NoHo

NORDIC HOSPITALITY PARTNERS

Interim report 2018

Noho Partners Interim Report for 1 January–31 December 2018

Net sales increased by 74% in a year of corporate acquisitions and great changes, but exceptionally large non-recurring items reduced profitability – profit guidance for 2019 specified

October–December 2018 in Brief

ENTIRE GROUP:

The Group's net sales were MEUR 98.4 (MEUR 54.4), growth of 80.9 per cent. EBITDA was MEUR 7.3 (MEUR 7.7), decrease of 6.1 per cent. Operating profit was MEUR 2.6 (MEUR 4.3), decrease of 39,0 per cent.

RESTAURANT BUSINESS:

The net sales of the restaurant business segment were MEUR 67.6 (MEUR 34.4), growth of 96.8 per cent. EBITDA was MEUR 4.7 (MEUR 5.9), decrease of 19.8 per cent. Operating profit was MEUR 1.2 (MEUR 3.5), decrease of 67.6 per cent.

LABOUR HIRE BUSINESS:

The net sales of the labour hire business segment were MEUR 34.2 (MEUR 23.4), growth of 46.1 per cent. EBITDA was MEUR 2.5 (MEUR 1.9), growth of 30.1 per cent. Operating profit was MEUR 1.5 (MEUR 0.8), growth of 90.2 per cent.

January–December 2018 in Brief

ENTIRE GROUP:

The Group's net sales were MEUR 323.2 (MEUR 185.9), growth of 73.9 per cent. EBITDA was MEUR 28.4 (MEUR 22.4), growth of 26.8 per cent. Operating profit was MEUR 7.2 (MEUR 10.8), decrease of 33.2 per cent.

RESTAURANT BUSINESS:

The net sales of the restaurant business segment were MEUR 209.7 (MEUR 122.2), growth of 71.7 per cent. EBITDA was MEUR 19.6 (MEUR 16.3), growth of 20.3 per cent. Operating profit was MEUR 2.2 (MEUR 6.9), decrease of 68.1 per cent.

LABOUR HIRE BUSINESS:

The net sales of the labour hire business segment were MEUR 127.1 (MEUR 75.6), growth of 68.1 per cent. EBITDA was MEUR 8.8 (MEUR 6.6), growth of 32.6 per cent. Operating profit was MEUR 5.0 (MEUR 3.8), growth of 29.6 per cent.

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

Dividend

On 31 December 2018, NoHo Partners Plc's distributable assets were EUR 73,177,641.92, of which the share from the profit for the financial period is EUR 4,092,561.33. There have been no significant changes to the company's financial situation since the end of the financial period.

NoHo Partners Plc's Board of Directors proposes to the Annual General Meeting to be held on 24 April 2019 that EUR 0.34 (EUR 0.33) per share, a total of EUR 6,423,397.98 (18,892,347 shares), be paid as the dividend for the financial period ended on 31 December 2018 based on the adopted balance sheet.

Prospects for 2019

PROFIT GUIDANCE (AS OF 14 FEBRUARY 2019):

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

The long-term goal of the Group is to achieve net sales of over MEUR 600 and a profit margin of approximately 7.5 per cent by the end of 2021. The restaurant segment aims to achieve net sales of approximately MEUR 350 and a profit margin of approximately 8 per cent. The labour hire segment aims to achieve net sales of approximately MEUR 300 and a profit margin of approximately 6.5 per cent. The Group will update the estimate for the financial period on an annual basis in conjunction with the publication of the result for the fourth quarter.

CEO Aku Vikström

2018 WAS THE BEGINNING OF A NEW ERA

In January–December 2018, the net sales of our Group increased by almost 74 per cent and EBITDA by almost 27 per cent, and the operating profit decreased by over 33 per cent from the previous financial period. The result of the review period was affected by exceptionally large non-recurring items due to significant transactions and operational efficiency measures in Finland and abroad.

In many ways, the 2018 financial period was the beginning of a new era for our Group. In April, we expanded our restaurant business to the international market in Denmark and, in June, we became one of the biggest restaurant groups in the Nordic countries by merging with Royal Ravintolat. In November 2018, we announced our new name, NoHo Partners Plc (Nordic Hospitality Partners), our new strategy and our goals. We created a new company and identity that portrays our strengths and future goals better than ever.

The 2018 financial period was encumbered by exceptionally large non-recurring items due to the attempted initial public offering of Smile Henkilöstöpalvelut, restructuring of the restaurant portfolio, organisational rearrangement and transactions of international business. With target-oriented changes, there were a total of approximately MEUR -2.1 of non-recurring items affecting EBITDA and with a negative effect on the result of the 2018 financial period, in addition to which there were approximately MEUR -2.8 of non-recurring items that affected the operating profit. The result for the review period was also affected by, for example, Smile's IPO expenses of approximately MEUR 1.75. The sale of SuperPark Oy in the second quarter had a positive impact on the result for the financial period.

At the end of 2018, the restaurant business segment was organised according to the four business areas: food restaurants, nightclubs and pubs, fast casual and international restaurants. As expected, the fourth quarter was good in the food restaurants and fast casual segments, thanks to the continued rising trend of eating out. The nightclub and pub business fell slightly short of expectations compared to the corresponding period last year. Its Christmas season was more moderate than the previous year, where the people celebrated 100 years of Finnish independence and used the services of nightclubs and pubs in record-breaking numbers. In our other main market area, in Tampere, the extensive alterations in the city centre due to the tram project also partly reduced the consumption of our restaurant services.

Our international restaurant business was encumbered by new transactions, starting costs and investments in organisational reinforcement. We believe that these actions will translate to profitable growth in the first half of 2019.

DETERMINED START FOR NEW STRATEGY AND PROFIT IMPROVEMENT PROGRAMMES

We updated our new strategy of profitable growth in the fourth quarter of the year. Its key aims are profitable growth in Finnish growth centres and large events organically through new establishments and corporate acquisitions as well as digitally, international expansion to the Northern European market as well as profitable growth in labour hire services organically and through corporate acquisitions.

Our strategy of profitable growth is supported by the short and long-term profit improvement programmes. The short-term (2018–2019) profit improvement programmes include the integration of Royal Ravintolat, restructuring of the restaurant portfolio and the core business development programme, all of which have started out effectively.

The integration of Royal Ravintolat is proceeding according to schedule and is estimated to bring about at least MEUR 6 of synergy benefits for the Group by the end of 2019. The consolidation of management and administration (synergy value MEUR +1) was fully completed in the second half of 2018, as were the centralisation of purchase and procurement as well as negotiation of better purchase contracts (synergy value MEUR +1.5) The new, more flexible staffing structure and operating model will be introduced in the first quarter of 2019, and its results (synergy value MEUR +3.5) will start to show starting from the second quarter.

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The restructuring and revamping of our restaurant portfolio will enable us to focus on our core business and its profitable growth. In the second half of 2018, we closed 23 unprofitable restaurant units with significantly lower competitiveness due to their location, lease or competitive conditions. The closed units include Bella Roma, Colorado Bar & Grill and Tammergolf restaurant in Tampere, Beefking and Lietsunkulma in Lielahti, Wäinö in Hämeenlinna, Bella Roma in Lappeenranta, Enso in Helsinki, American Diners in Citykäytävä and Easton, Colorado Bar & Grill in Hernesaaren Ranta, Thai Papayas in Herttoniemi and Hernesaaren Ranta, Hieta, Royal Crowne Plaza, Svenska Klubben, Ooh la laa, Hanko Sushi in Ruokolahti, Pepe Lopez and Café Europa in Pori, Hunaja in Lappeenranta, Bar Soolo in Kotka and Sinisoihtu in Rauma. The combined operational net sales effect of all these units for the entire financial period is approximately MEUR 12, and their removal also eliminates approximately MEUR 2 of negative EBITDA.

The core business development programme seeks organic growth and allocates resources more strongly into the profitability of core business. The company's extensive brand portfolio and partner model enable the local and profitable reinvention of concepts as well as the creation of new business ideas. Examples include Sikke's (to be opened in place of Sandro in Eira), Hanko Sushi (opened in place of Thai Papaya in Lempäälä), Hanko Sushi (opened in place of Mura Sushi in Ruka), Pizzeria Luca (to be opened in place of Purpur in Tampere) and Taqueria el Rey (to be opened in place of Patrona in Helsinki). The company's commercial organisation has been strengthened, and the sales functions have been concentrated in Helsinki.

SMILE HENKILÖSTÖPALVELUT STILL GROWING FASTER THAN THE REST OF THE SECTOR

2018 was another time of strong and profitable growth for our labour hire business. In 2014, when Smile Henkilöstöpalvelut joined the company, its net sales were approximately MEUR 6.8, whereas now, in the 2018 financial period, the net sales reached MEUR 127.1. The net sales of Smile Henkilöstöpalvelut increased almost 68 per cent from the previous year, EBITDA by almost 33 per cent and operating profit by almost 30 per cent. When the result is adjusted with costs connected to the IPO, the comparable EBITDA improved by approximately 45 per cent and the operating profit by approximately 51 per cent.

In 2018, Smile acquired several companies specialised in labour hire for industry, construction and logistics, such as Kymppi Service Oy, Jobio companies and Adicio Oy, which specialises in the import of foreign construction labour as well as Job Services Two Oy and Job Services Three Oy, which are focused on construction industry labour needs, in particular. In addition to the corporate acquisitions, organic growth, especially in the restaurant and hospitality sector (HoReCa), served as an engine for the strong growth.

