permitted customer volume was increased from 50 per cent to 75 per cent of normal capacity. The restriction of the number of customers did not apply to terraces and outdoor premises, but the safety of customers had to be ensured in these premises as well. The restrictions on restaurant opening hours, alcohol serving hours and permitted customer volumes were lifted on 13 July 2020. From that date on, restaurants have been required to provide a seat for each customer. Restaurants are also still required to provide customers with instructions on the prevention of infectious diseases, such as hand washing and maintaining safe distances. Outdoor events attended by more than 500 people have been permitted in July subject to special restrictions. Indoor events attended by more than 500 people were also permitted starting from the beginning of August. The Finnish Government will review the necessity of the restrictions regularly and amend them as required based on the development of the coronavirus pandemic situation.

In Denmark and Norway, restaurants serving food were allowed to reopen in May. In Denmark, the number of customers in the indoor areas of restaurants is restricted, restaurants must close at midnight and gatherings of more than 500 people have been cancelled until the end of August 2020. Nightclubs and cocktail bars will remain closed until the end of August. In Norway, alcohol licences were reactivated for food-serving restaurants in Oslo on 6 May 2020 and the alcohol licences of other restaurants were reactivated at the beginning of June. The number of customers in the indoor areas of restaurants is restricted and food and beverages must be served at tables. Restaurants other than those categorised as restaurants serving food were allowed to reopen on 1 June 2020. Gatherings of more than 200 people are cancelled until further notice.

Government assistance during the state of emergency

The support received by the Group from the Finnish state totalled approximately MEUR 4.3 in January–June. Also in January–June, the Group received support amounting to approximately MEUR 2.9 from the Danish state and MEUR 1.2 from the Norwegian state. The financial support received by the Group from the Finnish, Danish and Norwegian governments for the period 1 January–30 June 2020 totalled approximately MEUR 8.4.

A more detailed account of government assistance, the distribution thereof and an estimate for the remainder of 2020 is presented in Note 5 Government grants in this half-year report (page 33).

Restaurant Business Areas

RESTAURANTS

Following the closure of restaurants in April–May, the restaurant business was gradually resumed in June subject to restrictions on opening hours, alcohol serving hours and customer volumes. For restaurants and outdoor terraces in particular, customer demand in June exceeded expectations and sales were on a par with the previous year. Demand continued to grow as the restrictions were relaxed effective from 22 June 2020, and the increases in the permitted customer volumes and the extension of alcohol serving hours until 1 a.m. had a significant effect on the sales of restaurants. Thanks to active demand and the Group's efficient operating model, the business was cash flow positive in June. Sales continued to develop favourably in July, boosted by the lifting of restrictions effective from 13 July 2020. Increased domestic tourism has also had a positive impact on restaurant demand. The cancellation of summer events is estimated to result in lost beverage and catering sales of roughly MEUR 10 for the summer, with approximately MEUR 2.4 of this total falling in the second quarter. Staff restaurants will reopen in August, while restaurants that are open by reservation and event venues remain closed for the time being.

ENTERTAINMENT VENUES

Entertainment venues, pubs and gaming venues were gradually reopened in June when the restrictions on restaurants were partially lifted. The positive demand was particularly apparent in the case of restaurants with outdoor terraces, where sales have exceeded expectations since they were reopened in June. Following the lifting of restrictions, the turnover of restaurants with outdoor terraces has returned close to last year's level, with several units even exceeding their sales from last year. Due to the restrictions on opening hours and public events, nightclubs remained closed in June, with some reopening on 26 June 2020 when the opening hours and alcohol serving hours were extended. Nightclub sales under the extended opening hours until 2 a.m. were fairly effective thanks to high demand. The lifting of restrictions has been positively reflected in entertainment venues across the board but, in particular, it enabled the broader reopening of nightclubs, which have been permitted to again serve alcohol until 4 a.m. starting from 13 July 2020. The reopening of entertainment venues and nightclubs has gone without disturbances, with the safety of customers and personnel being appropriately looked after. Some of the Group's nightclubs and entertainment venues remain closed for the time being.

FAST CASUAL RESTAURANTS

About 20 fast casual restaurants offered takeaway and delivery services during the restaurant closure in April–May. A significant boost in takeaway and delivery sales was also provided by the 10 popular restaurants of the hit chain Friends & Brgrs, which became part of the Group at the beginning of April. Of the restaurants that continued to operate during the general restaurant closure, Hanko Sushi, Hook restaurants and Pizzeria Luca performed particularly well in addition to Friends & Brgrs. Hanko Sushi increased its market share in the sushi buffet segment. During the lockdown, the takeaway and delivery offering was also complemented by virtual Cloud Kitchen restaurants. The sales and digital purchases of fast casual restaurants have developed favourably following the reopening of restaurants in June. Nevertheless, demand remained moderate particularly in shopping centres and units with an emphasis on lunch sales as remote work recommendations remained in effect in many companies in July.

INTERNATIONAL RESTAURANTS

In Norway, restaurants were reopened on 6 May 2020 followed by pubs and nightclubs on 1 June 2020. The resumption of business exceeded expectations and turnover has stabilised at close to the normal level in the reopened restaurants in spite of the restrictions in effect. The Group's restaurants in Norway introduced a new payment and ordering application that has enabled a better customer service experience and increased the efficiency of operations in circumstances where food and beverages must be served at tables. Restaurants in Denmark were reopened on 18 May 2020. Some pubs and all nightclubs, or approximately 20% of the Group's restaurants in Denmark, remain closed for the time being. Travel restrictions have clearly affected the restaurant industry, particularly in Copenhagen, where tourism accounts for a significant proportion of the restaurant business. In June–July, the turnover of the Group's restaurants open in Denmark was approximately 60% of the turnover for the corresponding period last year. A new ordering and payment application has also increased the efficiency of operations in Denmark and helped maintain service quality.

Summary

The sudden market changes caused by the coronavirus pandemic had a significant impact on the Group's result in January–June 2020.

Due to the coronavirus pandemic and the subsequent orders issued by the authorities, the Group's business was brought to an almost complete halt from April until the end of May, which resulted in nearly MEUR 60 in lost turnover in the second quarter of 2020. The restaurant business was resumed gradually in Denmark and Norway in May and in Finland at the beginning of June in a restricted operating environment. Following the reopening of restaurants, sales have developed favourably in all of the Group's business areas.

The Group's turnover in June 2020 was approximately MEUR 14, which is roughly 55 per cent of the turnover in the corresponding period last year. In July 2020, the Group's turnover was approximately MEUR 20, or about 75 per cent of the turnover in the corresponding period last year. Thanks to the recovery of customer demand, the lifting of restrictions and operational efficiency, the Group's operating cash flow was positive in June and July.

The result for April–June 2020 was affected by write-offs of approximately MEUR 4.6, with approximately half being allocated to discontinued units and half to about 10 units whose revenue generating capacity is estimated to decline in the future. The write-offs will reduce depreciation by approximately MEUR 1.0 per year for the next four years. The result for the second quarter of 2020 was also affected by non-recurring expenses of approximately MEUR 0.8 arising from the closure and resumption of business.

The Group has recognised approximately MEUR 8.4 in financial support from the Finnish, Danish and Norwegian governments for the period 1 January–30 June 2020. Reductions in rent totalled about MEUR 3.5 in January–June 2020, representing approximately 70 per cent of the Group's leases.

In a normal operating environment 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 2020 was MEUR 5.7 (MEUR 20.1).

The Group made a growth investment in the second quarter of 2020. The acquisition of Friends & Brgrs was completed in accordance with the plan published in February 2020 and finalised on 3 April 2020.

The Group's gearing ratio excluding the impact of IFRS 16 liabilities was 158.5%. Interest-bearing net liabilities excluding the IFRS 16 effect amounted to MEUR 149.5. IFRS 16 liabilities totalled MEUR 154.6. The Group's interest-bearing net liabilities (including IFRS 16 liabilities) at the end of June 2020 were MEUR 304.2 (MEUR 322.4). Adjusted net finance costs in January–June 2020 were MEUR 5.4 (MEUR 4.2). The equity ratio was 19.9% (19.7%) and the gearing ratio was 326.3% (311.6%).

The finance costs for January–June 2020 include an exchange rate difference item of approximately MEUR 1.0 recognised due to a change in the rate of the Norwegian krone.

Significant Events During the Review Period

FRIENDS & BRGRS ACQUISITION AND SPECIAL SHARE ISSUE

In April, NoHo Partners acquired approximately 70 per cent of the share capital of the popular fast food chain Friends & Brgrs. The co-founders and main owners of Friends & Brgrs will stay on as partners in the company. The acquisition was completed on 3 April 2020.

A special share issue in exchange for consideration was carried out as part of the acquisition pursuant to an authorisation issued by the Annual General Meeting on 24 April 2019. In the share transaction, the transaction price for Friends & Brgrs Ab Oy's founding shareholders was paid partly in cash and partly as the company's new shares issued to them in the special share issue. The 144,983 new shares subscribed for in the special share issue were registered in the Trade Register on 8 April 2020.

The total number of NoHo Partners Plc's shares after the registration of the new shares is 19,153,673. The new shares carry shareholder's rights as of their date of registration. The newly issued shares were included in public trading on Nasdaq Helsinki starting from 9 April 2020.

POSTPONEMENT OF THE PAYMENT OF SHARE REWARDS FOR KEY EMPLOYEES

On 3 April 2020, NoHo Partners announced that, due to the coronavirus pandemic and the general financial uncertainty caused by it, the company's Board of Directors has decided to postpone the payment of share rewards pursuant to the share-based incentive scheme directed at the company's Executive Team for the first earning period. The company will announce the payment schedule and method of the share rewards for the first earning period at a later time.

