NORDIC HOSPITALITY PARTNERS

NoHo Partners Plc

FINANCIAL STATEMENTS

31.12.2019

NoHo Partners Plc
Hatanpään valtatie 1 B
FI-33100 Tampere

Business ID: 1952494-7
Domicile: Tampere

Consolidated financial statements 31 December 2019
Notes to the consolidated financial statements

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Annual report from the Board of Directors

NoHo Partners Plc is the parent company of the NoHo Partners Group. In addition to the parent company, a total of 91 subsidiaries have been consolidated in these financial statements. In the annual report, the comparative data from 2018 is presented in brackets after the data from 2019.

Key events during the financial period

2019 was a successful year for the Group judging by many indicators. Operational profitability rose to a good level, supported by appropriate strategic choices and a strong contribution by the Group's personnel. In Finland, the integration of the Royal Ravintolat acquisition and the targeted synergies were achieved in full, and the development of the restaurant portfolio continued. In international operations, the focus in Denmark was on improving profitability rather than pursuing growth. Acquisitions made in Norway saw the Group make a successful entry into a new market.

The Group's labour hire business ended on 23 August 2019, when the subsidiary Smile Henkilöstöpalvelut Oyj was merged with VMP Plc and the combined company Eezy Plc became an associated company of the Group. Going forward, the Group will focus fully on developing its core business and creating value. This is supported by the divestment of the labour hire business and shifting to the creation of shareholder value as the largest shareholder of Eezy Plc, the second-largest company in the staffing service sector. At the end of 2019, the Group's holding in Eezy was valued at nearly MEUR 50.

In the consolidated financial statements, 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. All significant information pertaining to the discontinued operation is provided in Note 2.2. to the consolidated financial statements.

Due to the transaction made regarding 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 2.1. to the consolidated financial statements.

In 2019, the revenue of the Group's continuing operations amounted to MEUR 272.8 (209.6), an increase of 30.1 per cent. EBIT grew by 95.1 per cent to MEUR 30.6 (15.7).

Revenue from the restaurant business totalled MEUR 272.9 (209.7), an increase of 30.1 per cent. EBIT grew by 725.0 per cent to MEUR 18.4 (2.2).

There were 18 opened and 15 closed down/sold restaurant units in the 2019 financial period. On 31 December 2019, there were 225 restaurants in total:

- Restaurants 75
- Entertainment venues 65
- Fast casual restaurants 48
- International restaurants 37

Key figures describing the financial position and net income

Key figures describing the financial position and net income of the parent company (FAS)

EUR 1,000	2019	2018	2017
Turnover	25 785,4	26 542,9	22 506,9
EBIT	37 137,9	-1 390,6	337,5
% of turnover	144,0 %	-5,2 %	1,5 %
Return on equity %	54,5 %	6,4 %	12,1 %
Equity ratio %	35,3 %	36,0 %	52,3 %

Key figures describing the financial position and net income of the Group

EUR 1,000	2019	2018	2017*
Revenue	272 819,9	209 626,7	185 856,2
Material margin	202 719,3	155 065,9	154 095,6
% of turnover	74,3 %	74,0 %	82,9 %
EBIT	30 550,7	15 658,2	10 766,7
% of turnover	11,2 %	7,5 %	5,8 %
Balance sheet total	470 858,0	305 672,6	133 060,5
Return on investment %	8,4 %	5,2 %	10,7 %
Return on equity %	44,9 %	6,9 %	12,1 %
Equity ratio %	29,1 %	24,6 %	35,3 %
Gearing ratio %	194,6 %	184,3 %	93,1 %
Gearing ratio % excluding IFRS 16 impact	75,9 %	184,3 %	93,1 %
Staff expense, %	30,5 %	32,1 %	46,3 %
Gross investments	35 280,3	70 814,9	24 524,8

* The figures for 2017 are for the Group as a whole. The figures for 2018 and 2019 are for continuing operations.

Alternative performance measures

		2019	2018	2017*
Earnings per share, undiluted	€	1,10	0,77	0,30
Earnings per share, diluted	€	1,10	0,77	0,30

Equity per share	€	6,8	3,5	2,7
Dividend per share	€	0.00 (*)	0,34	0,33
Dividend/EPS	%	0,0	44,2	108,4
Effective dividend yield	%	0,0	3,9	3,9
Price to earnings ratio (P/E)		9,36	45,58	28,57

Share price 31 December	€	10,30	8,66	8,57
Average share price	€	8,83	9,81	7,55
Highest share price during the financial period	€	10,75	12,60	9,16
Lowest share price during the financial period	€	7,26	7,86	5,71

Market capitalisation	MEUR	195,79	163,61	142,43
Volume of trading during the financial period	shares	3 823 028	1 542 371	2 624 943
Share turnover	%	20,14	8,60	15,79

Adjusted average number of shares during the financial period	shares	18 979 604	17 927 216	16 619 620
Adjusted number of shares on 31 December	shares	19 008 690	18 892 347	16 619 620

(*) Proposal of the Board of Directors. See more information under the heading "Significant events after the financial statements date"

Calculation formulas for key figures are presented at the end of the annual report.

Personnel information

Key figures describing the personnel of the parent company	2019	2018	2017
Average number of employees	142	118	104
Salaries and fees for the financial period	6 332,6	5 147,9	3 887,6

Key figures describing the personnel of the Group	2019	2018	2017
Average number of employees	1 601	1 121	504
Full-time staff	1 005	723	361
Part-time staff converted into full-time staff	596	398	143
Salaries and fees	54 736,1	38 772,8	16 127,9

Proposal of the Board of Directors concerning actions to be taken regarding the profit of the parent company

Unrestricted equity fund	EUR	58 568 819,83
Retained earnings	EUR	9 173 176,18
Profit for the financial period	EUR	52 890 302,63
Unrestricted equity	EUR	120 632 298,64
of which distributable	EUR	120 632 298,64

NoHo Partners Plc's Board of Directors proposes to the Annual General Meeting to be held on 16 June 2020 that no dividends be paid for the financial period 2019. Due to the fast-changing coronavirus pandemic and the general financial uncertainty it causes, NoHo Partners Plc's Board of Directors announced on 26 March 2020 that it has decided to cancel the profit distribution proposal of EUR 0.40 per share published in the financial statements release 2019. The Board of Directors further announced that it is also cancelling the additional dividend of EUR 0.15 per share published in the same context.

On the financial statements date, 31 December 2019, there were 19,008,690 externally held shares.

Directed share issue

On 3 April 2019, NoHo Partners Plc announced a special share issue, and the 116,343 new shares subscribed for in the issue were registered in the Trade Register on 5 April 2019. The total number of NoHo Partners Plc's shares after the registration of the new shares is 19,008,690. The new shares carry shareholder's rights as of their date of registration.

The issue was offered to the Norwegian company Carpe Diem AS as part of an arrangement through which NoHo Partners expanded to the Norwegian restaurant market. In the corporate transaction, NoHo Partners established a joint venture with the Norwegian company Crea Diem AS, with NoHo Partners owning 80 per cent of the joint venture. The new enterprise purchased the shareholdings of certain Carpe Diem and Crea Diem subsidiaries as well as 70 per cent of the shares in the Norwegian company Trobbelskyter AS.

Organisation, management and auditor of the parent company

During the financial period, the parent company's Board of Directors had the following permanent members: Timo Laine, Petri Olkinuora, Mikko Aartio (until 1 November 2019), Mika Niemi, Tomi Terho, Saku Tuominen, Mikko Kuusi (until 24 April 2019) and Mia Ahlström (from 25 April 2019).

The company's CEO during the financial period was Aku Vikström. The auditors for the parent company and the Group were Ernst & Young Oy with APA Juha Hilmola as the responsible auditor. The auditing firm was Deloitte Oy until the General Meeting held on 24 April 2019 and Ernst & Young Oy from the date of the General Meeting onwards.

Hybrid bond and subordinated loans

EUR 1,000	31.12.2019	31.12.2018	31.12.2017
Hybrid bond	25 000,0	0,0	0,0
Subordinated loan	229,4	229,4	220,0

Hybrid bond

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

A hybrid bond is an equity bond and it is an instrument that is subordinated to the company's other debt obligations. However, it is not subordinated to other items included in shareholders' equity. The interest accrued on the hybrid bond will be paid if the Annual General Meeting decides to pay dividends. If dividends are not paid, the company will decide separately on any payment of interest. Unpaid interest will accumulate. The bearers of the hybrid bond have no control or votes at the Annual General Meeting.

Interest on the hybrid bond will be considered in the calculation of earnings per share. Undiluted earnings per share are calculated by taking the result of the financial period attributable to the owners of the parent company, adjusted by the hybrid bond's interest expenses and hybrid bond repayment premiums, adjusted by tax effects, and dividing it by the weighted average number of outstanding shares during the financial period.

The redemption of the hybrid bond is addressed in the consolidated financial statements under events after the end of of the reporting period, in Note 6.4.

In the parent company, the hybrid bond is treated as debt.

Subordinated loan

The company has received a subordinated loan defined in Chapter 12 of the Limited Liability Companies Act. The subordinated loan has been issued indefinitely and it will be repaid as agreed. However, it will be repaid, at the earliest, when the conditions for repaying a subordinated loan according to the Limited Liability Companies Act are met. Interest of 3% interest is paid on the loan. No collateral has been given for the loan.

In the event of the dissolution, liquidation and bankruptcy of the debtor, the subordinated loan can be repaid at a lower priority compared to all other creditors, but before the proportional share of the shareholders.

During the debtor's operations, the subordinated loan can only be repaid in part or in full to the extent where the total amount of the debtor's unrestricted equity and subordinated loans at the time of payment exceeds the debtor's loss confirmed for the last completed financial period or the loss included on the balance sheet of a later financial statement.

This subordinated loan has a higher priority to the debtor's assets than subordinated loans that have been issued to the debtor after the date of signing the agreement. The debtor undertakes to adhere to the order of priority described hereinabove in all financing activities.

The repayment of the subordinated loan does not have a due date, and it will only be repaid to the creditor upon the decision of the debtor. The creditor does not have the right to demand the repayment of the subordinated loan.

However, if NoHo Partners Plc's holding in the debtor company falls under 50%, the subordinated loan capital will fall due and become payable immediately.

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Changes in Group structure in 2019

Acquisitions of subsidiaries and business operations

Acquired company	Transfer of ownership and control	Shareholding acquired
NoHo Partners Plc		
Catering business acquisition, Casseli Oy	January	-
Restaurant operations, Taqueria El Rey	March	-
Business acquisition, Arla, Lahden Järvimatkailu Oy	April	-
Dubliners AS	April	100 %
DOD AS	April	100 %
MEO AS	April	100 %
Rådhuskroken AS	April	100 %
SBF AS	April	100 %
Complete Security AS	April	100 %
Trøbbelskyter AS Group	April	70 %
Business acquisition, Juuri Yhtiöt Oy	September	-
Eilefs Landhandleri AS	October	100 %
Cosmopolitan AS	November	100 %
Suomen Karaokebaarit Oy	November	51 %

Newly established companies

Name of the new company	Month established	Ownership interest
NoHo Partners Plc		
Commodus Oy	January	70,0 %
El Rey Group Oy	January	60,0 %
Hankinta Unioni Oy	September	60,0 %
Porin Pärekori Oy	November	70,0 %
Royal Ravintolat Oy		
Yes Yes Yes Oy	March	70,0 %
Mother of Pearl Oy	April	70,0 %
Financier Group Oy	April	72,5 %
Pihka Ravintolat Oy	June	70,0 %
Wild & Finnish Oy	December	80,0 %
NoHo International Oy		
NoHo Norway AS	April	80,0 %
NoHo Norway AS		
Christiania Drift As	November	100,0 %
NoHo Trobbelskyter AS		
Lab Skøyen AS	September	100,0 %
Mexico Torshov AS	September	100,0 %

Minority acquisitions

Company in which a minority share was acquired	Month of acquisition	Acquired share	New ownership interest
NoHo Partners Plc			
Gastromax Oy	February	30 %	100 %
Nordic Gourmet Oy	May	2 %	68 %
Beaniemax Oy	July	20 %	80 %

Account of the scope of research and development activities

The company does not engage in any actual research activities. The company's development activities mainly consist of developing new restaurant concepts and the further development of existing concepts.

Corporate governance statement

NoHo Partners has prepared a separate corporate governance statement for 2019 in accordance with the recommendations of the Corporate Governance Code for Finnish listed companies. The statement is available on the company website at www.noho.fi.

Assessment of risks and uncertainties related to the company's operations

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

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

Regulatory changes concerning, for example, alcohol legislation, food legislation, labour legislation and value added taxation may affect the company's business. The sector's profitability and sales are affected by the financial situation of households and the development of purchasing power and corporate sales. The growth outlook of the Finnish economy weakened rapidly due to the coronavirus pandemic in early 2020. Taxation and a heavy cost structure present the sector with their own challenges.

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

The implementation of NoHo Partners' strategy and the financing of its business growth is partly dependent on outside financing. The company continuously strives to assess and monitor the amount of financing required for business in order to have sufficient liquidity to finance operations and repay maturing loans. Changes in the macroeconomic environment or the general financing market situation may negatively affect the 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 Group has a significant amount of goodwill on the consolidated balance sheet, which is subject to a write-off risk in the event that the Group's expected future cash flows decline due to internal or external factors.

Shareholders

At the end of the 2019 financial period, NoHo Partners Plc's share capital totalled EUR 150,000 (150,000) and the total number of shares was 19,008,690 (18,892,347). The company did not hold any shares in NoHo Partners Plc at the end of the financial period.

According to the list of shareholders, the company had 4,743 (3,276) shareholders on 31 December 2019.

The company's ten largest shareholders on 31 December 2019 were as follows:

Shareholders	Shares	%
Laine Capital Oy *	5 105 844	26,9
Niemi Mika Rainer	2 236 789	11,8
Pimu Capital Oy **	2 193 048	11,5
Intera Fund II Ky	918 755	4,8
Sr Evli Suomi Pienyhtiöt	862 000	4,5
Sign Systems Finland Oy	539 514	2,8
Ilmarinen Mutual Pension Insurance Company	395 000	2,1
Niemi Hanna-Stina	315 350	1,7
Sr Evli Suomi Select	297 200	1,6
Elo Mutual Pension Insurance Company	271 566	1,4
Total	13 135 066	69,1

* Entity controlled by Board member Timo Laine.
** Entity controlled by Mikko Aartio, Board member until 1 November 2019.

Non-financial information

Description of the business model

NoHo Partners Plc's head office is located in Tampere. At the end of the financial year 2019, the Group comprised 92 companies in the restaurant industry and approximately 230 restaurants in Finland, Denmark and Norway. The company's well-known restaurant concepts include Elite, Savoy, Teatteri, Yes Yes Yes, Viihdemaailma Ilona, Stefan's Steakhouse, Palace, Löyly, Hanko Sushi and Cock's & Cows.

The Group's business consists of the production and provision of restaurant services. The Group's purchases of external goods and services represent approximately 20.5% of the Group's turnover.

Approximately 30.5 per cent of the Group's turnover is spent on employee salaries and social security. The labour used at the Group's locations is local to a large extent.

Environmental issues

In its operations, NoHo Partners endeavours to take into account and reduce its environmental impacts and promote recycling. The Group's restaurants comply with the current regulations pertaining to the recycling and sorting of waste. The Group estimates that the amount of food waste in its entire restaurant business represents approximately 0.2–0.3% of turnover annually.

The purchasing of goods for Noho Partners' restaurant operations leads to the accumulation of various types of packaging materials and the Group strives to recycle the materials. NoHo Partners also has environmental impacts arising from the energy consumption of its premises, for example. The Group estimates that its own operations do not involve material environmental risks.

NoHo Partners Plc has started a cooperation with Rasmix Oy, which includes an agreement on an operating model to be used at the Group's restaurants with regard to the harmonised collection and processing of used frying oil. Used frying oil is collected at the restaurants, processed in Finland and used as a recycled material as an ingredient for biofuel under a certified operating model in accordance with the principles of sustainable development.

In 2019, all 24 restaurants of the Hanko Sushi chain were granted MSC and ASC traceability certificates, which promote sustainable fishing and responsible aquaculture. The restaurants are the first chain of sushi restaurants in Finland to exclusively serve sushi prepared from certified sustainably caught and responsibly farmed seafood.

Personnel

The Group's activities are guided by its values and operational goals. Committed and competent personnel lay the foundation for reaching these goals. Motivated, competent and committed personnel are essential for financially profitable business operations. The purpose of the reward model for key personnel is to create an incentive for reaching the set goals.

NoHo aims to provide equal opportunities for all employees, ensure fair treatment and provide good working conditions. The Group has a zero tolerance policy for all discrimination. Occupational wellbeing and recreational activities for personnel are an essential part of employee wellbeing. The employees' work capacity and wellbeing are supported through partner benefits, among other things.

During the 2019 financial period, the company made preparations for its NoHo Academy study path, which will be relaunched in 2020. The purpose of NoHo Academy is to develop and deepen the competence of various personnel groups through coaching sessions. The main theme is the development of various aspects of leadership skills.

Respect for human rights

NoHo Partners supports the principles concerning human rights and the development of working conditions. Respect for human rights is related to the company's personnel and purchasing policies, among other things. The NoHo Partners Group does not buy products or services from suppliers that violate or neglect national or international human rights conventions. NoHo Partners' aim is to provide all employees with equal opportunities and treatment.

Prevention of corruption and bribery

NoHo Partners does not accept bribery in any form in its operations. All the Group's financial transactions are entered in the accounts. The Group's financial transactions are audited through internal controls and in the annual audit. The Group's accounts are transparent for the financial management.

Cash flow, investments and financing

The Group's operating net cash flow for the period 1 January–31 December 2019 was EUR 57.3 (18.7) million.

The major growth investments during the year under review consisted of restaurant business acquisitions in Norway.

At the end of December 2019, the Group's net debt totalled EUR 134.1 (138.5) million. The Group's current financial liabilities amounted to EUR 37.7 million at the end of December 2019. The current financial liabilities include a commercial paper programme of EUR 22 million. In November 2019, the company issued a EUR 25 million hybrid bond that was redeemed in February 2020. The adjusted net finance costs of continuing operations in January–December 2019 were EUR 5.2 (2.5) million. The equity ratio was 29.1% (24.6%) and the gearing ratio was 194.6% (184.3%). The gearing ratio excluding the impact of IFRS 16 was 75.9%.

Authorisations granted to the Board of Directors

Annual General Meeting 24 April 2019

Acquisition of treasury shares

The Annual General Meeting on 24 April 2019 authorised the Board to decide on using the company's unrestricted equity to purchase no more than 800,000 of the company's own shares in one or several tranches, taking into account the stipulations of the Limited Liability Companies Act regarding the maximum number of shares in possession of the company and under the following terms:

The treasury shares shall be purchased with funds from the company's unrestricted equity, decreasing the distributable profits of the company. The shares shall be purchased in trading on the regulated market in the Helsinki Stock Exchange and, therefore, the purchase takes place by private placing and not in relation to the shares owned by the shareholders. The sum paid for the shares is the price announced on the acquisition day for NoHo Partners Plc's shares on the regulated market on the stock list of Helsinki Stock Exchange. The shares are purchased in trading organised by Nasdaq Helsinki Ltd in accordance with its rules and regulations.

The shares can be purchased for financing or carrying out possible corporate acquisitions or other arrangements, to implement incentive schemes within the company or for other purposes decided upon by the Board of Directors. The maximum amount of the shares to be purchased is equivalent to approximately 4.2 per cent of all the shares and votes of the company calculated using the share count on the publication date of the notice of the Annual General Meeting, so the purchase of the shares does not have a significant effect on the share ownership and the distribution of voting rights in the company.

The Board of Directors shall decide on the other matters related to the purchase of treasury shares. The authorisation will expire at the end of the 2020 Annual General Meeting, but no later than 18 months from the Annual General Meeting's decision to grant the authorisation.

Share issue authorisation

The Annual General Meeting on 24 April 2019 decided, in accordance with the proposal submitted to it, and cancelling the previous share issue authorisations, to authorise the Board to decide on an issue of a maximum of 2,000,000 new shares, and to transfer no more than 800,000 treasury shares held by the company ("Share Issue Authorisation").

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

The Board of Directors shall decide on all other matters related to share issues. The share issue authorisation will expire at the end of the 2020 Annual General Meeting; however, no later than 18 months from the Annual General Meeting's share issue authorisation decision.

Significant events after the financial statements date

Share-based incentive plan for key personnel

On 30 December 2019, the company announced that the second 24-month earning period of the long-term share-based incentive plan 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.

Hybrid bond

On 16 January 2020, the company announced that it will redeem the MEUR 25 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.

Business acquisitions

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

Acquisition of Friends & Brgrs

On 12 February 2020, the company announced the acquisition of Friends & Brgrs Ab Oy's shares and a special share issue for cash. The shares 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.

According to the terms and conditions of the share purchase agreement, a maximum of 238,145 new shares of the Company were offered to be subscribed in the special share issue. The subscription price per each share was EUR 10.60557 and the subscription price total was a maximum of approximately MEUR 2.5. 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.

Stock exchange releases regarding profit guidance, the profit distribution proposal and adjustment measures

On 13 March 2020, NoHo Partners Plc announced it is issuing a profit warning, changing its profit distribution proposal and commencing personnel adjustment measures in the changed market situation due to the coronavirus pandemic. The Group cancelled its profit guidance for 2020 issued on 5 March 2020. At this point, the company did not specify its turnover and profitability forecast for this year in more detail due to the uncertain market situation. The company did not change its long-term financial objectives at this stage.

On 13 March 2020, NoHo Partners announced it would start temporary layoffs, of 90 days at most, in order to minimise the negative financial impact of the coronavirus (COVID-19) on its business. The current temporary layoffs concern nearly all of the Group's employees, which comprises about 1,300 people. The layoffs are estimated to continue until the end of June 2020. On 15 May 2020, NoHo Partners announced it will begin co-operation negotiations on continuing temporary layoffs due to uncertain market situation.

The purpose of the negotiations is to predict the financial and production impacts caused by the coronavirus and adapt to the changed operating environment. The measures may result in full-time or part-time layoffs of personnel for a fixed term of no more than 90 days. The negotiations concern all of the Group's employees in Finland.

The Group is preparing for the gradual resumption of business starting from 1 June 2020.

Due to the fast-changing coronavirus pandemic and the general financial uncertainty it causes, NoHo Partners Plc's Board of Directors announced on 26 March 2020 that it will cancel the profit distribution proposal published in the financial statements release 2019.

Outlook for 2020

Before the coronavirus outbreak grew into a pandemic, the Group estimated that it was entering the year 2020 in a strong position. The domestic restaurant business was performing well, even though there is still a lot of potential for improvement, especially in the field of contemporary sales and marketing. The Group's committed employees have gone through a tough process of change, and this year, they will be better able to concentrate on a quality customer experience. Globally, the Group has work to do in two different fields: to repeat in Denmark the change of direction implemented in Finland, and to speed up profitable growth in Norway.

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

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. The management of the Group estimates that this financing package, together with other financing arrangements, is sufficient to ensure the company's working capital until the end of 2020 in spite of the potential prolongation of the uncertain market situation caused by the coronavirus pandemic.