Although the Smile IPO at the Nasdaq Helsinki Ltd Stock Exchange was cancelled in the fourth quarter, Smile achieved a comparable result and benefited from the process in many ways. The entire organisation was subjected to a critical review, which leaves the company's operations on stronger foundations than ever before.

Towards the end of the year, Smile focused on enhancing and harmonising its internal processes. The company invested in brand work and new digital solutions, which are intended in future to make the recruitment process faster for the employees and employers. Smile also launched a direct recruitment service: Smile Rekry finds its clients experts and executives for sales, marketing, ICT and administrative positions. New sectors and services are constantly being mapped. Future growth potential is seen in the logistics sector, in particular.

2019 looks bright for Smile. The labour hire sector is believed to continue its growth, although the availability of labour is slowing the market slightly. The availability issue will be resolved, for example, through the foreign labour import services of Smile Import and active cooperation with educational institutes. The company wants to grow organically and, as in previous years, more quickly than the market. We aim to carry out corporate acquisitions and thus continue to consolidate the market. The company makes a good profit and cash flow, and good options are seen for financing its growth.

NEW STRATEGY AND FINANCIAL GOALS TO GUIDE OPERATIONS

We updated the new long-term financial goals in the fourth quarter of 2018. We aim to achieve net sales of over MEUR 600 and a profit margin of approximately 7.5 per cent by the end of 2021. By the end of the 2019 financial

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period, we will seek net sales of approximately MEUR 250 and a profit margin of over 6 per cent in the restaurant segment and net sales of approximately MEUR 150 and a profit margin of approximately 5 per cent in the labour hire segment. Relative to the strong cash flow of 2019, our debt ratio is good and our MEUR 139 net liabilities are controlled.

At the core of our profitable growth is international expansion – in 2019, we will focus on profitable growth in Denmark and expansion to a new market in Northern Europe in accordance with our strategy. After a year of many changes, we have started the journey towards our new goals. In the long term, the core of profitable growth includes investing in sales and marketing with digital solutions, selected big and profitable new projects as well as garnishing an international growth platform.

AKU VIKSTRÖM, CEO

Key Figures

NoHo Partners Group in Total

(EUR thousand)	10–12/2018	10–12/2017	1–12/2018	1–12/2017
KEY FIGURES, ENTIRE GROUP				
Turnover	98,382	54,391	323,158	185,856
EBITDA	7,272	7,748	28,410	22,404
EBITDA, %	7.4%	14.2%	8.8%	12.1%
Operating profit	2,644	4,334	7,190	10,767
Operating profit, %	2.7%	8.0%	2.2%	5.8%
Review period result	2,571	1,485	4,231	5,492
To shareholders of the parent company	2,203	1,635	3,494	5,058
To minority shareholders	368	-150	737	434
Earnings per share (euros) to the shareholders of the parent company	0.12	0.10	0.19	0.30
Interest-bearing net liabilities			138,500	43,649
Gearing ratio, %			184.3%	93.1%
Equity ratio, %			24.6%	35.3%
Return on investment, % (p.a.)			5.2%	10.7%
Net financial expenses	945	262	2,478	1,099

Restaurant Business

(EUR thousand)	10–12/2018	10–12/2017	1–12/2018	1–12/2017
Turnover	67,650	34,378	209,725	122,174
EBITDA	4,747	5,918	19,643	16,325
EBITDA, %	7.0%	17.2%	9.4%	13.4%
Operating profit	1,151	3,548	2,206	6,920
Operating profit, %	1.7%	10.3%	1.1%	5.7%

KEY FIGURES

Material margin, %	75.5%	76.0%	73.9%	74.1%
Staff expenses, %	33.2%	27.8%	32.1%	28.0%

Labour Hire Business

(EUR thousand)	10–12/2018	10–12/2017	1–12/2018	1–12/2017
Turnover	34,153	23,384	127,090	75,612
EBITDA	2,525	1,940	8,753	6,603
EBITDA, %	7.4%	8.3%	6.9%	8.7%
Operating profit	1,493	785	4,970	3,834
Operating profit, %	4.4%	3.4%	3.9%	5.1%
KEY FIGURES				
Staff expenses, %	81.7%	84.4%	82.4%	83.7%

Key figures for the labour hire segment with the reference data adjusted*

(1 000 euroa)	10–12/2018	10–12/2017	1–12/2018	1–12/2017
Turnover	34,153	23,025	127,090	74,366
EBITDA	2,525	1,581	8,753	5,412
EBITDA, %	7.4%	6.9%	6.9%	7.3%
Operating profit	1,493	785	4,970	3,834
Operating profit, %	4.4%	3.4%	3.9%	5.2%
KEY FIGURES				
Staff expenses, %	81.7%	85.7%	82.4%	85.1%

*) The labour hire reference data for 2017 presented in the table has been adjusted to correspond to the application method of the IFRS 15 standard adopted in the labour hire segment in 2018. For more detailed information, refer to Section 2.2 of the table section.

Alternative Performance Measures

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

NoHo Partners Plc uses alternative performance measures to give a better picture of the operational development of its business and to improve comparability between reporting periods, also taking into account the typical special features of the sector. Alternative performance measures are also often used by analysts, investors and other parties. Alternative performance measures should not be considered replacement indicators for the key figures specified in the IFRS accounting standards. On the basis of ESMA guidelines, no changes have taken place in the key figures of NoHo Partners Plc. The figures and their calculation formulae are presented in the 2017 financial statements and at the end of this interim review.

Net Sales and Income

The Group's Income for the Fourth Quarter of 2018

ENTIRE GROUP:

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The Group's Income for January–December 2018

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The Group's net sales were MEUR 323.2 (MEUR 185.9), growth of 73.9 per cent. EBITDA was MEUR 28.4 (MEUR 22.4), growth of 26.8 per cent. Operating profit was MEUR 7.2 (MEUR 10.8), decrease of 33.2 per cent.

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

Summary

Between January and December, net sales increased by 73.9 per cent and EBITDA by 26.8 per cent, and operating profit decreased by 33.2 per cent from the corresponding period the previous year. In October–December, net sales increased by 80.9 per cent, EBITDA decreased by 6.1 per cent and operating profit decreased by 39,0 per cent from the corresponding period in the previous year.

The result of the 2018 financial period was encumbered by exceptionally large non-recurring items due to transactions. The factors affecting the result of the restaurant business in the review period included the integration costs of the Royal Ravintolat purchase, investments in international business as well as the sale, closure and concept reinvention of unprofitable business units. There were a total of approximately MEUR -2.1 of non-recurring items affecting EBITDA and with a negative effect on the result, in addition to which there were approximately MEUR -2.8 of non-recurring items that affected the operating profit. The net sales effect of the discontinued restaurant units in the 2018 financial period was approximately MEUR 12, and negative EBITDA was approximately MEUR 2. The nearly MEUR 3.6 sales profit from the sale of SuperPark shares, which took place in April 2018, had a positive impact on the result of the review period.

In the 2018 financial period, the labour hire segment carried out significant corporate acquisitions and investments in order to list Smile Henkilöstöpalvelut Oyj on the Nasdaq Helsinki Ltd Stock Exchange. Costs connected to the cancelled IPO amounted to approximately MEUR 1.75, which included over EUR 800,000 of other operating expenses and over EUR 900,000 of finance costs. Expenses associated with corporate acquisitions that affected the EBITDA amounted to approximately EUR 400,000. In addition to these, the sales prices of corporate acquisitions carried out during the financial period were adjusted in financial income for approximately MEUR 1.2 and in finance costs for approximately EUR 100,000.

Especially in the restaurant business, most of the profits are made at the end of the year due to the seasonal nature of the business.

Cash Flow, Investments and Financing

The Group's operating net cash flow in January–December 2018 was MEUR 18.7 (MEUR 17.8).

Growth investments made during the past review period included the opening of Hanko Sushi restaurants in Lempäälä and Ruka, the concept reinvention of restaurant Henkka in Tampere and the changing of the Group name to NoHo Partners Plc.

The Group's interest-bearing net liabilities at the end of December 2018 were MEUR 138.5 (MEUR 43.6). The net finance costs in January–December 2018 were MEUR 2.5 (MEUR 1.1). Equity ratio was 24.6% (35.3%) and gearing ratio was 184.3% (93.1%).

Key Events of the Review Period

October

RESTRUCTURING OF THE RESTAURANT PORTFOLIO

As a part of the short-term profit improvement programme of NoHo Partners, the Group's restaurant portfolio was restructured in the second half of 2018. The closed units include Bella Roma, Colorado Bar & Grill and Tammer-golf restaurant in Tampere, Beefking and Lietsunkulma in Lielahti, Wäinö in Hämeenlinna, Bella Roma in Lappeen-ranta, Enso in Helsinki, American Diners in Citykäytävä and Easton, Colorado Bar & Grill in Hernesaaren Ranta, Thai Pa-payas in Herttoniemi and Hernesaaren Ranta, Hieta, Royal Crowne Plaza, Svenska Klubben, Ooh la laa, Hanko Sushi in Ruokolahti, Pepe Lopez and Café Europa in Pori, Hunaja in Lappeenranta, Bar Soolo in Kotka and Sinisoihtu in Rauma.