AGREEMENT ON A FINANCING PACKAGE OF EUR 34 MILLION

On 3 April 2020, NoHo Partners announced that the negotiations with the company's current financing partners in all of its market areas in Finland, Denmark and Norway have been concluded and an agreement was reached regarding a financing package of EUR 34 million. The interest on the bridge financing is under 4 per cent, including Finnvera's guarantee commission for EUR 15 million of the financing. The financing will be used for the company's operations during the crisis and for the management of working capital. At the same time, the company announced it would complete the acquisition of Friends & Brgrs with separate financing. The company estimates that the Friends & Brgrs chain will provide significant potential for additional digital and takeaway sales, increasing during the crisis as well.

STATUTORY CLOSURE OF RESTAURANTS IN FINLAND

The Finnish national authorities ordered the closure of restaurants from 4 April to 31 May 2020, bringing NoHo Partners' business operations to an almost complete halt with the exception of approximately 30 takeaway restaurants.

SCHEDULES FOR THE ANNUAL GENERAL MEETING AND FINANCIAL DISCLOSURES

On 24 April 2020, NoHo Partners announced that the Annual General Meeting would be held on 16 June 2020. Under the updated schedule, the financial statements and annual report for 2019 were to be published on 26 May 2020. Due to the change in schedule, the company also postponed its interim report for January–March 2020 to be published on 9 June 2020.

THREE-STAGE ACTION PLAN

On 5 May 2020, NoHo Partners announced it has prepared a three-stage action plan for managing the impacts of the coronavirus pandemic.

Stage 1: The operating environment during the state of emergency (lockdown)
At the beginning of the first stage, the company focused on quickly reducing expenses, laying off personnel and balancing its finances while restrictions on its business are in place.

Stage 2: Restricted operating environment
The company will resume its business operations in a managed and gradual manner over a period of 6–12 months. Decisions on the resumption of business will be made on a weekly basis and separately for each business location. The aim of the company is to ensure a positive operating cash flow, even in the restricted operating environment, as the restaurant industry gradually recovers.

Stage 3: Strengthening competitiveness
During the coming months, the company's Board of Directors will commence the third stage of the action plan, which is focused on strengthening the company's competitiveness in the post-pandemic restaurant market in 2021 and strengthening the capital structure.

The company further indicated that its monthly turnover during the state of emergency will be approximately MEUR 1.5 and monthly expenses will be approximately MEUR 2–3, depending on the ongoing lease negotiations.

GRADUAL RESUMPTION OF BUSINESS OPERATIONS IN DENMARK AND NORWAY

The national authorities in Denmark and Norway lifted certain restrictions and the restaurant business resumed in Norway on 6 May 2020 and in Denmark on 18 May 2020 subject to country-specific restrictions.

CO-OPERATION NEGOTIATIONS ON CONTINUING TEMPORARY LAYOFFS

On 15 May 2020, the company announced that it will begin co-operation negotiations on continuing temporary layoffs due to the uncertain market situation.

FINANCIAL STATEMENTS AND ANNUAL REPORT

On 26 May 2020, the company published its financial statements and annual report, auditor's report, corporate governance statement and remuneration statement for the financial year that ended on 31 December 2019. The company also published its notice of the Annual General Meeting 2020 to be held on 16 June 2020 along with the appendices to the notice of the AGM.

THE COMPANY PROVIDED MORE INFORMATION ON THE PROGRESS OF THE FINANCING NEGOTIATIONS

On 26 May 2020, NoHo Partners announced that, as stated in the financial statements and annual report for 2019 published on the same day, the commercial paper programme had been extended with regard to EUR 12.5 million until autumn 2020, EUR 2.5 million had been repaid and EUR 7 million will be repaid as part of the already concluded and ongoing financing negotiations by the end of May 2020. The company also announced that the negotiations on financing were progressing on schedule and that the company would provide more detailed information about them when they are concluded.

FINANCING ARRANGEMENTS FINALISED FOR THE PERIOD OF EXCEPTIONAL CIRCUMSTANCES

On 29 May 2020, NoHo Partners announced it had finalised a refinancing programme for its maturing debt as part of its overall financing package. As the final part of the financing package for the period of exceptional circumstances, the company agreed on a debt of EUR 10 million with a right to conversion with the Finnish Industry Investment Ltd (Tesi).

Tesi's debt does not require collateral and it will fall due 18 months after the drawdown of the debt. The annual interest of the debt is 10%. Interest will fall due on the due date together with the principal (PIK). It is possible to repay the debt partly or in full before the due date.

Tesi has the right, but not the obligation, to convert the debt and its interests partly or in full into a maximum of 2,400,000 NoHo Partners Plc's new shares in one or more instalments at any time after the due date. In a conversion situation, the conversion price per share is the average share price in Nasdaq Helsinki weighted with trading volumes of the previous three months before the conversion grounds.

GRADUAL RESUMPTION OF BUSINESS OPERATIONS IN FINLAND

The Finnish national authorities lifted certain restrictions and the restaurant business was resumed on 1 June 2020 in a restricted operating environment. Restaurant opening hours and alcohol serving hours were extended and restrictions on customer volumes were relaxed starting from 22 June 2020.

DECISIONS BY THE ANNUAL GENERAL MEETING

NoHo Partners' Annual General Meeting was held in Tampere on 16 June 2020.

Financial statements

The meeting adopted NoHo Partners Plc's financial statements and discharged the members of the Board of Directors and the CEO from liability for the 2019 financial period.

Dividend

The Annual General Meeting decided that, based on the balance sheet adopted for the financial period that ended on 31 December 2019, no dividends will be distributed.

Remuneration policy for governing bodies

The Annual General Meeting approved the company's remuneration policy for governing bodies.

Board of Directors

The meeting decided that the number of members of the Board of Directors will be six (6). The Annual General Meeting decided that the current members of the Board of Directors, Timo Laine, Petri Olkinuora, Mika Niemi, Mia Ahlström, Tomi Terho and Saku Tuominen, be re-elected as members of the Board of Directors for a term of office concluding at the end of the first Annual General Meeting following the election. The meeting elected Timo Laine as Chairman of the Board and Petri Olkinuora as Vice-Chairman.

The Annual General Meeting decided that, for the term of office concluding at the end of the first Annual General Meeting following their election, the annual remuneration of the Chairman of the Board of Directors be EUR 40,000, the Vice-Chairman EUR 30,000 and the other members of the Board of Directors EUR 20,000. Separate attendance allowances will not be 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, for a term of office concluding at the end of the first Annual General Meeting following the selection. 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 the invoice approved by the company.

Authorisation to purchase the company's own shares

The Annual General Meeting decided to withdraw the previous unused authorisations to purchase the company's own shares and authorise the Board to decide upon the purchase of a maximum of 800,000 of the company's own shares in one or several tranches using the company's unrestricted equity under the following conditions:

The treasury shares shall be purchased with funds from the company's unrestricted equity, decreasing the distributable profits of the company. The shares are to be acquired in public trading arranged by Nasdaq Helsinki Ltd, due to which the purchase will take place in directed manner, i.e. otherwise than in proportion to the shareholdings of the shareholders. The consideration paid for the shares will be the market price of NoHo Partners Plc's shares in Nasdaq Helsinki Ltd at the time of the purchase. 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 effect on the share ownership and the distribution of voting rights in the company.

The Board of Directors will decide upon other terms related to the repurchase of company shares.

The authorisation will remain in force until the end of the next Annual General Meeting, but for no more than 18 months from the General Meeting's resolution on the authorisation.

Authorisation to decide on issuance of shares and/or the issuance of option rights and other special rights entitling to shares

The Annual General Meeting decided to withdraw previous share issue authorisations and authorise the Board of Directors to decide on the issuance of shares and/or option rights or other special rights entitling to shares as follows:

The maximum number of shares to be issued pursuant to the authorisation in one or more tranches is 3,000,000, corresponding to approximately 15.7 per cent of all registered shares in the company calculated based on the number of shares on the date of the notice convening the Annual General Meeting. Special rights may be issued with a right to set off the subscription price of the share against a receivable that the subscriber has from the company.

Share issues and/or the issue of option rights or other special rights can be carried out in deviation from the shareholders' pre-emptive subscription right (directed issue).

The authorisation can be used, for example, to implement mergers or acquisitions or financing arrangements, to develop the company's equity structure, to improve the liquidity of the company's shares, to implement the company's incentive schemes or for other purposes decided by the company's Board of Directors Under the authorisation, a maximum of 568,950 shares may be issued for the implementation of the company's incentive schemes, which corresponds to approximately 3.0% of all registered shares in the company on the date of the notice convening the Annual General Meeting.

Under the authorisation, the Board of Directors may issue new shares or transfer shares held by the company. The Board of Directors is authorised to decide on all other conditions of the issuance of shares and/or option rights or other special rights.

The authorisation is valid until 30 June 2022.

THE BOARD OF DIRECTORS OF NOHO PARTNERS DECIDED TO GRANT 2.4 MILLION SPECIAL RIGHTS

Based on the authorisation granted by the Annual General Meeting of NoHo Partners, held on 16 June 2020, the Board of Directors decided on 29 June 2020 to issue 2,400,000 special rights to Finnish Industry Investment Ltd (Tesi), which entitle Tesi to subscribe for new shares in the company. The arrangement is part of a previously completed financing package. If the special rights are exercised in full, the shares subscribed will account for a maximum of approximately 12.5% of NoHo Partners' shares outstanding. The conversion right will enter into effect on 30 November 2021. The conversion will be carried out by offsetting the loan principal and accumulated interest against the share subscription price. The subscription price equals the average share price on Nasdaq Helsinki weighted by the trading volumes for the three (3) months preceding the conversion.

Events After the Review Period and New Projects

THE GROUP REPORTS ON ITS SITUATION IN JUNE

NoHo Partners issued a release on 6 July 2020 regarding its turnover in June, which exceeded EUR 13.5 million and represented approximately 55 per cent of the turnover in the corresponding period last year. Operating cash flow was positive in June. At the same time, the Group announced that the re-opening of restaurants had shown promising results and that, at the end of June, approximately 30 per cent of the Group's restaurants were closed, while staff restaurants, event restaurants and certain nightclubs remain closed. Approximately 75 per cent of the Group's entire personnel have returned to work either full-time or part-time.