The EUR 22 million commercial paper programme maturing in May 2020, which was included in current financial liabilities on the financial statements date, has been extended in the amount of EUR 12.5 million until the autumn 2020, while EUR 2.5 million has been repaid and EUR 7.0 million will be repaid by the end of May. The company will actively assess the functioning of the commercial paper market during the financial year.

During April, the company negotiated a two-month rent exemption for approximately 70 per cent of its leases. In the other countries in which the Group operates (Denmark and Norway), the states cover approximately 80 per cent of the leases during the crisis.

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

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. Tentatively, the restrictions of restaurant operations are intended to remain in force until the end of October 2020. 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 the second stage of operating in a restricted business environment, the company will resume its business operations in a managed and gradual manner over the following months.

The majority of the company's restaurants will resume operations in a restricted business environment in June. The company's view is that moderate business is possible in the company's food and fast casual restaurants and in some of the entertainment venues. The company's nightclubs will remain closed due to the restrictions on business hours until further notice. The view of the company's management is that from the point of view of NoHo Partners' business operations, the most significant uncertainty is associated with consumer behaviour. According to the company's view, indications of customer behaviour have been encouraging in Norway, where consumer demand has clearly recovered in recent weeks. 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. The Group is currently negotiating over leases for the next couple of months with lessors.

In accordance with the stock exchange release issued on 13 March 2020, the Group will not issue an estimate of its turnover and profitability in 2020 at this stage due tot the uncertain market situation.

Going concern assumption

The Group has secured additional financing, adjusted its cost structure and negotiated significant rent reductions with lessors, and it has received and will receive a share of the support packages of the Finnish, Norwegian and Danish states. The view of the Group 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 corresponding external factor to a significant extent by the government and the Group is not able to secure adequate additional financing from the market or 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.

Calculation formulas for key figures

Key figures required by the IFRS standards

Earnings per share

$$\frac{\text{Net income for the financial period – non-controlling interest}}{\text{Average number of shares during the period, excluding shares held by the company}}$$

Earnings per share (diluted)

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

EBIT

EBIT is the net sum obtained by adding other operating income to turnover and deducting from this sum the staff expenses, other operating costs, depreciation, amortisation and impairment, and the acquisition costs of materials and services adjusted by changes in inventory.

Alternative performance measures

Return on equity % *)

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

Equity ratio % *)

$$\frac{\text{Equity}}{\text{Total assets – advances received}} *100$$

Return on investment % *)

$$\frac{\text{Net profit/loss + financial expenses + taxes (12 months)}}{\text{Invested capital on average (attributable to owners of the parent and minority shareholders)}} *100$$

Gearing ratio % *)

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

Staff expense, % *)

$$\frac{\text{Staff expenses + external services}}{\text{Turnover}} *100$$

Material margin *)

Turnover – acquisitions +/– change in inventories

Adjusted net finance costs *)

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

Alternative performance measures

Dividend per share

$$\frac{\text{Dividend distributed during the financial period}}{\text{Undiluted number of shares on the financial statements date}}$$

Dividend/EPS *)

$$\frac{\text{Dividend}}{\text{Earnings per share}} \text{*100}$$

Equity per share, EUR *)

$$\frac{\text{Equity attributable to the owners of the parent}}{\text{Number of shares at the end of the period, excluding shares held by the company}}$$

Dividend payout ratio %

$$\frac{\text{(Dividend/share)}}{\text{Earnings per share}} \text{*100}$$

Effective dividend yield %

$$\frac{\text{Dividend per share}}{\text{Share price at the end of the period}} \text{*100}$$

Price to earnings ratio (P/E)

$$\frac{\text{Share price at the end of the period}}{\text{Earnings per share}}$$

Average share price

$$\frac{\text{Total trading in the share in euros}}{\text{Number of shares traded on average during the period}}$$

Share turnover

$$\frac{\text{Volume of trading during the financial period}}{\text{Adjusted average number of shares during the financial pe}} \text{*100}$$

Market capitalisation, EUR million

Share price at the end of the period x number of shares

*) An alternative performance measure according to the European Securities and Markets Authority's (ESMA) guidelines

NoHo Partners Plc
Business ID: 1952494-7

Consolidated statement of profit or loss and other comprehensive income (IFRS) (Continuing and discontinued operations)

EUR 1,000	Note	1 Jan–31 Dec 2019	1 Jan.–31 Dec. 2018
Continuing operations			
Sales revenue	2.3.	272 819,9	209 626,7
Other operating income	2.5.	5 974,7	5 598,1
Raw materials and consumables	2.6.	-84 673,1	-61 778,9
Employee benefits	2.7.	-63 445,7	-46 581,5
Other operating expenses	2.9.	-56 393,2	-73 792,4
Depreciations, amortisations and impairment	2.11.	-44 522,6	-17 436,8
Share of associated company profit		790,9	23,0
EBIT		30 550,7	15 658,2
Financial income	5.9.	2 209,5	696,2
Finance costs	5.9.	-7 448,4	-2 144,1
Net finance costs	5.9.	-5 238,9	-1 447,9
Profit/loss before taxes		25 311,8	14 210,3
Income tax expense	2.12. 2.13	-1 465,4	-668,7
Profit for the period, continuing operations		23 846,4	13 541,6
Discontinued operations			
Profit for the period, discontinued operations	2.2.	23 828,0	-9 310,9
Profit for the period		47 674,4	4 230,8
Result from continuing operations attributable to:			
Parent company shareholders		22 299,6	13 892,0
Minority shareholders		1 546,8	-350,4
Total		23 846,4	13 541,6
Profit for the period attributable to:			
Parent company shareholders		46 127,6	4 581,2
Minority shareholders in continuing operations		1 546,8	-350,4
Total		47 674,4	4 230,8
Earnings per share calculated from the result of continuing operations for the review period attributable to the owners of the parent company			
Basic earnings per share (EUR)	2.14.	1,10	0,77
Diluted earnings per share (EUR)	2.14.	1,10	0,77
Earnings per share calculated from the result of the review period for parent company shareholders			
Basic earnings per share (EUR)	2.14.	2,36	0,26
Diluted earnings per share (EUR)	2.14.	2,34	0,26

Consolidated statement of comprehensive income

Profit for the period	47 674,4	4 230,8
Other comprehensive income items		
Foreign currency translation differences, foreign operations	-128,6	0,0
Other comprehensive income items that may be subsequently reclassified to profit or loss, total	-128,6	0,0
Total comprehensive income for the period	47 545,7	4 230,8
Distribution of the comprehensive income for the financial period		
Parent company shareholders	45 999,0	4 581,2
Minority shareholders in continuing operations	1 546,8	-350,4
Total	47 545,7	4 230,8

The comparable income statement of continuing operations is presented in Note 2.1.

Financial information regarding the discontinued operation is presented in Note 2.2.

The company has discontinued the presentation of EBITDA. EBITDA excluding the result of associated companies amounted to EUR 74,283 thousand in 2019 and EUR 33,072 thousand in 2018.

Non-recurring items recorded during the financial period from 1 January 2019 to 31 December 2019 are as follows:
An adjustment of EUR 2,144 thousand on the estimated additional transaction price related to the share acquisitions of The Bird Mother ApS has been recognised under financial income.

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

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

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

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

Notes 1.1.–6.5. are a material part of the financial statements.

NoHo Partners Plc
Business ID: 1952494-7

Consolidated Balance Sheet (IFRS)

EUR 1,000	Note	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Goodwill	4.1.	128 831,6	147 434,0
Intangible assets	#N/A	48 461,4	56 542,2
Property, plant and equipment	#N/A	57 008,4	47 081,9
Right-of-use assets	#N/A	159 077,4	0,0
Shares in associated companies and joint ventures	#N/A	39 368,0	154,0
Other investments	#N/A	194,5	98,1
Loans receivables	#N/A	453,1	175,3
Other receivables	#N/A	2 916,4	3 755,4
Deferred tax assets	2.13.	900,9	318,9
Non-current assets		437 211,7	255 559,8
Current assets			
Inventories	4.4.	5 938,5	5 147,0
Loans receivables	#N/A	303,3	27,0
Sales receivables and other receivables	#N/A	23 786,5	39 984,1
Cash and cash equivalents	5.5.	3 618,1	4 954,6
Current assets		33 646,3	50 112,8
Total assets		470 858,0	305 672,6
EQUITY AND LIABILITIES			
Equity			
Share capital	5.11.	150,0	150,0
Invested unrestricted equity fund	5.11.	57 670,4	66 944,8
Treasury shares	#N/A	0,0	-191,4
Retained earnings	#N/A	46 442,4	-523,8
Hybrid bond	#N/A	25 000,0	0,0
Total equity attributable to parent company shareholders		129 262,8	66 379,6
Non-controlling interests	#N/A	7 760,4	8 767,5
Total equity		137 023,2	75 147,2
Non-current liabilities			
Deferred tax liabilities	2.13.	6 330,0	10 227,3
Financial liabilities	5.6.	72 712,8	90 466,9
Liabilities for right-of-use assets		134 048,0	0,0
Trade payables and other liabilities	4.6.	7 744,0	6 298,5
Non-current liabilities		220 834,9	106 992,7
Current liabilities			
Financial liabilities	5.6.	37 690,1	53 162,8
Provisions	4.7.	0,0	1 025,0
Liabilities for right-of-use assets		27 251,3	0,0
Trade payables and other liabilities	4.6.	48 058,6	69 344,9
Current liabilities		113 000,0	123 532,7
Liabilities total		333 834,8	230 525,4
Total equity and liabilities		470 858,0	305 672,6

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

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

Notes 1.1.–6.5. are a material part of the financial statements.

NoHo Partners Plc
Business ID: 1952494-7

Consolidated statement of changes in equity

	Equity attributable to the owners of the Company										
EUR 1,000	Share capital	Invested unrestricted equity fund	Fair value reserve	Treasury shares	Translation difference	Retained earnings	Hybrid bond	Hybrid bond	Total	Non-controlling interests	Total equity
Equity at 1 January 2019	150,0	66 944,8	-4,5	-191,4	0,0	-519,3		0,0	66 379,7	8 767,6	75 147,2
IFRS 16 change in accounting principles						708,3			708,3		708,3
Adjusted equity, 1 January 2019	150,0	66 944,8	-4,5	-191,4	0,0	189,0	0,0	0,0	67 088,0	8 767,6	75 855,5
Total comprehensive income for the period											
Profit for the financial period						46 127,6			46 127,6	1 546,8	47 674,4
Other comprehensive income items (after taxes)											
Foreign currency translation differences, foreign operations					-128,6				-128,6		-128,6
Total comprehensive income for the period	0,0	0,0	0,0	0,0	-128,6	46 127,6	0,0	0,0	45 999,0	1 546,8	47 545,7
Unrestricted equity reclassification		-10 356,7	4,5	191,4		10 160,8			0,0		0,0
Other changes total	0,0	-10 356,7	4,5	191,4	0,0	10 160,8	0,0	0,0	0,0	0,0	0,0
Transactions with owners											
Contributions and distributions											
Equity loans						-345,6	25 000,0		24 654,4		24 654,4
Dividend distribution						-6 463,0			-6 463,0	-2 028,9	-8 491,9
Issue of ordinary shares		1 027,3							1 027,3		1 027,3
Share-based payments						1 368,2			1 368,2		1 368,2
Total	0,0	1 027,3	0,0	0,0	0,0	-5 440,3	25 000,0	0,0	20 587,0	-2 028,9	18 558,0
Changes in ownership interests											
Changes in NCI without a change in control		55,0				-4 466,1			-4 411,1	-525,0	-4 936,1
Total	0,0	55,0	0,0	0,0	0,0	-4 466,1	0,0	0,0	-4 411,1	-525,0	-4 936,1
Total transactions with owners	0,0	1 082,3	0,0	0,0	0,0	-9 906,4	25 000,0	0,0	16 175,9	-2 553,9	13 621,9
Equity at 31 December 2019	150,0	57 670,4	0,0	0,0	-128,6	46 571,0	25 000,0	0,0	129 262,8	7 760,4	137 023,2

	Equity attributable to parent company shareholders										
In thousands of euros	Share capital	Invested unrestricted equity fund	Fair value reserve	Treasury shares	Translation difference	Retained earnings	Hybrid bond	Hybrid bond	Total	Non-controlling interests	Total equity
Equity at 1 January 2018	150,0	40 510,2	-4,5	-191,4	0,0	4 237,5	0,0	220,0	44 921,7	1 971,2	46 892,9
Change in the IFRS 9 accounting principles						-554,8			-554,8		-554,8
Adjusted equity at 1 January 2018	150,0	40 510,2	-4,5	-191,4	0,0	3 682,7	0,0	220,0	44 366,9	1 971,2	46 338,1
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 items (after taxes)											
Total comprehensive income for the financial pe	0,0	0,0	0,0	0,0	0,0	3 494,0	0,0	0,0	3 494,0	736,8	4 230,8
Other changes						-51,4			-51,4		-51,4
Other changes total	0,0	0,0	0,0	0,0	0,0	-51,4	0,0	0,0	-51,4	0,0	-51,4
Transactions with owners											
Contributions and distributions											
Equity loans								-220,0	-220,0		-220,0
Dividend distribution						-5 484,5			-5 484,5	-775,0	-6 259,5
Issue of ordinary shares		26 453,4							26 453,4	854,4	27 307,8
Share-based payments						72,3			72,3		72,3
Total	0,0	26 453,4	0,0	0,0	0,0	-5 412,2	0,0	-220,0	20 821,2	79,3	20 900,6
Changes in ownership interests											
Changes in NCI without a change in control		-18,8				-2 232,3			-2 251,1	5 980,2	3 729,1
Total	0,0	-18,8	0,0	0,0	0,0	-2 232,3	0,0	0,0	-2 251,1	5 980,2	3 729,1
Total transactions with owners	0,0	26 434,7	0,0	0,0	0,0	-7 644,5	0,0	-220,0	18 570,2	6 059,5	24 629,7
Equity at 31 December 2018	150,0	66 944,8	-4,5	-191,4	0,0	-519,3	0,0	0,0	66 379,7	8 767,6	75 147,2

Notes 1.1.–6.5. are a material part of the financial statements.

NoHo Partners Plc
Business ID: 1952494-7

Consolidated statement of cash flows (IFRS)

EUR 1,000	2019	2018
Cash flows from operating activities		
Profit for the financial period	47 674,4	4 230,8
Adjustments:		
Non-cash transactions *)	-31 002,9	3 423,7
Sales profit from sales of shares of associated companies	0,0	-3 572,0
Depreciations, amortisations and impairment	47 839,2	21 219,8
Net finance costs	7 261,5	1 602,2
Taxes	2 114,5	1 379,9
Share of associated company profit	-790,9	-23,0
Cash flow before change in working capital	73 095,8	28 261,4
Changes in working capital:		
Trade and other receivables	1 245,7	-5 139,3
Inventories	-237,3	893,8
Trade payables and other liabilities	-6 114,8	1 839,1
Change in working capital	-5 106,4	-2 406,4
Dividends received	6,0	4,0
Interest paid and other finance costs	-8 061,0	-3 494,5
Interest received and other financial income	115,9	89,1
Taxes paid	-2 756,8	-3 741,8
Operating net cash flow	57 293,5	18 711,9
Cash flows from investing activities		
Acquisition of tangible and intangible assets	-16 151,4	-10 205,7
Change in other non-current receivables	1 564,5	-838,8
Acquisition of subsidiaries with time-of-acquisition liquid assets deducted	-16 891,5	-66 198,8
Sales of subsidiaries with time-of-acquisition liquid assets deducted	0,0	77,3
Business acquisitions	-2 218,6	-367,9
Business divestment	308,0	340,7
Sales of minority shareholders' shares	0,0	76,0
Sales of shares of associated companies	0,0	6 513,3
Investments in other investments	-62,5	0,0
Net cash from investing activities	-33 451,6	-70 603,9
Cash flows from financing activities		
Payments to invested equity fund	0,0	219,9
Minority shareholders' investments	0,0	1 023,6
Repayment of equity convertible loans	0,0	-13 319,5
Non-current loans drawn	45 927,0	85 085,5
Non-current loan payments	-61 913,2	-32 368,9
Proceeds from current loans and borrowings	2 962,3	125,3
Proceeds from current commercial papers	0,0	22 000,0
Acquisition of non-controlling interests	-264,3	-1 049,7
Drawing of hybrid bond	24 654,4	0,0
Right-of-use asset liabilities repaid	-27 898,1	0,0
Dividends paid	-8 646,5	-7 439,5
Financial net cash flow	-25 178,5	54 276,6
Change in liquid assets	-1 336,5	2 384,7
Cash and cash equivalents at 1 January	4 954,6	2 570,0
Cash and cash equivalents at 31 December	3 618,1	4 954,6
Change	-1 336,5	2 384,7

*) Non-cash transactions are itemised in Note 6.1.

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

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

1. General accounting principles

The notes to the consolidated financial statements have been grouped according to their nature. The accounting principles as well as judgements and key estimation uncertainties are presented in connection with each note. This section describes the accounting principles that apply to the consolidated financial statements as a whole.

1 January Basic information about the Group

NoHo Partners Plc Group (hereinafter referred to as "Noho Partners" or "Group") is a Finnish Group founded in 1996 that specialises in restaurant services. The Group's parent company is NoHo Partners Plc. The parent company's registered office is in Tampere, at Hatanpään valtatie 1 B, FI-33100 Tampere, Finland. The parent company's home country is Finland.

The Group comprises 92 companies in the restaurant industry and approximately 230 restaurants in Finland, Denmark and Norway. The company's well-known restaurant concepts include Elite, Savoy, Teatteri, Yes Yes Yes, Viihdemaailma Ilona, Stefan's Steakhouse, Palace, Löyly, Hanko Sushi and Cock's & Cows.

NoHo Partners sold the share capital of Smile Henkilöstöpalvelut Oyj to Eezy Plc on 23 August 2019. Due to the transaction, Smile Henkilöstöpalvelut (hereinafter referred to as "Smile") was demerged from the Group on 23 August 2019. Smile previously constituted NoHo Partners Group'slabour hire segment, which focused on providing staffing services for hotels, restaurants and catering, events and promotions, construction and industry, logistics and maintenance, doctor services as well as direct recruitment services, for example.

In these financial statements, Smile is classified as a discontinued operation. In the consolidated income statement, continuing and discontinued operations are presented separately. Discontinued operations are presented as a separate item and comparative information has been adjusted accordingly. Internal business transactions between discontinued operations have been eliminated from the figures. The discontinued operation is presented in Note 2.2.

The company created through the combination of VMP and Smile, Eezy Plc, became an associated company of NoHo Partners and NoHo Partners became Eezy's largest shareholder with a 30.27% stake. Eezy Group is consolidated with the NoHo Partners Group as an associated company using the equity method.

A copy of the consolidated financial statements is available online at www.noho.fi and from the head office of the Group's parent company at the previously mentioned address.

NoHo Partners Plc's Board of Directors has approved these financial statements for publication at its meeting on 25 May 2020. According to the Finnish Limited Liability Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the general meeting held after their publication. The general meeting can also decide on the amendment of the financial statements.

1.2. Accounting principles

These financial statements of the NoHo Partners Group have been prepared based on the International Financial Reporting Standards (IFRS) in accordance with the IAS and IFRS standards in force as of 31 December 2019 as well as the SIC and IFRIC interpretations issued in relation to them. International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in the EU Regulation (EC) No. 1606/2002 and embodied in the Finnish Accounting Act and provisions issued under it. The notes to the consolidated financial statements have also been prepared in accordance with the requirements in Finnish accounting legislation and Community law that complement the IFRS regulations.

The information in the consolidated financial statements is based on original acquisition costs, except where otherwise stated in the accounting principles.

The figures in the financial statements are expressed in thousands of euros unless otherwise stated. The comparative data is presented in brackets after the figures for the financial period. The company's functional currency is EUR.

1.3. Impact of COVID-19 on the Group’s business operations

Due to the pandemic and significant market disruption caused by the coronavirus that arrived in Finland in mid-March, the Group’s business operations have 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.

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. The management of the Group estimates that this financing package, together with other financing arrangements, is sufficient to ensure the company’s working capital until the end of 2020 in spite of the potential prolongation of the uncertain market situation caused by the coronavirus pandemic.

During April, the company negotiated a two-month rent exemption for approximately 70 per cent of its leases. In the other countries in which the Group operates (Denmark and Norway), the states cover approximately 80 per cent of the leases during the crisis.

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

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. Tentatively, the restrictions of restaurant operations are intended to remain in force until the end of October 2020. 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 the second stage of operating in a restricted business environment, the company will resume its business operations in a managed and gradual manner over the following months.

The majority of the company's restaurants will resume operations in a restricted business environment in June. The company's view is that moderate business is possible in the company's food and fast casual restaurants and in some of the entertainment venues. The company's nightclubs will remain closed due to the restrictions on business hours until further notice. The view of the company's management is that from the point of view of NoHo Partners' business operations, the most significant uncertainty is associated with consumer behaviour. According to the company's view, indications of customer behaviour have been encouraging in Norway, where consumer demand has clearly recovered in recent weeks. 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. The Group is currently negotiating over leases for the next couple of months with lessors.

1.4. Going concern assumption

The Group has secured additional financing, adjusted its cost structure and negotiated significant rent reductions with lessors, and it has received and will receive a share of the support packages of the Finnish, Norwegian and Danish states. The view of the Group 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 corresponding external factor to a significant extent by the government and the Group is not able to secure adequate additional financing from the market or 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.

1.5. Key estimates and judgements

The preparation of consolidated financial statements in accordance with the IFRS standards requires the use of certain estimates and assumptions that affect the reported figures. The estimates and assumptions used in these financial statements are based on the management's best estimate at the time of closing the books. These estimates and assumptions influence the application of the accounting principles used in the financial statements, the amounts of assets and liabilities on the balance sheet, the presentation of contingent assets and liabilities in the notes to the financial statements as well as the income and expenses for the financial period. The estimates are based on previous experience, market data and several other assumptions that are deemed reasonable, but the actual figures may deviate from these estimates due to different assumptions or circumstances. The management must exercise judgement in applying the accounting principles of the financial statements and making estimates related to income taxes, goodwill impairment testing, provisions and contingent liabilities, for example. These principles and estimates require the management to make subjective and complex judgement-based estimates, such as those concerning the effects of factors that are uncertain by nature.

Key estimates and judgements	Note
Assumptions related to acquisitions (e.g. the future cash flows of the acquired business, purchase price allocations, the value and useful life of brands, the fulfilment of conditions concerning brands with an indefinite useful life, the realisation of contingent transaction prices and the synergies achieved through acquisitions)	3.1. Acquired business operations, 4.1. Goodwill and intangible assets
Assumptions related to impairment testing (e.g. revenue growth, cost development, level of maintenance investments and changes in the discount rate)	4.1. Goodwill and intangible assets
Management actions and estimates related to the risk management of trade and other receivables and the minimisation of credit losses	5.10. Risk management
The management's estimate of the fulfilment of the financial conditions set by the Board of Directors	2.8. Share-based payments
The management's estimates are related to the use of deferred tax assets against taxable income in future periods	2.12. Income taxes
Estimates concerning leases (e.g. leases covered by the arrangement, the size of leases for underlying assets of low value, the exercising of extension options of leases, the incremental borrowing rate, the size of restoration costs)	5.7. Leases

1.6. Consolidation principles

These consolidated financial statements comprise the parent company NoHo Partners Plc, the subsidiaries it owns, and their subsidiaries. The subsidiaries and associates consolidated into these consolidated financial statements are itemised in Note 6.2.