Some of the Group's restaurants will be replaced with new concepts, such as Sikke's (to be opened in place of Sandro in Eira), Hanko Sushi (opened in place of Thai Papaya in Lempäälä and in place of Mura Sushi in Ruka), Pizzeria Luca (to be opened in place of Purpur in Tampere) and Taqueria el Rey (to be opened in place of Patrona in Helsinki).

HENKKA, TAMPERE

At the beginning of October 2018, a NoHo Partners subsid-iary opened a new Henkka restaurant entity on Hämeen-katu in Tampere city centre on the old premises of Henry's Pub and Wanha Posti.

SMILE HENKILÖSTÖPALVELUT OYJ, EXTENSION OF IPO SUBSCRIPTION PERIOD AND CHANGING THE SUBSCRIPTION PRICE

On 4 October 2018, the Board of Directors of NoHo Part-ners' subsidiary Smile Henkilöstöpalvelut Oyj decided to extend the IPO subscription period announced on 21 September 2018 in regard to the offering to institutional investors. The Board of Directors also decided to change the terms and conditions of the IPO by lowering the sub-scription price of the shares offered in the IPO to EUR 5.00 per share.

FISHMARKET, HELSINKI

In October 2018, restaurant Fishmarket was opened on street level at Stockmann Helsinki. The restaurant focuses on seafood and foodstuffs from Finnish nature.

SMILE HENKILÖSTÖPALVELUT OYJ, CANCELLATION OF IPO

On 10 October 2018, Smile's Board of Directors made the decision to cancel the IPO because, according to the view of the IPO's lead manager, Nordea Bank, it was not possible to carry out the IPO. According to the view of Smile's Board of Directors, the requirements laid down in the prospectus and the requirements set by Nasdaq Helsinki would have been met. The number of subscription offers exceeded 90 per cent of the number of shares of the company offered in the IPO, excluding the greenshoe option. If the overallocation of additional shares were not exercised, the lead manager could not carry out stabilisa-tion measures. In the offering to institutional investors, sub-scription offers were approximately 98 per cent, the offering to personnel was oversubscribed and the public offering's subscription offers amounted to approximately 38 per cent of the preliminary maximum under the terms of the IPO. The lead manager's decision to withdraw from the IPO was not connected to Smile, its operations or financial position but rather to the fact that, under the current market conditions, it was not possible to achieve a sufficient number of sub-scriptions to carry out the IPO.

November

ENDING OF COOPERATION NEGOTIATIONS

The cooperation negotiations regarding the administration of the Restamax Group and the personnel of RR Holding Oy and its subsidiaries, which started on 21 September 2018, ended on 31 October 2018. The cooperation negotiations resulted in the reduction of 200 persons and in the shifting to part-time work of 40 persons. The results of the cooperation negotiations were announced on 5 November 2018.

HANKO SUSHI, IDEAPARK, LEMPÄÄLÄ

A Hanko Sushi restaurant was opened to replace the Thai Papaya restaurant in Ideapark Lempäälä in November 2018.

RESTAMAX BECOMES NOHO PARTNERS

On 27 November 2018, Restamax announced that it was changing its name to NoHo Partners in order to better communicate the company's strengths and identity. The company also updated its strategy and medium-term goals, according to which it aims for net sales of over MEUR 600 by the end of 2021. The company announced that the name change was contingent on the Extraordinary General Meeting to be held on 19 December 2018.

SHARE OPTION PLAN FOR KEY NOHO PARTNERS PERSONNEL

On 30 November 2018, the Group announced that the Board of Directors had decided on a long-term share option plan directed at the company's key personnel. The aim of the incentive scheme is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company as well as to engage the key personnel to the company and to offer them a competitive incentive scheme based on share ownership and development of the company's value.

ACQUISITION OF THREE COCKTAIL BARS, COPENHAGEN

In November, the company's Cock's & Cows and The Bird restaurants in Copenhagen were joined by three well-known Copenhagen cocktail bars thanks to a corporate acquisition: Ruby, Lidkoeb and Bronnum.

December

HANKO SUSHI, RUKA

In December 2018, a Hanko Sushi was opened in place of Mura Sushi in Ruka.

EXTRAORDINARY GENERAL MEETING ON 19 DECEMBER 2018, DECISION ON THE NEW NAME

Restamax Plc's Extraordinary General Meeting was held in Tampere on 19 December 2018. In accordance with the Board's proposal, the Extraordinary General Meeting decided that the company would now operate under the name NoHo Partners Oyj in Finnish, NoHo Partners Plc in English.

REGISTRATION OF THE NAME NOHO PARTNERS PLC IN THE TRADE REGISTER AND CHANGING OF THE TICKER SYMBOL

The name change decided upon at Restamax Plc's Extraordinary General Meeting on 19 December 2018 was registered in the Trade Register on 21 December 2018. On 27 December 2018, the company's ticker symbol in the trading system of Nasdaq Helsinki Ltd Stock Exchange changed from RESTA to NOHO.

Events After the Reporting Period and New Projects

PIZZERIA LUCA AND CLASSIC AMERICAN DINER, ZSAR, KYMENLAAKSO

In January 2018, NoHo Partners opened a Pizzeria Luca and a Classic American Diner at Zsar Outlet Village, Finland's first outlet centre, in Vaalimaa, Kymenlaakso. It was the third restaurant of the Luca concept and the 12th American Diner.

STRINDBERG CAFÉ RENOVATION, HELSINKI

Opened in 1992, the iconic Strindberg café was refurbished in January–February 2019. The café interior was renovated, and the original atmosphere was restored. Strindberg operates on two levels, and the upstairs restaurant was refurbished previously.

SIKKE'S, HELSINKI

In March 2019, NoHo Partners will open restaurant Sikke's in cooperation with restaurateur, chef and cookbook writer Sikke Sumari. Chef and cookbook writer Pipsa Hurmerinta will debut as the restaurant's chef. The concept of Sikke's relies on clean local ingredients and an uncomplicated menu.

YES YES YES, COPENHAGEN

In spring 2019, NoHo Partners will open Yes Yes Yes restaurant in Copenhagen in cooperation with Ville Relander, Richard McCormick and Alex Nieminen.

PIZZERIA LUCA, TAMPERE AND COPENHAGEN

In spring 2019, NoHo Partners will open a Pizzeria Luca, which has been recognised as the best pizza restaurant in the Nordic countries, in Tampere and Copenhagen.

TAQUERIA EL REY, HELSINKI

In spring 2019, NoHo and its partners will open a new Taqueria el Rey Mexican food restaurant in the heart of Helsinki on Annankatu in the former premises of restaurant Patrona.

Staff

RESTAURANT BUSINESS:

In the period 1 January–31 December 2018, the restaurant operations of the NoHo Partners Group employed on average 723 (361) full-time employees and 398 (143) part-time employees converted into full-time employees as well as 455 (295) rented employees converted into full-time employees.

LABOUR HIRE BUSINESS:

In 1 January–31 December 2018, the NoHo Partners Group's labour hire business employed on average 130 (74) full-time and 2,762 (1,683) part-time employees converted into full-time employees.

Depending on the season, some 4,000 people converted into full-time employees work at the Group at the same time.

Risks and Uncertainty Factors

The NoHo Partners Group strives to conduct its restaurant business and labour hire business in accordance with all legislation and regulations governing the serving of alcohol and food products and labour agreements as well as all other legal provisions. A significant share of NoHo Partners' business operations is subject to licences and closely controlled. Any unexpected changes in regulation may impact the company's operations in a negative fashion.

Despite NoHo Partners' extensive customer base, the general economic situation, uncertainty about the future and changes in the consumption habits of our customers all influence our customers' desire to make purchases. According to the Finnish Hospitality Association (MaRa), the economic situation in the field is currently better than usual and economic expectations are stable and positive, but moderate.

The Finnish Government's decisions concerning alcohol legislation, food legislation and value added taxation may affect the company's business. The sector's profitability and sales are affected by the financial situation of households and the development of purchasing power and sales to corporate clients. Finnish economic growth will likely continue to rise this year and still relies on construction and services. Finnish economic growth is anticipated to slow down in the coming years. Taxation and a heavy cost structure present the sector with its own challenges.

The new Alcohol Act, which fully entered into force in March 2018, has had a positive effect on the development of the field as well as the restaurant business of NoHo Partners. Changes in the tourism sector also have an impact on the vitality of the industry. According to Statistics Finland, the number of overnight stays by foreign tourists at all accommodation establishments increased in January–November 2018 by 0.6 per cent and those by Finnish tourists by 1.6 per cent compared to the previous year.

In addition to the prices of alcohol and foodstuffs, NoHo Partners' operations are also significantly affected by the cost of our premises, which comprise a substantial portion of NoHo Partners' operating expenses. NoHo Partners' premises are primarily leased, so the general level of rent and development thereof have a major impact on the company's operations. A major part of the Group's labour hire business is targeted at the restaurant, construction, industry and logistics sectors. Therefore, any changes on these markets and the level of employment in the fields will also affect the Group's labour hire business. In the labour hire business, the availability of labour may be considered a risk factor. The labour hire business may also increase credit losses.