Personnel

In the period 1 January–30 June 2020, the restaurant operations of the NoHo Partners Group employed on average 813 (970) full-time employees and 376 (582) part-time employees converted into full-time employees as well as 186 (464) 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

There have been no changes in the Group's risks and uncertainty factors after the publication of the financial statements for 2019. A more detailed description of risks and uncertainty factors can be found in the financial statements of 31 December 2019. The financial statements for 2019 are available at **https://www.noho.fi/en/financial-statement-2019**.

Tampere, 11 August 2020

NOHO PARTNERS PLC

Board of Directors

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

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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. The well-known restaurant concepts of the company include Elite, Savoy, Teatteri, Yes Yes Yes, Stefan's Steakhouse, Palace, Löyly, Hanko Sushi, Friends & Brgrs 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 website: **www.ravintola.fi**

Half-year Report 1 January–30 June 2020:

Table Section and Notes

Half-year Report 1 January–30 June 2020: Table Section and Notes

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income (IFRS)
(Continuing and discontinued operations)

EUR 1,000	1 April–30 June 2020	1 April–30 June 2019	1 January–30 June 2020	1 January–30 June 2019	1 January–31 December 2019
Continuing operations					
Turnover	19,042.8	67,694.1	69,132.1	120,921.1	272,819.9
Other operating income	8,262.1	1,393.8	10,435.3	2,864.9	5,974.7
Raw materials and consumables	-6,310.2	-20,103.4	-25,308.8	-35,462.7	-84,673.1
Employee benefits	-7,610.4	-16,465.9	-22,928.5	-29,546.2	-63,445.7
Other operating expenses	-5,282.9	-13,560.0	-18,827.8	-23,552.5	-56,393.2
Depreciation, amortisation and impairment losses	-16,144.0	-10,501.2	-27,168.5	-21,717.6	-44,522.6
Share of associated company profit	-398.2	-68.6	-370.5	-69.5	790.9
EBIT	**-8,440.7**	**8,388.8**	**-15,036.7**	**13,437.5**	**30,550.7**
Financial income	16.3	2,246.2	18.9	4,395.4	2,209.5
Finance costs	-2,304.8	-2,094.3	-5,603.1	-3,997.6	-7,448.4
Net finance costs	-2,288.5	151.9	-5,584.2	397.7	-5,238.9
Profit before tax	**-10,729.2**	**8,540.8**	**-20,620.9**	**13,835.2**	**25,311.8**
Tax based on the taxable income from the financial period	-253.3	-1,149.8	-363.1	-1,664.2	-5,429.9
Change in deferred taxes	1,804.9	602.4	2,953.8	1,284.4	3,964.5
Income taxes	1,551.6	-547.4	2,590.7	-379.8	-1,465.4
Result of the financial period, continuing operations	**-9,177.7**	**7,993.4**	**-18,030.1**	**13,455.4**	**23,846.4**
Discontinued operations					
Result of the financial period, discontinued operations	**0.0**	**-3,207.1**	**0.0**	**-5,846.9**	**23,828.0**
Result of the financial period	**-9,177.7**	**4,786.2**	**-18,030.1**	**7,608.5**	**47,674.4**
Result of the financial period attributable to:					
Parent company shareholders	-8,821.4	7,658.9	-16,782.4	13,120.3	22,299.6
Minority shareholders in continuing operations	-356.3	334.5	-1,247.7	335.1	1,546.8
Total	**-9,177.7**	**7,993.4**	**-18,030.1**	**13,455.4**	**23,846.4**
Result of the financial period attributable to:					
Parent company shareholders	-8,821.4	4,451.7	-16,782.4	7,273.4	46,127.6
Minority shareholders in continuing operations	-356.3	334.5	-1,247.7	335.1	1,546.8
Total	**-9,177.7**	**4,786.2**	**-18,030.1**	**7,608.5**	**47,674.4**
Earnings per share calculated from continuing operations' result of the review period for parent company shareholders					
Undiluted earnings per share (euros)	-0.46	0.41	-0.91	0.69	1.10
Diluted earnings per share (euros)	-0.46	0.40	-0.90	0.69	1.10
Earnings per share calculated from the result of the review period for parent company shareholders					
Undiluted earnings per share (euros)	-0.46	0.24	-0.91	0.38	2.36
Diluted earnings per share (euros)	-0.46	0.23	-0.90	0.38	2.34
Comprehensive consolidated income statement					
Result of the financial period	**-9,177.7**	**4,786.2**	**-18,030.1**	**7,608.5**	**47,674.4**
Other comprehensive income items (after taxes):					
Foreign currency translation differences, foreign operations	469.3	-33.1	-486.8	-32.1	-128.6
Other comprehensive income items that may be subsequently reclassified to profit or loss, total	469.3	-33.1	-486.8	-32.1	-128.6
Total comprehensive income for the period	**-8,708.4**	**4,753.1**	**-18,516.9**	**7,576.4**	**47,545.7**
Distribution of the comprehensive income for the financial period:					
Parent company shareholders	-8,352.1	4,418.6	-17,269.2	7,241.3	45,999.0
Minority shareholders in continuing operations	-356.3	334.5	-1,247.7	335.1	1,546.8
Total	**-8,708.4**	**4,753.1**	**-18,516.9**	**7,576.4**	**47,545.7**

The comparable income statement of continuing operations is presented in Note 2. Financial information regarding the discontinued operation is presented in Note 3.

Non-recurring items recorded during the financial period 1 January–30 June 2020 are as follows:
Unrealised foreign exchange losses on loans were recognised in financial expenses in the amount of EUR 1.0 million. Additional depreciation and impairment has been recognised on tangible and intangible assets totalling EUR 4.6 million.

Non-recurring items recorded during the financial period 1 January–31 December 2019 are as follows:
An adjustment of EUR 2.1 million on the estimated additional transaction price related to the share acquisitions of The Bird Mother ApS was recognised under financial income.

Consolidated Balance Sheet (IFRS)

EUR 1,000	30 June 2020	30 June 2019	31 December 2019
ASSETS			
Non-current assets			
Goodwill	136,016.0	156,188.6	128,831.6
Intangible assets	46,536.6	60,367.1	48,461.4
Property, plant and equipment	51,783.2	53,187.2	57,008.4
Right-of-use assets	150,974.1	180,417.4	159,077.4
Shares in associated companies and joint ventures	38,981.3	965.0	39,368.0
Other investments	249.4	98.1	194.5
Loans receivables	403.6	51.8	453.1
Other receivables	2,920.5	4,792.8	2,916.4
Deferred tax assets	1,516.6	333.1	900.9
Non-current assets	**429,381.3**	**456,401.0**	**437,211.7**
Current assets			
Inventories	5,370.5	6,462.2	5,938.5
Loan receivables	277.9	20.3	303.3
Trade and other receivables	16,755.9	56,359.3	23,786.5
Cash and cash equivalents	17,289.2	5,875.8	3,618.1
Current assets total	**39,693.5**	**68,717.6**	**33,646.3**
Assets in total	**469,074.8**	**525,118.6**	**470,858.0**
EQUITY AND LIABILITIES			
Equity			
Share capital	150.0	150.0	150.0
Invested unrestricted equity fund	58,425.1	68,027.1	57,670.4
Fair value reserve	0.0	-4.5	0.0
Own shares	0.0	-191.4	0.0
Retained earnings	27,560.5	-5,388.2	46,442.4
Hybrid bond	0.0	25,000.0	25,000.0
Total equity attributable to parent company shareholders	**86,135.6**	**87,593.0**	**129,262.8**
Non-controlling interests	7,069.7	15,869.2	7,760.4
Total equity	**93,205.3**	**103,462.2**	**137,023.2**
Non-current liabilities			
Deferred tax liabilities	3,802.3	10,183.3	6,330.0
Financial liabilities	111,311.1	86,219.5	72,712.8
Liabilities for right-of-use assets	128,097.5	154,899.7	134,048.0
Trade payables and other liabilities	6,366.7	7,228.4	7,744.0
Non-current liabilities	**249,577.6**	**258,530.8**	**220,834.9**
Current liabilities			
Financial liabilities	56,520.9	58,934.5	37,690.1
Provisions	0.0	382.7	0.0
Liabilities for right-of-use assets	26,534.5	26,642.6	27,251.3
Trade payables and other liabilities	43,236.4	77,165.8	48,058.6
Current liabilities	**126,291.9**	**163,125.5**	**113,000.0**
Liabilities total	**375,869.5**	**421,656.4**	**333,834.8**
Total equity and liabilities	**469,074.8**	**525,118.6**	**470,858.0**

Consolidated statement of changes in Equity

Consolidated statement of changes in equity

	Equity attributable to parent company shareholders									
EUR 1,000	**Share capital**	**Invested unrestricted equity fund**	**Fair value reserve**	**Treasury shares**	**Translation difference**	**Retained earnings**	**Hybrid bond**	**TOTAL**	**Non-controlling interests**	**TOTAL EQUITY**
Equity as at 1 January 2020	**150.0**	**57,670.4**	**0.0**	**0.0**	**-128.6**	**46,571.0**	**25,000.0**	**129,262.8**	**7,760.4**	**137,023.2**
Total comprehensive income for the period										
Result of the financial period						-16,782.4		**-16,782.4**	-1,247.7	**-18,030.1**
Other comprehensive income items (after taxes)										
Foreign currency translation differences, foreign operations					-486.8			**-486.8**		**-486.8**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**-486.8**	**-16,782.4**	**0.0**	**-17,269.2**	**-1,247.7**	**-18,516.9**
Other changes total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Transactions with owners of the Company										
Contributions and distributions										
Equity loans						-1,992.4	-25,000.0	**-26,992.4**		**-26,992.4**
Issue of ordinary shares		754.7						**754.7**		**754.7**
Share-based payments						450.0		**450.0**		**450.0**
TOTAL	**0.0**	**754.7**	**0.0**	**0.0**	**0.0**	**-1,542.4**	**-25,000.0**	**-25,787.6**	**0.0**	**-25,787.6**
Changes in ownership interests										
Changes in NCI without a change in control						-70.4		**-70.4**	547.4	**477.0**
Changes in NCI with a change in control								**0.0**	**9.7**	**9.7**
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-70.4**	**0.0**	**-70.4**	**557.0**	**486.7**
Total transactions with owners of the Company	**0.0**	**754.7**	**0.0**	**0.0**	**0.0**	**-1,612.7**	**-25,000.0**	**-25,858.0**	**557.0**	**-25,300.9**
Equity as at 30 June 2020	**150.0**	**58,425.1**	**0.0**	**0.0**	**-615.4**	**28,175.9**	**0.0**	**86,135.6**	**7,069.7**	**93,205.3**