Subsidiaries

Subsidiaries are companies where the Group has a controlling interest. Control is created when the Group, through involvement in the entity, is exposed to the entity's variable returns or is entitled to them, and can influence these returns by exercising its power on the entity. The Group's control is based on voting rights. Subsidiaries are consolidated into the consolidated financial statements starting from the date when control is transferred to the Group; assigned subsidiaries are retained in the consolidated financial statements until the date when control ceases to exist.

The acquisition method has been used to eliminate mutual share ownership between the Group's companies. The amount by which the acquisition cost exceeds the Group's share of the fair value of the purchased net identifiable assets is recorded as goodwill. If the acquisition cost is lower than the net assets of the acquired subsidiary, the difference is marked as income in the income statement.

Acquisition-related expenditure, excluding the expenditure from issuing current liability and equity convertible securities, has been recorded as expense. Any conditional additional purchase price has been measured at fair value at the moment of acquisition, and has been classified as liability or equity. Additional purchase price classified as liability is measured at fair value on each closing date, and the generated profit or loss is recorded through profit or loss. Additional purchase price classified as equity is not re-measured. Any non-controlling interests in the object acquired are measured at either fair value or an amount corresponding to the proportion of the non-controlling interests in the net identifiable assets of the object acquired. The measurement principle is defined separately for each business acquisition.

Intragroup transactions, receivables and payables as well as unrealised gains are eliminated when drawing up the consolidated financial statements. Unrealised losses are not eliminated if the loss is caused by impairment. Where necessary, the accounting principles of the financial statements of subsidiaries have been amended to correspond to those of the Group.

The distribution of the profit or loss for the financial period between the owners of the parent company and the minority shareholders is presented in the income statement. The distribution of the comprehensive income between the owners of the parent company and the minority shareholders is presented together with the comprehensive income statement. Comprehensive income is allocated to minority shareholders, even if this would lead to the non-controlling interest becoming negative. The portion of equity belonging to minority shareholders is presented as a separate item on the balance sheet, as part of equity. Changes to the parent company's holding in a subsidiary that will not lead to a loss of control are recorded as transactions concerning equity. If an acquisition is completed in stages, the earlier holding is measured at fair value, and the resulting gain or loss is recognised through profit or loss. When the Group loses its controlling interest in a subsidiary, the remaining portion is measured at fair value on the date of the loss of control, and the difference is recorded through profit or loss.

Associated companies

Associated companies are companies where the Group exercises a significant influence over the voting rights. A significant influence is mainly generated when the Group owns over 20 per cent of the company's voting rights, or when the Group otherwise exercises a significant influence but does not have a controlling interest. Associated companies are consolidated into the consolidated financial statements using the equity method. If the Group's share of the losses of an associated company exceeds the carrying amount of the investment, the investment is recorded at zero value on the balance sheet; losses exceeding the carrying amount are not consolidated unless the Group is committed to fulfilling the liabilities of the associated company. Any investment in an associated company includes the goodwill accrued from its acquisition. Unrealised gains between the Group and an associated company have been eliminated in accordance with the Group's holding. The portion of the associated companies' income from the financial period corresponding to the Group's holding is presented as a separate item above EBIT. Correspondingly, the Group's share of the changes recorded in the other items of the associated company's comprehensive income is entered in the other items of the Group's comprehensive income.

1.7. Non-current asset items held for sale (or disposal groups) and discontinued operations

Non-current assets (or disposal groups) and assets and liabilities related to discontinued operations are classified as held for sale if the amount equivalent to their carrying amount will primarily accumulate from the sale of the assets rather than their continued use. The prerequisites for classification as held for sale are considered to be met when the sale is highly probable and the asset item (or disposal group) can be immediately sold in its present condition using common terms, and when the management is committed to the sale and the sale is expected to take place within one year from the classification.

Immediately before the classification, the asset items classified as held for sale or the assets and liabilities of the disposal groups are measured according to the applicable IFRS standards. Starting from the moment of classification, the asset items held for sale (or the disposal group) are measured at carrying amount or fair value less the costs of selling, whichever is lower. The depreciation of these asset items is stopped at the moment of classification.

Asset items in the disposal group that are not within the scope of the measurement rules of the IFRS 5 standard, as well as liabilities, are measured according to the applicable IFRS standards even after the moment of classification.

A discontinued operation refers to a part of the Group that has been discontinued or classified as held for sale and that meets the classification criteria for a discontinued operation under IFRS 5.

Net income for discontinued operations is presented as a separate item in the Group's statement of comprehensive income. Asset items held for sale, disposal groups, items related to asset items held for sale that are recorded in other items of the comprehensive income, and liabilities included in the disposal group are presented separately from the other items on the balance sheet.

In these financial statements, Smile is classified as a discontinued operation. In the consolidated income statement, continuing and discontinued operations are presented separately. Discontinued operations are presented as a separate item and comparative information has been adjusted accordingly. Internal business transactions between discontinued operations have been eliminated from the figures. The discontinued operation is presented in Note 2.2.

1.8. Items denominated in foreign currencies

The consolidated financial statements are presented in euros, which is the operating and presentation currency of the Group's parent company.

Transactions denominated in foreign currencies are entered in the accounts at the exchange rate in effect on the date of the transaction. The closing rates of the European Central Bank are used in the translation of receivables and liabilities denominated in foreign currencies. The translation differences arising from transactions denominated on foreign currencies and the conversion of financial items are recognised through profit or loss. Foreign exchange gains and losses are included in the corresponding items above EBIT.

1.9. New and amended standards and interpretations applied

New and amended standards and interpretations applied in these consolidated financial statements as of 1 January 2019:

IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019)

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

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

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

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

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

Asset classification

According to the standard, the class of underlying assets refers to a group of similar underlying assets used for similar purposes in the activities of a corporation. Leases are divided into the following classes of underlying assets:
(a) Buildings
(b) Land and water areas
(c) Machines and equipment
(d) Other underlying assets

Incremental borrowing rate

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

Lease term

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

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

Restoration costs

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

Transition

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

Opening balance on 1 January 2019

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

Rental liabilities on 31 December 2018	202 756,0
Discounted rental liabilities 2018	189 013,4
Finance lease agreements	627,5
Exemptions	-11 870,1
Other items	-880,7
Lease liability on 1 January 2019	176 890,1

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

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

ASSETS	31.12.2018	Adjustment	Opening balance on 1 January 2019
Non-current assets			
Tangible assets	47 081,9	-627,5	46 454,3
Right-of-use assets	0,0	176 890,1	176 890,1
Deferred tax assets	318,9	-177,6	141,3
Total		176 085,0	

EQUITY AND LIABILITIES	31.12.2018	Adjustment	Opening balance on 1 January 2019
Equity			
Retained earnings	-519,3	708,3	189,0
Non-current liabilities			
Financial liabilities	90 466,9	-269,1	90 197,9
Liabilities for right-of-use assets	0,0	150 749,6	150 749,6
Deferred tax liabilities	10 227,3	-2,2	10 225,1
Current liabilities			
Financial liabilities	53 162,8	-361,4	52 801,4
Liabilities for right-of-use assets	0,0	26 140,6	26 140,6
Trade payables and other liabilities	69 344,9	-880,8	68 464,2
Equity and liabilities in total		**176 085,1**	

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

The profit impact of the standard

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

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

Presentation

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

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

IFRIC 23 Uncertainty over Income Tax Treatments (effective for financial years beginning on or after 1 January 2019)

The interpretation brings clarity to the accounting for income tax treatments that have yet to be accepted by tax authorities. The key test for accounting is the assessment of whether the tax authority will accept the entity's chosen tax treatment or not. When considering this the assumption is that tax authorities will have full knowledge of all relevant information in assessing a tax treatment proposed by the entity.

Amendments to IFRS 9 – *Prepayment Features with Negative Compensation* (effective for financial years beginning on or after 1 January 2019)

The amendments enable entities to measure at amortised cost some prepayable financial assets with so-called negative compensation.

Amendments to IAS 28 – *Long-term Interests in Associates and Joint Ventures* (effective for financial years beginning on or after 1 January 2019)

The amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that forms part of the net investment in the associate or joint venture.

Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement (effective for financial years beginning on or after 1 January 2019)

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, an entity uses updated actuarial assumptions to determine its current service cost and net interest for the period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

Annual Improvements to IFRSs (2015–2017 cycle) (effective for financial years beginning on or after 1 January 2019).

The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments clarify the following standards:

IFRS 3: when an entity obtains control of a business that is a joint operation, it remeasures a previously held interest in that business at fair value (a business combination achieved in stages).

IFRS 11: when an entity subsequently obtains joint control of a business that is a joint operation, it does not remeasure a previously held interest in that business.

IAS 12: an entity accounts for all income tax consequences of dividends in the same way, regardless of how the tax arises (in profit or loss, other comprehensive income or equity).

IAS 23: when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made to obtain the said asset as part of general borrowings.

2. Financial result

2.1. Calculation principles of the key figures of comparable continuing operations

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

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

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

EUR 1,000	2019	2018
Restaurant business (comparable continuing operations)		
Sales revenue	272 912,0	209 725,0
Other operating income	6 453,7	6 300,9
Materials and services	-96 789,1	-75 788,1
Staff expenses	-63 445,7	-46 581,5
Other operating expenses	-56 461,6	-74 013,5
Depreciations, amortisations and impairment	-44 522,6	-17 436,8
Share of associated company profit	242,7	23,0
EBIT	18 389,5	2 228,9
Financial income	2 254,4	899,5
Finance costs	-7 448,4	-2 144,1
Profit/loss before taxes	13 195,5	984,3
Tax based on the taxable income from the financial period	-5 429,9	-957,9
Change in deferred taxes	3 964,5	289,2
Result of the financial period, comparable continuing operations	11 730,1	315,6

Result from comparable continuing operations attributable to:

Parent company shareholders	10 183,3	666,0
Minority shareholders	1 546,8	-350,4
Total	11 730,1	315,6

Earnings per share calculated from comparable continuing operations' result of the review period for parent company shareholders

Undiluted earnings per share (euros)	0,47	0,04
Diluted earnings per share (euros)	0,46	0,04

Key figures of comparable continuing operations

EBIT, %	6,7 %	1,1 %
Material margin, %	74,3 %	73,9 %
Staff expense, %	30,5 %	32,1 %

2.2. Discontinued operation

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

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

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

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

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

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

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

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

Result of the discontinued operation

The business of the discontinued operation is described in Note 2.4 on segment information.

Information about the labour hire segment

EUR 1,000	2019	2018
Sales revenue	95 925,8	127 089,6
Other operating income	505,1	1 025,3
Materials and services	-1 261,8	-4 368,1
Staff expenses	-80 950,2	-104 685,6
Other operating expenses	-5 864,9	-10 308,7
Depreciations, amortisations and impairment	-3 316,5	-3 783,0
EBIT	5 037,5	4 969,6
Financial income	73,6	1 304,8
Finance costs	-2 126,3	-1 648,0
Profit/loss before taxes	2 984,7	4 626,4
Income taxes	-1 622,0	-1 351,8
Change in deferred taxes	972,9	640,6
Profit/loss of the labour hire segment after taxes	2 335,6	3 915,1

Result of the discontinued operation

Profit/loss of the labour hire segment after taxes	2 335,6	3 915,1
Sales profit after taxes	33 110,1	0,0
Impact of internal items	-11 617,7	-13 226,0
Result of the discontinued operation	23 828,0	-9 310,9

Attributable to:

Parent company shareholders	22 988,1	-10 398,1
Minority shareholders	839,9	1 087,2
Total	23 828,0	-9 310,9

Earnings per share calculated from the review period profit for parent company shareholders

Undiluted earnings per share (euros)	1,21	-0,58
Diluted earnings per share (euros)	1,20	-0,58

Labour hire segment key figures

EBIT, %	5,3 %	3,9 %
Staff expense, %	84,4 %	82,4 %

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

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

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

Net cash flows of the discontinued operation

EUR 1,000	2019	2018
Cash flows from operating activities	2 142,0	6 793,1
Cash flows from investing activities	-1 627,1	-17 998,9
Cash flows from financing activities	-517,4	11 188,8

Sales profit arising from the discontinued operation

Sales profit from special purpose entity	38 249,0
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
Liabilities total	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

THE MOST SIGNIFICANT NOTES PERTAINING TO THE LABOUR HIRE BUSINESS

The most significant notes pertaining to the labour hire business are described below. The labour hire business is described in more detail in the consolidated financial statements for 2018.

Labour hire segment acquisitions in 2019:

Acquired companies and businesses	Transfer of ownership and control	Share capital
Business acquisition, Popula Partner	1.4.2019	-

EUR 1,000	Business acquisitions	Total acquisitions
Assets		
Intangible assets	71,0	71,0
Assets in total	71,0	71,0
Net assets	71,0	71,0

Total purchase consideration at time of acquisition:		
Share of purchase consideration consisting of cash and cash equivalents	275,0	275,0
Total purchase consideration in total	**275,0**	**275,0**

Generation of goodwill through acquisitions:		
Total purchase consideration	275,0	275,0
Net identifiable assets of the acquired entity	71,0	71,0
Goodwill	**204,0**	**204,0**

Labour hire segment acquisitions in 2018:

Acquired companies and businesses	Transfer of ownership and control	Share capital
Smile Kymppi Service Oy	1.2.2018	100 %
Smile Kymppi Service Logistiikka Oy	1.2.2018	100 %
Smile Kymppi Service Länsi-Suomi Oy	1.2.2018	100 %
Smile Palvelut Maja Oy	1.2.2018	100 %
Smile Kymppi Service Pohjois-Suomi Oy	1.2.2018	100 %
Smile Kymppi Service Satakunta Oy	1.2.2018	100 %
Kymppi Service Eesti Oü	1.2.2018	100 %
Smile Import Oy	3.4.2018	80 %
Jobio Pirkanmaa Oy	1.6.2018	100 %
Jobio Pohjanmaa Oy	1.6.2018	100 %
Jobio Uusimaa Oy	1.6.2018	100 %
Jobio Varsinais-Suomi Oy	1.6.2018	100 %
Job Service Two Oy	1.6.2018	100 %
Job Service Three Oy	1.6.2018	100 %

Part of the transaction price for Smile Kymppi Service Oy and the Jobio companies was paid in the form of shares in Smile Henkilöstöpalvelut Oyj.

EUR 1,000	Smile Import 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	Smile Import Oy	Other acquisitions	Total acquisitions
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
Total purchase consideration at time of acquisition:			
Share of purchase consideration consisting of cash and cash equivalents	5 896,5	8 325,0	14 221,6
Share of equity of the purchase consideration	0,0	2 502,0	2 502,0
Contingent purchase consideration	500,0	1 284,0	1 784,0
Total purchase consideration in total	6 396,5	12 111,0	18 507,5
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

The acquisitions generated a total of EUR 95,024.7 thousand in goodwill based on expected synergy benefits, establishment into new market areas and expected gains from combining the acquired restaurants and labour hire operations with the Group's other restaurant concepts and services. Of the fair value allocation in intangible rights generated by the acquisitions, EUR 52,429.0 thousand is tax-deductible.

Changes in non-controlling interests in 2019

Company in which a minority shareholding was purchased	Date of acquisition	Acquired share	New ownership interest	Purchase price, thousand EUR	Change in minority interest, thousand EUR	Change in earnings, thousand EUR
Smile MMS Työllistämispalvelut Oy	13.6.2019	30,0 %	100,0 %	6 000,0	-4,0	-2,0
Smile Huippu Oy	13.6.2019	25,0 %	100,0 %	405 749,6	-97,1	-308,7
Smile Pohjanmaa Oy	13.6.2019	28,0 %	100,0 %	311 902,0	-45,4	-266,5

The purchases of minority shareholdings during the financial period were carried out through share exchanges.

Changes in non-controlling interests in 2018

Company in which a minority shareholding was purchased	Date of acquisition	Acquired share	New ownership interest	Purchase price, thousand EUR	Change in minority interest, thousand EUR	Change in earnings, thousand EUR
Smile Botnia Oy	14.2.2018	10,0 %	100 %	0,3	0,3	-0,5
Smile Rekry Oy	9.5.2018	45,0 %	100 %	10,5	-16,8	6,3
Smile Industries Tampere Oy	26.5.2018	23,5 %	100 %	542,9	-25,1	-517,8
Smile Banssi Keski Oy	15.6.2018	10,0 %	100 %	172,0	-12,7	-159,4
Smile Office Oy	16.10.2018	49,0 %	100 %	0,0	43,5	-43,5
Smile Banssi Etelä Oy	16.12.2018	9,09 %	100 %	70,0	-25,8	-44,2

The purchases of Smile Industries Tampere Oy and Smile Banssi Keski Oy were carried out through share exchanges.

Newly established companies in 2018

Name of the new company	Month established	Ownership interest
Smile Henkilöstöpalvelut Oyj		
Smile Industries Pohjanmaa Oy	November	100 %

Accounting principles pertaining to the discontinued operation

Revenue

The sale of services comprises the sale of labour hire services to the following sectors, among others: hotel and restaurant, construction and industry, events and promotions, logistics and maintenance, and health care. The services also include recruitment services.

In the labour hire business, the Group has short- and long-term and fixed contracts with customers. In labour hire contracts that involve growth funding, the customer commits to purchasing the services specified in the contract in the contract term. The purchase obligation is determined based on the annual purchase estimate provided by the customer. These contracts are valid for a fixed term; typically from 1 to 5 years.

Sales profit for services is recorded as the Group performs the service and the customer receives control over it. The growth funding paid to the customer is taken into consideration when determining the price of labour hire services. At the time of making a contract, the growth funding is recorded under receivables. The growth funding is paid in advance and, during the validity of the contract, the customer earns it according to their accrual of purchases. The growth funding is recorded as a decrease of sales profit when the services are transferred to the customer.

Asset and debt items based on contracts with customers

Growth funding paid to customers in connection with long-term contracts with labour hire customers are presented in other current and non-current receivables. The opening balance has been adjusted by moving the growth funding from fixed assets to receivables, see note 1. On 31 December 2018, the total sum of growth funding was EUR 3,006.8 (2,337.9) thousand. The Group expects growth funding to lead to sales revenue recognition within 1 to 5 years.

For contractual asset items, a credit loss allowance of EUR 682.1 (682.1) thousand was recognised due to the adoption of IFRS 9.

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.

2.3. Revenue

Distribution of continuing operations' sales revenue into goods and services

EUR 1,000	2019	2018
Sale of goods	241 041,6	173 006,0
Sale of services	31 778,3	36 620,7
Total	272 819,9	209 626,7

Distribution of sales revenue into goods and services by business area

EUR 1,000	2019	2018
Restaurants	107 435,5	82 881,3
Entertainment venues	88 507,1	87 910,4
Fast casual restaurants	33 586,5	26 407,0
International restaurants	43 290,8	12 428,0
Total	272 819,9	209 626,7

The Group tracks sales separately for goods and services. The sale of goods is primarily comprised of food and beverage sales by restaurant operations to private and corporate customers.

Services include the service sales of restaurants, which consist of ticket revenue and the income from selling advertising and marketing spaces and similar space. Services also include marketing support payments received.

The Group has sales in Finland, Denmark and Norway.

Asset and debt items based on contracts with customers

Of the asset items in continuing operations based on contracts, a total of EUR 241 thousand of IFRS 9 credit loss provision has been recorded as expenses between 1 January and 31 December 2019. The credit loss provision is discussed in Note 5.10.

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 current liabilities. Gift card revenue is recognised when the card is used. On 31 December 2019, the value of gift cards sold was approximately EUR 1,576 thousand (2018: EUR 1,189.5 thousand), and they are expected to be entered as income during 2020.

The total impact from the company acquisitions carried out in 2019 on trade receivables and other non-interest-bearing receivables was EUR 5,470.8 thousand (11,898.5), see note 3.1.

Accounting principles

In the restaurant business, the customers are mainly private individuals and there is also a small number of contract customers. The amount of profit recorded for the sale of goods at the time of sale comprises the fair value of the compensation that is or will be received for the sold item, less any VAT as well as volume discounts and other discounts. Most of the Group's income is generated from retail sales, where the payment instruments are cash and credit cards. Contract customers' sales revenue is recognised immediately after the restaurant services have been provided in connection with invoicing. In the restaurant business, the revenue for sold gift cards is recognised when the cards are used. Gift card revenue is expected to be recognised in the following calendar year. Sales profit for services is recorded as the Group performs the service and the customer receives control over it.

2.4. Operating segments

NoHo Partners sold the share capital of Smile Henkilöstöpalvelut Oyj to Eezy Plc on 23 August 2019. Due to the transaction, Smile demerged from the Group on 23 August 2019. Previously, Smile was a separate labour hire business segment within the NoHo Partners Group. In this financial statements report, Smile is classified as a discontinued operation. The discontinued operation is presented in Note 2.2.

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

Until the end of August 2019, the Group's reportable operating segments were:

Restaurants	Production of restaurant services
Labour hire	Production of labour hire services

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

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

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

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

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

	2019			
Profit/loss	Restaurants	Labour hire	Eliminations	Group
Turnover	272 912,0	95 925,8	-11 814,5	357 023,2
Other operating income	6 453,7	505,1	-494,3	6 464,5
Depreciations	-44 522,6	-3 316,5	-	-47 839,2
EBIT	18 146,7	5 037,5	-34,8	23 149,4
Profit/loss before taxes	15 975,6	2 984,7	-2 281,6	16 678,8
Assets and liabilities				
Assets of the reportable segment	470 858,0	-	-	470 858,0
Liabilities of the reportable segment	333 834,8	-	-	333 834,8

	2018			
Profit/loss	Restaurants	Labour hire	Eliminations	Group
Turnover	209 725,0	127 089,6	-13 656,7	323 157,9
Other operating income	6 300,9	1 025,3	-702,8	6 623,4
Depreciations	-17 436,8	-3 783,0	-	-21 219,8
EBIT	2 206,0	4 969,6	14,4	7 189,9
Profit/loss before taxes	984,3	4 626,4	-	5 610,7
Assets and liabilities				
Assets of the reportable segment	248 305,7	73 160,3	-15 793,4	305 672,6
Liabilities of the reportable segment	185 857,5	61 115,3	-16 447,4	230 525,4

Segment-specific non-recurrent items are presented as follows:
Restaurants Continuing operations: Income statement
Labour hire/Discontinued operation: Note 2.2.

Accounting principles

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

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

2.5. Other operating income

EUR 1,000	2019	2018
Sales profit	81,9	17,6
Insurance compensation	10,0	38,3
Rent income	1 003,7	792,0
Gain on the sale of shares in SuperPark Oy	0,0	3 572,0
Other operating income	4 879,2	1 178,1
Total	5 974,7	5 598,1

Accounting principles

Lease income includes lease income for premises. Lease income is recognised as revenue on a straight-line basis over the lease term. Other operating income mainly consisted of labour hire income in the restaurant segment as well as employment and apprenticeship allowances received.

2.6. Materials and supplies

EUR 1,000	2019	2018
Acquisitions	70 192,7	54 659,1
External services	14 480,5	7 119,8
Total	84 673,1	61 778,9

External services consist mainly of leased restaurant employees.