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

Tampere, 14 February 2019

NOHO PARTNERS PLC

Board of Directors

More information available from:
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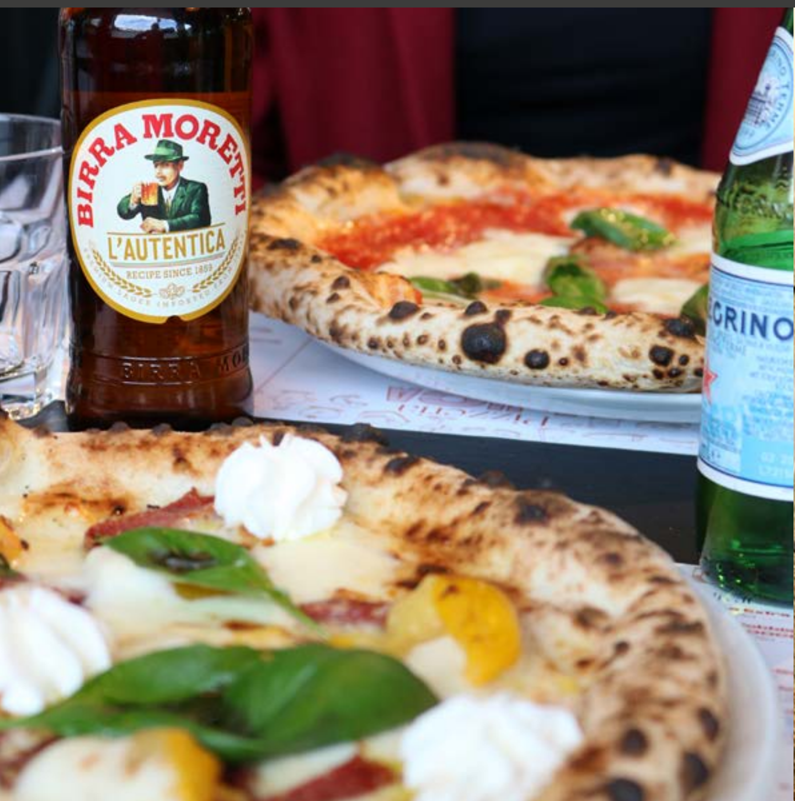
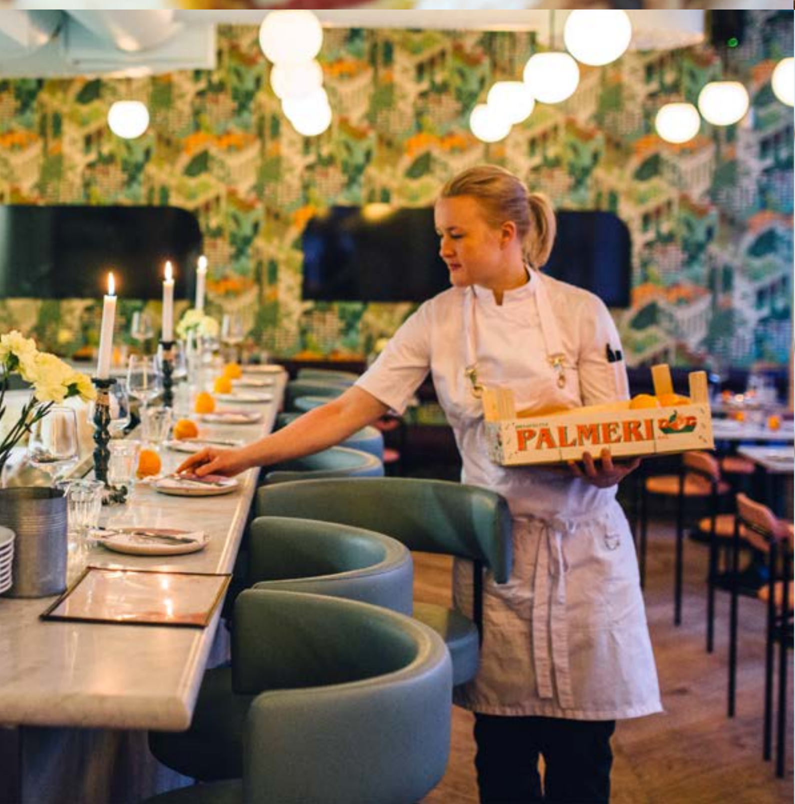
NOHO PARTNERS PLC is a Finnish group established in 1996, specialising in restaurant services and labour hire. The company, which was listed on NASDAQ Helsinki in 2013 and became the first Finnish listed restaurant company, has continued to grow strongly throughout its history. The Group companies include over 200 restaurants in Finland and Denmark. Well-known restaurant concepts of the company include Elite, Savoy, Teatteri, Yes Yes Yes, Stefan's Steakhouse, Palace, Löyly, Hanko Sushi and Cock's & Cows. In 2018, NoHo Partners Plc's net sales were MEUR 323.2 and EBITDA MEUR 28.4. Depending on the season, the Group employs approximately 4,000 people when converted into full-time workers. NoHo Partners Plc's subsidiary Smile Henkilöstöpalvelut Oyj employed approximately 10,000 people during the 2018 financial period.

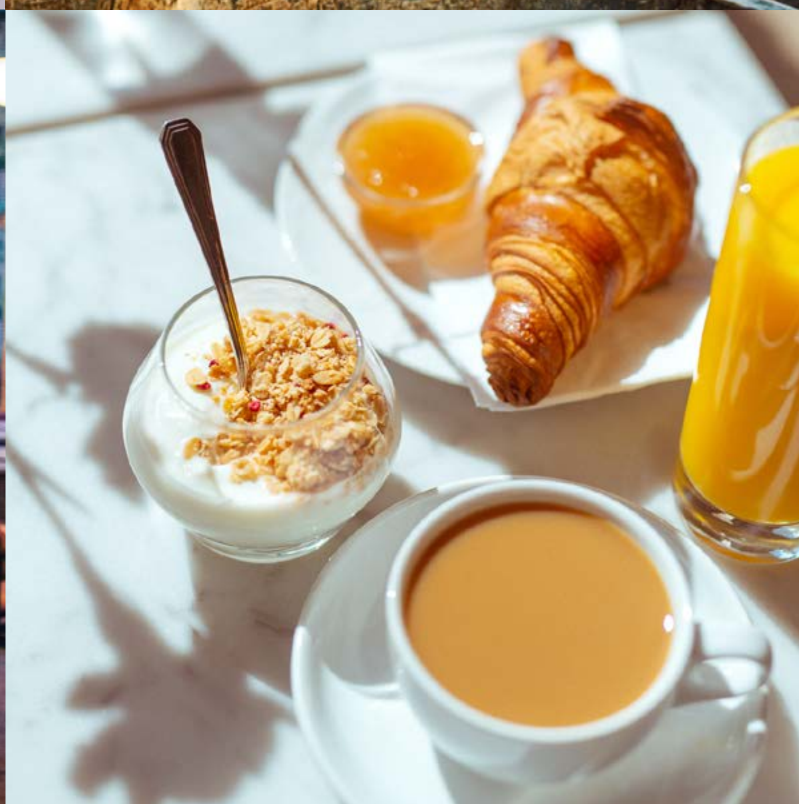
NoHo Partners corporate website: www.noho.fi
NoHo Partners consumer websites: www.ravintola.fi and www.royalravintolat.fi
Smile Henkilöstöpalvelut: www.smilepalvelut.fi

Interim Report 1.1.–31.12.2018:

Table Section and Notes







Interim Report 1. 1. – 31. 12. 2018: Table Section and Notes

The information presented in the interim report has not been audited

Group Income Statement (IFRS)

(TEUR)	1 October– 31 December 2018	1 October– 31 December 2017	1 January– 31 December 2018	1 January– 31 December 2017
Turnover	98,382.4	54,390.6	323,157.9	185,856.2
Other operating income	955.1	573.9	6,623.4	1,809.7
Materials and services	-19,884.0	-9,569.1	-66,147.0	-35,774.4
Staff expenses	-44,453.6	-25,216.2	-151,267.1	-82,966.1
Other operating expenses	-27,727.9	-12,431.1	-83,957.5	-46,521.2
EBITDA	**7,272.0**	**7,748.1**	**28,409.7**	**22,404.2**
Depreciations, amortisations and impairment	-4,628.1	-3,413.8	-21,219.8	-11,637.4
Operating profit	**2,644.0**	**4,334.3**	**7,189.9**	**10,766.7**
Share of associated company profit	-8.8	148.7	23.0	68.3
Financial income	1,592.1	8.2	1,986.7	42.9
Finance costs	-1,134.0	-1,980.9	-3,588.9	-2,853.2
Profit/loss before taxes	**3,093.3**	**2,510.3**	**5,610.7**	**8,024.8**
Tax based on the taxable income from the financial period	867.2	-798.8	-2,309.7	-3,081.3
Change in deferred taxes	-1,389.9	-226.4	929.8	548.2
Profit for the financial period	**2,570.6**	**1,485.2**	**4,230.8**	**5,491.6**
Attributable to:				
Parent company shareholders	2,202.8	1,635.2	3,494.0	5,057.8
Minority shareholders	367.7	-150.0	736.8	433.8
Total	**2,570.6**	**1,485.2**	**4,230.8**	**5,491.6**
Earnings per share calculated from the review period profit for parent company shareholders				
Undiluted earnings per share (euros)	0.12	0.10	0.19	0.30
Diluted earnings per share (euros)	0.12	0.10	0.19	0.30
Comprehensive consolidated income statement				
Profit for the financial period	**2,570.6**	**1,485.2**	**4,230.8**	**5,491.6**
Other comprehensive income items (after taxes):				
Other financial assets measured at fair value through other comprehensive income items, change	0.0	0.0	0.0	2.9
Total comprehensive income for the period	**2,570.6**	**1,485.2**	**4,230.8**	**5,494.5**
Distribution of the comprehensive income for the financial period:				
Parent company shareholders	2,202.8	1,635.2	3,494.0	5,060.7
Minority shareholders	367.7	-150.0	736.8	433.8
Total	**2,570.6**	**1,485.2**	**4,230.8**	**5,494.5**

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

Write-offs of fixed assets and fixed asset assignment losses relating to the restructuring of the Group were recorded amounting to TEUR 2,801. In addition, deferred expenses relating to the restructuring of the Group were recorded amounting to TEUR 1,620 under other operating expenses.