Consolidated statement of changes in equity

EUR 1,000	Share capital	Invested unrestricted equity fund	Fair value reserve	Treasury shares	Translation difference	Retained earnings	Hybrid bond	TOTAL	Non-controlling interests	TOTAL EQUITY
	Equity attributable to parent company shareholders									
Equity as at 1 January 2019	**150.0**	**66,944.8**	**-4.5**	**-191.4**	**0.0**	**-519.3**	**0.0**	**66,379.5**	**8,767.5**	**75,147.2**
Change in IFRS 16 accounting principles						708.3		708.3		708.3
Adjusted equity	**150.0**	**66,944.8**	**-4.5**	**-191.4**	**0.0**	**189.0**	**0.0**	**67,087.9**	**8,767.5**	**75,855.5**
Total comprehensive income for the period										
Result of the financial period						4,221.0		**4,221.0**	1,140.7	**5,361.7**
Other comprehensive income items (after taxes)										
Foreign currency translation differences, foreign operations					-32.1			**-32.1**		**-32.1**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**-32.1**	**4,221.0**	**0.0**	**4,188.9**	**1,140.7**	**5,329.6**
Other changes total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Transactions with owners										
Contributions and distributions										
Equity loans						-345.6	25,000.0	**24,654.4**		**24,654.4**
Dividend distribution						-6,463.0		**-6,463.0**	-1,875.3	**-8,338.3**
Issue of ordinary shares		1,027.3						**1,027.3**		**1,027.3**
Share-based payments						433.7		**433.7**		**433.7**
TOTAL	**0.0**	**1,027.3**	**0.0**	**0.0**	**0.0**	**-6,374.9**	**25,000.0**	**19,652.4**	**-1,875.3**	**17,777.0**
Changes in ownership interests										
Changes in minority share-holders' shares without a change in controlling interest		55.0				-3,391.2		**-3,336.2**	7,836.3	**4,500.1**
Changes in NCI with a change in control								**0.0**		**0.0**
TOTAL	**0.0**	**55.0**	**0.0**	**0.0**	**0.0**	**-3,391.1**	**0.0**	**-3,336.1**	**7,836.3**	**4,500.1**
Total transactions with owners	**0.0**	**1,082.3**	**0.0**	**0.0**	**0.0**	**-9,766.2**	**25,000.0**	**16,316.1**	**5,961.0**	**22,277.1**
Equity as at 30 June 2019	**150.0**	**68,027.1**	**-4.5**	**-191.4**	**-32.1**	**-5,356.1**	**25,000.0**	**87,593.0**	**15,869.2**	**103,462.2**

Consolidated Statement of Cash Flows (IFRS)

EUR 1,000	1 January–30 June 2020	1 January–30 June 2019	1 January–31 December 2019
Cash flows from operating activities			
Result of the financial period	-18,030.1	5,431.3	47,674.4
Adjustments for:			
Non-cash transactions*	1,272.9	558.5	-31,002.9
Depreciation, amortisation and impairment losses	27,168.5	24,202.5	47,839.2
Net finance costs	5,584.2	2,172.7	7,261.5
Tax expense	-2,590.7	830.3	2,114.5
Share of profit of associated company	370.5	69.5	-790.9
Cash flow before change in working capital	**13,775.3**	**33,264.8**	**73,095.8**
Changes in working capital:			
Trade and other receivables	6,644.3	-7,228.5	1,245.7
Inventories	639.2	-475.3	-237.3
Trade and other payables	-10,234.4	777.0	-6,114.8
Changes in working capital	**-2,950.9**	**-6,926.8**	**-5,106.4**
Dividends received	0.0	0.0	6.0
Interest paid and other finance costs	-4,494.1	-4,176.7	-8,061.0
Interest received and other finance income	15.6	60.9	115.9
Income taxes paid	-684.3	-2,157.1	-2,756.8
Cash flows from operating activities	**5,661.8**	**20,065.1**	**57,293.5**
Cash flows from investing activities			
Acquisition of property, plant and equipment	-2,754.5	-6,943.3	-16,151.4
Change in other non-current receivables	51.6	-1,680.0	1,564.5
Acquisition of subsidiary, net of cash acquired	-3,157.7	-11,479.4	-16,891.5
Acquisition of business operations	-1,542.3	-1,295.0	-2,218.6
Disposal of business operations	75.0	302.1	308.0
Investments in other investments	0.0	0.0	-62.5
Net cash from investing activities	**-7,327.9**	**-21,095.6**	**-33,451.6**
Cash flows from financing activities			
Proceeds from non-current loans and borrowings	66,700.0	3,050.0	45,927.0
Payment of non-current loans and borrowings	-3,605.2	-9,445.5	-61,913.2
Proceeds from current loans and borrowings	3,090.3	5,786.6	2,962.3
Current commercial papers repaid	-9,500.0	0.0	0.0
Acquisition of non-controlling interests	-200.0	-225.0	-264.3
Proceeds from hybrid bond	0.0	24,654.4	24,654.4
Repayment of hybrid bond	-27,498.0	0.0	0.0
Payment of liabilities for right-of-use assets	-13,648.7	-13,453.7	-27,898.1
Dividends paid	-1.1	-8,415.1	-8,646.5
Net cash from financing activities	**15,337.3**	**1,951.6**	**-25,178.5**
Change in cash and cash equivalents	**13,671.1**	**921.2**	**-1,336.5**
Cash and cash equivalents at 1 January	**3,618.1**	**4,954.6**	**4,954.6**
Change	**13,671.1**	**921.2**	**-1,336.5**
Cash and cash equivalents at 30 June/31 December	**17,289.2**	**5,875.8**	**3,618.1**

***There is no cash transaction related to the labour hire business transaction in 2019.**

On 16 January 2020, the company announced that it will redeem the EUR 25 million hybrid bond 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 bond, which was 102% of the principal plus accrued interest. The hybrid bond enabled the Smile arrangement as well as the entry into the Norwegian restaurant market. The redemption of the hybrid bond ahead of schedule will enable the utilisation of more affordable financial arrangements in the future.

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 2019 IFRS consolidated financial statements. The half-year report has been prepared by observing the same accounting principles as with the 2019 IFRS consolidated financial statements, with the exception of the new amendments to the IFRS standards effective as of 1 January 2020. The changes are described in the 2019 IFRS consolidated financial statements and the IFRS 16 exemption pertaining to leases is described in more detail in Note 8.

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. Due to uncertainty caused by the coronavirus pandemic, the management has to exercise more discretion in assessing certain estimated items and the going concern status.

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.

Following the divestment of Smile Henkilöstöpalvelut Oyj in 2019, the Group has one segment: Restaurants. The Group does not provide separate segment information.

The impact of the COVID-19 pandemic on the Group's business

Due to the pandemic and significant market disruption caused by the coronavirus that arrived in Finland in mid-March, the Group's business operations was contracted almost completely.

Once the impact of the COVID-19 crisis became apparent, the company reacted immediately by starting determined adjustment measures and preparing for the changed market conditions. In accordance with the recommendations issued by the Finnish Government on 12 March 2020, the company immediately cancelled all public events of more than 500 people until the end of May 2020. The company announced negotiations in accordance with the Act on Cooperation within Undertakings on 13 March 2020 and their rapid progress on 18 March 2020, at which time the company reported that, due to the sudden change in the circumstances of the coronavirus pandemic and the recommendations and orders issued by the authorities and the Finnish Government, it had made a decision concerning layoffs without prior cooperation negotiations. The layoffs are temporary, with a duration of 90 days at most, and they concern all of the Group's personnel in Finland, totalling approximately 1,300 employees.

The Finnish Government decided to close restaurants throughout the country starting from 4 April 2020, until the end of May, to prevent the spread of the coronavirus (COVID-19). The company closed its nightclubs and restaurants in accordance with the recommendations of the authorities before the official order of the Finnish Government to close down all restaurants. In Denmark and Norway, restaurants were closed on 12–13 March 2020.

The coronavirus pandemic has had a significant negative impact on the business operations and liquidity of NoHo Partners. The company's largest fixed costs are staff expenses and business premises expenses. Because of this, in the first stage of the market disruption, the company focused on quickly reducing expenses, laying off personnel and balancing its finances while restrictions on its business are in place.

At the same time, the company negotiated a financing package of EUR 34 million in Finland, Denmark and Norway, of which Finnvera guaranteed EUR 15 million. In late May, the company finalised a refinancing programme for its maturing debt as part of its overall financing package. As the final part of the financing package, the company agreed on a debt of EUR 10 million with a right to conversion with the Finnish Industry Investment Ltd (Tesi). The management of the Group estimates that this financing package, together with other financing arrangements, is sufficient to ensure the company's working capital for the next 12 months in spite of the potential prolongation of the uncertain market situation caused by the coronavirus pandemic.