2.7. Employee benefits

EUR 1,000	2019	2018
Salaries	53 137,2	38 700,5
Pension costs – defined contribution plans	7 148,1	7 336,2
Social security costs	1 792,1	472,5
Expenses recognised on the share-based incentive plan	1 368,2	72,3
Total	63 445,7	46 581,5

The management’s employment benefits are presented in Note 6.3. Related party transactions and the share-based incentive plan in Note 2.8. Share-based payments.

Accounting principles

The Group has pension arrangements based on local practices in Finland, Norway and Denmark.

Pension obligations are classified as benefit-based or defined contribution plans. The Group's statutory pension plans have been classified as defined contribution plans. The Group does not have any benefit-based pension plans.

In a defined contribution plan, the Group pays fixed fees for a pension plan to a pension insurance company. The Group is not legally or constructively obligated to make additional payments if the recipient of the payments does not have sufficient funds to pay the pension benefits that the employees have earned for the current period or periods preceding it. In a defined contribution plan, the payments made are recorded into the income statement for the financial period that the charge applies to.

	2019	2018
Average number of Group personnel during the period	1 601	1 121

2.8. Share-based payments

Expenses recognised on the share-based incentive plan

EUR 1,000	2019	2018
Earning period 1	1 368,2	72,3

On 28 November 2018, the Board decided on a long-term share-based incentive plan for the Group's key persons. The purpose of the share-based incentive plan is to align the goals of shareholders and key persons to increase the company's value and to commit key persons and offer them a competitive reward system based on company share earnings and price development.

The share-based incentive plan consists of three earning periods, the first of which is 13 months between 1 December 2018 and 31 December 2019. The second earning period comprises the calendar years 2020–2021 and the third earning period comprises the calendar years 2022–2023. The Board will confirm the earning criteria, the related target levels and the individuals included in the plan before the start of each earning period. Any share reward for each earning period can be paid as shares, money or a combination thereof. Rewards can also be paid for an earning period based on reaching the targets set by the Board and the continuation of the employment contract. The Board may decide on including new key persons in the system and on their right to the reward such that the validity of their employment contract is considered when determining the maximum reward. The share reward based on this system will be paid in 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 EBIT percentage of Finnish operations and the EBITDA of foreign business operations. The incentive scheme covered 10 key employees of the company's Executive Team in the first earning period. The Board of Directors 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 have been allocated over a period from December 2018 to the end of 2019. Share reward benefits are recognised as staff expenses and in equity under earnings. Based on the management's estimate, for the first earning period of the scheme, EUR 1,441 thousand in benefits paid in shares have been entered as expenses for the entire earning period, corresponding to 137,193 shares at a price of EUR 10.50 per share.

On 30 December 2019, the company announced that the second earning period of the share-based incentive plan will take place between 1 January 2020 and 31 December 2021. This arrangement is described in Note 6.4.

Accounting principles

The fair value of shares given without consideration to key personnel within the share reward system is recorded as an expense for the period to which the arrangement is related. The fair value is determined at the time of giving the shares, recorded as staff expenses and listed as earnings under equity. The number of shares that key personnel are expected to become entitled to is determined based on the assessed completion of the financial conditions set by the Board. The assessments are reviewed at the end of every reporting period and the adjustments are recognised through profit or loss and under equity.

Key estimates and judgements

The cost impact recognised due to the Group's share-based incentive plan is based on the management's assessment of the achievement of the financial conditions set by the Board.

2.9. Other operating expenses

EUR 1,000	2019	2018
Voluntary indirect employee costs	1 514,7	873,9
Business premises expenses	18 017,5	38 353,7
Machinery, equipment and IT expenses	10 847,1	7 849,8
Travel expenses	700,7	631,4
Marketing, performer and entertainment expenses	14 186,5	13 070,0
Other expenses *	11 126,7	13 013,6
Total	56 393,2	73 792,5

* Other expenses consist of outsourced financial and administrative services and other items that are not material in isolation.

2.10. Auditor's fees

EUR 1,000	2019	2018
Audit, EY	225,0	0,0
Audit, Deloitte	117,3	388,1
Fees for tax services	0,0	0,0
Other fees	217,1	257,8
Total	559,4	645,9

The auditing firm was Deloitte Oy until the General Meeting held on 24 April 2019 and Ernst & Young Oy from the date of the General Meeting onwards.

2.11. Depreciation, amortisation and impairment

EUR 1,000	2019	2018
Depreciation by commodity group		
Intangible assets		
Non-competition agreements	543,1	588,3
Beneficial lease agreements	51,0	51,0
Brands and name-use-rights	3 900,9	2 789,2
IT software	104,2	78,9
Customer relationships	136,2	105,8
Total	4 735,4	3 613,2
Tangible assets		
Improvement costs of rental premises	5 526,5	6 924,7
Buildings	140,8	154,2
Machinery and equipment	4 324,3	4 348,2
Total	9 991,5	11 427,2
Right-of-use assets		
IFRS 16 Machinery and equipment	1 150,2	0,0
IFRS 16 Properties	28 326,8	0,0
IFRS 16 Land and water areas	275,4	0,0
Total	29 752,4	0,0
Impairment by commodity group		
Fixed assets	43,3	2 396,4
Total	43,3	2 396,4
Depreciation, amortisation and impairment total	44 522,6	17 436,8

2.12. Income taxes

Tax expense components

EUR 1,000	2019	2018
Tax based on the taxable income from the financial period	5 429,9	957,9
Change in deferred taxes	-3 964,5	-289,2
Total	1 465,4	668,7

Tax expense reconciliation calculations

EUR 1,000	2019	2018
Profit/loss before taxes	25 311,8	14 210,3
Profit calculated at 20% tax	4 888,6	2 842,1
Profit calculated at 22% tax	191,1	0,0
Non-deductible expenses	44,3	673,6
Use of previously unrecognised tax losses	-154,9	-37,8
Deferred tax asset recognised for confirmed losses in prior periods	-1 540,7	0,0
Unrecognised deferred tax assets on tax losses	526,8	906,3
Share of profit of associated company less taxes	-158,2	4,6
Tax-exempt income	-435,9	-1 076,6
Impairment of goodwill	115,6	26,8
Share-based incentive plan	273,6	0,0
Effect of the elimination of internal transactions between continuing and discontinued operations on the tax expense of continuing operations	-2 313,6	-2 645,2
Taxes for prior financial periods	28,7	-25,1
Tax expenses in the income statement	1 465,4	668,7

Deferred tax assets and tax liabilities have been calculated using 20.0% as the tax rate in Finland and 22.0% as the tax rate in Norway and Denmark.

Accounting principles

The tax costs in the income statement are based on the taxable income from the financial period and deferred tax. Taxes are recorded through profit or loss, except in cases where they are directly related to items registered as equity or other items in the total comprehensive income. In these cases, their tax effects are also recorded as equity in these items. Tax based on the taxable income from the financial period is calculated using the taxable income and the applicable tax rate in each country. The taxes are adjusted by any taxes related to previous financial periods.

Deferred tax is calculated for any temporary differences between carrying amounts and tax bases. The largest temporary differences are generated by the differences between the carrying amounts and tax bases of property, plant and equipment and intangible assets, fair value adjustments of assets and liabilities during combination of business operations, and unused tax losses. Deferred taxes have been calculated using the tax rates that have been enacted or substantively enacted on the date of the closing of the books.

Deferred tax assets are recorded up to the probable amount of future taxable income against which the temporary difference can be utilised. The prerequisites for recording deferred tax assets are estimated in this respect on each closing date.

However, deferred tax liabilities are not recognised when the asset item or liability in question is one that would be originally entered into the bookkeeping, there is no combination of business operations involved, and the recognition of such an asset item or liability does not affect the result of the bookkeeping or the taxable income at the time when the business transaction takes place.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset the current tax assets and liabilities and when the deferred tax assets and liabilities are related to taxes on income collected by the same recipient, either from the same taxpayer or different taxpayers, when the aim is to realise the assets and liabilities in their net amounts.

Key estimates and judgements

The tax costs in the consolidated income statement are based on the taxable income from the financial period, adjustment of taxes from the previous financial periods and change in deferred tax. Estimates by the management are related to, amongst other things, to utilising deferred tax assets against taxable income in the coming years.

2.13. Deferred tax assets and liabilities

Deferred tax is calculated for any temporary differences. The changes in deferred taxes in 2019 were as follows:

EUR 1,000	1.1.2019	Recognised in the income statement	Business combinations	31.12.2019
Deferred tax assets:				
Temporary differences				
On confirmed losses	1 273,6	1 428,9		2 702,5
On Group eliminations	281,3	2 067,8		2 349,1
On opening marketing expenses	52,8	20,7		73,5
On intangible rights	384,7	59,5		444,2
On financial lease liabilities	1,5	-1,4		0,1
On other items	358,9	-238,4		120,5
Fixed asset items	0,0	450,7		450,7
Offsetting of deferred tax liabilities	-2 033,8			-5 239,5
Discontinued operations	412,3			0,0
Offsetting of discontinued operations	-412,3			0,0
Deferred tax assets total	318,9	3 787,7	0,0	900,9

EUR 1,000	1.1.2019	Recognised in the income statement	Business combinations	31.12.2019
Deferred tax liabilities:				
Temporary differences				
Periodisation of loan expenses using the effective	21,9	2,8		24,6
On the reversal of the amortisation of goodwill	1 172,2	108,4		1 280,6
On intangible rights	8 888,2	-887,9	1 276,2	9 276,5
On business combinations	115,5	0,8		116,2
On financial leases	2,2	-2,2		0,0
On other items	245,8	601,4		847,2
Offsetting of deferred tax assets	-2 033,8			-5 239,6
Discontinued operations	2 227,4			0,0
Offsetting of discontinued operations	-412,1			0,0
Deferred tax liabilities total	10 227,5	-176,9	1 276,2	6 305,8

Change in deferred taxes in 2018

EUR 1,000	1.1.2018	Recognised in the income statement	Business combinations	31.12.2018
Deferred tax assets:				
Temporary differences				
On confirmed losses	486,8	786,8		1 273,6
On Group eliminations	292,9	-11,6		281,3
On opening marketing expenses	65,5	-12,8		52,8
On intangible rights	295,1	89,7		384,7
On financial lease liabilities	1,6	-0,1		1,5
On other items	82,8	276,1		358,9
Offsetting of deferred tax liabilities	-629,6			-2 033,8
Discontinued operations	332,5	79,7		0,0
Offsetting of discontinued operations	-332,5			0,0
Deferred tax assets total	595,0	1 207,8	0,0	318,9

EUR 1,000	1.1.2018	Recognised in the income statement	Business combinations	31.12.2018
Deferred tax liabilities:				
Temporary differences				
Periodisation of loan expenses using the effective interest rate method	4,6	17,3		21,9
On the reversal of the amortisation of goodwill	802,2	369,9		1 172,2
On intangible rights	589,5	205,6	8 093,1	8 888,2
On business combinations	116,1	-0,7		115,5
On financial leases	5,1	-2,8		2,2
On other items	93,2	152,6		245,8
Adjustments		96,9		
Offsetting of deferred tax assets	-629,6			-2 033,8
Discontinued operations	1 279,8	-560,9	1 508,5	2 227,4
Offsetting of discontinued operations	-332,5			-412,1
Deferred tax liabilities total	1 928,5	278,1	9 601,6	10 227,3

Deferred tax assets and liabilities are offset when the entity has a legally enforceable right to set off the recognised amounts and the deferred taxes are related to the income taxes of the same taxable entity.

On 31 December 2019, the Group had EUR 3,388.2 (7,666.0) thousand in confirmed losses for which a deferred tax asset has not been recognised because it is not probable that the Group will accrue a taxable income that could be utilised against the losses before their expiration. The losses in question will expire in 2021–2029.

2.14. Earnings per share

EUR 1,000	2019	2018
Profit for the financial period attributable to owners of the parent (thousand EUR)	46 127,6	4 581,2
Interest on equity loan (taking the tax effect into account)	1 355,0	0,0
Weighted average number of shares	18 979 604	17 927 216
Effect of the share-based incentive plan	120 835	0
Diluted weighted average number of shares	19 100 439	17 927 216
Undiluted earnings per share (EUR/share)	2,36	0,26
Diluted earnings per share (EUR/share)	2,34	0,26

Accounting principles

Undiluted earnings per share are calculated by dividing the profit for the financial period attributable to the owners of the parent company by the weighted average number of outstanding shares for the financial period. In calculating the profit for the financial period, the uncapitalised interest on the hybrid bond included in equity is deducted from the profit.

Diluted earnings per share are calculated by adjusting the weighted average number of shares by the dilutive effect of potential share-based payments.

3. Acquisitions and disposals of business operations

3.1. Acquired business operations

Acquisitions in the financial period 2019

Acquired subsidiaries and businesses

Restaurant business

Acquired company or business	Transfer of ownership and control	Share capital
Catering business acquisition, Casseli Oy	2.1.2019	-
Restaurant operations, Taqueria El Rey	1.3.2019	-
Business acquisition, Arla, Lahden Järvimatkailu Oy	3.4.2019	-
Dubliners AS	1.4.2019	100 %
DOD AS	1.4.2019	100 %
MEO AS	1.4.2019	100 %
Rådhuskroken AS	1.4.2019	100 %
SBF AS	1.4.2019	100 %
Complete Securitys AS	1.4.2019	100 %
Trøbbelskyter AS Group	1.4.2019	70 %
Business acquisition, Juuri Yhtiöt Oy	1.9.2019	-
Eilefs Landhandleri AS	1.10.2019	100 %
Cosmopolitan AS	4.11.2019	100 %
Suomen Karaokebaarit Oy	11.11.2019	51 %

Description of the most significant acquisitions in the restaurant business in 2019:

Business acquisitions in Norway

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

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

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

At the moment of transfer of control, the values of the businesses acquired were as follows:

Restaurant business acquisitions

EUR 1,000	Dubliners AS	Trøbbelskyter AS Group	DOD,MEO, Rådhuskroken, SBF, Complete Security	Other acquisitions	Total acquisitions
Assets					
Intangible assets	1 729,1	2 282,2	1 281,7	841,9	6 134,9
Tangible assets	147,9	3 334,7	2 092,7	1 640,3	7 215,5
Investments	0,0	1 183,9	0,0	0,0	1 183,9
Non-current receivables	0,0	234,5	0,0	124,1	358,7
Current receivables	160,5	4 013,5	1 114,2	182,6	5 470,8
Inventories	110,3	307,4	188,4	89,9	696,0
Cash and cash equivalents	694,9	1 638,6	277,8	183,4	2 794,7
Assets in total	2 842,7	12 994,8	4 954,8	3 062,3	23 854,5
Liabilities					
Deferred tax liabilities	349,3	502,9	292,1	131,9	1 276,2
Financial liabilities	0,0	4 802,3	1 087,6	41,8	5 931,8
Other payables	1 004,5	3 848,0	3 135,1	2 101,1	10 088,8
Liabilities total	1 353,9	9 153,2	4 514,8	2 274,9	17 296,9
Net assets	1 488,8	3 841,6	440,0	787,4	6 557,7
Total purchase consideration at time of acquisition:					
Share of purchase consideration consisting of cash and cash equivalents	4 333,5	5 745,4	1 870,1	4 493,5	16 442,6
Share of equity of the purchase consideration	1 035,3	0,0	0,0	0,0	1 035,3
Contingent purchase consideration	1 073,8	0,0	374,0	0,0	1 447,8
Total purchase consideration in total	6 442,6	5 745,4	2 244,2	4 493,5	18 925,7
Generation of goodwill through acquisitions:					
Total purchase consideration	6 442,6	5 745,4	2 244,2	4 493,5	18 925,7
Minority shareholders' share	44,7	1 754,8	13,2	-349,9	1 462,8
Net identifiable assets of the acquired entity	1 488,8	3 841,6	440,0	787,4	6 557,7
Goodwill	4 998,5	3 658,7	1 817,4	3 356,3	13 830,8

The fair value of acquired receivables and the contractual gross amounts correspond to the carrying amounts of the receivables at the time of the acquisition. The tax-deductible goodwill amounts to EUR 797.1 thousand.

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	25 115,1	1 314,3	26 429,4

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

Determination of contingent transaction prices

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

Of the transaction price for the acquisition of The Bird Mother ApS, a total of EUR 1,409 thousand was paid at the time of acquisition. The remainder of the transaction price will be determined according to the actual EBITDA for January 2019–December 2020 and the multiplier stipulated by the acquisition agreement. The estimated additional price based on the earn-out arrangement was EUR 4,528 thousand at the time of the acquisition. An adjustment of EUR 2,144 thousand on the estimated additional transaction price related to the share acquisitions of The Bird Mother ApS has been recognised under financial income.

Of the transaction price for Ebony & Ivory Aps, Bronnum Aps and Lidkoeb Aps, EUR 2,697 thousand was paid at the time of the acquisition. The transaction includes a contingent purchase price of at most EUR 895 thousand if the combined EBITDA of the companies in 2019 exceeds DKK 4 million. No adjustments were made to the estimated contingent purchase price during the financial period.

Effect of acquisitions

Restaurant business

EUR 1,000	Total acquisitions
Effect on the consolidated income statement for the financial period 1 January–31 December 2019	
Turnover	26 334,9
Net income	462,5
Estimated effect if the acquisition were made at the beginning of the financial period	
Turnover	44 064,3
Net income	1 425,5

The depreciation of intangible assets related to acquisitions and the associated change in deferred taxes have been taken into account in the figures.

Group in total:

The acquisitions generated a total of EUR 13,830.8 thousand in goodwill based on expected synergy benefits, establishment into new market areas and expected gains from combining the acquired restaurants with the Group's other restaurant concepts and services. The acquisitions generated a total of EUR 5,993.7 thousand in fair value allocation in intangible rights.

Acquisitions in the financial period 2018

Acquired subsidiaries and businesses

Restaurant business acquisitions

Acquired companies and businesses	Transfer of ownership and control	Share capital
Cock's & Cows ApS, Denmark	1.4.2018	98 %
Cock's & Cows Tivoli Food Hall ApS, Denmark	1.4.2018	100 %
Cock's & Cows CPH Airport ApS, Denmark	1.4.2018	100 %
The Bird Mother ApS, Denmark	1.4.2018	92 %
The Bird ApS, Denmark	1.4.2018	100 %
The Bird Kødbyen ApS, Denmark	1.4.2018	100 %
The Bird Tivoli ApS, Denmark	1.4.2018	100 %
The Bird CPH Airport ApS, Denmark	1.4.2018	100 %
The Bird Fugu ApS, Denmark	1.4.2018	100 %
RR Holding Oy (Royal Ravintolat)	1.6.2018	100 %
Royal Ravintolat Oy	1.6.2018	100 %
Royal Konseptiravintolat Oy	1.6.2018	100 %
Sushi World Oy	1.6.2018	100 %
Nordic Gourmet Oy	17.4.2018	66 %
Chicks by Chicks Tivoli ApS, Denmark	1.6.2018	89 %
Ebony & Ivory ApS, Denmark	1.11.2018	95 %
Bronnum Aps, Denmark	1.11.2018	99 %
Lidkoeb Aps, Denmark	1.11.2018	95 %

At the moment of transfer of control, the values of the businesses acquired were as follows:

Restaurant business acquisitions

EUR 1,000	Cock's & Cows ApS and The Bird Mother ApS, Denmark	RR Holding Oy (Royal Ravintolat)	Ebony & Ivory Aps, Bronnum Aps and Lidkoeb 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
Total purchase consideration at time of acquisition:					
Share of purchase consideration consisting of cash and cash equivalents	13 289,6	35 822,2	2 697,0	1 661,8	53 470,6
Share of equity of the purchase consideration	0,0	23 871,0	0,0	0,0	23 871,0
Contingent purchase consideration	6 460,9	0,0	894,9	445,5	7 801,2
Total purchase consideration in total	19 750,5	59 693,1	3 591,9	2 107,3	85 142,8
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

The fair value of acquired receivables and the contractual gross amounts correspond to the carrying amounts of the receivables at the time of the acquisition. The tax-deductible goodwill amounts to EUR 107.3 thousand.

Effect of acquisitions

Restaurant business

EUR 1,000	Total acquisitions
Effect on the consolidated income statement for the financial period 1 January–31 December 2018	
Turnover	82 834,1
Net income	821,4
Estimated effect if the acquisition were made at the beginning of the financial period	
Turnover	125 307,1
Net income	-3 415,6

Acquisitions after the financial statements date

Business acquisitions in Norway

A subsidiary of the Group acquired the business operations of Café Christiania AS on 2 January 2020 and the business operations of Emmas AS on 1 February 2020.

EUR 1,000	Business acquisitions
Assets	
Tangible assets	185,0
Total assets	**185,0**
Liabilities	
Total liabilities	**0,0**
Net assets	**185,0**
Total purchase consideration at time of acquisition:	
Share of purchase consideration consisting of cash and cash equivalents	1 398,0
Total purchase consideration in total	**1 398,0**
Generation of goodwill through acquisitions:	
Total purchase consideration	1 398,0
Net identifiable assets of the acquired entity	185,0
Goodwill	**1 213,0**

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

Acquisition of Friends & Brgrs

On 12 February 2020, the company announced the acquisition of Friends & Brgrs Ab Oy's shares and a special share issue for cash. The shares 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.

According to the terms and conditions of the share purchase agreement, a maximum of 238,145 new shares of the Company were offered to be subscribed in the special share issue. The subscription price per each share was EUR 10.60557 and the subscription price total was a maximum of approximately MEUR 2.5. 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 acquisition cost calculation has not been finalised.

3.2. Non-controlling interests

Changes in non-controlling interests in 2019

Company in which a minority shareholding was purchased	Date of acquisition	Acquired share	New ownership interest	Purchase price, thousand EUR	Change in minority interest, thousand EUR	Change in earnings, thousands of euros
Gastromax Oy	15.2.2019	30,0 %	100,0 %	25,0	2 015,7	-2 040,7
Nordic Gourmet Oy	27.5.2019	2,0 %	68,0 %	200,0	-27,4	-172,6
Beaniemax Oy	30.7.2019	20,0 %	80,0 %	39,3	-25,0	-14,3

Changes in non-controlling interests in 2018

Company in which a minority shareholding was purchased	Date of acquisition	Acquired share	New ownership interest	Purchase price, thousand EUR	Change in minority interest, thousand EUR	Change in earnings, thousands of euros
Priima-Ravintolat Oy	6.2.2018	17,8 %	81,6 %	125,0	-67,0	-58,0
Hernesaaren Ranta Oy	17.4.2018	20,0 %	100,0 %	150,0	114,7	-264,7
Urban Group Oy	10.7.2018	20,0 %	100,0 %	38,0	-126,2	88,2
Thai Papaya Oy	28.9.2018	40,0 %	100,0 %	0,0	290,9	-290,9

Company in which a minority share was sold	Date of sale	Shareholding sold	New ownership interest	Purchase price, thousand EUR	Change in minority interest, thousand EUR	Change in earnings, thousands of euros
Poolmax Oy	4.10.2018	4,0 %	76,0 %	76,0	7,6	68,4

Accounting principles

The shares of non-controlling interests of subsidiaries' income and equity are presented as separate items in the Group's income statement, statement of comprehensive income, statement of changes in equity and balance sheet.