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

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

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

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

Non-recurring items recorded during the financial period from 1 January 2017 to 31 December 2017 are as follows:

A TEUR 1,711 adjustment of the estimated additional sales price related to the share acquisition of Smile Job Services Oy (formerly Job Services One Oy) was recorded under financing costs.

TEUR 300 of asset transfer tax was recorded in the restaurant segment.

Group Balance Sheet (IFRS)

(TEUR)	31/12/2018	31/12/2017
ASSETS		
Non-current assets		
Goodwill	147,434.0	52,571.3
Intangible assets	56,542.2	13,648.4
Property, plant and equipment	47,081.9	32,978.2
Shares in associated companies and joint ventures	154.0	2,938.0
Financial assets at fair value through other comprehensive income	98.1	98.1
Interest-bearing receivables	175.3	125.3
Non-interest-bearing receivables	3,755.4	717.2
Deferred tax assets	318.9	594.9
Non-current assets total	**255,559.8**	**103,671.5**
Current assets		
Inventories	5,147.0	2,971.8
Interest-bearing loans receivable	27.0	0.0
Trade receivable and other non-interest-bearing receivables	39,984.1	23,847.2
Cash and cash equivalents	4,954.6	2,570.0
Current assets total	**50,112.8**	**29,389.0**
Assets in total	**305,672.6**	**133,060.5**
EQUITY AND LIABILITIES		
Equity attributable to parent company shareholders		
Share capital	150.0	150.0
Invested unrestricted equity fund	66,944.8	40,510.2
Fair value fund	-4.5	-4.5
Own shares	-191.4	-191.4
Retained earnings	-519.3	4,237.5
Equity loan	0.0	220.0
Total equity attributable to parent company shareholders	**66,379.6**	**44,921.7**
Minority shareholders	8,767.5	1,971.2
Equity, total	**75,147.2**	**46,892.9**
Non-current liabilities		
Deferred tax liabilities	10,227.3	1,928.5
Financial liabilities	90,466.9	34,643.0
Trade payables and other liabilities	6,298.5	3,674.8
Non-current liabilities total	**106,992.7**	**40,246.2**
Current liabilities		
Financial liabilities	53,162.8	11,682.5
Provisions	1,025.0	0.0
Trade payables and other liabilities	69,344.9	34,238.9
Current liabilities total	**123,532.7**	**45,921.4**
Liabilities total	**230,525.4**	**86,167.6**
Equity and liabilities in total	**305,672.6**	**133,060.5**

Group Cash Flow Statement (IFRS)

(TEUR)	1 January–31 December 2018	1 January–31 December 2017
Operating net cash flow		
Profit for the financial period	4,230.8	5,491.6
Adjustments:		
Non-cash transactions	3,423.7	-190.6
Sales profit from sales of shares of associated companies	-3,572.0	0.0
Depreciations, amortisations and impairment	21,219.8	11,637.4
Finance costs (net)	1,602.2	2,810.3
Taxes	1,379.9	2,533.1
Share of associated company profit	-23.0	-68.3
Cash flow before change in working capital	**28,261.4**	**22,213.6**
Changes in working capital:		
Increase (-)/deduction (+) in accounts receivable and other receivables	-5,139.3	-4,356.2
Increase (-)/deduction (+) in inventories	893.8	-378.4
Increase (+)/deduction (-) in accounts payable and other liabilities	1,839.1	4,488.3
Change in working capital	**-2,406.4**	**-246.3**
Dividends received	4.0	3.4
Interest paid and other finance costs	-3,494.5	-1,033.5
Interest received and other financial income	89.1	46.6
Taxes paid	-3,741.8	-3,178.8
Operating net cash flow	**18,711.9**	**17,804.9**
Investment cash flow		
Financial assets measured at fair value through other items in the comprehensive income	0.0	9.0
Investments in tangible and intangible assets (-)	-10,205.7	-11,152.3
Deduction (+)/increase (-) of other non-current receivables	-838.8	-110.7
Acquisition of subsidiaries with time-of-acquisition liquid assets deducted	-66,198.8	-7,226.7
Sales of subsidiaries with time-of-acquisition liquid assets deducted	77.3	92.6
Business transactions, acquisitions (-)	-367.9	-3,526.9
Business transactions, sales (+)	340.7	126.4
Sales of minority shareholders' shares (+)	76.0	0.0
Associated company shares sold	6,513.3	0.0
Associated company shares purchased	0.0	-1,690.8
Investment net cash flow	**-70,603.9**	**-23,479.5**
Financial cash flow		
Payments to invested unrestricted equity fund	219.9	0.0
Minority shareholders' investments in subsidiaries	1,023.6	0.0
Repayment of equity convertible loans (-)	-13,319.5	0.0
Non-current loans drawn (+)	85,085.5	19,135.0
Non-current loans repaid (-)	-32,368.9	-6,589.5
Short-term loans drawn (+)/repaid (-)	125.3	1,030.1
Short-term commercial papers drawn (+)/repaid (-)	22,000.0	0.0
Acquisition of minority shareholders' shares (-)	-1,049.7	-1,156.0
Dividends paid	-7,439.5	-6,046.1
Financial net cash flow	**54,276.6**	**6,373.5**
Change in liquid assets	**2,384.7**	**698.9**
Liquid assets 1 Jan	**2,570.0**	**1,871.1**
Change	**2,384.7**	**698.9**
Liquid assets 31 Dec	**4,954.6**	**2,570.0**

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

Consolidated Statement of Changes in Equity

					Equity attributable to parent company shareholders					
(TEUR)	Share capital	Invested unre-stricted equity fund	Fair value fund	Own shares	Trans-lation difference	Retained earnings	Equity loan	TOTAL	Minority sharehold-ers' share	EQUITY, TOTAL
Equity, 1 January 2018	**150.0**	**40,510.2**	**-4.5**	**-191.4**	**0.0**	**4,237.5**	**220.0**	**44,921.7**	**1,971.2**	**46,892.9**
Comprehensive income for the financial period										
Profit for the financial period						3,494.0		**3,494.0**	736.8	**4,230.8**
Other comprehensive income (after taxes)								**0.0**		**0.0**
Available-for-sale financial assets								**0.0**		**0.0**
Total comprehensive income for the financial period	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**3,494.0**	**0.0**	**3,494.0**	**736.8**	**4,230.8**
Other changes					0.0	-606.2		**-606.2**		**-606.2**
Other changes total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-606.2**	**0.0**	**-606.2**	**0.0**	**-606.2**
Transactions with shareholders										
Equity loans							-220.0	**-220.0**		**-220.0**
Distribution of dividends						-5,484.5		**-5,484.5**	-775.0	**-6,259.5**
New issue		26,453.4						**26,453.4**	854.4	**27,307.8**
Expenses directly incurred from the issue of new shares adjusted with taxes								**0.0**		**0.0**
Acquisition of own shares				0.0				**0.0**		**0.0**
Changes in minority shareholders' shares without a change in controlling interest		-18.8				-2,232.3		**-2,251.1**	5,980.2	**3,729.2**
Changes in minority shareholders' shares that led to a change in controlling interest								**0.0**		**0.0**
Share-based payments						72.3		**72.3**		**72.3**
Transactions with shareholders, total	0.0	26,434.7	0.0	0.0	0.0	-7,644.5	-220.0	**18,570.2**	6,059.5	**24,629.7**
Equity, 31/12/2018	**150.0**	**66,944.8**	**-4.5**	**-191.4**	**0.0**	**-519.3**	**0.0**	**66,379.7**	**8,767.6**	**75,147.2**

					Equity attributable to parent company shareholders					
(TEUR)	Share capital	Invested unre-stricted equity fund	Fair value fund	Own shares	Trans-lation difference	Retained earnings	Equity loan	TOTAL	Minority sharehold-ers' share	EQUITY, TOTAL
Equity, 01/01/2017	**150.0**	**36,586.1**	**-13.3**	**-191.4**	**0.0**	**6,541.4**	**220.0**	**43,292.8**	**669.0**	**43,961.8**
Comprehensive income for the financial period										
Profit for the financial period						5,057.8		**5,057.8**	433.8	**5,491.6**
Other comprehensive income (after taxes)								**0.0**		**0.0**
Financial assets available for sale						2.9		**2.9**		**2.9**
Total comprehensive income for the financial period	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**5,060.7**	**0.0**	**5,060.7**	**433.8**	**5,494.5**
Other changes			8.8					**8.8**		**8.8**
Other changes total	**0.0**	**0.0**	**8.8**	**0.0**	**0.0**	**0.0**	**0.0**	**8.8**	**0.0**	**8.8**
Transactions with shareholders										
Equity loans								**0.0**		**0.0**
Distribution of dividends						-4,985.9		**-4,985.9**	-491.6	**-5,477.5**
New issue		3,924.0						**3,924.0**	1,088.6	**5,012.7**
Expenses directly incurred from the issue of new shares adjusted with taxes								**0.0**		**0.0**
Acquisition of own shares								**0.0**		**0.0**
Changes in minority shareholders' shares without a change in controlling interest						-2,378.7		**-2,378.7**	296.4	**-2,082.3**
Changes in minority shareholders' shares that led to a change in controlling interest								**0.0**	-25.2	**-25.2**
Transactions with shareholders, total	0.0	3,924.0	0.0	0.0	0.0	-7,364.6	0.0	**-3,440.6**	868.3	**-2,572.3**
Equity, 31/12/2017	**150.0**	**40,510.2**	**-4.5**	**-191.4**	**0.0**	**4,237.5**	**220.0**	**44,921.7**	**1,971.2**	**46,892.9**

Interim Report Notes

1. Accounting Principles

This unaudited interim report has been prepared observing the IAS 34 Interim Financial Reporting standard. The interim report should be read together with the 2017 IFRS consolidated financial statements. The interim report has been prepared by observing the same accounting principles as with the 2017 IFRS consolidated financial statements, with the exception of the new amendments to the IFRS standards effective as of 01/01/2018. The changes are described in the 2017 IFRS consolidated financial statements. The changes do not have a significant effect on the interim report.