In April, the company negotiated a rent exemption for approximately 70 per cent of its leases mainly for April–May in Finland. In the other countries in which the Group operates (Denmark and Norway), government support packages cover approximately 80 per cent of leases and other fixed expenses during the crisis. The Danish state covered 80 per cent of wage expenses until 8 July 2020.

On 15 May 2020, the company announced that it will begin co-operation negotiations on continuing temporary layoffs due to the uncertain market situation. As a result of the negotiations, the continuation of the layoffs, either full-time or part-time, concerned approximately 550 employees in Finland.

On 19 May 2020, the Finnish Government provided information about practical restrictions relating to the opening of restaurants. According to the Government policy, restaurants can be open from 6 a.m. to 11 p.m. as of the beginning of June, and alcohol can be served from 9 a.m. to 10 p.m. The number of restaurant customers is limited to one-half of the number specified in the licence to serve alcohol. The restriction of the number of customer does not apply to terraces and outdoor premises, but the safety of customers must be ensured in these premises as well. Starting from 22 June 2020, restaurant opening hours were extended to 2 a.m. and alcohol serving hours until 1 a.m., while the permitted customer volume indoors was increased to 75 per cent of normal capacity. The restrictions on restaurant opening hours, alcohol serving hours and permitted customer volumes were lifted on 13 July 2020. From that date on, restaurants have been required to provide a seat for each customer. Restaurants are also still required to provide customers with instructions on the prevention of infectious diseases, such as hand washing and maintaining safe distances. Outdoor events attended by more than 500 people have been permitted since the beginning of July, subject to the necessary special arrangements. Indoor events attended by more than 500 people are also permitted, subject to the necessary special arrangements, from the beginning of August. The Finnish Government will review the necessity of the restrictions regularly and amend them as required based on the development of the coronavirus pandemic situation.

In Denmark and Norway, restaurants serving food were allowed to reopen in May. In Denmark, the number of customers in the indoor areas of restaurants is restricted, restaurants must close at midnight and gatherings of more than 500 people have been cancelled until the end of August 2020. Nightclubs and cocktail bars will remain closed until the end of August. In Norway, alcohol licences were reactivated for food-serving restaurants in Oslo on 6 May 2020 and the alcohol licences of other restaurants were reactivated at the beginning of June. The number of customers in the indoor areas of restaurants is restricted and food and beverages must be served at tables. Restaurants other than those categorised as restaurants serving food were allowed to reopen on 1 June 2020. Gatherings of more than 200 people are cancelled until further notice.

The majority of the Group's restaurants resumed operations in a restricted business environment in June. The Group's nightclubs in Finland remained closed until late June due to the restrictions on opening hours and they were subsequently reopened gradually starting from 22 June 2020 as the restrictions were relaxed and more extensively on 13 July 2020 when the restrictions were lifted. At the end of June, approximately 30 per cent of the Group's restaurants were still closed. Staff restaurants will reopen in August. Event arenas, some nightclubs and some restaurants remain closed for the time being.

Customer demand in June–July 2020 exceeded the Group's expectations. The view of the company's management is that, from the perspective of NoHo Partners' business operations, the most significant uncertainty in the next few months concerns potential changes in the pandemic situation and subsequent changes in consumer behaviour. Another key uncertainty is related to the rents of NoHo Partners' premises. Some of the company's restaurants will remain closed and the company will operate at a partial utilisation rate. Rents are the most significant fixed cost for the Group and therefore they play a crucial role from the point of view of profitability.

Due to the coronavirus pandemic and the changed market environment, the Group has assessed the assets on its balance sheet and recognised additional depreciation and impairment on tangible and intangible assets totalling approximately EUR 4.6 million in the second quarter of 2020. Approximately half of this amount is allocated to discontinued units and half to about 10 units whose revenue generating capacity is estimated to decline in the future. Following these write-offs, the Group's depreciation will be reduced by approximately EUR 1 million per year for the next four years.

Going concern assumption

During the review period, the Group has secured additional financing, adjusted its cost structure and negotiated significant rent reductions with lessors; it has also received a share of the support packages of the Finnish, Norwegian and Danish states. The financing package negotiated during the review period for the duration of the exceptional circumstances caused by the coronavirus pandemic and the refinancing programme for maturing loans were negotiated for a period of 12 months in the initial phase. The Group's financing structure and liquidity have been stabilised and negotiations on the rearrangement of loans will continue during the financial period. The view of the management is that, according to present knowledge, there are currently grounds for assuming that the business operations of NoHo Partners Group will continue. If, going forward, restaurant operations are restricted due to the pandemic or another similar external factor to a significant extent by the government and the Group is not able to secure adequate additional financing from the market, renegotiate loan amortisation plans and receive sufficient additional financing or support for its operations from the state, there may be significant uncertainty concerning the continuity of the Group's business.

Measurement of associated company Eezy Plc

NoHo Partners Plc held 7,520,910 shares in Eezy Plc on 30 June 2020, corresponding to a holding of 30.27 per cent. The book value of the shares on NoHo Partners Plc's balance sheet is EUR 39.0 million, or a book value of EUR 5.18 per share. The closing price of the Eezy share at the end of June was EUR 3.87. The company's view is that this is a temporary difference caused by the COVID-19 market disruption.

Government grants

The Group has received government grants in Finland, Norway and Denmark to mitigate the negative impacts of the coronavirus pandemic. The government grants are recognised at fair value when receiving the grant is fairly certain and the Group meets the relevant conditions. More information on the accounting treatment of government grants is provided in Note 5.

Tax losses

A deferred tax asset has been recognised on losses confirmed in taxation for those companies to which Group assistance is applicable. Based on the management's assessments, the Group assumes that the tax losses can be utilised against taxable profit in future financial periods. Deferred tax assets on confirmed losses amounted to EUR 4.4 million on 30 June 2020 and EUR 2.7 million on 31 December 2019.

2. 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 concerning the labour hire business that was carried out in 2019. Going forward, these are presented as the Group's external items. The most significant item that improves comparability is staffing service purchases influencing materials and supplies. 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.

EUR 1,000	1 April–30 June 2020	1 April–30 June 2019	1 January–30 June 2020	1 January–30 June 2019	1 January–31 December 2019
Restaurant business (comparable continuing operations)					
Turnover	19,042.8	67,725.9	69,132.1	121,000.2	272,912.0
Other operating income	8,262.1	1,587.6	10,435.3	3,232.3	6,453.7
Raw materials and consumables	-6,310.2	-24,779.4	-25,308.8	-43,676.9	-96,789.1
Employee benefits	-7,610.4	-16,465.9	-22,928.5	-29,546.2	-63,445.7
Other operating expenses	-5,282.9	-13,588.1	-18,827.8	-23,548.5	-56,461.6
Depreciation, amortisation and impairment losses	-16,144.0	-10,501.2	-27,168.5	-21,717.6	-44,522.6
Share of profit of associated company	-93.6	-68.6	-121.3	-69.5	242.7
EBIT	**-8,136.1**	**3,910.2**	**-14,787.5**	**5,673.9**	**18,389.5**
Financial income	16.3	2,260.8	18.9	4,423.5	2,254.4
Finance costs	-2,304.8	-2,094.3	-5,603.1	-3,997.6	-7,448.4
Profit/loss before taxes	**-10,424.6**	**4,076.7**	**-20,371.7**	**6,099.8**	**13,195.5**
Tax based on the taxable income from the financial period	-253.3	-1,149.8	-363.1	-1,664.2	-5,429.9
Change in deferred taxes	1,804.9	602.4	2,953.8	1,284.4	3,964.5
Result of the financial period, comparable continuing operations	**-8,873.0**	**3,529.3**	**-17,781.0**	**5,719.9**	**11,730.1**
Result from comparable continuing operations attributable to:					
Parent company shareholders	-8,516.7	3,194.8	-17,424.7	5,384.9	10,183.3
Minority share	-356.3	334.5	-356.3	335.1	1,546.8
Total	**-8,873.0**	**3,529.3**	**-17,781.0**	**5,719.9**	**11,730.1**
Earnings per share calculated from comparable continuing operations' result of the review period for parent company shareholders					
Undiluted earnings per share (EUR)	-0.45	0.17	-0.95	0.28	0.47
Diluted earnings per share (EUR)	-0.44	0.17	-0.94	0.28	0.46
Key figures of comparable continuing operations					
EBIT, %	-42.7%	5.8%	-21.4%	4.7%	6.7%
Material margin, %	74.1%	73.6%	72.3%	73.8%	74.3%
Staff expense, %	44.0%	34.2%	40.8%	34.0%	32.6%

3. Discontinued Operation

The divestment of Smile Henkilöstöpalvelut Oyj in 2019 and the arrangement with Eezy Oyj are described in the consolidated financial statements for 2019. Due to the transaction, Smile demerged from the Group in August 2019 and it was 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