Transactions completed with non-controlling interests that do not result in a loss of control are treated as transactions with shareholders. A change in holding results in the adjustment of carrying amounts between the holdings of the Group and non-controlling interests. The difference between the adjustment made to non-controlling interests' holding and the paid or received consideration is recognised in earnings.

The non-controlling interests in an acquired company are recognised at either fair value or the amount corresponding to the proportion of the non-controlling interests in the net identifiable assets of the company acquired.

3.3. Sold business operations

Business operations sold during the 2019 financial period

During the financial period, the Group sold shares in subsidiaries and restaurant businesses as follows:

Name	Shareholding sold	Location	Date of control transfer
Restaurant, Maurinkatu 6	100 %	Helsinki	1.2.2019
Restaurant, Hämeenkatu 14	100 %	Tampere	12.3.2019
Restaurant, Eteläesplanadi 22	100 %	Helsinki	1.4.2019
Restaurant, Tuomiokirkonkatu 6	100 %	Turku	1.5.2019
Smile Henkilöstöpalvelut Oyj	75 %	Tampere	23.8.2019
Restaurant, Kauppalaispiha 3	100 %	Jyväskylä	1.10.2019
Cholo Oy *	51 %	Helsinki	30.11.2019

The value of the assets sold at the moment of transfer

Goodwill	32 637,7
Property, plant and equipment	3 657,0
Cash and cash equivalents	4,9
Other asset items	32 860,3
Non-controlling interests	-6 456,7
Liabilities	-52 152,3
Net assets, total	**10 550,8**

Losses on disposal totalling EUR 689.6 thousand were recognised in the income statement.

The consideration received for holdings and businesses divested in the financial period 2019 totalled EUR 38,957.5 thousand. The consideration consisted of cash in the amount of EUR 708.5 thousand and shares corresponding to a value of EUR 38,249.0 thousand.

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

Business operations sold during the 2018 financial period

During the financial period, the Group sold shares in subsidiaries and restaurant businesses as follows:

Name	Shareholding sold	Location	Date of control transfer
SuperPark Oy	30 %	Sotkamo	27.4.2018
Restaurant, Korkeavuorenkatu 4	100 %	Helsinki	30.6.2018
Restaurant, Hietalahdenranta 11	100 %	Helsinki	23.8.2018
Restaurant, Itäinenkatu 5–7	100 %	Tampere	30.9.2018
Restaurant, Sahaajankatu	100 %	Helsinki	30.9.2018
Restaurant, Hämeenkatu 7	100 %	Tampere	30.9.2018

The value of the assets sold at the moment of transfer

Goodwill	162,0
Property, plant and equipment	770,8
Cash and cash equivalents	0,0
Other asset items	9,3
Shares in associated companies	2 941,2
Net assets, total	**3 883,3**

Losses on disposal totalling EUR 577.1 thousand were recognised in the income statement.

The consideration received for holdings and businesses divested in the financial period 2018 totalled EUR 6,893.3 thousand. The consideration consisted entirely of cash.

4. Capital expenditure

4.1. Goodwill and intangible assets

2019 EUR 1,000	Goodwill	Intangible assets	Total
Acquisition cost 1 Jan.	147 609,9	73 900,0	221 509,9
Business combinations	14 034,8	6 064,7	20 099,5
Additions	0,0	1 534,3	1 534,3
Deductions	-32 637,3	-8 186,3	-40 823,6
Transfers between items	0,0	0,0	0,0
Acquisition cost 31 Dec.	**129 007,5**	**73 312,7**	**202 320,1**
Accumulated amortisation and impairment losses 1 Jan.	-175,9	-17 357,8	-17 533,7
Impairment	0,0	0,0	0,0
Depreciation	0,0	-7 493,5	-7 493,5
Accumulated amortisation and impairment losses 31 Dec.	-175,9	-24 851,3	-25 027,2
Carrying amount 31 Dec.	**128 831,6**	**48 461,4**	**177 292,9**
Carrying amount 1 Jan.	147 434,0	56 542,2	203 976,2

2018 EUR 1,000	Goodwill	Intangible assets	Total
Acquisition cost 1 Jan.	52 747,2	23 815,3	76 562,5
Business combinations	95 024,7	52 774,1	147 798,8
Additions	0,0	24,9	24,9
Deductions	-162,0	-1,8	-163,8
Transfers between items	0,0	-2 712,5	-2 712,5
Acquisition cost 31 Dec.	**147 609,9**	**73 900,0**	**221 509,9**
Accumulated amortisation and impairment losses 1 Jan.	-175,9	-10 166,9	-10 342,8
Impairment	0,0	0,0	0,0
Depreciation	0,0	-7 190,9	-7 190,9
Accumulated amortisation and impairment losses 31 Dec.	-175,9	-17 357,8	-17 533,7
Carrying amount 31 Dec.	**147 434,0**	**56 542,2**	**203 976,2**
Carrying amount 1 Jan.	52 571,3	13 648,4	66 219,7

Brands and name-use-rights included in intangible assets

EUR 1,000	1.1.2019	Increases	Decreases	Depreciation	31.12.2019
Indefinite useful life	20 617,2	1 140,7	0,0	0,0	21 757,9
Depreciation over 3 years	1 476,4	131,9	-609,2	-758,9	240,3
Depreciation over 4 years	335,1	0,0	0,0	-227,3	107,8
Depreciation over 5 years	7 329,2	1 400,4	0,0	-1 975,2	6 754,5
Depreciation over 6 years	576,5	0,0	0,0	-433,5	142,9
Depreciation over 10 years	6 317,5	1 359,6	0,0	-807,8	6 869,3
Depreciation over 15 years	6 068,4	0,0	0,0	-420,9	5 647,5
Total	42 720,4	4 032,6	-609,2	-4 623,6	41 520,2

As a result of the acquisition of Norwegian companies, EUR 1,140.7 thousand for brands with an indefinite useful life have been allocated to intangible assets.

Accounting principles

The Group's intangible assets mainly consist of goodwill generated from the combination of business operations as well as identified brands and other identifiable intangible assets, such as name-use-rights, non-competition and customer agreements and beneficial lease agreements.

Goodwill

Goodwill generated from the combination of business operations is recorded at the amount by which the assigned purchase consideration, the share of non-controlling interests in the object acquired and the previously owned share combined exceed the fair value of the acquired net assets. Goodwill represents the payment made by the acquiring party in order to accrue future economic benefit that cannot be identified and recorded as separate asset items.

Goodwill is not amortised. Instead, goodwill is tested for possible impairment each year. Goodwill is measured at its original acquisition cost less any impairment.

Brands and name-use-rights

Restaurant brands identified when combining business operations are recognised at their fair value at the time of the acquisition. The fair value of restaurant brands with a limited life is based on the estimated royalty level, and they are recorded on the balance sheet at the acquisition cost less the accrued depreciations and impairment losses. Brands with a limited life are depreciated over their estimated useful life as straight-line depreciations based on 3, 4, 5, 6, 10 or 15 years.

The Group has six restaurants with a long tradition in Helsinki which it has protected with registrations. These are some of the most renowned restaurants in Finland: Kulosaaren Casino has been in operation since 1915, Savoy and Elite since the 1930s and Palace since the 1950s. In addition, Strindberg and Ravintola Teatteri have operated on Esplanadi for decades with their own, established concepts. All six restaurants have established an essential position in the Finnish restaurant culture and are expected to operate for so long that no depreciation time can be determined for them. These restaurants are considered to have an indefinite useful life because a depreciation time cannot be determined due to their established position, the Group has a legal right to the registrations, the registrations will be renewed and the costs due to the renewal are immaterial. The fair value of the restaurant brands with an indefinite useful life is based on the royalty level estimated by the management, and they are measured at the original acquisition cost less any impairment. Brands with an indefinite useful life are not depreciated; instead they are tested on a yearly basis similarly to goodwill.

In connection with completed acquisitions, the group has received the right to use the acquired companies' names. As part of the purchase price allocation, the most significant name-use-rights have been assigned a value recognised under intangible assets.

Transfer rights in relation to leases

In Denmark, the leases of restaurant facilities involve transfer rights for which a value can be assigned in connection with an acquisition. These rights enable access to the leased premises, which is a commonly used practice in Denmark, and, if the Group desires, it is legally entitled to sell the transfer rights. These transfer rights are considered to have an indefinite useful life because they are valid indefinitely and the Group is entitled to sell them. The fair value of the transfer rights is based on the price level in the market, and the rights are recognised under intangible assets. Transfer rights with an indefinite useful life are not depreciated; instead they are tested on a yearly basis similarly to goodwill.

Other intangible assets

Other intangible assets are only recognised when they are likely to result in future economic benefit to the company and their acquisition cost can be reliably determined. Other intangible assets with a limited useful life that have been identified during the combination of business operations are recorded separately from goodwill on the balance sheet if they fit the definition of an asset and can be itemised, or if they are created by agreements or legal rights and their fair value can be reliably determined.

Fair value recognised in intangible assets has been determined for the following items, amongst others, in connection with acquisitions:

- Non-competition, usually based on a non-competition clause for the selling party for a specific period

- Customer contracts based on existing customer contracts/customer relationships

- Beneficial lease agreements

With the exception of the aforementioned brands with an indefinite useful life, the acquisition cost of intangible assets is recognised as a depreciation expense in the income statement based on the following estimated useful lives:

Brands and name-use-rights
Non-competition (limited)
Beneficial lease agreements
Customer contracts

The residual value, useful life and depreciation method of assets are reviewed, at a minimum, at the end of each financial period and, if necessary, adjusted to reflect the actual changes in expectations of economic benefit.

The recording of depreciations is stopped when an intangible asset is classified as held for sale (or included in a disposal group classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Key estimates and judgements

Intangible assets

The Group's intangible assets mainly consist of goodwill generated from the combination of business operations as well as identified brands and other identifiable intangible assets, such as name-use-rights, non-competition and customer agreements and beneficial lease agreements.

When combining business operations, the management conducts assessments concerning, for example, future cash flows from the acquired business, purchase price allocations, brand value and useful life, compliance with the conditions of brands with an indefinite useful life, and synergy benefits gained through acquisitions.

Impairment testing

The Group tests goodwill annually in order to identify any impairment. Furthermore, the Group tracks internal and external indications of any impairment of goodwill. Impairment testing was carried out on 31 December 2019 and 31 December 2018 using the carrying amounts and calculations of future cash amounts valid at the time.

In impairment testing, the carrying amounts of cash generating units containing goodwill and other intangible assets with indefinite useful life are compared with their recoverable amounts. The recoverable amount is the fair value of the group of cash-flow generating units less the costs of selling, or the utility value, whichever is higher. If the recoverable amount is lower than the book value entered on the balance sheet, the difference is recognised as an impairment loss that decreases income. For the impairment testing, the recoverable amount used has been the utility value calculated by means of the discounted cash flow (DCF) method.

The Group’s goodwill, brands with an indefinite useful life, name-use-rights, non-competition agreements and leases

	Restaurants	
	31.12.2019	31.12.2018
Goodwill	128 831,6	115 605,3
Brands and name-use-rights	21 757,9	20 617,2
Non-competition agreements	120,0	90,0
Leases	2 736,1	2 736,1

Until the divestment of Eezy Henkilöstöpalvelut Plc, the Group had two groups of cash-flow generating units for which goodwill was monitored and, consequently, goodwill and intangible assets with indefinite useful lives were allocated. According to the company's strategy, its restaurant network forms a unified group of cash-flow generating units due to their centralised approach to management, service marketing, service production, significant centralised purchases and other group services. Correspondingly, the labour hire business divested in August 2019 constituted a single group of cash-flow generating units.

The impairment tests on 31 December 2019 and 31 December 2018 did not indicate a need for impairment of goodwill or intangible rights with an indefinite useful life.

The information on the impairment testing of the discontinued operation is presented in the consolidated financial statements for 2018.

Description of impairment testing and key assumptions

The recoverable amount from the unit generating cash flow has been determined based on utility value. Utility value has been calculated by means of the discounted cash flow method.

The assumptions used in the calculation of utility value for each testing period are presented below:

	Restaurants	
	31.12.2019	31.12.2018
Sales revenue growth, first year	5,2 %	14,1 %
Sales revenue growth, other years	0,0 %	0,0 %
EBIT	7,9 %	6,4 %
Terminal growth assumption	1,0 %	1,0 %
Discount rate before taxes	6,7 %	8,3 %
Change in net working capital, first year	5,2 %	14,1 %
Change in net working capital, other years	0,0 %	0,0 %

The impairment calculations are based on cash flow forecasts in the budget prepared by the Group's Executive Team and approved by its Board of Directors, with the forecast period and terminal period added to the calculation. The length of the forecast period used for the impairment calculations is 4 years.

The management has determined the key assumptions used in the calculations as follows:

Assumption	Description
Growth of sales revenue	The growth of sales revenue is based on the forecast specified for the period in question. Growth for the first year is based on the acquisitions made in 2019 and the growth for subsequent years is estimated as zero in the impairment testing.
EBIT	EBIT is based on the budget prepared for the financial period.
Terminal growth assumption	The terminal growth assumption is 1%.
Discount rate	A peer company analysis was utilised in determining the discount rate.

The forecast cash flows are based on the capacity of the group of cash flow-generating units that the Group has had at the time of testing. Therefore, expansion investments have not been taken into account in the cash flow estimates. The Group's cash flow-generating units or groups thereof operate in the restaurant business. The expansion of the business into new areas would expand the capacity, and the related investments or resulting gains are not included in the calculations.

Sensitivity analyses in impairment testing

No impairment losses have been recognised for any presented financial period based on completed impairment testing. In 2019, the recoverable cash flow based on utility value calculations exceeded the carrying amount by more than EUR 95 million in the restaurant segment. The management has prepared sensitivity analyses for essential factors and, based on the analyses, the recoverable amount equals the carrying amount if the assumptions change one at a time:

	Restaurants	
	31.12.2019	31.12.2018
Annual decrease in sales revenue	0,4 %	0,8 %
Annual increase of operating expenses	0,6 %	0,8 %
EBIT, modified level	6,0 %	3,2 %
Change in discount rate, percentage points	1,5 %	3,9 %

Maintaining the calculated levels of utility value requires that, in accordance with the company strategy, sales revenue and EBIT are kept at an acceptable level, competitiveness is maintained through the continuous monitoring of pricing and cost management as well as the development of new restaurant concepts.

Accounting principles

Impairment of intangible assets

On each closing date, the Group evaluates whether there are signs of impairment in the value of an asset item. If these signs should appear, the recoverable amount for the asset item is estimated. Furthermore, recoverable amounts are estimated each year for the following asset items, regardless of whether there are signs of impairment: goodwill, intangible assets with an in definite useful life, and incomplete intangible assets. The need to recognise any impairment is examined on the level of the cash flow-generating unit or units; that is, the lowest level that is mostly independent of the other units and whose cash flow can be separated from the other cash flows.

The recoverable amount is the fair value of the asset item less the costs of selling, or the utility value, whichever is higher. The utility value refers to the estimated deferred net cash flows that are available from the asset item or cash flow-generating unit, discounted to their present value. The discount rate is the rate before tax that presents the market's view of the value of money over time, and the special risks related to the asset item or cash flow-generating unit. The discount rate takes into account sector-specific factors.

An impairment loss is recognised when the carrying amount of an asset item is greater than its recoverable amount. The impairment loss is immediately recognised in the income statement. The impairment loss of a cash-flow generating unit is primarily allocated to reduce the goodwill of the cash flow-generating unit and, secondly, it is used to impair the unit's other asset items on a pro rata basis. The useful life of a depreciable asset item is reassessed when an impairment loss is recognised.

An impairment loss recorded for an asset item is reversed in case a change occurs in the estimates that have been used to determine the recoverable amount of the asset item. However, impairment loss is only reversed up to the carrying amount of the commodity without any impairment loss. Impairment loss for goodwill is not reversed under any circumstances.

Key estimates and judgements

Drawing up calculations using the DCF model requires forecasts and assumptions, the most significant of which involve turnover growth, cost development, level of maintenance investments and changes in the discount rate. It is possible that the assumptions related to the cash flow forecasts are not realised, and the resulting impairments of goodwill or non-competition agreements may have a materially adverse effect on the income derived from the company's operations and on its financial position during the present review period and future review periods.

In impairment testing, the recoverable amounts are estimated using assumptions related to budgets, forecasts and terminal periods. The sensitivity of the calculations is analysed with regard to changes in sales revenue growth, the development of operating costs, EBIT and the discount rate, amongst other things. Changes in these estimates or in the structure or number of the cash flow generating units or groups of units may lead to impairment in the fair values of assets or goodwill.

4.2. Property, plant and equipment

31.12.2019 EUR 1,000	Machinery and equipment	Improvement costs of rental premises	Buildings and structures	Land and water areas	Advance payments and work in progress	Total
Acquisition cost 1 Jan.	38 986,9	62 120,6	3 776,9	156,0	92,6	105 132,9
Additions	821,8	12 975,3	23,6	0,0	1 098,2	14 919,0
Business combinations	7 215,5	0,0	0,0	0,0	0,0	7 215,5
Deductions	-955,9	-768,7	0,0	0,0	-270,2	-1 994,8
Acquisition cost 31 Dec.	**46 068,3**	**74 327,1**	**3 800,5**	**156,0**	**920,7**	**125 272,6**
Accumulated depreciation and impairment						
1 January	-22 358,2	-35 216,8	-475,9	0,0	0,0	-58 050,9
Impairment	-43,3	0,0	0,0	0,0	0,0	-43,3
Depreciation	-4 456,2	-5 572,8	-140,8	0,0	0,0	-10 169,8
31 December	-26 857,7	-40 789,6	-616,7	0,0	0,0	-68 264,1
Carrying amount 31 Dec.	**19 210,5**	**33 537,4**	**3 183,8**	**156,0**	**920,7**	**57 008,4**
Carrying amount 1 Jan.	16 628,6	26 903,8	3 301,0	156,0	92,6	47 081,9

31.12.2018 EUR 1,000	Machinery and equipment	Improvement costs of rental premises	Buildings and structures	Land and water areas	Advance payments and work in progress	Total
Acquisition cost 1 Jan.	26 214,5	46 590,5	3 169,9	156,0	282,4	76 413,3
Additions	4 056,8	6 995,8	20,0	0,0	-189,8	10 882,8
Business combinations	8 929,8	9 090,8	0,0	0,0	0,0	18 020,6
Deductions	-214,3	-556,6	0,0	0,0	0,0	-770,8
Transfers between items	0,0	0,0	587,0	0,0	0,0	587,0
Acquisition cost 31 Dec.	**38 986,9**	**62 120,6**	**3 776,9**	**156,0**	**92,6**	**105 132,9**
Accumulated depreciation and impairment						
1 January	-15 349,0	-28 351,4	-321,7	0,0	0,0	-44 022,1
Impairment	-2 530,5	0,0	0,0	0,0	0,0	-2 530,5
Depreciation	-4 478,8	-6 865,4	-154,2	0,0	0,0	-11 498,4
31 December	-22 358,2	-35 216,8	-475,9	0,0	0,0	-58 051,0
Carrying amount 31 Dec.	**16 628,6**	**26 903,8**	**3 301,0**	**156,0**	**92,6**	**47 081,9**
Carrying amount 1 Jan.	10 865,5	18 239,1	2 848,2	156,0	282,4	32 391,2

Right-of-use assets

31.12.2019 EUR 1,000	Buildings	Land and water areas	Machinery and equipment	Total
Acquisition cost 1 Jan.	170 051,6	1 650,4	5 188,1	176 890,1
Additions	38 709,4	663,8	444,3	39 817,6
Deductions	-26 078,8	-45,0	-1 373,9	-27 497,7
Acquisition cost 31 Dec.	**182 682,2**	**2 269,2**	**4 258,5**	**189 209,9**
Accumulated depreciation and impairment				
1 January	0,0	0,0	0,0	0,0
Depreciation	-28 683,2	-299,1	-1 150,2	-30 132,5
31 December	-28 683,2	-299,1	-1 150,2	-30 132,5
Carrying amount 31 Dec.	**153 999,0**	**1 970,1**	**3 108,3**	**159 077,4**
Carrying amount 1 Jan.	170 051,6	1 650,4	5 188,1	176 890,1

Accounting principles

Property, plant and equipment are measured at their original acquisition cost less accumulated depreciation and impairment. Property, plant and equipment are recognised on the balance sheet when they are likely to result in future economic benefit to the Group and the acquisition cost can be reliably determined.

The original acquisition cost includes the immediate costs for the purchase. Expenditure accumulated later is only included in the carrying amount or recorded as a separate commodity if it is likely that the future economic benefit related to the commodity will be to the benefit of the Group and if the acquisition cost of the commodity can be reliably determined. Repair and maintenance costs are recorded through profit or loss for the period during which they were realised. If a fixed asset commodity consists of several parts with useful lives of different lengths, each part is processed as a separate commodity. As is typical for the sector, property, plant and equipment also include periodic modification and renovation costs of the rental premises of restaurants; these consist of the interior finishing work of rental premises, for example.

The Group's property, plant and equipment are depreciated over the estimated useful life of the commodity in question. Depreciation of property, plant and equipment is calculated as straight-line depreciation, where the acquisition cost is recognised as expense over the useful life. Land and water areas are not depreciated.

The estimated useful lives are as follows:

Machinery and equipment	3–15 years
Modification and renovation expenses for rental premises	3–15 years
Buildings	30 years

The residual values of tangible assets and their useful lives are verified at least once per year on the closing date, and adjusted by impairment when necessary. On each closing date, the Group evaluates whether there are signs of impairment of an asset. If the carrying amount of an asset item is higher than its recoverable amount, the carrying amount of the asset item will be immediately lowered to match the recoverable amount. When property, plant and equipment are classified as held for sale in accordance with the IFRS 5 standard, the recording of depreciation is discontinued.

The gains and losses from the sale of tangible assets are included in the income statement as other operating income or expenses. The profit or loss from a sale is determined by the difference between the sale price and the remaining acquisition cost.

The accounting principles pertaining to leases are presented in Note 5.7.

Impairment of tangible assets

On each closing date, the Group evaluates whether there are signs of impairment in the value of an asset item. If these signs should appear, the recoverable amount for the asset item is estimated. The need to recognise any impairment is examined on the level of the cash flow-generating unit or units; that is, the lowest level that is mostly independent of the other units and whose cash flow can be separated from the other cash flows.

The recoverable amount is the fair value of the asset item less the costs of selling, or the utility value, whichever is higher. The utility value refers to the estimated deferred net cash flows that are available from the asset item or cash flow-generating unit, discounted to their present value. The discount rate is the rate before tax that presents the market's view of the value of money over time, and the special risks related to the asset item or cash flow-generating unit.

An impairment loss is recognised when the carrying amount of an asset item is greater than its recoverable amount. The impairment loss is immediately recognised in the income statement. The impairment loss of a cash-flow generating unit is primarily allocated to reduce the goodwill of the cash flow-generating unit and, secondly, it is used to impair the unit's other asset items on a pro rata basis. The useful life of a depreciable asset item is reassessed when an impairment loss is recognised.

An impairment loss recorded for an asset item is reversed in case a change occurs in the estimates that have been used to determine the recoverable amount of the asset item. However, impairment loss is only reversed up to the carrying amount of the commodity without any impairment loss.