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

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

2. Impact of New Standards

At the beginning of the financial period, the Group adopted the new standards IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers, effective of 1 January 2018. Due to the IFRS 9 standard, the Group's 1 January 2018 opening balance has been adjusted. The IFRS 15 standard has not had a material impact on the consolidated financial statements and it has not had an impact on the Group's 1 January 2018 opening balance.

THE IMPACT OF THE NEW STANDARDS ON THE GROUP'S OPENING BALANCE:

ASSETS	31/12/2017	Adjustment	Opening balance 1 January 2018
Current assets			
Trade receivables and other non-interest-bearing receivables	23,847.2	-554.8	23,292.4
Total	**23,847.2**	**-554.8**	**23,292.4**
EQUITY AND LIABILITIES	**31/12/2017**	**Adjustment**	**Opening balance 1 January 2018**
Equity	44,921,7	-554,8	44,366,9
Minority shareholders' share	1,971,2		1,971,2
Equity, total	**46,892,9**	**-554,8**	**46,338,1**

THE IMPACT OF THE NEW STANDARDS ON THE EQUITY IN THE GROUP'S OPENING BALANCE:

	31/12/2017	Changes in impairment provisions of trade receivables	Opening balance 1 January 2018
EQUITY			
Share capital	150.0		150.0
Invested unrestricted equity fund	40,510.2		40,510.2
Fair value fund	-4.5		-4.5
Own shares	-191.4		-191.4
Retained earnings	4,237.5	-554.8	3,682.7
Equity loan	220.0		220.0
Minority shareholders	1,971.2		1,971.2
Equity, total	**46,892.9**	**-554.8**	**46,338.1**

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

2.1 IFRS 9 Financial Instruments

The Group adopted standard IFRS 9 Financial Instruments on 1 January 2018. The standard deals with the classification, measurement and hedge accounting of financial assets and financial liabilities. The amendments to the accounting principles have been adjusted into the 1 January 2018 opening balance.

With the adoption of the IFRS 9 standard, the Group's financial assets are classified into three measurement groups: financial assets recorded at amortised acquisition cost, financial assets recorded at fair value through other items in the comprehensive income, and financial assets recorded at fair value through profit or loss. Financial assets recorded at amortised acquisition cost are financial assets which are intended to be held until the end of the contract and the cash flow of which is composed of repayments of equity and interest income. Financial assets recorded at fair value through other items in the comprehensive income refer to debt instruments, from which the intention is to collect the cash flows specified in the contract and to sell them. Financial assets recorded at fair value through profit or loss are those financial assets which do not meet the criteria of the other groups. In connection with the introduction of the standard, the Group changed the classification of the housing company shares from "recorded at fair value through other comprehensive income items" to the property, plant and equipment group as of 1 January 2018.

According to the new impairment model of the IFRS 9 Standard, any impairment must be recorded based on expected credit losses. The Group has adopted the simplified model made possible by the standard to record the impairment of trade receivables using a provision matrix.

IFRS 15 Revenue from Contracts with Customers

The Group adopted standard IFRS 15 Revenue from Contracts with Customers on 1 January 2018. The standard replaced the previous IAS 11 Construction contracts and IAS 18 Revenue and related interpretations. According to the standard, revenue is recorded as the seller fulfils the performance obligation by handing over the promised goods or service to the customer.

The Group's management has re-evaluated the application of IFRS 15 Revenue from Contracts with Customers as a result of significant labour hire contracts made during the 2018 financial period. In accordance with the updated evaluation, the company has changed its recording practice for long-term contracts with customers to better correspond to the IFRS 15 standard as of 1 January 2018. With the change in the recording practice, growth funding paid to customers in connection with long-term contracts with customers in labour hire have been transferred from intangible rights to other non-current receivables and, correspondingly, growth funding previously treated in the income statement as depreciations from intangible rights have been transferred to discounts on sales with the introduction of the standard. The change reduces the labour hire segment's EBITDA for the 1 January–31 December 2018 reporting period by approximately TEUR 1,574 (1.1 percentage points) and, correspondingly, slightly increases the operating profit percentage of the labour hire segment. The change is not substantial from the Group's perspective, since a significant proportion of the adjustments affects Group-internal items.
The restaurant segment has some contractual vendor allowances. TEUR 151 of these have been entered in the financial statements. Contractual fees have been processed in the accounting as discounts on sales.

Effects of Standards Entering into Force Later

2.3. IFRS 16 Leases

IFRS 16 Leases was published in January 2016 (effective for financial periods beginning on or after 1 January 2019). IFRS 16 establishes the requirements for recognition, measurement, presentation and disclosure of leases. According to the standard, all leases of the lessee are processed in the same way such that the lessee records the asset items and liabilities of all leases on the balance sheet, unless the rental period is 12 months or shorter, or unless the value of the leased property is low. The lessors further categorise the leases into finance leases and other leases. The implementation of the new standard will affect how leases are presented in the consolidated financial statements.

The implementation of the IFRS 16 standard will significantly affect the NoHo Partners Plc Group. The Group will adopt the standard as of 1 January 2019 and will adjust its opening balance in regard to the effect. According to preliminary calculations, the amount of equal assets and liabilities recorded on the Group's balance sheet as of 1 January 2019 in accordance with the standard is approximately MEUR 177. According to preliminary calculations, the adoption of the standard will significantly increase the Group's EBITDA, reduce its equity ratio and increase net gearing. According to the preliminary calculations of the management, the Group's net gearing is estimated to increase from 186% to approximately 420%, and the Group's equity ratio is estimated to decrease from 24.4% to approximately 15%.

3. Turnover

(TEUR)	1 October– 31 December 2018	1 October– 31 December 2017	1 January– 31 December 2018	1 January– 31 December 2017
Sale of goods	55,450.1	28,910.8	173,006.0	105,203.2
Sale of services	42,932.3	25,479.8	150,151.8	80,653.0
Total	**98,382.4**	**54,390.6**	**323,157.9**	**185,856.2**

The sale of goods includes restaurant sales.

The sale of services includes restaurant service sales and labour hire sales.

4. Segment Information

The Group's operating segments, which are also reported segments, are the Group's strategic business units: restaurants and labour hire. These business units produce various products and services and are managed as separate units, since their business requires applying a different strategy. The Group's Executive Team has been named as the top operative decision-maker responsible for resource allocation and income estimates. In future, the Group's restaurant segment will operate on the international market and the labour hire segment solely on the domestic market.

The restaurants segment operates in all sectors of the restaurant business, offering different types of restaurant experiences to customers' needs; the segment operates on the principle of "from the morning until late at night", offering both restaurants and nightclubs. The segment has a total of 100 concepts, approximately half of which are designed for duplication. Well-known restaurant concepts of the company include Viihdemaailma Ilona, Classic American Diner, Daddy's Diner, Stefan's Steakhouse, Space Bowling & Billiards, Hanko Sushi and Sandro.

The labour hire segment offers labour hire services to companies operating in several different fields. The majority of the segment's turnover comes from the tourism and restaurant field (HoReCa) and construction, industry and logistics sectors. The earnings from the segment are derived from labour hire activities.