INFORMATION ABOUT THE LABOUR HIRE SEGMENT					
EUR 1,000	**1 April–30 June 2020**	**1 April–30 June 2019**	**1 January–30 June 2020**	**1 January–30 June 2019**	**1 January–31 December 2019**
Turnover	0.0	37,222.8	0.0	67,547.1	95,925.8
Other operating income	0.0	215.7	0.0	349.5	505.1
Raw materials and consumables	0.0	-513.3	0.0	-1,039.0	-1,261.8
Employee benefits	0.0	-31,400.4	0.0	-57,203.2	-80,950.2
Other operating expenses	0.0	-2,463.0	0.0	-4,409.2	-5,864.9
Depreciation, amortisation and impairment losses	0.0	-1,252.5	0.0	-2,484.9	-3,316.5
EBIT	**0.0**	**1,809.3**	**0.0**	**2,760.4**	**5,037.5**
Financial income	0.0	40.1	0.0	49.3	73.6
Finance costs	0.0	-246.3	0.0	-401.1	-2,126.3
Profit/loss before taxes	**0.0**	**1,603.1**	**0.0**	**2,408.6**	**2,984.7**
Income taxes	0.0	-630.8	0.0	-1,086.4	-1,622.0
Change in deferred taxes	0.0	284.5	0.0	566.3	972.9
Profit/loss of the labour hire segment after taxes	**0.0**	**1,256.9**	**0.0**	**1,888.5**	**2,335.6**
Result of the discontinued operation					
Profit/loss of the labour hire segment after taxes	0.0	1,256.9	0.0	1,888.5	2,335.6
Sales profit after taxes	0.0	0.0	0.0	0.0	33,110.1
Impact of internal items	0.0	-4,464.0	0.0	-7,735.5	-11,617.7
Result of the discontinued operation	**0.0**	**-3,207.2**	**0.0**	**-5,847.0**	**23,828.0**
Attributable to:					
Parent company shareholders	0.0	-3,856.8	0.0	-6,652.6	22,988.1
Minority share	0.0	649.6	0.0	805.6	839.9
Total	**0.0**	**-3,207.2**	**0.0**	**-5,847.0**	**23,828.0**
Earnings per share calculated from the review period profit for owners of the company					
Undiluted earnings per share (EUR)	-	-0.20	-	-0.35	1.21
Diluted earnings per share (EUR)	-	-0.20	-	-0.35	1.20
Labour hire segment key figures					
EBIT, %	-	4.9%	-	4.1%	5.3%
Staff expense, %	-	84.4%	-	84.7%	84.4%

Net cash flows of the discontinued operation

EUR 1,000	1 January– 30 June 2020	1 January– 30 June 2019	1 January– 31 December 2019
Cash flows from operating activities	0.0	1,837.5	2,142.0
Cash flows from investing activities	0.0	-1,403.7	-1,627.1
Cash flows from financing activities	0.0	-436.2	-517.4

Sales profit arising from the discontinued operation

Sales profit from special purpose entity 38,249.0

Carrying amounts of the net assets to be transferred, 31 August 2019

Non-current assets 45,500.8
Current assets 22,298.9
Assets in total 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

4. Turnover

DISTRIBUTION OF CONTINUING OPERATIONS' TURNOVER INTO GOODS AND SERVICES

EUR 1,000	1 April–30 June 2020	1 April–30 June 2019	1 January–30 June 2020	1 January–30 June 2019	1 January–31 December 2019
Sale of goods	18,403.5	54,289.3	63,107.1	97,141.9	241,041.6
Sale of services	639.4	13,404.8	6,025.1	23,779.2	31,778.3
Total	**19,042.8**	**67,694.1**	**69,132.1**	**120,921.1**	**272,819.9**

DISTRIBUTION OF CONTINUING OPERATIONS' COMPARABLE TURNOVER BY BUSINESS AREA

EUR 1,000	1 April–30 June 2020	1 April–30 June 2019	1 January–30 June 2020	1 January–30 June 2019	1 January–31 December 2019
Restaurants	5,213.2	25,188.1	24,297.9	46,874.1	107,538.2
Entertainment venues	4,480.8	23,444.4	19,145.8	42,282.5	88,513.5
Fast casual restaurants	5,949.1	8,007.7	12,437.6	16,128.6	33,569.6
International restaurants	3,399.8	11,085.6	13,250.8	15,715.0	43,290.8
Total	**19,042.8**	**67,725.9**	**69,132.1**	**121,000.2**	**272,912.0**

The sale of goods primarily comprises 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 and Germany (the last being a result of the Friends & Brgrs acquisition).

Asset and debt items based on contracts with customers
Of the asset items in continuing operations based on contracts, a total of EUR 373 thousand in IFRS 9 credit loss provisions have been recognised as expenses between 1 January and 30 June 2020.

The Group has no asset items recognised 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 the current liabilities. Gift card revenue is recognised when the card is used. On 30 June 2020, the value of gift cards sold was approximately EUR 1,820 thousand, and they are expected to be entered as income during 2020.

5. Government Grants

The Group has received government grants in Finland, Norway and Denmark to mitigate the negative impacts of the corona- virus pandemic.

In Finland, restaurants receive compensation for the losses suffered due to their forced closure. As a rule, the compensation takes the form of mass payments, without separate applications, for the period from 4 April to 31 May 2020. The compensation amounts are based on reductions in sales in April 2020, using the average sales in April–May 2019 or the average sales in January–February 2020 as the point of comparison. The compensation represents 15% of the reduction in sales up to one million euros and 5% of the reduction in sales for the proportion exceeding one million euros. Re-employment support is paid in the amount of EUR 1,000 per employee. Eligibility for the re-employment support is subject to the employee in question being paid total wages of at least EUR 2,500 during the period from 1 June to 31 August 2020, or the costs of a leased employee being at least EUR 4,500 for the same period.

In Norway, the government grants a direct subsidy by paying approximately 80 per cent of fixed expenses. Also in Norway, the government made layoffs easier and took on 12 days worth of salaries for the layoff period, which the company normally would be obligated to pay for 14 days. The subsidy is in effect for the period from 1 March to 1 August 2020.

In Denmark, the company has received a direct subsidy for the interruption of business. Up to 75% of monthly salaries and 90% of hourly salaries are compensated up to a maximum of EUR 4,000. About 80% of fixed expenses are compensated in increments in proportion to the decrease in turnover. The subsidy is in effect for the period from 12 March to 8 July 2020.

SPECIFICATION OF GOVERNMENT GRANTS

EUR 1,000	1 April–30 June 2020	1 January–30 June 2020	Estimate Q3/2020	Estimate 2020 total
Finland				
Cost support	4,048.7	4,048.7	0.0	4,048.7,
Re-employment support	266.7	266.7	533.3	800.0
Norway				
Compensation for fixed expenses	813.5	1,168.2	372.9	1,541.0
Denmark				
Compensation for fixed expenses	1,400.1	1,759.2	179.1	1,938.3
Compensation related to wage expenses	842.7	1,178.7	85.6	1,264.3
Total	**7,371.7**	**8,421.5**	**1,170.9**	**9,592.3**

The government grants do not involve unmet conditions or other uncertainty factors. The Group has not received direct benefits from government support of any other type.

Government grants related to expenses are entered on the balance sheet as deferred income and recognised through profit or loss under other operating income for the periods corresponding to the expenses that they cover.

The Group did not receive any government grants in 2019.

6. Changes in Group Structure

ACQUIRED SUBSIDIARIES AND BUSINESSES

Acquired company or business	Transfer of the right of ownership and management	Shareholding acquired
Restaurant business, Christiania Drift As	2 January 2020	-
Restaurant business, Emmas Drommekjokken Drift As	1 February 2020	-
Friends & Brgrs Ab Oy	3 April 2020	71%
Restaurant business, Cock's & Cows Tisvilde	9 May 2020	-

Acquisition of Friends & Brgrs Ab Oy

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 were issued as part of the share transaction by which NoHo Partners acquired the majority of Friends & Brgrs Ab Oy's shares from the current shareholders. In this share transaction, the transaction price for Friends & Brgrs Ab Oy's founding shareholders was paid partly in cash and partly as the company's shares issued for them in the special share issue. The non-controlling shareholders of Friends & Brgrs Ab Oy had the right to choose to have the transaction price paid either in cash or as new shares in the Company issued to them in the special share issue.

A total of 144,983 new shares in the Company were subscribed in the special share issue in accordance with the terms and conditions of the share purchase agreement. The subscription price per share was EUR 5.18. The subscription price of the shares was paid to the Company with apport property using the Friends & Brgrs Ab Oy shares. The Company had a justified financial reason for deviating from the shareholder's pre-emptive subscription right, since the special share issue enabled the realisation of the share transaction. According to the Board of Directors' view, the share transaction supports the growth of the company and implementation of the strategy.

The transaction was completed on 3 April 2020. NoHo Partners holds 71% of the shares of Friends & Brgrs Ab Oy. The remaining transaction price liability arising from the acquisition of Friends & Brgrs Ab Oy includes a share pledge to the sellers.

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

EUR 1,000	Friends & Brgrs Ab Oy	Other acquisitions	Total acquisitions
Assets			
Intangible assets	1,861.0		1,861.0
Tangible assets	1,020.7	252.1	1,272.7
Investments	0.3		0.3
Non-current receivables	5.6		5.6
Current receivables	360.3		360.3
Inventories	81.1		81.1
Cash and cash equivalents	1,050.3		1,050.3
Total assets	**4,379.2**	**252.1**	**4,631.3**
Liabilities			
Deferred tax liabilities	379.6		379.6
Financial liabilities	1,193.6		1,193.6
Other payables	1,579.5		1,579.5
Total liabilities	**3,152.7**	**0.0**	**3,152.7**
Net assets	**1,226.5**	**252.1**	**1,478.6**
Total purchase consideration at time of acquisition:			
Share of the purchase consideration consisting of cash and cash equivalents	6,354.0	1,451.7	7,805.7
Share of equity of the purchase consideration	754.7		754.7
Share of debt		13.4	13.4
Total purchase consideration in total	**7,108.7**	**1,465.1**	**8,573.8**
Generation of goodwill through acquisitions:			
Total purchase consideration	7,108.7	1,465.1	8,573.8
Non-controlling interests	355.7		355.7
Net identifiable assets of the acquired entity	1,226.5	252.1	1,478.6
Goodwill	**6,237.9**	**1,213.0**	**7,450.9**

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

IFRS 16 RIGHT-OF-USE ASSETS OF THE ACQUIRED BUSINESSES:

EUR 1,000	Foreign operations	Domestic operations	Total acquisitions
Acquisitions of subsidiaries and business operations	1,685.4	4,303.7	5,989.1

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, Aleksanterinkatu 22	100%	Tampere	3 January 2020
Sisäsataman Terassi Oy	60%	Vaasa	15 January 2020
Restaurant, shopping centre Aino	100%	Espoo	1 June 2020
Restaurant, shopping centre Ideapark	100%	Lempäälä	30 June 2020

TOTAL VALUE OF THE ASSETS AND LIABILITIES SOLD BY THE GROUP AT THE MOMENT OF TRANSFER OF CONTROL:

Goodwill	266.5
Property, plant and equipment	631.7
Other asset items	26.7
Minority share	9.7
Liabilities	-1.7
Net assets, total	**933.0**

Losses on disposal totalling EUR 392.9 thousand were recognised in the income statement.