4.3. Shares in associated companies and joint ventures

EUR 1,000	2019	2018
Carrying amount 1 Jan.	154,0	2 938,0
Additions	38 584,6	134,3
Transfers between account types	-161,5	0,0
Dividend received from associated company	0,0	0,0
Deductions	0,0	-2 941,2
Share of profit for the financial period	967,4	49,0
Depreciation of intangible assets	-176,5	-26,0
Carrying amount 31 Dec.	39 368,0	154,0

As a part of the corporate transaction completed, NoHo Partners acquired a 30.27% stake in Eezy Plc on 23 August 2019. In the transaction, NoHo Partners received 7,520,910 shares in Eezy Plc as consideration. At the average price of the Eezy Plc share on 23 August 2019, the value of these shares was EUR 38,251,348.26. The Group's share of the market capitalisation of Eezy Plc amounted to EUR 47,757.8 thousand on 31 December 2019.

On 3 April 2019, the company announced a corporate transaction, whereby a subsidiary of NoHo Partners Plc Group purchased a 70% share in Trobbelskyter AS Group. At the time of acquisition, Trobbelskyter As Group included the associated companies Drammen Torggata Camping AS, Mangelsgården AS and Øslo AS.

During the financial period, on 30 November 2019, a subsidiary of NoHo Partners Plc sold its majority shareholding in Cholo Oy. The company is consolidated with the Group as an associated company as of 1 December 2019.

Viinitie Oy was consolidated with the Group as an associated company until 31 August 2019. The company's shares are treated as other investments effective from 1 September 2019.

EUR 1,000	2019	2018
Undepreciated goodwill in the associated company	44 032,7	0,0
Intangible rights in the associated company	1 405,2	0,0
– depreciation of intangible assets and their tax effects	-176,5	0,0
Total	45 261,3	0,0

Financial information on associated companies

	Assets		Liabilities				
EUR 1,000	Non-current	Current	Non-current	Current	Turnover	Profit/loss	Ownership %
1 Jan. 2019–31 Dec. 2019							
Eezy Plc	167 696,0	41 931,0	60 286,0	47 508,0	169 784,0	4 652,0	30,3
Drammen Torggata Camping As	152,2	72,0	59,2	57,3	484,7	111,3	33,3
Mangelsgården As	403,2	135,7	63,4	583,3	777,7	-124,7	30,0
Øslo As	939,0	757,3	237,6	503,0	2 874,9	96,9	35,3
Cholo Oy	139,5	69,3	171,4	80,1	10,8	-19,8	49,0
Total	169 329,9	42 965,3	60 817,5	48 731,7	173 932,1	4 715,7	

4.4. Inventories

EUR 1,000	2019	2018
Restaurant goods inventory	5 938,5	5 003,9
Discontinued operation: goods inventory	0,0	143,1
Total	5 938,5	5 147,0

In the reporting period, EUR 70,192.7 (54,947.3) thousand was recognised in the income statement for materials and supplies and for changes in inventories. During the reporting period, EUR 552.9 (428.8) thousand was recognised as expenses to reduce the carrying amount of inventories.

Accounting principles

Inventories are measured according to their acquisition cost or their net realisable value, whichever is lower. Acquisition cost is determined using a weighted average price method. Acquisition cost includes the immediate expenses for the purchase less value added tax. The net realisable value is the estimated selling price that can be achieved during ordinary course of business less the costs of selling.

Inventories include ingredients for restaurant food as well as alcohol and tobacco products.

4.5. Receivables

EUR 1,000	2019	2018
Non-current receivables		
Loan receivables	848,0	125,3
Other receivables	2 521,6	1 711,1
Discontinued operation	0,0	2 094,3
Non-current receivables total	3 369,5	3 930,7
Current receivables		
Trade receivables	10 590,8	9 628,2
Other receivables	5 328,0	4 379,4
Accrued income	5 182,1	5 902,8
Loan receivables	2 832,3	38,5
Income tax receivables	1,9	1,3
Discontinued operation	0,0	20 060,9
Current receivables total	23 935,1	40 011,1

Ageing of trade receivables

EUR 1,000	2019	2018
Current	7 662,3	19 748,9
Less than 3 months past due	1 618,7	5 288,7
More than 3 months past due	1 464,4	1 714,6
Total	10 745,4	26 752,3

The most significant accrued income items consist of pension insurance, income tax, discount amortisation and advance items.

The carrying amounts of trade receivables and other receivables correspond to their fair value. The receivables for 2018 include significant credit risk concentrations with respect to the large discontinued operations. The balance sheet values correspond to the best estimate of the monetary amount that is the maximum credit risk if the counterparties cannot fulfil their obligations related to the receivables. The fair values of receivables are presented in Note 5.3.

4.6. Trade and other payables

EUR 1,000	2019	2018
Non-current		
Advances received	40,0	173,6
Other non-interest-bearing debt	7 704,0	6 087,4
Discontinued operation	0,0	37,4
Non-current trade and other payables total	**7 744,0**	**6 298,4**
Current		
Trade payables	21 598,1	19 155,0
Advances received	354,4	257,6
Accruals and deferred income		
Wage and salary liabilities	2 937,7	3 374,3
Holiday pay liabilities	6 525,3	6 480,4
Pension insurance	1 016,1	753,9
Tax based on the taxable income for the financial period	3 195,4	165,2
Other accruals and deferred income	6 054,8	7 010,8
Other payables	6 374,4	8 666,6
Discontinued operation	0,0	23 481,1
Current trade and other payables total	**48 056,2**	**69 344,9**

The most significant items in accrued liabilities consist of the periodic accrual of purchase invoices.

The fair values of trade payables and other liabilities are presented in Note 5.3.

4.7. Provisions

EUR 1,000	2019	2018
Value at the beginning of the financial period	1 025,0	0,0
Additions	0,0	1 025,0
Provisions used	-1 025,0	0,0
Cancellations of unused provisions	0,0	0,0
Value at the end of the financial period	**0,0**	**1 025,0**
Current portion	0,0	1 025,0

The provisions have mostly consisted of restructuring provisions.

Accounting principles

A provision is recorded when the Group has a judicial and constructive obligation for payment on the basis of a past event, the realisation of the obligation is probable and the size of the obligation can be reliably estimated. Due to the nature of its business, the Group's provisions are related, among others, to the contracts relating to the use of business premises.

5. Capital structure and risk management

5.1. Capital management

The aim of the Group's capital management (equity vs. credit capital) is to establish an optimal capital structure that can support business operations by ensuring normal operational prerequisites, and to increase shareholder value in the long term.

The capital structure can be mainly affected by means of dividend distribution, subordinated loans and share issues. The Group can also decide to sell its assets in order to reduce its liabilities. The managed capital is the equity indicated in the consolidated balance sheet. An optimal capital structure also reduces capital costs.

The development of the Group's capital structure is monitored by using the gearing ratio as the indicator. The Group's gearing ratio was as follows:

EUR 1,000	2019	2018
Liabilities	110 445,4	118 060,9
Liabilities for right-of-use assets	161 299,3	0,0
Receivables	-1 435,9	-125,3
Cash and cash equivalents	-3 618,1	-4 954,6
Discontinued operation	0,0	25 518,7
Net debt	266 690,6	138 499,7
Total equity	137 023,2	75 147,2
Gearing ratio	194,6 %	184,3 %
Gearing ratio excluding the IFRS 16 effect	75,9 %	

The change in the gearing ratio is attributable to the adoption of IFRS 16 Leases, the strengthening of the Group's equity in 2019, the withdrawn hybrid bond recognised in consolidated equity and the reduction of debt due to the divestment of the labour hire business.

5.2. Interest-bearing net financial liabilities and changes in debt arising from financing

EUR 1,000	2019	2018
Cash and cash equivalents	3 618,1	4 954,6
Receivables	1 435,9	125,3
Debt - due within one year (incl. accounts with a credit facility)	-42 200,7	-49 497,0
Debt - due after more than a year	-68 244,6	-68 564,0
Liabilities on fixed assets	-161 299,3	0,0
Discontinued operation	0,0	-25 518,7
Net debt	**-266 690,6**	**-138 499,7**

Cash and cash equivalents and liquid investments	3 618,1	4 954,6
Gross liabilities – variable interest	-109 009,4	-143 454,3
Net debt	**-105 391,3**	**-138 499,7**

EUR 1,000	Cash and cash equivalents	Receivables	Current liabilities	Non-current liabilities	Current liabilities for right-of-use assets	Non-current liabilities for right-of-use assets	Total
Net debt related to financing 1 Jan. 2019	4 954,6	175,3	-53 162,8	-90 466,8	0,0	0,0	-138 499,7
Adjustments to the opening balance					-26 140,5	-150 749,6	-176 890,1
Adjusted net debt	4 954,6	175,3	-53 162,8	-90 466,8	-26 140,5	-150 749,6	-315 389,8
Cash flow	-1 336,5	1 310,6	7 296,1	9 499,0			16 769,3
Increase					-1 663,6	-38 154,1	-39 817,7
Decrease		-50,0	3 665,9	12 723,3	552,8	1 094,3	17 986,3
Other changes not involving payment						53 761,4	53 761,4
Net debt, Group 31 Dec. 2019	3 618,1	1 435,9	-42 200,8	-68 244,5	-27 251,3	-134 048,0	-266 690,6

EUR 1,000	Cash and cash equivalents	Receivables	Current liabilities	Non-current liabilities	Current liabilities for right-of-use assets	Non-current liabilities for right-of-use assets	Total
Net debt related to financing 1 Jan. 2018	2 570,0	175,3	-11 682,5	-34 643,0	0,0	0,0	-43 580,2
Cash flow	2 384,6		-41 480,3	-31 793,6			-70 889,3
Subsidiary acquisitions loans				-24 030,2			-24 030,2
Net debt 31 Dec. 2018	4 954,6	175,3	-53 162,8	-90 466,8	0,0	0,0	-138 499,7
Classification							
Discontinued operation	0,0	50,0	-3 665,8	-21 902,8	0,0	0,0	-25 518,6
Continuing operations	4 954,6	125,3	-49 497,0	-68 564,0	0,0	0,0	-112 981,1
Net debt, Group 31 Dec. 2018	4 954,6	175,3	-53 162,8	-90 466,8	0,0	0,0	-138 499,7

5.3. Classification and fair values of financial assets and liabilities

Financial assets must be measured, after their initial recognition, at amortised acquisition cost or fair value based on the company's business model in terms of managing financial assets and on the characteristics of contractual cash flows relating to the financial assets.

Amortised acquisition cost

Financial instruments, which are held within a business model whose objective is collecting contractual cash flows and whose contractual cash flows are solely payments of principal and interest on the principal amount outstanding, are measured at the amortised acquisition cost after the initial recognition.

Measured at fair value through other comprehensive income

Financial instruments, which are held within a business model whose objective is reached through collecting contractual cash flows and selling debt instruments and whose cash flows are solely payments of principal and interest on the principal amount outstanding, are measured, after their initial recognition, at fair value through other comprehensive income (FVTOCI).

Fair value through profit or loss

All other debt and equity investments are measured after their initial recognition at fair value through profit or loss (FVTPL).

31.12.2019 EUR 1,000	Fair value through profit or loss	Amortised acquisition cost	Fair value
Non-current financial assets			
Other investments	194,5	0,0	194,5
Loans receivables		453,1	453,1
Other receivables		3 582,2	3 582,2
Non-current financial assets total	**194,5**	**4 035,3**	**4 229,8**
Current financial assets			
Loan receivables		303,3	303,3
Sales receivables and other receivables		23 120,7	23 120,7
Cash and cash equivalents		3 618,1	3 618,1
Current financial assets total		**27 042,1**	**27 042,1**
Carrying amount total	**194,5**	**31 077,4**	**31 271,9**
Non-current financial assets			
Financial liabilities		72 712,8	72 712,8
Liabilities for right-of-use assets		134 048,0	134 048,0
Trade and other payables		7 744,0	7 744,0
Non-current financial liabilities total		**214 504,8**	**214 504,8**
Current financial liabilities			
Financial liabilities		37 690,1	37 690,1
Liabilities for right-of-use assets		27 251,3	27 251,3
Trade and other payables		48 058,6	48 058,6
Current financial liabilities total		**113 000,0**	**113 000,0**
Carrying amount total		**327 504,8**	**327 504,8**

31.12.2018 EUR 1,000	Fair value through profit or loss	Amortised acquisition cost	Fair value
Non-current financial assets			
Other investments	33,1		33,1
Loans receivables		125,3	125,3
Other receivables		1 749,6	1 749,6
Non-current financial assets total	33,1	1 874,9	1 908,0
Current financial assets			
Loan receivables			
Sales receivables and other receivables		19 929,4	19 929,4
Cash and cash equivalents		4 947,2	4 947,2
Current financial assets total		24 876,6	24 876,6
Discontinued operations	65,0	22 144,9	22 209,9
Carrying amount total	98,1	48 896,4	48 994,6
Non-current financial assets			
Financial liabilities		71 291,1	71 291,1
Trade and other payables		6 261,1	6 261,1
Non-current financial liabilities total		77 552,2	77 552,2
Current financial liabilities			
Financial liabilities		46 769,8	46 769,8
Trade and other payables		45 861,9	45 861,9
Current financial liabilities total		92 631,7	92 631,7
Discontinued operations		49 089,2	49 089,2
Carrying amount total		219 273,1	219 273,1

When determining the fair values for the financial assets and liabilities presented in the table, the following price quotations, assumptions and measurement models were used:

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss mainly comprise Finnish holdings and Finnish unquoted shares. Unquoted share investments are measured at fair value. Financial assets measured at fair value are either sellable on the secondary market or their measurement uses the bid price on the counterparty's closing date or other public information. The Group exercises judgement in choosing the measurement method to apply and the assumptions used in measurement based on prevailing market practices and circumstances.

Trade and other receivables and interest-bearing receivables

The amortised acquisition cost of the receivables corresponds to their fair value because the effects of discounting are not relevant when considering the maturity of the receivables.

Financial liabilities, trade payables and other liabilities

The amortised acquisition cost of trade and other payables corresponds to their fair value because the effects of discounting are not relevant when considering the maturity of the receivables.

Fair value hierarchy for financial assets measured at fair value

Hierarchy levels

Level 1: the fair values are based on the quoted prices of similar asset items or liabilities on the market.

Level 2: the fair values for the instruments are based on significantly different input information than the quoted prices at level 1, but they are, nevertheless, based on information (i.e. prices) or indirect information (i.e. derived from prices). In determining the fair value of these instruments, the Group uses generally accepted measurement models whose input information is largely based on verifiable market data.

Level 3: the fair values of the instruments are based on input data concerning the asset item or liability that is not based on verifiable market data; instead, they are largely based on the management's estimates and their use in generally accepted measurement models.

If a balance sheet item is not measured at fair value, the following fair value measurement methods are used: the fair value of non-current interest-bearing liabilities, including their current portion, is based primarily on quotes obtained from third-party pricing services (Level 2). The fair value of other assets and liabilities, including loan assets and liabilities, is primarily based on discounted cash flow analysis (Level 2). The fair value of current assets and liabilities is estimated to correspond to their carrying amount due to the low credit risk and short maturity. There were no transfers between the fair value hierarchy levels 1, 2 and 3 during the financial period.

Accounting principles

Financial assets

The Group's financial assets are classified into the following groups according to the IFRS 9 standard: financial assets recognised at amortised acquisition cost, financial assets recognised at fair value through other comprehensive income and financial assets recognised at fair value through profit or loss. The classification is performed on the basis of the purpose of the acquisition of the financial assets, and they are classified during their original acquisition.

Financial assets recognised at amortised acquisition cost include financial assets which the company intends to retain until the end of the contract and whose cash flow is generated from payments of principal and interest income. Loans and other receivables are non-derivative financial assets that are generated by handing over goods, services or money to the debtor. Loans and receivables are not quoted on the marketplace, and the payments related to them are either fixed or they can be determined. Their measurement basis is the amortised acquisition cost using the effective interest method. On the balance sheet, they are included in the trade and other receivables group as current or non-current assets according to their nature; they are non-current if they fall due after more than 12 months.

Financial assets recognised at fair value through other comprehensive income include debt instruments for which the company intends to collect contractual cash flows and sell them. The financial assets in this group are non-derivative assets that have been expressly classified into this group or that have not been classified into any others. They are non-current assets, unless the intention is to retain them for less than 12 months after the closing date; in this case, they are included in current assets. The group's financial assets may comprise shares and holdings. They are measured at fair value or, if fair value cannot be reliably determined, at their acquisition cost. Changes in fair value of financial assets are recorded as equity in the fair value fund under other comprehensive income taking into account the tax effects. Accumulated changes in fair value are moved from equity into the income statement when the investment is sold or whenever its value has degraded such that an impairment loss must be recognised for the investment. In connection with adopting the standard, the Group classified housing company shares as of 1 January 2018 at fair value into the group of property, plant and equipment from the financial assets recognised under comprehensive income items.

Financial assets recognised at fair value through profit or loss include those financial assets that do not meet the criteria for other groups. The group of financial assets recognised at fair value through profit or loss includes financial assets that have been acquired to be held for trading, such as derivatives and interest funds, or that are classified to be recognised at fair value through profit or loss during their original recognition. Unrealised and realised gains and losses resulting from changes in fair value are recognised in the income statement for the financial period during which they are generated.

Transaction expenses are included in the original carrying amount of the financial assets mentioned above whenever the item is not measured at fair value. All purchases and sales of financial assets are entered on their trade date, which is the date when the Group commits to purchasing or selling the asset item.

An item belonging to financial assets is derecognised when the Group waives its contractual rights to the item, the rights are dissolved or the Group loses control of the item.

Financial liabilities

According to IFRS 9 standard, the Group's financial liabilities are included in the financial liabilities measured at amortised acquisition cost; they consist of loans from financial institutions, trade payables and other financial liabilities. Financial liabilities are initially recognised at fair value. Transaction expenses are included in the original carrying amount of the financial liabilities. Later, all financial liabilities are measured at amortised acquisition cost using the effective interest method. Financial liabilities are included in both the non-current and current liabilities.

Impairment of financial assets

On each closing date, the Group estimates whether objective evidence exists of the impairment of an individual financial asset or a group thereof. If the fair value of share investments has fallen substantially below their acquisition cost for a period defined by the Group, this is considered evidence of impairment of the share in question. If evidence of impairment exists, the loss accumulated in the fair value fund is moved to the income statement. The impairment loss of equity convertible investments classified in the group of financial assets recognised at fair value through other comprehensive income is not reversed by means of the income statement, whereas a later reversal of an impairment loss that involves interest instruments is recognised through profit or loss.

As of the beginning of 2018, the Group has applied an impairment model according to IFRS 9, where impairment is recognised based on expected credit losses. The Group implemented the simplified model enabled by the standard and applies the provision matrix.

Prior to this, the Group recognised an impairment loss for trade receivables or other receivables when objective evidence existed that the counterparty will be unable to fulfil its obligation. Substantial financial difficulties on part of the debtor, probability of bankruptcy or default of payment constitute evidence of impairment. The size of the impairment loss recognised in the income statement is defined as the difference between the carrying amount of the receivable and the current value of the deferred cash flows discounted by the effective rate. If the amount of impairment loss is reduced during a later financial period and the reduction can be objectively considered to be related to an event that took place after the impairment was recognised, the loss recognised will be reversed and the reversal recognised through profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash money, money on bank accounts, bank deposits that may be withdrawn upon request, as well as other current and highly liquid investments that can be easily converted into a predetermined cash amount and that carry a low risk of value changes. Items classified as cash and cash equivalent have at most three months' maturity from the date of acquisition. Cash and cash equivalents are recorded at fair value on the balance sheet.

5.4. Other investments

Financial assets measured at fair value through profit or loss are non-current and they comprise unquoted EUR-denominated shares and holdings measured at fair value.

Financial assets measured at fair value through profit or loss

EUR 1,000	2019	2018
Value at the beginning of the financial period	98,1	98,1
Business combinations	0,0	0,0
Additions	161,5	0,0
Deductions	-65,1	0,0
Value at the end of the financial period	194,5	98,1

The fair values of financial assets measured at fair value through other comprehensive income are presented in Note 5.3. No financial assets have fallen due. Impairment recognised on financial liabilities amounts to EUR 0.0 (0.0) thousand.

5.5. Cash and cash equivalents

EUR 1,000	2019	2018
Cash and bank accounts (cash and cash equivalents in the cash flo\	3 618,1	4 947,2
Discontinued operation	0,0	7,4
Cash and cash equivalents	3 618,1	4 954,6

There are no significant credit risk concentrations associated with cash and cash equivalents. The balance sheet values correspond to the best estimate of the monetary amount that is the maximum credit risk if the counterparties cannot fulfil their obligations related to the receivables.

5.6. Financial liabilities

EUR 1,000	2019	2018
Non-current financial liabilities measured at amortised acquisition cost		
Loans from financial institutions, non-current proportion	72 483,4	70 792,6
Subordinated loans	229,4	229,4
Finance lease liabilities	0,0	269,1
Liabilities for right-of-use assets	134 048,0	0,0
Discontinued operation	0,0	19 175,9
Total	206 760,8	90 466,9

Current financial liabilities measured at amortised acquisition cost		
Loans from financial institutions, current proportion	37 732,5	46 408,4
Finance lease liabilities	0,0	361,4
Liabilities for right-of-use assets	27 251,3	0,0
Discontinued operation	0,0	6 392,9
Total	64 983,8	53 162,8

The Group’s assets (listed in Note 5.8) serve as security for loans from financial institutions.

Maturity of non-current interest-bearing financial liabilities, excluding liabilities for right-of-use assets

EUR 1,000	2019	2018
Less than 1 year	42 200,7	53 162,8
1 to less than 2 years	10 195,1	24 237,4
2 to 5 years	58 049,5	57 902,6
More than 5 years	0,0	8 327,0
Total	110 445,4	143 629,7

The Group's loans from financial institutions have a variable interest rate, and the loans are priced every 1–6 months.

Maturity of liabilities for right-of-use assets

EUR 1,000	2019	2018
Less than 1 year	31 622,5	53 162,8
1 to less than 2 years	29 347,3	24 237,4
2 to 5 years	66 354,4	57 902,6
More than 5 years	64 373,9	8 327,0
Total	191 698,2	143 629,7

The average interest rates of the Group’s loans from financial institutions (including current loans from financial institutions)

	2019	2018
Loans from financial institutions	2,1 %	2,0 %

The carrying amount of interest-bearing liabilities corresponds to their fair value because the loans are priced on the financial statements date. The Group’s interest-bearing liabilities are denominated in euros.

5.7. Lease agreements

The Group has leased many of the restaurant and office premises that it uses and the equipment used at the premises.

The Group's leases categorised by underlying assets:

EUR 1,000	31.12.2019	*) 1 Jan. 2019
Right-of-use assets		
Buildings	153 999,0	170 051,6
Land and water areas	1 970,1	1 650,4
Machinery and equipment	3 108,3	5 188,1
Total	159 077,4	176 890,1

EUR 1,000	31.12.2019	*) 1 Jan. 2019
Liabilities for right-of-use assets		
Non-current	134 048,0	150 749,6
Current	27 251,3	26 140,6
Total	161 299,3	176 890,1

*) The adjustments made in connection with the adoption of IFRS 16 are presented in note 1.9

The maturity distribution of liabilities is presented in Note 5.6.

The increases in right-of-use assets in the financial period 2019 totalled EUR 39,817.6 thousand.