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

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

	1 October–31 December 2018				1 October–31 December 2017			
	Restaurants	Labour hire	Eliminations	Group	Restaurants	Labour hire	Eliminations	Group
Turnover	67,650.0	34,152.7	-3,420.3	98,382.4	34,377.6	23,384.1	-3,371.1	54,390.6
Other operating income	903.6	229.8	-178.2	955.1	613.4	89.2	-128.8	573.9
EBITDA	4,747.0	2,525.0	0.0	7,272.0	5,918.3	1,940.4	-110.6	7,748.1
Depreciations	-3,596.3	-1,031.8	0.0	-4,628.1	-2,370.1	-1,155.1	111.4	-3,413.8
Operating profit	1,150.7	1,493.2	0.0	2,644.0	3,548.2	785.3	0.9	4,334.3
Profit/loss before taxes	1,026.5	2,066.8	0.0	3,093.3	3,526.6	-1,016.2	0.0	2,510.3

	1 January–31 December 2018				1 January–31 December 2017			
	Restaurants	Labour hire	Eliminations	Group	Restaurants	Labour hire	Eliminations	Group
Turnover	209,725.0	127,089.6	-13,656.7	323,157.9	122,173.5	75,612.2	-11,929.5	185,856.2
Other operating income	6,300.9	1,025.3	-702.8	6,623.4	2,188.3	231.7	-610.3	1,809.7
EBITDA	19,642.8	8,752.6	14.4	28,409.7	16,325.0	6,602.6	-523.5	22,404.2
Depreciations	-17,436.8	-3,783.0	0.0	-21,219.8	-9,405.3	-2,768.7	536.5	-11,637.4
Operating profit	2,206.0	4,969.6	14.4	7,189.9	6,919.7	3,834.0	13.0	10,766.7
Profit/loss before taxes	984.3	4,626.4	0.0	5,610.7	6,344.1	1,680.6	0.0	8,024.8

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

Write-offs of fixed assets and fixed asset assignment losses relating to the restructuring of the Group were recorded amounting to TEUR 2,801. In addition, deferred expenses relating to the restructuring of the Group were recorded amounting to TEUR 1.620 under other operating expenses.

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

TEUR3,572 of the sales profit from Superpark shares was recorded under other operating income.

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

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

Non-recurring items recorded during the financial period from 1 January 2017 to 31 December 2017 are as follows:

A TEUR 1,711 adjustment of the estimated additional sales price related to the share acquisition of Smile Job Services Oy (formerly Job Services One Oy) was recorded under financing costs.

TEUR 300 of asset transfer tax was recorded in the restaurant segment.

5. Group Structure Changes

ACQUIRED SUBSIDIARIES AND BUSINESSES

ACQUISITIONS BY NOHO PARTNERS GROUP:

RESTAURANT SEGMENT ACQUISITIONS:			
Company acquired	Date of acquisition	Transfer of the right of ownership and management	Share capital
Cock's & Cows ApS, Denmark *)	22/03/2018	01/04/2018	98%
Cock's & Cows Tivoli Food Hall ApS, Denmark *)	22/03/2018	01/04/2018	100%
Cock's & Cows CPH Airport ApS, Denmark *)	22/03/2018	01/04/2018	100%
The Bird Mother ApS, Denmark *)	22/03/2018	01/04/2018	92%
The Bird ApS, Denmark *)	22/03/2018	01/04/2018	100%
The Bird Kødbyen ApS, Denmark *)	22/03/2018	01/04/2018	100%
The Bird Tivoli ApS, Denmark *)	22/03/2018	01/04/2018	100%
The Bird CPH Airport ApS, Denmark *)	22/03/2018	01/04/2018	100%
The Bird Fugu ApS, Denmark *)	22/03/2018	01/04/2018	100%
RR Holding Oy (Royal Ravintolat) *)	11/04/2018	01/06/2018	100%
Royal Ravintolat Oy	11/04/2018	01/06/2018	100%
Royal Konseptiravintolat Oy	11/04/2018	01/06/2018	100%
Sushi World Oy	11/04/2018	01/06/2018	100%
Nordic Gourmet Oy *)	17/04/2018	17/04/2018	66%
Chicks by Chicks Tivoli ApS, Denmark *)	01/06/2018	01/06/2018	89%
Ebony & Ivory Aps, Denmark *)	26/11/2018	01/11/2018	95,05%
Bronnum Aps, Denmark *)	26/11/2018	01/11/2018	99%
Lidkoeb Aps, Denmark *)	26/11/2018	01/11/2018	94,53%

*) The purchase cost calculation is preliminary, and the management will make more detailed calculations about fair value allocations in Q1/2019.

LABOUR HIRE SEGMENT ACQUISITIONS:			
Company acquired	Date of acquisition	Transfer of the right of ownership and management	Share capital
Smile Kymppi Service Oy (formerly Kymppi Service Oy)	18/01/2018	01/02/2018	100%
Smile Kymppi Service Logistiikka Oy (formerly Kymppi Service Logistiikka Oy)	18/01/2018	01/02/2018	100%
Smile Kymppi Service Länsi-Suomi Oy (formerly Kymppi Service Länsi-Suomi Oy)	18/01/2018	01/02/2018	100%
Smile Palvelut Maja Oy (formerly Kymppi Service Pirkanmaa Oy)	18/01/2018	01/02/2018	100%
Smile Kymppi Service Pohjois-Suomi (formerly Kymppi Service Pohjois-Suomi Oy)	18/01/2018	01/02/2018	100%
Smile Kymppi Service Satakunta Oy (formerly Kymppi Service Satakunta Oy)	18/01/2018	01/02/2018	100%
Kymppi Service Eesti Oü	18/01/2018	01/02/2018	100%
Smile Import Oy (formerly Adicio Oy) *)	22/03/2018	03/04/2018	80%
Jobio Pirkanmaa Oy *)	21/05/2018	01/06/2018	100%
Jobio Pohjanmaa Oy *)	21/05/2018	01/06/2018	100%
Jobio Uusimaa Oy *)	21/05/2018	01/06/2018	100%
Jobio Varsinais-Suomi Oy *)	21/05/2018	01/06/2018	100%
Job Service Two Oy *)	25/05/2018	01/06/2018	100%
Job Service Three Oy *)	25/05/2018	01/06/2018	100%

*) The purchase cost calculation is preliminary, and the management will make more detailed calculations about fair value allocations in Q1/2019.

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

RESTAURANT SEGMENT ACQUISITIONS: (TEUR)	Cock's & Cows ApS and The Bird Mother ApS, Denmark	RR Holding Oy (Royal Ravintolat)	Ebony & Ivory Aps, Bronnum Aps and Lid-koeb Aps, Denmark	Other acquisitions	Total acquisitions
Assets					
Intangible assets	6,355.8	37,051.3	654.8	1,156.7	45,218.7
Tangible assets	3,554.0	13,248.5	990.8	135.5	17,928.8
Investments	0.0	134.3	0.0	0.0	134.3
Non-current receivables	0.0	136.0	163.7	0.0	299.8
Current receivables	1,087.1	6,255.3	203.2	41.3	7,586.9
Inventories	195.7	2,628.9	168.9	17.6	3,011.1
Cash and cash equivalents	72.7	2,735.5	109.5	88.6	3,006.2
Assets in total	**11,265.2**	**62,189.8**	**2,291.0**	**1,439.7**	**77,185.7**
Liabilities					
Deferred tax liabilities	1,425.7	6,229.2	207.1	231.0	8,093.1
Financial liabilities	1,304.3	35,226.9	284.9	0.0	36,816.1
Other payables	2,501.6	22,029.7	1,345.5	226.8	26,103.6
Liabilities total	**5,231.6**	**63,485.9**	**1,837.5**	**457.8**	**71,012.8**
Net assets	**6,033.6**	**-1,296.0**	**453.5**	**981.8**	**6,173.0**
Generation of goodwill through acquisitions:					
Total purchase consideration	19,750.5	59,693.1	3,591.9	2,107.3	85,142.8
Minority shareholders' share	1,666.9	0.0	191.8	294.5	2,153.2
Net identifiable assets of the acquired entity	6,033.6	-1,296.0	453.5	981.8	6,173.0
Goodwill	**15,383.7**	**60,989.1**	**3,330.2**	**1,420.0**	**81,123.0**

LABOUR HIRE SEGMENT ACQUISITIONS: (TEUR)	Smile Import Oy (formerly Adicio Oy)	Other acquisitions	Total acquisitions
Assets			
Intangible assets	4,756.6	2,798.8	7,555.4
Tangible assets	34.9	56.9	91.7
Investments	0.0	0.0	0.0
Non-current receivables	0.0	3.6	3.6
Current receivables	214.1	4,097.5	4,311.6
Inventories	0.0	58.0	58.0
Cash and cash equivalents	-76.8	2,205.6	2,128.8
Assets in total	**4,928.8**	**9,220.3**	**14,149.1**
Liabilities			
Deferred tax liabilities	951.3	557.2	1,508.5
Financial liabilities	0.0	1.1	1.1
Other payables	266.6	5,539.9	5,806.5
Liabilities total	**1,217.9**	**6,098.2**	**7,316.2**
Net assets	**3,710.8**	**3,122.1**	**6,832.9**
Generation of goodwill through acquisitions:			
Total purchase consideration	6,396.5	12,111.0	18,507.5
Minority shareholders' share	1,465.9	761.2	2,227.1
Net identifiable assets of the acquired entity	3,710.8	3,122.1	6,832.9
Goodwill	**4,151.6**	**9,750.1**	**13,901.7**

SOLD SHAREHOLDING OF SHARE AND BUSINESS TRANSACTIONS

During the period, the Group has sold its shareholding of share and business transactions as follows:

Name	Shareholding sold	Location	Transfer of control
SuperPark Oy	30%	Sotkamo	27/04/2018
Restaurant, Korkeavuorenkatu 4	100%	Helsinki	30/06/2018
Restaurant, Hietalahdenranta 11	100%	Helsinki	23/08/2018
Restaurant, Itäinenkatu 5-7	100%	Tampere	30/09/2018
Restaurant, Sahaajankatu	100%	Helsinki	30/09/2018
Restaurant, Hämeenkatu 7	100%	Tampere	30/09/2018

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

Property, plant and equipment....................770.8
Other asset items....................9.3
Shares in associated companies....................2,941.2
Net assets, total.................... 3,721.3

At completed sales, there was impairment targeted at the goodwill recorded for the units. Goodwill impairment targeted at sales has been recorded as deduction of goodwill as follows:

Intangible rights, goodwill.................... 162.0

Of completed sales, sales profit of TEUR 3,572, a loss of TEUR 134 due to the difference between sales profit from fixed assets and impairment loss items as well as a loss from the assignment of fixed assets of TEUR 443 were targeted at the income statement.