7. Intangible and Tangible Assets

CONTINUING AND DISCONTINUED OPERATIONS

EUR 1,000			
Goodwill	**30 June 2020**	**30 June 2019**	**31 December 2019**
Book value 1 Jan.	128,831.6	147,434.0	147,434.0
Business acquisitions	7,450.9	9,264.2	14,034.8
Depreciation, amortisation and impairment losses	0.0	0.0	0.0
Deductions	-266.5	-509.5	-32,637.3
Carrying amount at the end of the review period	**136,016.0**	**156,188.6**	**128,831.6**

Intangible assets	30 June 2020	30 June 2019	31 December 2019
Book value 1 Jan.	48,461.4	56,542.2	56,542.2
Business acquisitions	1,861.0	7,683.5	6,064.7
Additions	208.6	620.4	1,821.5
Depreciation, amortisation and impairment losses	-2,693.1	-4,454.2	-7,493.5
Deductions	-60.6	0.0	-8,186.3
Translation differences	-1,339.5	-24.9	-287.2
Transfers between account types	98.8	0.0	0.0
Carrying amount at the end of the review period	**46,536.6**	**60,367.1**	**48,461.4**

Tangible assets	30 June 2020	30 June 2019	31 December 2019
Book value 1 Jan.	57,008.4	47,081.9	47,081.9
Business acquisitions	1,272.7	6,031.8	7,215.5
Additions	4,125.3	6,116.7	15,066.6
Depreciation, amortisation and impairment losses	-9,390.8	-5,350.4	-10,213.1
Deductions	-631.9	-683.7	-1,994.8
Translation differences	-606.2	-9.2	-147.6
Transfers between account types	5.6	0.0	0.0
Carrying amount at the end of the review period	**51,783.2**	**53,187.1**	**57,008.4**

8. Lease Agreements

In April, the Group negotiated a rent exemption for 70 per cent of its leases mainly for April-May in Finland. The Group has applied the proposed IFRS 16 exemption in the accounting treatment of leases despite the fact that the proposed change is not yet approved for application in the EU at the time of drawing up this half-year report. Leases that only involved a rent exemption were treated as negative changes in rents. The rent exemptions amounted to EUR 3.5 million. Of these, EUR 3.1 million were leases to which the exemption was applied. The agreements that also involved other changes in addition to rent exemptions were treated as changes in leases. The incremental borrowing rate applied to the changes in leases is 5.0%.

RIGHT-OF-USE ASSETS

EUR 1,000	30 June 2020	31 December 2019
Carrying amount 1 Jan.	159,077.4	176,890.1
Additions	6,933.8	26,429.4
Reassessments and modifications	3,966.7	-10,636.2
Depreciation, amortisation and impairment losses	-15,084.7	-30,132.5
Deductions	-1,574.9	-2,977.2
Translation differences	-2,344.2	-496.2
Carrying amount at the end of the review period	**150,974.1**	**159,077.4**

CHANGE IN LEASE LIABILITY

EUR 1,000	30 June 2020	31 December 2019
Lease liability at the beginning of the period	161,299.3	176,890.1
Net increases	9,325.6	12,803.5
Rent payments	-12,848.6	-32,656.6
Rent exemptions, COVID-19	-3,128.0	0.0
Interest expenses	2,327.9	4,758.5
Translation differences	-2,344.2	-496.2
Lease liability at the end of the period	**154,632.0**	**161,299.3**

LEASE LIABILITY

EUR 1,000	30 June 2020	31 December 2019
Non-current	128,097.5	134,048.0
Current	26,534.5	27,251.3
Total	**154,632.0**	**161,299.3**

LEASES IN THE INCOME STATEMENT

EUR 1,000	1 Jan.–31 Mar. 2020	1 April–30 June 2020	1 Jan.–30 Jun. 2020	31 December 2019
Rent exemptions, COVID-19	0.0	3,128.0	3,128.0	0.0
Expenses related to short-term leases, leases for underlying assets of low value and changing rents	-543.1	-348.3	-891.4	-5,619.4
Depreciation of right-of-use assets	-7,184.0	-7,900.7	-15,084.7	-30,132.5
Interest expenses on lease liabilities	-1,035.9	-1,292.1	-2,327.9	-4,758.5
Total	**-8,762.9**	**-6,413.1**	**-15,176.0**	**-40,510.3**

9. Impairment Testing

The coronavirus pandemic has had a significant negative impact on the business operations of NoHo Partners. When the pandemic hit the Group's business, the Group carried out impairment testing on 31 March 2020 using the carrying amounts and calculations of future cash amounts valid at the time. No impairment losses were recognised based on the impairment testing. On 31 March 2020, the recoverable cash flow based on utility value calculations exceeded the carrying amount by more than EUR 14 million (on 31 December 2019, by more than EUR 95 million). The decrease in the difference between the recoverable cash flow based on utility value calculations and the carrying amount between the financial statements date of 31 December 2019 and interim report date of 31 March 2020 is due to the Group's management having estimated that the COVID-19 pandemic will impair the short-term cash flow projection used in the utility value calculation. The short-term projections and cash flows have been significantly impacted by the decisions of the Finnish, Norwegian and Danish governments to restrict restaurant operations in March–May. The short-term cash flow forecast used in the impairment testing of 31 March 2020 was based on conservative estimates of the recovery of demand when restrictions are lifted.

THE GROUP'S GOODWILL, BRANDS WITH AN INDEFINITE USEFUL LIFE, NAME-USE-RIGHTS, NON-COMPETITION AGREEMENTS AND LEASES

EUR 1,000	30 June 2020	31 March 2020	31 December 2019
Goodwill	136,016.0	129,970.1	128,831.6
Brands and name-use-rights	21,757.9	21,757.9	21,757.9
Non-competition agreements	120.0	120.0	120.0
Leases	2,736.1	2,736.1	2,736.1

Goodwill on the balance sheet increased during the review period as a result of the Friends & Brgrs acquisition. An assessment of the cash flow forecasts used in the impairment testing of 31 March 2020 indicates that the Group's business and the cash flow generated by it have significantly exceeded the short-term cash flow forecasts used in the calculations following the partial lifting of restrictions. Consequently, the management has assessed that, on 30 June 2020, there were no indications of impairment that would create the need to update impairment testing compared to the situation on 31 March 2020.

10. Financial Liabilities

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 company's liquidity as well as 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.

The coronavirus pandemic has had a significant negative impact on the business operations and liquidity of NoHo Partners. During the review period, the Group negotiated a financing package of EUR 34 million with its current financing partners for the duration of the exceptional coronavirus pandemic situation and a refinancing programme for maturing loans as part of the overall financing package. Finnvera guaranteed EUR 15 million of the financing package. As part of the financing package negotiated in early April, a one-year period amortisation-free period concerning the loans from the financing partners was agreed on. Under the current agreement, the amortisation of these loans will resume in April 2021.

In May 2020, the Group extended its commercial paper programme at the amount of EUR 12.5 million until the autumn 2020 and repaid EUR 9.5 million of the debt.

As the final part of the financing package, the Group agreed on a debt of EUR 10 million with a right to conversion with Finnish Industry Investment Ltd (Tesi). Tesi's debt does not require collateral and it will fall due 18 months after the drawdown of the debt. The annual interest on the debt is 10 per cent. Interest will fall due on the due date together with the principal. It is possible to repay the debt partly or in full before the due date. Tesi has the right, but not the obligation, to convert the debt and its interests partly or in full into a maximum of 2,400,000 NoHo Partners Plc's new shares in one or more instalments at any time after the due date. In a conversion situation, the conversion price per share is the average share price in Nasdaq Helsinki weighted with trading volumes of the previous three months before the conversion grounds.

MATURITY DISTRIBUTION OF FINANCIAL LIABILITIES, 30 JUNE 2020

EUR 1,000	Balance sheet value	Less than 1 year Q3/2020	Less than 1 year Q4/2020	Less than 1 year Q1/2021	Less than 1 year Q2/2021	1 to less than 2 years	2–5 years	More than 5 years
COVID-19 bridge financing	23,000.0				23,000.0			
Finnish Industry Investment Ltd	10,000.0					10,000.0		
Commercial paper programme	12,500.0	12,500.0						
Other loans	117,264.5	100.7	100.7	100.7	15,651.4	17,529.8	83,640.6	140.7
Total	**162,764.5**	**12,600.7**	**100.7**	**100.7**	**38,651.4**	**27,529.8**	**83,640.6**	**140.7**

Account limits in use *	5,067.5
Total	**167,832.0**

*** The account limits in use are in effect indefinitely and no due date has been specified for them. The account limits are classified as current liabilities.**

The Group's liabilities maturing during the current financial period amount to EUR 12.7 million. Of this total, EUR 12.5 million consists of a commercial paper programme that will mature in the third quarter. The Group is currently in negotiations concerning the renewal of the commercial paper programme in question.

On 30 June 2020, the Group's cash and cash equivalents totalled EUR 17.3 million and the unwithdrawn loan and account limits available to the Group amounted to EUR 15.6 million. In addition, on 30 June 2020 the Group owned 7,520,910 shares in the listed company Eezy Plc, corresponding to a holding of 30.27 per cent. At the closing share price on 30 June 2020, the market value of this shareholding was over EUR 29 million.

Liquidity risk

The measures taken during the review period were aimed at ensuring that the Group's financial assets are sufficient to cover business and financing needs for the duration of the exceptional circumstances. The financing package negotiated during the review period for the duration of the exceptional circumstances caused by the coronavirus pandemic and the refinancing programme for maturing loans were negotiated for a period of 12 months in the initial phase. The Group's financing structure and liquidity have been stabilised and negotiations on the rearrangement of loans will continue during the financial period 2020.