The income statement includes the following amounts related to lease agreements:

EUR 1,000	31.12.2019	*) 1 Jan. 2019
Depreciation of right-of-use assets		
Buildings	28 684,0	-
Land and water areas	299,1	-
Machinery and equipment	1 149,5	-
Total depreciation	30 132,5	0,0
Interest expenses (included in finance costs)	4 758,5	-
Expenses related to short-term leases (included in other operating expenses)	134,3	-
Expenses related to leases for underlying assets of low value, which are not included in the previous item (included in other operating expenses)	593,7	-
Items included in the income statement in total	35 619,1	0,0

The Group also has purely turnover-linked leases that are not included in right-of-use assets. The value of the variable rents is EUR 2,404 thousand. In 2019, a total of EUR 248.4 was paid in rent for these agreements.

The Group as a lessor

Minimum rents paid by the Group pursuant to other non-cancellable leases:

EUR 1,000	2019	2018
In one year	502,4	540,8
In more than one year and up to 5 years	1 482,9	524,2
In more than 5 years	182,0	303,5
Total	2 167,3	1 368,5

The total outflow of cash arising from leases in 2019 amounted to EUR 32,244.0 thousand.

Accounting principles

The Group as a lessee

The Group has leased many of the restaurant and office premises that it uses. The lease terms vary from 2 to 14 years and often include the option of extending the lease past the original termination date. The agreements are either fixed leases with an index condition or turnover-based. Some of the lease agreements are valid until further notice, with a notice period of 2 months.

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

Agreements can include lease components and non-lease components. The contractual consideration is allocated to the lease component and non-lease components based on their relative stand-alone prices. However, the Group has decided not to separate the components for leases pertaining to properties in which the Group is the lessor. They are treated as individual lease components in the Group's accounting.

The terms of lease agreements are negotiated on a case-by-case basis, and they include a large number of various terms. The leases do not include covenants other than the lessee's security deposit interest related to the leased assets. Leased assets cannot be used as security for loans.

Leases for property, plant and equipment were classified until the financial period 2018 as either finance leases or operating leases; see note 1.9. Lease agreements where the lessor obtains the risks and benefits of ownership were treated as operating leases. Lease payments made in accordance with operating leases were recognised as expenses in the income statement on a straight-line basis over the lease term.

Effective from 1 January 2019, a right-of-use asset and corresponding liability are recognised on leases when the leased asset is available to the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

• fixed payments (including in-substance fixed payments), less any lease incentives receivable

• variable lease payment that are based on an index or a rate and which are initially measured using the index or rate at the time of signing the agreement

• amounts expected to be payable by the lessee under residual value guarantees

• the exercise price of a purchase option if the Group is reasonably certain to exercise that option

• payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The liability also includes leases based on extension options that are relatively certain to be exercised.

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

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is recognised through profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at acquisition cost, comprising the following:
• the amount of the initial measurement of lease liability

• any lease payments made at or before the commencement date less any lease incentives received

• any initial direct costs
• restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The Group as a lessor

Commodities leased out with agreements other than finance lease agreements are included in the property, plant and equipment on the balance sheet. They are depreciated over their useful life, similarly to property, plant and equipment used by the Group for similar purposes. Lease income is recorded into the income statement as annuities over the lease term.

Key estimates and judgements

The Group adopted IFRS 16 on 1 January 2019. In connection with the adoption of the standard, the management has made estimates concerning, among others, the leases to be included in the arrangement, size of low-value contracts, utilisation of lease extension options and the incremental borrowing rate.

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

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

5.8. Contingent Liabilities and Assets and Commitments

EUR 1,000	2019	2018
Liabilities with guarantees included on the balance sheet		
Loans from financial institutions, non-current	72 712,8	70 805,1
Loans from financial institutions, current	15 732,5	24 418,0
Discontinued operation	0,0	25 568,8
Total	88 445,4	120 791,9
Commercial papers, current	22 000,0	22 000,0
Guarantees given on behalf of the Group		
Collateral notes secured by a mortgage	34 885,4	34 885,7
Real estate mortgage	4 364,5	4 364,6
Subsidiary shares	121 536,7	99 507,2
Bank guarantees	8 611,8	8 842,6
Other guarantees	4 449,0	3 640,0
Discontinued operation	0,0	49 569,3
Total	173 847,4	200 809,3

EUR 1,000	2019	2018
Purchase commitments:		
Eezy Plc	69 285,8	85 749,7
Other	200,0	600,0

EUR 1,000	2019	2018
Contingent liabil. and assets	1 447,8	7 801,2

Accounting principles

A provision is recognised when the Group has a judicial or constructive obligation for payment on the basis of a past event, the realisation of the obligation is probable and the size of the obligation can be reliably estimated. Provisions are measured at the present value required to cover the obligation. The provision amounts are estimated on each closing date, and their amounts are adjusted to correspond to the best possible estimate at the moment of inspection.

A provision is recognised for a contract that generates a loss when the necessary expenditures required to fulfil the obligations outweigh the benefits received from the contract.

A contingent liability is a possible liability arising from past events whose existence will only be confirmed if an uncertain event outside the Group's control is realised. A present obligation that is not likely to cause a payment obligation or whose size cannot be reliably determined, is also considered to be a contingent liability. Contingent liabilities are presented in the notes.

Key estimates and judgements

A provision is recorded when the Group has a judicial and constructive obligation for payment on the basis of a past event, the realisation of the obligation is probable and the size of the obligation can be reliably estimated. Due to the nature of its business, the Group's provisions are related, among others, to the contracts relating to the use of business premises.

5.9. Financial income and expenses

EUR 1,000	2019	2018
Financial income		
Other interest income	39,6	25,1
Change in value of additional purchase price	2 144,0	64,7
Other financial income	19,9	606,4
Dividend income	6,0	0,0
Total	2 209,5	696,2
Items recognised through profit or loss		
Interest expenses on financial liabilities measured at amortised acquisition c	-2 211,4	-1 732,9
Interest expenses for right-of-use assets	-4 730,0	0,0
Other finance costs	-507,0	-411,2
Total	-7 448,4	-2 144,1
Finance costs - net	-5 238,9	-1 447,9

An adjustment of EUR 2,144 thousand on the transaction price related to the share acquisitions of The Bird ApS has been recognised under financial income.

Accounting principles

Interest income is recognised using the effective interest rate method and dividend income when the right to dividend is generated.

Borrowing costs are recognised as an expense for the period during which they were generated. Transaction costs accrued from the acquisition of loans are recognised as interest expenses using the effective interest rate method.

5.10. Financial risk management

Risk management principles and process

The Group and its operating activities are exposed to certain financial risks. A key principle of the Group's risk management is the unpredictability of the financial markets and the aim to minimise its adverse effects on the Group's net income. The Group's financial management identifies, estimates and tracks risks and, whenever necessary, acquires the instruments to hedge the Group against the risks.

The Group's financing policy guides all of its financing transactions. The main risks associated with the financing market are explained below.

Interest rate risk

Interest rate risk means the risk of variations in the fair value of a financial instrument or in future cash flows due to changes in market rates of interest. The Group's interest rate risk is mainly caused by non-current loans that have been taken out with a variable interest rate. The Group is not presently hedging against the interest rate risk. The interest rates for loans vary according to the 1–6 month Euribor rates plus margins of 1.65–2.50%.

The Group's income and operating cash flows are mostly independent of the variations in the market rates of interest. The Group's main exposure to the interest rate risk is a result of the variable interest rates, and the risk is mainly considered to relate to the loan portfolio. On the closing date, 100.0% of the Group's loans had variable interest rates.

Liquidity risk

Liquidity risk is related to ensuring and maintaining sufficient funding for the Group. The Group strives to constantly assess and track the amount of funding required by the business, for example by performing a monthly analysis of the utilisation rate of the restaurants, the development of sales and investment needs, in order to ensure that the Group has sufficient liquid assets to fund the operations and repay loans that fall due. The CFO analyses the need for possible additional financing.

The aim is to ensure the availability and flexibility of Group financing through sufficient credit limit reserves, a balanced loan maturity distribution and sufficiently long loan periods as well as using several financial institutions and forms of financing, when necessary. The Group's financing activities determine the optimum cash liquidity.

At the end of December 2019, the Group’s current financial liabilities amounted to EUR 37.7 (53.2) million. The EUR 22 million commercial paper programme maturing in May 2020, which was included in current financial liabilities on the financial statements date, has been extended in the amount of EUR 12.5 million until the autumn 2020, while EUR 2.5 million has been repaid and EUR 7.0 million will be repaid by the end of May. The company issued a hybrid bond of EUR 25 million in March 2019. The hybrid bond was redeemed after the end of the reporting period, in February 2020. The repayment of the current loans from financial institutions per 31 December 2019 will begin in 2021.

The Group's liquidity remained good throughout 2019. At the end of the year, cash and cash equivalents amounted to EUR 3,618.1 (4,954.6) thousand, in addition to which the Group had access to undrawn confirmed account credit limits amounting to approximately EUR 2.3 (9.3) million. The account credit limits of the Group's continuing operations is EUR 5.0 million.

During the year, the Group withdrew EUR 45,927.0 thousand in new long-term financing for its investments. The loan periods for these financing arrangements vary between 5–6 years. The average annual interest rate for the Group's gross interest-bearing liabilities in 2019 was approximately 2.1% (2.0%).

The most important loan covenants are reported to the creditors each quarter. If the Group violates the terms of the loan covenant, the creditor may require faster repayment of the loans. The management regularly monitors the fulfilment of the loan covenant terms. New financing agreements were made and the loan covenants were redefined in December 2019. The covenant terms are related to specific operating cash flow targets, the equity ratio and the amount of investments. The covenants will not be reviewed in the situation of 30 June 2020.

The Group's management has not identified any significant concentrations of liquidity risk in financial assets or sources of financing.

The following table presents the maturity analysis. The numbers are undiscounted and include interest payments, capital amortisation and repayments.

Financial liabilities

31.12.2019							
EUR 1,000	Note	Balance sheet value	Cash flow	Less than 1 year	1 to less than 2 years	2 to 5 years	More than 5 years
Continuing operations	5.6	110 445,4	116 650,8	44 088,0	11 542,4	61 020,4	0,0

31.12.2018							
EUR 1,000	Note	Balance sheet value	Cash flow	Less than 1 year	1 to less than 2 years	2 to 5 years	More than 5 years
Continuing operations	5.6	118 060,9	125 850,0	51 471,3	20 948,3	46 942,4	6 488,0
Discontinued operation	5.6	25 568,8	24 209,5	4 106,4	4 920,6	13 237,0	1 945,5
Total		143 629,7	150 059,5	55 577,7	25 868,9	60 179,4	8 433,5

Credit risk

Credit risk is the risk that one party to a financial instrument is unable to meet its obligations, thereby creating a financial loss for the other party. The Group's operating procedures define the creditworthiness requirements for the customers' counterparties. The primary method of payment within the Group is cash. The credit risk management and credit control have been centralised to be handled by the Group's financial management.

As regards receivables, the Group does not have any material credit risk concentration, since the receivables consist of several items. Risks related to trade receivables and other receivables are minimised using short payment terms, customer-specific monitoring of trade receivables and effective collection.

The provision matrix is established based on the age distribution of the open trade receivables and other receivables by using the percentages determined by the Group.

On this basis, a credit loss allowance is determined for trade and other receivables as follows:

		Continuing operations				Discontinued operation	
EUR 1,000	Provision percentage	Balance sheet value 31 Dec. 2019	Credit loss provision	Balance sheet value 1 Jan. 2019	Credit loss provision	Balance sheet value 1 Jan. 2019	Credit loss provision
Not due	0,20 %	7 662,4	18,5	8 082,5	15,8	11 686,1	22,7
Due, 1–30 days	0,80 %	1 174,2	9,5	959,8	7,7	2 225,4	17,9
Due, 31–60 days	1,50 %	444,4	6,8	-13,9	-0,2	892,5	13,6
Due, 61–90 days	2,00 %	310,7	6,3	211,0	4,3	1 014,0	20,7
Due, 91–180 days	10,00 %	225,4	25,0	52,8	5,9	760,4	84,5
Due, more than 180 days	26,00 %	928,3	326,1	335,8	118,0	565,5	371,1
Total		10 745,4	392,3	9 628,2	151,5	17 143,9	530,5

During the financial period, the Group had EUR 301.8 (389.4) thousand in credit losses recognised through profit or loss. All impairment losses have been generated due to trade receivables, and they include the change in the credit loss provision according to IFRS 9 of EUR 240.8 thousand during the financial period. The increase in the credit loss provision during the financial period is mainly due to the growth of the Group's restaurant business. The maturity distribution of the receivables is presented in Note 4.5.

The balance sheet values of the receivables correspond to the best estimate of the monetary amount that is the maximum credit risk if the counterparties cannot fulfil their obligations related to the receivables.

Currency risk

Currency risk refers to profit, balance sheet and cash flow uncertainty due to changes in currency exchange rates. During the financial period, the Group has expanded its business to Norway and will be subjected to a transaction risk in relation to the Norwegian krone in the future. The transaction risk is related to the currency flows of sales and expenses. Unlike the Danish krone, the Norwegian krone is not fixed against the euro, which is the Group's home currency. While the exchange rate of the Danish krone is fixed against the euro, it may fluctuate 2.25% in either direction.

The subsidiaries' intragroup loans and deposits are denominated in the subsidiaries' home currencies. The Group does not hedge intragroup loans, deposits or the subsidiaries' equity. Expenses and purchases are largely denominated in euros. A translation difference of EUR 128.6 thousand resulted from the conversion of subsidiaries' equities to euros.

Key estimates and judgements

The risks related to the trade receivables and other receivables are minimised by means of terms of payment of the receivables, customer-specific monitoring of trade receivables, effective collection and checking of customers' creditworthiness requirements and, in part, also through various collateral arrangements. The management actively monitors the development of significant customer balances. Estimates and judgement are required in determining the value of loss allowances at each reporting date. When determining loss allowances, the management specifically analyses trade receivables and historical losses, customer concentrations, customer creditworthiness, past due balances, current trends and changes in customer payment terms. In addition to past events and current conditions, reasonable and justifiable forecasts affecting collectability are considered when determining the amount of loss allowances.

5.11. Equity

NoHo Partners Plc has one series of shares where all shares carry an equal right to dividends. One share equals one vote at the general meeting. NoHo Partners Plc has 19,008,690 shares. The share has no nominal value.

EUR 1,000	31.12.2019	1.1.2019	31.12.2018	1.1.2018
Shares, 1,000 pcs	19 008,7	18 892,3	18 892,3	16 619,6
Share capital	150,0	150,0	150,0	150,0
Invested unrestricted equity fund	57 670,4	66 944,8	66 944,8	40 510,2
Fair value reserve	0,0	-4,5	-4,5	-4,5
Equity loan	0,0	0,0	0,0	220,0
Treasury shares	0,0	-191,4	-191,4	-191,4
Translation differences	-128,6	0,0	0,0	0,0
Hybrid bond	25 000,0	0,0	0,0	0,0
Retained earnings	46 571,0	-519,2	-519,2	4 237,5
Non-controlling interests	7 760,4	8 767,6	8 767,6	1 971,2
Total equity	137 023,2	75 147,3	75 147,3	46 892,9

All of the issued shares have been paid for.

Outstanding shares

shares	2019	2018
1 January	18 848 847	16 576 120
Treasury shares acquired	0	0
Share issue 1 June 2018	0	2 272 727
Share issue 2 April 2019	116 343	0
Changes in treasury shares	43 500	0
31 December	19 008 690	18 848 847

The shares held by Smile Huippu Oy, which was previously part of the Group, have become outstanding shares as a result of the divestment of the labour hire business during the financial period.

Invested unrestricted equity fund

The invested unrestricted equity fund includes other equity convertible investments and the portion of the share subscription price that is not recognised in the share capital according to a specific decision.

EUR 1,000	2019	2018
1 January	66 944,8	40 510,1
Share issue 1 June 2018	0	26 434,7
Share issue 2 April 2019	1 082,3	0,0
Unrestricted equity reclassification	-10 356,7	0,0
31 December	57 670,4	66 944,8

Directed share issue

On 3 April 2019, NoHo Partners Plc announced a special share issue, and the 116,343 new shares subscribed for in the issue were registered in the Trade Register on 5 April 2019. The total number of NoHo Partners Plc's shares after the registration of the new shares is 19,008,690. The new shares carry shareholder's rights as of their date of registration.

The issue was offered to the Norwegian company Carpe Diem AS as part of an arrangement through which NoHo Partners expanded to the Norwegian restaurant market. In the corporate transaction, NoHo Partners established a joint venture with the Norwegian company Crea Diem AS, with NoHo Partners owning 80 per cent of the joint venture. The new enterprise purchased the shareholdings of certain Carpe Diem and Crea Diem subsidiaries as well as 70 per cent of the shares in the Norwegian company Trobbelskyter AS.

Fair value reserve

The value changes of the available-for-sale financial assets from the moment of acquisition are recognised in the fair value fund less any deferred taxes.

EUR 1,000	2019	2018
Fair value reserve	0,0	-4,5

Treasury shares

The shares held by Smile Huippu Oy, which was previously part of the Group, have become outstanding shares as a result of the divestment of the labour hire business during the financial period.

	2019 shares	2019 EUR 1,000	2018 shares	2018 EUR 1,000
1.1.	43 500	-191,4	43 500	-191,4
change	-43 500	191,4		
31 December	0	0,0	43 500	-191,4

Hybrid bond

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

The transaction costs paid in connection with the withdrawal of the hybrid bond totalled EUR 345.6 thousand. The transaction costs are recognised in earnings in equity.

Dividends

In 2019, dividends were distributed at EUR 0.34 (0.33) per share, totalling EUR 6,423.4 (5,484.5) thousand. After the end of the reporting period, the Board of Directors has proposed to the Annual General Meeting that no dividends be paid for the financial period 2019.

Due to the fast-changing coronavirus pandemic and the general financial uncertainty it causes, NoHo Partners Plc's Board of Directors announced on 26 March 2020 that it has decided to cancel the profit distribution proposal of EUR 0.40 per share published in the financial statements release 2019. The Board of Directors further announced that it is also cancelling the additional dividend of EUR 0.15 per share published in the same context.

Authorisations

The Annual General Meeting on 24 April 2019 authorised the Board to decide on using the company's unrestricted equity to purchase no more than 800,000 of the company's own shares in one or several tranches, taking into account the stipulations of the Limited Liability Companies Act regarding the maximum number of shares in possession of the company.

The Annual General Meeting on 24 April 2019 decided, in accordance with the proposal submitted to it, and cancelling the previous share issue authorisations, to authorise the Board to decide on an issue of a maximum of 2,000,000 new shares, and to transfer no more than 800,000 treasury shares held by the company.

Accounting principles

Share capital consists solely of ordinary shares. The immediate expenditure from the issue or acquisition of new shares or other equity instruments less any tax is recorded as equity, wherein it reduces the purchase consideration received for the issue. If the company buys back its equity instruments, the acquisition cost of the instruments is deducted from equity.

Liability for dividend distribution to the Group's shareholders is recorded for the period during which the general meeting approved the dividend.

6. Other notes

6.1. Specification of non-cash transactions

EUR 1,000	2019	2018
Non-cash transactions		
Advances received	-36,9	28,1
Change in provisions	-1 025,0	951,3
Write-off of trade receivables	635,0	725,1
Sale of fixed assets	59,9	397,2
Share-based incentive plan	1 368,2	72,3
Growth funding	529,9	867,3
Profit/loss of the discontinued operation	-33 110,1	0,0
Other adjustments	576,2	382,4
Total	-31 002,9	3 423,7

6.2. Shares in subsidiaries and associated companies

Subsidiaries consolidated into the consolidated financial statements	Ownership	Domicile
Beaniemax Oy	80,0 %	Tampere
Casseli Oy	57,5 %	Tampere
Commodus Oy	70,0 %	Tampere
Dinnermax Oy	70,0 %	Tampere
El Rey Group Oy	60,0 %	Tampere
Gastromax Oy	100,0 %	Tampere
Pyynikin Brewery Restaurants Oy	85,0 %	Tampere
Hankinta Unioni Oy	60,0 %	Tampere
Harry's Ravintolat Oy	90,0 %	Helsinki
Hernesaaren Ranta Oy	100,0 %	Helsinki
Italpal Oy	100,0 %	Tampere
Kampin Sirkus Oy	90,0 %	Tampere
Markkinointitoimisto Aito Finland Oy	100,0 %	Tampere
Koskimax Oy	59,6 %	Tampere
Levin Ravintolakatu Oy	100,0 %	Helsinki
Max Consulting Oy	100,0 %	Tampere
Suomen Ravintolatoimi Oy	42,1 %	Jyväskylä
Bistromax Oy	70,0 %	Tampere
Mikonkadun Keidas Oy	90,0 %	Tampere
NoHo International Oy	97,0 %	Tampere
NoHo Norway AS	80,0 %	Oslo
Christiania Drift AS	100,0 %	Oslo
Complete Security AS	100,0 %	Oslo
Cosmopolitan AS	100,0 %	Drammen
DOD AS	100,0 %	Oslo
Dubliners AS	100,0 %	Oslo
Eilefs Landhandleri AS	100,0 %	Oslo
MEO AS	100,0 %	Oslo
NoHo Trøbbelskyter AS	70,0 %	Oslo
Trøbbelskyter AS	100,0 %	Oslo
Christian August AS	53,0 %	Oslo
Kulturhuset i Oslo AS	100,0 %	Oslo
Tøyen Bakeri og Kaffehus AS	51,0 %	Oslo
YGT3 AS	100,0 %	Oslo
Youngs AS	95,0 %	Oslo
M12 mor AS	78,5 %	Oslo
M12 datter AS	100,0 %	Oslo
M12 Tromsø AS	100,0 %	Tromsø
M12 Trondheim AS	100,0 %	Trondheim
Øslo AS	35,3 %	Oslo
Rådhuskroken AS	100,0 %	Oslo
SBF AS	100,0 %	Oslo
Nordic Hospitality Partners Denmark A/S	75,0 %	Copenhagen
Chicks by Chicks Tivoli ApS	89,0 %	Copenhagen
Cock's & Cows ApS	98,0 %	Copenhagen
Cock's & Cows CPH Airport ApS	100,0 %	Copenhagen