6. Intangible and Tangible Assets

(TEUR) Goodwill	31/12/2018	31/12/2017
Book value 1 Jan.	52,571.3	37,891.5
Business acquisitions	95,024.7	14,838.1
Deductions	-162.0	-158.3
Book value at the end of the review period	**147,434.0**	**52,571.3**

(TEUR) Intangible assets	31/12/2018	31/12/2017
Book value 1 Jan.	13,648.4	9,544.3
Business acquisitions	52,774.0	7,107.3
Additions	24.9	517.7
Depreciations, amortisations and impairment	-7,190.9	-3,889.3
Deductions	-1.8	-0.6
Transfers between account types	**-2,712.5**	**369.0**
Book value at the end of the review period	**56,542.2**	**13,648.4**
Tangible assets	**31/12/2018**	**31/12/2017**
Book value 1 Jan.	32,978.2	28,834.3
Business acquisitions	18,020.6	1,377.4
Additions	10,882.8	10,592.6
Depreciations, amortisations and impairment	-14,028.9	-7,748.1
Deductions	-770.8	-296.0
Transfers between account types	**0.0**	**218.0**
Book value at the end of the review period	**47,081.9**	**32,978.2**

Write-offs of fixed assets relating to the restructuring of the Group were recorded amounting to TEUR 2,801.

7. Associated Company Events

TRANSACTIONS WITH ASSOCIATED COMPANIES

(TEUR)	Sales	Acquisitions	Receivables	Liabilities
31/12/2018	2,518.9	3,727.5	704.7	266.1
31/12/2017	1,734.2	4,960.0	479.4	522.3

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

SHARE-BASED INCENTIVE PLAN

On 28 November 2018, the Board Of Directors decided on a long-term share-based incentive scheme targeted to key personnel of the Group.

The aim of the incentive scheme is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company as well as to engage the key personnel to the company and to offer them a competitive incentive scheme based on share ownership and development of the company's value.

The new share-based incentive scheme contains three earning periods. The first 13-month earning period starts on 1 December 2018 and ends on 31 December 2019. The second earning period covers calendar years 2020–2021, and the third earning period covers calendar years 2022–2023. The Board of Directors determines the performance measures and their target levels as well as the employees covered by the incentive scheme at the beginning of each earning period. The potential reward to be paid during the earning periods may be paid as shares, cash payment or as a combination of shares and cash payment. A reward may be paid for an earning period based on the achieved target levels set by the Board of Directors and continuing employment contract or relationship. The Board of Directors may decide on the inclusion of new key personnel to the scheme and their entitlement to the reward by considering the effective period of the employment contract or relationship in determining the maximum amount of the reward. The share reward based on the scheme shall be paid during the spring following the end of the earning period.

Based on the decision by the Board of Directors, a maximum amount of 214,282 NoHo Partners Plc's shares may be paid to the key employees during the first earning period based on the achieved target levels of the operating profit percentage of Finnish operations and the EBITDA of foreign business operations. The incentive plan will cover 12 key employees of the company's Executive Team in the first earning period. The Board of Directors anticipates that if the reward is fully paid in shares, the maximum dilutive effect on the number of the company's registered shares for the first earning period is 1.1%.

The costs of the first earning period of the share incentive scheme are allocated over a period from December 2018 to the end of the following year. The cost of the proportion paid in shares has been measured at the share closing price of EUR 9.1 per share on the effective date of the share incentive scheme taking into account the effect of the estimated dividend for 2018. The maximum reward for the first earning period at the grant date is TEUR 1,879.

Share reward benefits are recorded as staff expenses and in equity under earnings. Based on the management's estimate, for the first earning period of the scheme, EUR 72,000 in benefits paid in shares have been entered as expenses for the 2018 financial period.

ON 31 DECEMBER 2018, NOHO PARTNERS' EXECUTIVE TEAM CONSISTS OF THE FOLLOWING MEMBERS:

Aku Vikström, CEO, Chairman of the Executive Team
Juha Helminen, Deputy CEO
Jarno Suominen, CFO
Paul Meli, CBO, Nightclubs and Pubs&Entertainment, rest of Finland
Tero Kaikkonen, CBO, Fast Casual
Tanja Virtanen, CBO, Food Restaurants, rest of Finland
Benjamin Gripenberg, CBO, Food Restaurants, Helsinki Metropolitan Area
Eemeli Nurminen, CBO, Nightclubs and Pubs&Entertainment, Helsinki Metropolitan Area
Elina Yrjänheikki, CBO, Events
Joonas Mäkilä, Commercial Director
Perttu Pesonen, Development Director
Anne Kokkonen, HR Director

8. Conditional Liabilities and Assets and Commitments

THE GROUP AS A LESSEE

MINIMUM LEASE PAYMENTS TO BE MADE BASED ON OTHER RENTAL AGREEMENTS THAT CANNOT BE ANNULLED:

(TEUR)	31/12/2018	31/12/2017
In one year	30 674.6	15 987.8
In over one year and within five years maximum	100 451.2	41 559.9
In over five years	71 755.9	15 709.4
Total	**202 881.7**	**73 257.1**

Starting from 1 January 2019, the NoHo Partners Group complies with the IFRS 16 Leases standard. In regard to the lease liabilities for the 2018 financial period, presumptions according to IFRS 16 regarding the determination of lease liability have been applied, where applicable. For reassessed liabilities in 2018, a total of TEUR 32,791 in lease expenses (TEUR 17,295 in 2017) were recognised in profit or loss.

THE GROUP AS A LESSOR

MINIMUM DEFERRED LEASE PAYMENTS TO BE MADE BASED ON OTHER RENTAL AGREEMENTS THAT CANNOT BE ANNULLED:

(TEUR)	31/12/2018	31/12/2017
In one year	540.8	678.8
In over one year and within five years maximum	524.2	1,022.5
In over five years	303.5	138.2
Total	**1,368.5**	**1,839.5**

GUARANTEES AND CONTINGENT LIABILITIES

(TEUR)	31/12/2018	31/12/2017
Liabilities with guarantees included on the balance sheet		
Loans from financial institutions, non-current	89,981.0	34,168.1
Loans from financial institutions, current	30,810.6	11,634.4
Total	**120,791.6**	**45,802.5**
Liabilities with guarantees included on the balance sheet		
Commercial papers, current	22,000.0	0.0
Total	**22,000.0**	**0.0**
Guarantees given on behalf of the Group		
Collateral notes secured by a mortgage	54,885.7	54,350.0
Real estate mortgage	4,364.6	4,096.8
Subsidiary shares	114,736.6	37,613.1
Other shares	0.0	164.8
Bank guarantees	8,842.6	3,414.9
Other guarantees	17,980.0	7,000.0
Total	**200,809.4**	**106,639.6**

(TEUR)	31/12/2018	31/12/2017
Commitments		
Purchase commitment	600.0	600.0

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

9. Key Figures

	1 October–31 December 2018	1 October–31 December 2017	1 January–31 December 2018	1 January–31 December 2017
Earnings per share. EUR	0.12	0.10	0.19	0.30
Operating profit %. **entire Group**	2.7%	8.0%	2.2%	5.8%
Operating profit %. **restaurant**	1.7%	10.3%	1.1%	5.7%
Operating profit %. **labour hire**	4.4%	3.4%	3.9%	5.1%
EBITDA %. **entire Group**	7.4%	14.2%	8.8%	12.1%
EBITDA %. **restaurant**	7.0%	17.2%	9.4%	13.4%
EBITDA %. **labour hire**	7.4% *)	8.3%	6.9% *)	8.7%
Return on equity. % (p.a.)			6.9%	12.1%
Return on investment % (p.a.)			5.2%	10.7%
Equity ratio %			24.6%	35.3%
Gearing ratio %			184.3%	93.1%
Interest-bearing net liabilities			138.499.7	43.649.5
Net finance costs	945.0	261.6	2.478.1	1.099.2
Material margin %. **restaurant**	75.5%	76.0%	73.9%	74.1%
Staff expense %. **restaurant**	33.2%	27.8%	32.1%	28.0%
Staff expense %. **labour hire**	81.7%	84.4%	82.4%	83.7%
Average staff. **restaurant**				
Registered staff				
Full-time staff			723	361
Part-time staff translated into full-time staff			398	143
Rented workforce. translated into full-time staff			455	295
Average staff. **labour hire**				
Registered staff				
Full-time staff			130	74
Part-time staff translated into full-time staff			2.762	1.683

***) The figures in the table are in accordance with the IFRS 15 standard, which entered into force on 1 January 2018. Under the recording practice applied in the previous financial periods, the labour hire segment's EBITDA percentage would have been 8.0% for 1 October–31 December 2018 and 8.6% for 1 January–31 December 2018.**

Key figures

CALCULATION FORMULAS FOR KEY FIGURES

Earnings per share

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

Return on equity %

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

Equity ratio %

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

Return on investment %

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

Gearing ratio %

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

Staff expense %

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

Material margin %

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

Net finance costs

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

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