When the coronavirus pandemic hit, the Group shifted from profit-oriented decision-making to cash flow-oriented decision-making. The Group's financing needs will be covered by optimising working capital and through external financing arrangements to ensure that the Group has sufficient liquidity or unwithdrawn committed credit arrangements at its disposal. The operational monitoring and management of liquidity risk are centralised in the Group's finance department, where the sufficiency of financing is managed based on rolling forecasts.

On 30 June 2020, the Group's cash and cash equivalents totalled EUR 17.3 million. Additionally, the Group has unwithdrawn loan and account limits amounting to EUR 15.6 million at its disposal. The Group's business returned to cash flow positivity in June once the restrictions were lifted and the Group's negative working capital has begun to recover as turnover has increased. Going forward, if operations were to be restricted by orders issued by the government that would have a significant effect on consumer behaviour, working capital may eat into the Group's cash and cash equivalents due to a potential demand shock caused by the pandemic.

According to the present view of the Group's management, the current financing package, together with an amortisation plan for existing loans to be renegotiated as a part of the financing arrangements negotiated during the financial period, is sufficient to ensure the company's working capital for the next 12 months in spite of the potential prolongation of the uncertain market situation caused by the coronavirus pandemic.

11. Related Party Transactions

The Group's related parties are the parent company, subsidiaries, associated company, the parent company's subsidiaries and the key management personnel. Key management personnel includes the members of the Board of Directors, the Group's Executive Team, the Chief Executive Officer and his/her deputy, as well as their close family members. Furthermore, related entities include any owners who can exercise control or significant influence in NoHo Partners, the companies where the said owners have a controlling interest, and companies where a person exercising control over NoHo Partners exercises significant influence or works in the management of the company or its parent company.

TRANSACTIONS WITH RELATED ENTITIES

EUR 1,000	Sales	Lease costs	Acquisitions	Lease income	Receivables	Liabilities
30 June 2020	30.8	214.3	4,018.3	19.3	139.5	731.9
30 June 2019	218.5	176.7	2,264.5	0.0	730.2	406.2
31 December 2019	389.0	552.9	10,875.1	39.8	2,417.7	2,335.4
Eezy Oyj's share of related party transactions						
30 June 2020	27.2	0.0	3,845.5	19.3	2.0	669.4
30 June 2019	-	-	-	-	-	-
31 December 2019	126.4	0.0	8,100.1	0.0	1,726.2	2,173.4

Transactions with related entities have been completed applying the same terms as transactions with independent parties.

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 earning criteria set for the second earning period are the EBIT % of NoHo Partners Plc's Finnish operations, the company's share price development and the EBIT % of the foreign operations during the second earning period.

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 plan covers 11 key employees of the company's Executive Team in the second earning period.

Costs from the share-based incentive plan are recognised as staff expenses over time and in equity under earnings. Based on the management's estimate, for the second earning period, EUR 450 thousand in benefits paid in shares have been entered as expenses by 30 June 2020.

On 3 April 2020, the Group announced that the Board of Directors of NoHo Partners Plc has decided to postpone the payment of share rewards pursuant to the share-based incentive scheme directed at the company's Executive Team for the first earning period. The company will announce the payment schedule and method of the share rewards for the first earning period at a later time.

MEMBERS OF THE EXECUTIVE TEAM OF NOHO PARTNERS PLC ON 30 JUNE 2020

Aku Vikström
CEO, Chairman of the Executive Team

Jarno Suominen
Deputy CEO

Jarno Vilponen
CFO

Juha Helminen
Director of International Operations

Perttu Pesonen
Development Director

Anne Kokkonen
HR Director

Benjamin Gripenberg
CBO, Restaurants, Helsinki Metropolitan Area

Tanja Virtanen
CBO, Restaurants, rest of Finland

Eemeli Nurminen
CBO, Entertainment Venues, Helsinki Metropolitan Area

Paul Meli
CBO, Entertainment Venues, rest of Finland

Tero Kaikkonen
CBO, Fast casual restaurants

12. Contingent Liabilities and Assets and Commitments

CONTINUING OPERATIONS

GUARANTEES AND CONTINGENT LIABILITIES

EUR 1,000	30 June 2020	30 June 2019	31 December 2019
Liabilities with guarantees included on the balance sheet			
Loans from financial institutions, non-current	95,700.8	64,609.4	68,493.3
Loans from financial institutions, current	40,280.6	36,941.1	15,728.8
Discontinued operation	0.0	18,427.2	0.0
Total	**135,981.4**	**119,977.7**	**84,222.1**
Commercial papers, current	**12,500.0**	**22,000.0**	**22,000.0**
Guarantees given on behalf of the Group			
Collateral notes secured by a mortgage	37,455.4	34,885.8	34,885.4
Real estate mortgage	4,364.5	4,364.7	4,364.5
Subsidiary shares	105,872.9	99,735.8	97,557.8
Other shares	29,105.9	0.0	23,878.9
Bank guarantees	9,345.4	8,464.8	8,611.8
Other guarantees	4,449.0	17,222.6	4,449.0
Discontinued operation	0.0	35,310.6	0.0
Total	**176,040.1**	**199,984.4**	**149,868.5**
Purchase commitments			
Eezy Plc	65,347.2	0.0	69,285.8
Other	200.0	600.0	200.0
Total	**65,547.2**	**600.0**	**69,485.8**
Contingent liabilities and assets	**1,447.8**	**1,447.80**	**1,447.8**

The Eezy Oyj shares pledged as security for liabilities have been measured at market price.

The remaining transaction price liability arising from the acquisition of Friends & Brgrs Ab Oy includes a Friends & Brgrs Oy Ab share pledge to the sellers.

Information on the unsecured loan of EUR 10 million from Finnish Industry Investment Ltd is presented in Note 10.

13. Events After the Reporting Period

NoHo Partners issued a stock exchange release on 6 July 2020 regarding the development of turnover as well as the reopening of restaurants and the growth of demand after the restrictions were partially lifted effective from 1 June 2020.

14. Key Figures

EUR 1,000	1 April–30 June 2020	1 April–30 June 2019	1 January–30 June 2020	1 January–30 June 2019	1 January–31 December 2019
Earnings per share, continuing operations, EUR	-0.46	0.41	-0.91	0.69	1.10
Earnings per share, result of the review period, EUR	-0.46	0.24	-0.91	0.38	2.36
Key figures for continuing operations					
EBIT, %	-44.3%	12.4%	-21.8%	11.1%	11.2%
Material margin, %	74.1%	73.6%	72.3%	73.8%	74.3%
Staff expense, %	44.0%	34.2%	40.8%	34.0%	32.6%
Average staff					
Registered staff					
Full-time staff			813	970	1,005
Part-time staff translated into full-time staff			376	582	596
Rented workforce, translated into full-time staff			186	464	531
Restaurant business (Comparable continuing operations)					
EBIT, %	-42.7%	5.8%	-21.4%	4.7%	6.7%
Key figures for the entire Group					
Return on equity, % (p.a.)			-31.3%	10.2%	44.9%
Return on investment % (p.a.)			-7.4%	6.5%	8.4%
Equity ratio, %			19.9%	19.7%	29.1%
Gearing ratio, %			326.3%	311.6%	194.6%
Interest-bearing net liabilities, EUR			304,171.0	322,424.8	266,690.6
Adjusted net finance costs, EUR	2,113.3	2,206.5	5,409.0	4,236.7	7,165.8
Operating cash flow, EUR	-190.3	6,360.2	-3,474.2	11,782.5	30,408.8
Key figures excluding the IFRS 16 effect					
Gearing ratio, %			158.5%	135.0%	75.9%
Interest-bearing net liabilities, EUR			149,538.9	140,902.8	105,391.3
Operating cash flow, bridge calculation *					
EBIT	-8,440.7	3,910.2	-15,036.7	5,673.9	18,389.5
Depreciation, amortisation and impairment losses	16,144.0	10,501.2	27,168.5	21,717.6	44,522.6
Share of profit of associated company	398.2	68.6	370.5	69.5	-242.7
Translating IFRS 16 lease expenses to be cash flow based	-8,291.8	-8,119.9	-15,976.6	-15,678.5	-32,260.6
Operating cash flow	-190.3	6,360.2	-3,474.2	11,782.5	30,408.8

*** To improve comparability, the comparison figures for 2019 are based on the figures for comparable continuing operations presented in Note 2.**

CALCULATION FORMULAS FOR KEY FIGURES

Key figures required by the IFRS standards

Earnings per share

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

Earnings per share (diluted)

$$\frac{\text{Share of the net income for the financial period attributable to owners of the parent} - \text{interest on hybrid bond}}{\text{Diluted average number of shares}}$$

Alternative performance measures

Return on equity %

$$\frac{\text{Profit (profit attributable to owners of the Company + profit belonging to NCIs)}}{\text{Equity on average (attributable to owners of the Company and NCIs)}} * 100$$

Equity ratio %

$$\frac{\text{Equity (attributable to owners of the Company + NCIs)}}{\text{Total assets} - \text{advances received}} * 100$$

Return on investment %

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

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 %

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

Gearing ratio % excluding IFRS 16

$$\frac{\text{Interest-bearing net financial liabilities}}{\begin{array}{l}\text{Equity (attributable to owners of the Company and NCIs)} - \text{depreciations, amortisations,} \\ \text{lease costs and finance costs recorded in the income statement with regard to IFRS 16}\end{array}} * 100$$

Staff expense %

$$\frac{\text{Employee benefits + leased labour}}{\text{Turnover}} * 100$$

Material margin %

$$\frac{\text{Turnover} - \text{materials and supplies}}{\text{Turnover}} * 100$$

Adjusted net finance costs

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

Operating cash flow

EBIT + Depreciation, amortisation and impairment losses – share of associated company's result – translation of IFRS 16 lease expenses to be cash flow based

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