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Subsidiaries consolidated into the consolidated financial statements	Ownership	Domicile
Luca Lyngby ApS	100,0 %	Kongens Lyngby
Ruby Group Holding ApS	80,0 %	Copenhagen
Bronnum ApS	99,0 %	Copenhagen
Ebony & Ivory ApS	95,1 %	Copenhagen
Lidkoeb ApS	94,5 %	Copenhagen
The Bird Mother ApS	92,0 %	Copenhagen
Luca Gl. Strand ApS	100,0 %	Copenhagen
The Bird ApS	100,0 %	Copenhagen
The Bird CPH Airport ApS	100,0 %	Copenhagen
The Bird Kødbyen ApS	100,0 %	Copenhagen
The Bird Tivoli ApS	100,0 %	Copenhagen
Nordic Gourmet Oy	68,0 %	Kangasala
Northmax Oy	70,0 %	Tampere
Poolmax Oy	76,0 %	Tampere
Porin Pärekori Oy	70,0 %	Tampere
Priima-Ravintolat Oy	81,6 %	Tampere
Rock Hard Catering Oy	88,0 %	Tampere
Tampereen Satamaravintolat Oy	100,0 %	Tampere
PurMax Oy	60,0 %	Tampere
Rengasravintolat Oy	100,0 %	Tampere
Restala Oy	100,0 %	Helsinki
Unioninkadun Keidas Oy	82,0 %	Helsinki
Rivermax Oy	72,0 %	Tampere
Tillikka Oy	80,0 %	Tampere
Roska Yhtiöt Oy	100,0 %	Tampere
RR Holding Oy	100,0 %	Helsinki
Royal Ravintolat Oy	100,0 %	Helsinki
Financier Group Oy	72,5 %	Helsinki
Mother of Pearl Oy	70,0 %	Tampere
Pihka Ravintolat Oy	70,0 %	Helsinki
Royal Konseptiravintolat Oy	100,0 %	Helsinki
Sushi World Oy	100,0 %	Kauniainen
Wild & Finnish Oy	80,0 %	Helsinki
Yes Yes Yes Oy	70,0 %	Tampere
Sisäsataman terassi Oy	60,0 %	Vaasa
Skohan Oy	75,0 %	Tampere
Somax Oy	70,0 %	Tampere
Soolo Max Oy	70,0 %	Tampere
SRMax Oy	85,0 %	Tampere
Suomen Diner Ravintolat Oy	80,0 %	Tampere
Suomen Karaokebaarit Oy	51,0 %	Tampere
Suomen Ravintolatoimi Oy	57,9 %	Jyväskylä
Suomen Siipiravintolat Oy	70,0 %	Tampere
Thai Papaya Oy	100,0 %	Helsinki
Tunturimax Oy	76,0 %	Tampere
Urban Group Oy	100,0 %	Helsinki
Sabor a Mexico Oy	100,0 %	Helsinki

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Associated companies consolidated into the consolidated financial statements	Ownership interest	Domicile
Cholo Oy	49,0 %	Helsinki
Eezy Plc	30,3 %	Helsinki
Mangelsgården AS	30,0 %	Oslo
Øslo AS	35,3 %	Oslo
Torggata Camping AS	33,3 %	Drammen

Share of the most significant minority shareholders:

Company and domicile	Non-controlling interests		Non-controlling interests' share of the result for the financial period		Non-controlling interests' share of equity	
EUR 1,000	2019	2018	2019	2018	2019	2018
Casseli Oy, Tampere	42,5 %	42,5 %	-6,0	0,0	18,4	1,1
Northmax Oy, Tampere	30,0 %	30,0 %	239,3	127,7	308,4	144,1
Suomen Siipiravintolat Oy, Tampere	30,0 %	30,0 %	329,3	187,2	369,6	220,2
Rivermax Oy, Tampere	28,0 %	28,0 %	183,0	85,1	184,9	86,0
Financier Group Oy, Helsinki	27,5 %	0,0 %	-119,1	0,0	-118,4	0,0

Financial information:

EUR 1,000	2019	2018
Casseli Oy		
Sales revenue	6 100,3	0,0
Result of the financial period	-14,2	0,0
Non-current assets	966,4	0,0
Current assets	333,8	2,5
Non-current liabilities	634,3	0,0
Current liabilities	543,9	0,0
Cash flows from operating activities	93,1	0,0
Cash flows from investing activities	-1 163,1	0,0
Cash flows from financing activities	1 114,6	2,5
Northmax Oy		
Sales revenue	6 194,4	5 936,8
Result of the financial period	797,8	425,7
Non-current assets	1 281,1	1 659,8
Current assets	876,7	593,2
Non-current liabilities	26,6	438,3
Current liabilities	1 097,8	1 334,4
Cash flows from operating activities	1 157,5	1 052,8
Cash flows from investing activities	-11,7	-43,4
Cash flows from financing activities	-1 139,2	-1 000,5

EUR 1,000	2019	2018
Suomen Siipiravintolat Oy		
Sales revenue	5 408,9	4 482,8
Result of the financial period	1 097,8	623,9
Non-current assets	753,4	723,2
Current assets	1 182,8	463,5
Non-current liabilities	0,0	0,0
Current liabilities	654,4	452,6
Cash flows from operating activities	1 377,5	753,4
Cash flows from investing activities	-126,9	-38,2
Cash flows from financing activities	-1 248,1	-720,5
Rivermax Oy		
Sales revenue	4 982,7	4 719,5
Result of the financial period	653,4	304,1
Non-current assets	1 434,2	1 599,7
Current assets	418,2	452,4
Non-current liabilities	374,1	844,3
Current liabilities	779,8	900,6
Cash flows from operating activities	1 104,0	652,6
Cash flows from investing activities	-28,1	-19,0
Cash flows from financing activities	-1 081,0	-648,4
Financier Group Oy		
Sales revenue	5 324,2	0,0
Result of the financial period	-433,0	0,0
Non-current assets	8 759,2	0,0
Current assets	1 247,7	0,0
Non-current liabilities	4 466,4	0,0
Current liabilities	5 300,6	0,0
Cash flows from operating activities	1 295,7	0,0
Cash flows from investing activities	-9 045,2	0,0
Cash flows from financing activities	7 758,0	0,0

Dividends paid to significant non-controlling interests during the financial period totalled EUR 339.0 thousand (284.2).

6.3. Related party transactions

Parties are considered to be related when one party can exercise control, shared control or significant influence over the other in decision-making involving its finances and operating activities. 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 and 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.

The management's employee benefits

The management's employee benefits are presented on a cash basis

EUR 1,000	2019	2018
Salaries to the Executive Team (including the CEO) with associated costs and other short-term employee benefits	1 890,3	1 483,5
Fees for the Board of Directors	93,5	87,7

Fees and benefits of the Chief Executive Officer and other Executive Team members

Salaries and fees	Salary with benefits	Attendance allowances of the Board of Directors	Total	Salary with benefits	Attendance allowances of the Board of Directors	Total
EUR 1,000	2019	2019	2019	2018	2018	2018
CEO Juha Helminen (until 31 May 2018)	0,0	0,0	0,0	66,3	0,0	66,3
CEO, Aku Vikström (from 1 June 2018)	294,1	0,0	294,1	145,4	0,0	145,4
Other Executive Team members	1 265,0	0,0	1 265,0	1 010,9	0,0	1 010,9
Total	1 559,1	0,0	1 559,1	1 222,7	0,0	1 222,7

On 28 November 2018, the Board decided on a long-term share-based incentive plan for the Group's key persons. The share-based incentive plan is presented in Note 2.8.

The CEO's pension commitments and termination compensation

The Chief Executive Officer is covered by the Employees Pensions Act that offers pension security based on the time of service and earnings in the manner defined in the Act. No separate retirement age provisions are included in the Chief Executive Officer's contract. The Chief Executive Officer's accrued pension costs for the financial period were EUR 55.7 thousand.

For the company, the CEO's term of notice is six (6) months; for the CEO, it is three (3) months. In addition to the pay for the term of notice, the Chief Executive Officer is not entitled to any separate termination compensation.

Fees for the Board of Directors

EUR 1,000	2019	2018
Attendance allowances		
Timo Laine, Chairman of the Board of Directors	26,0	25,3
Petri Olkinuora, Vice-Chairman of the Board of Directors	20,0	20,0
Mika Niemi, member of the Board of Directors	10,0	10,0
Mikko Aartio, member of the Board of Directors (until 1 November 2019)	8,3	10,0
Mia Ahlström, member of the Board of Directors (from 25 April 2019)	6,7	0,0
Mikko Kuusi, member of the Board of Directors (until 24 April 2019)	2,5	5,8
Tomi Terho, member of the Board of Directors (from 1 June 2018)	10,0	5,8
Saku Tuominen, member of the Board of Directors (from 1 June 2018)	10,0	5,8
Jarmo Viitala, member of the Board of Directors (until 31 May 2018)	0,0	2,5
Timo Everi, member of the Board of Directors (until 31 May 2018)	0,0	2,5
Total	93,5	87,7

Transactions with related entities

EUR 1,000	Sales	Lease costs	Acquisitions	Rent income	Receivables	Liabilities
2019	389,0	552,9	10 875,1	39,8	2 417,7	2 335,4
2018	2 365,7	560,1	2 987,5	1,4	691,9	254,1

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

Sales to related entities comprise restaurant sales and income from labour hire operations. Purchases from related entities include, for example, transport service charges, security services, bouncer services, renovation and business premises expenses as well as costs of equipment and equipment maintenance. The Group has also leased premises from related entities.

Transactions with Eezy Plc

EUR 1,000	Sales	Lease costs	Acquisitions	Rent income	Receivables	Liabilities
2019	126,4	0,0	8 100,1	0,0	1 726,2	2 173,4

6.4. Significant events after the financial statements date

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.

Hybrid bond

On 16 January 2020, the company announced that it will redeem the MEUR 25 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 loan ahead of schedule will enable the utilisation of more affordable financial arrangements in the future.

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

Acquisition of Friends & Brgrs

On 12 February 2020, the company announced the acquisition of Friends & Brgrs Ab Oy's shares and a special share issue for cash. The shares 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.

According to the terms and conditions of the share purchase agreement, a maximum of 238,145 new shares of the Company were offered to be subscribed in the special share issue. The subscription price per each share was EUR 10.60557 and the subscription price total was a maximum of approximately MEUR 2.5. 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.

Stock exchange releases regarding profit guidance, the profit distribution proposal and adjustment measures

On 13 March 2020, NoHo Partners Plc announced it is issuing a profit warning, changing its profit distribution proposal and commencing personnel adjustment measures in the changed market situation. The Group cancelled its profit guidance for 2020 issued on 5 March 2020. At this point, the company did not specify its turnover and profitability forecast for this year in more detail due to the uncertain market situation. The company did not change its long-term financial objectives at this stage.

On 13 March 2020, NoHo Partners announced it would start temporary layoffs, of 90 days at most, in order to minimise the negative financial impact of the coronavirus (COVID-19) on its business. The current temporary layoffs concern nearly all of the Group's employees, which comprises about 1,300 people. The layoffs are estimated to continue until the end of June 2020. On 15 May 2020, NoHo Partners announced it will begin co-operation negotiations on continuing temporary layoffs due to uncertain market situation.

The purpose of the negotiations is to predict the financial and production impacts caused by the coronavirus and adapt to the changed operating environment. The measures may result in full-time or part-time layoffs of personnel for a fixed term of no more than 90 days. The negotiations concern all of the Group's employees in Finland.

The Group is preparing for the gradual resumption of business starting from 1 June 2020.

6.5. Newly published and revised IFRS standards that are not yet effective

Adoption of new and amended standards in future financial years

* = Not yet endorsed for use by the European Union as of 31 December 2019.

According to the judgement of the Group Management the changes will not have a material effect on the financial statements.

Amendments to References to Conceptual Framework in IFRS Standards (effective for financial years beginning on or after 1 January 2020)

The revised Framework codifies IASB's thinking adopted in recent standards. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs.

Amendments to IFRS 3 – Definition of a Business *(effective for financial years beginning on or after 1 January 2020)

The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set is a group of assets rather than a business.

Definition of Material (Amendments to IAS 1 and IAS 8) (effective for financial years beginning on or after 1 January 2020)

The amendments clarify the definition of material and include guidance to help improve consistency in the application of that concept across all IFRS Standards. In addition, the explanations accompanying the definition have been improved.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) *(effective for financial years beginning on or after 1 January 2020)

Amendments have been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

IFRS 17 Insurance Contracts *(IASB's proposal effective for financial years beginning on or after 1 January 2022)

The new standard for insurance contracts will help investors and others better understand insurers' risk exposure, profitability and financial position. This standard replaces the IFRS 4 standard.

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Parent company income statement (FAS)

(EUR)	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
TURNOVER	**25 785 447,52**	**26 542 909,36**
Other operating income	45 827 773,97	10 164 169,57
Materials and services		
Materials, goods and supplies		
Purchases during the financial period	-5 455 321,87	-6 346 593,82
Increase (-)/decrease (+) in inventories	64 335,42	-94 182,31
External services	-3 311 283,95	-3 908 408,61
	-8 702 270,40	-10 349 184,74
Staff expenses		
Salaries and fees	-6 332 642,09	-5 147 937,83
Indirect employee costs		
Pension costs	-1 133 960,14	-966 074,56
Other indirect employee costs	-98 203,68	-191 321,22
	-7 564 805,91	-6 305 333,61
Depreciation, amortisation and impairment losses		
Scheduled depreciation and amortisation	-1 988 799,69	-2 347 727,50
Impairment on fixed assets	0,00	-704 804,09
	-1 988 799,69	-3 052 531,59
Other operating expenses	-16 219 459,88	-18 390 671,61
EBIT	**37 137 885,61**	**-1 390 642,62**
Financial income and expenses		
Income from shares in Group companies	4 251 400,00	1 689 600,00
From others	0,00	0,00
Other interest and financial income		
From Group companies	2 362 971,79	1 664 720,61
From others	35 965,19	16 069,09
Interest expenses and other financial expenses		
To Group companies	-346 152,51	0,00
To others	-4 054 840,16	-1 864 899,96
	2 249 344,31	1 505 489,74
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**39 387 229,92**	**114 847,12**
Appropriations		
Increase/decrease in depreciation difference	-56 412,83	-62 061,41
Group contributions received/given	16 106 000,00	4 042 000,00
	16 049 587,17	3 979 938,59
Taxes for the financial period	-2 546 514,46	-2 224,38
PROFIT (LOSS)	**52 890 302,63**	**4 092 561,33**

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Parent company balance sheet (FAS)

(EUR) ASSETS	31.12.2019	31.12.2018
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	152 277,53	306 560,94
Other capitalised expenses	3 906 406,69	4 102 033,37
Prepayments	980 578,67	266 989,74
	5 039 262,89	4 675 584,05
Tangible assets		
Buildings and structures	2 018 977,71	2 099 698,39
Machinery and equipment	2 498 097,33	2 835 421,66
Other tangible assets	11 593,44	1 393,44
Prepayments and work in progress	13 378,55	11 160,00
	4 542 047,03	4 947 673,49
Investments		
Investments in Group companies	97 657 843,41	99 507 193,92
Investments in associated companies	38 368 098,26	0,00
Other shares and interests	422 658,84	422 658,84
	136 448 600,51	99 929 852,76
NON-CURRENT ASSETS TOTAL	**146 029 910,43**	**109 553 110,30**
CURRENT ASSETS		
Inventories		
Raw materials and supplies	539 653,75	475 318,33
Non-current		
Non-current trade receivables	64 432,84	101 947,37
Loan receivables from Group companies	64 308 306,52	57 364 489,75
Loan receivables	8 347,40	125 325,09
Other receivables	192 784,54	189 038,46
	64 573 871,30	57 780 800,67
Current		
Trade receivables	2 622 617,11	1 120 193,44
Receivables from Group companies	57 782 152,85	31 964 530,74
Receivables from associated companies	1 719 928,59	0,00
Loan receivables	85 527,59	39 867,95
Other receivables	256 461,71	292 825,24
Accrued income	671 959,78	1 806 188,46
	63 138 647,63	35 223 605,83
Cash and cash equivalents	582 626,31	706 441,97
CURRENT ASSETS TOTAL	**128 834 798,99**	**94 186 166,80**
ASSETS TOTAL	**274 864 709,42**	**203 739 277,10**

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Parent company balance sheet (FAS)

(EUR) EQUITY AND LIABILITIES	31.12.2019	31.12.2018
EQUITY		
Share capital	150 000,00	150 000,00
Other reserves		
Invested unrestricted equity fund	58 568 819,83	57 541 511,14
Retained earnings (losses)	9 173 176,18	11 543 569,45
Profit (loss) for the financial period	52 890 302,63	4 092 561,33
EQUITY, TOTAL	**120 782 298,64**	**73 327 641,92**
APPROPRIATIONS		
Depreciation difference	342 705,97	286 293,14
APPROPRIATIONS TOTAL	**342 705,97**	**286 293,14**
PROVISIONS		
Other provisions	0,00	550 000,00
PROVISIONS TOTAL	**0,00**	**550 000,00**
LIABILITIES		
Non-current		
Loans from financial institutions	93 039 288,40	69 643 452,56
Liabilities to Group companies	10 346 560,79	6 391 750,10
	103 385 849,19	76 035 202,66
Current		
Loans from financial institutions	34 254 215,24	44 468 739,44
Trade payables	2 573 921,83	2 163 802,74
Liabilities to Group companies	7 444 191,85	4 720 928,29
Other payables	688 055,50	218 547,85
Accruals and deferred income	5 393 471,20	1 968 121,06
	50 353 855,62	53 540 139,38
LIABILITIES TOTAL	**153 739 704,81**	**129 575 342,04**
EQUITY AND LIABILITIES TOTAL	**274 864 709,42**	**203 739 277,10**

Notes to the parent company financial statements

Notes concerning the preparation of the parent company's financial statements

NoHo Partners Plc's financial year is 1 January–31 December. The parent company's financial statements are drawn up in accordance with the Finnish Accounting Act (FAS).

Principles and methods of measurement and recognition

Valuation of non-current assets
Non-current assets are measured at their acquisition cost less the accrued depreciation.

The notes for the non-current assets only present the acquisition costs for those non-current assets whose acquisition costs have not been completely depreciated as scheduled depreciation.

Basis of and changes to scheduled depreciation

Commodity group	Estimated service life	Depreciation method
Buildings	30 years	Straight-line depreciation
Goodwill	5–10 years	Straight-line depreciation
Other intangible assets	3–10 years	Straight-line depreciation
Machinery and equipment	3–10 years	Straight-line depreciation

Change in scheduled depreciation in 2019

The company's depreciation schedule was changed during the financial period.

The purpose of the change was to harmonise the depreciation schedules for intangible and tangible assets of the companies belonging to the NoHo Partners Group.

In conjunction with the changes, the company reassessed the depreciation schedules to better correspond to the estimated service life.

As a result of the change, the depreciation method for tangible assets was changed from residual cost depreciation pursuant to the Act on the Taxation of Business Profits and Income from Professional Activity to straight-line depreciation.

The change in the depreciation schedule had a positive effect of EUR 430,406.31 on profit.

Valuation of current assets
Inventories are measured at their variable acquisition cost in accordance with the FIFO principle
and the lowest value principle defined in Section 6(1) of Chapter 5 of the Accounting Act.

The trade and other receivables recognised under current asset receivables are measured
at their nominal value or their probable value, whichever is lowest.

Pension coverage for the personnel

The pension coverage for the company's personnel has been arranged in external pension insurance companies. Pension insurance payments have been recognised to correspond with the accrual-based salaries in the financial statements.

Valuation of liabilities
Liabilities are measured at their nominal value.

Treasury shares

Treasury shares purchased are recorded as deductions from the accumulated earnings from previous financial periods.

Notes to the income statement	31.12.2019	31.12.2018
Distribution of turnover		
Restaurant business	25 658 951,46	26 407 154,96
Other business operations	126 496,06	135 754,40
Total	25 785 447,52	26 542 909,36
Other operating income		
Sales profit	38 295 658,19	3 654 845,93
Rent income	440 430,25	243 444,64
Other operating income	128 529,05	201 499,23
Other operating income, Group	6 963 156,48	6 064 379,77
Total	45 827 773,97	10 164 169,57
Materials and services		
Raw materials and supplies		
Purchases during the financial period	5 455 321,87	6 346 593,82
Change in inventory	-64 335,42	94 182,31
External services	3 311 283,95	3 908 408,61
Total	8 702 270,40	10 349 184,74
Personnel expenses		
Number of employees		
Average number of employees	142	118
Salaries and fees	6 332 642,09	5 147 937,83
Pension costs	1 133 960,14	966 074,56
Other indirect employee costs	98 203,68	191 321,22
Total	7 564 805,91	6 305 333,61
Fringe benefits (taxable value)	275 544,55	104 795,22
Other operating expenses		
Voluntary indirect employee costs	533 436,34	300 850,43
Business premises expenses	8 595 768,30	9 084 619,41
Machinery and equipment expenses	1 739 364,09	1 418 903,97
Travel expenses	260 182,80	346 581,01
Marketing, performer and entertainment expenses	2 352 969,10	2 940 062,84
Other operating expenses	2 737 739,25	4 299 653,95
Total	16 219 459,88	18 390 671,61
Auditors' fees		
Audit fees	198 300,00	98 650,49
Other services	16 700,00	19 325,00
Total	215 000,00	117 975,49

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	31.12.2019	31.12.2018
Financial income and expenses		
Income from shares		
From Group companies	4 251 400,00	1 689 600,00
Interest and other financial income		
From Group companies	2 362 971,79	1 664 720,61
From others	35 965,19	16 069,09
Interest and other financial expenses		
To Group companies	-346 152,51	0,00
To others	-4 054 840,16	-1 864 899,96
Total	2 249 344,31	1 505 489,74

Appropriations

Difference between scheduled depreciation and depreciation entered in taxation	-56 412,83	-62 061,41
Group contributions received	16 106 000,00	4 042 000,00
Group contributions given	0,00	0,00
Total	16 049 587,17	3 979 938,59

Income taxes

Income taxes from actual operations	2 513 742,55	38 483,13
Taxes from previous financial periods	32 771,91	-36 258,75
Total	2 546 514,46	2 224,38

NOTES TO THE BALANCE SHEET
NOTES CONCERNING ASSETS ON THE BALANCE SHEET

Non-current assets

Intangible assets	Goodwill	Other intangible assets	Total
Carrying amount 1 Jan.	306 560,94	4 369 023,11	4 675 584,05
Additions	0,00	4 045 586,08	4 045 586,08
Deductions	0,00	-2 509 538,19	-2 509 538,19
Impairment	0,00		0,00
Depreciation during the financial period	-154 283,41	-1 018 085,64	-1 172 369,05
Carrying amount 31 Dec.	**152 277,53**	**4 886 985,36**	**5 039 262,89**

Tangible assets	Buildings	Machinery and equipment	Other intangible assets	Prepayments and incomplete acquisitions	Total
Carrying amount 1 Jan.	2 099 698,39	2 835 421,66	1 393,44	11 160,00	4 947 673,49
Additions	0,00	244 425,32	10 200,00	335 582,47	590 207,79
Transfers between items	0,00	333 363,92	0,00	-333 363,92	0,00
Deductions	0,00	-179 403,61	0,00	0,00	-179 403,61
Impairment	0,00	0,00	0,00	0,00	0,00
Depreciation during the financial period	-80 720,68	-735 709,96	0,00	0,00	-816 430,64
Carrying amount 31 Dec.	**2 018 977,71**	**2 498 097,33**	**11 593,44**	**13 378,55**	**4 542 047,03**

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Investments	Holdings in Group companies	Investments in associated companies	Other shares and interests	Total
Carrying amount 1 Jan.	99 507 193,92	0,00	422 658,84	99 929 852,76
Additions	1 392 491,74	38 368 098,26	0,00	39 760 590,00
Deductions	-3 241 842,25	0,00	0,00	-3 241 842,25
Carrying amount 31 Dec.	**97 657 843,41**	**38 368 098,26**	**422 658,84**	**136 448 600,51**

Current assets	31.12.2019	31.12.2018
Current receivables		
Current receivables from Group companies		
Trade receivables	799 571,35	394 476,28
Accrued income	465 850,73	1 779 314,21
Other Group receivables	19 613 149,01	9 687 899,75
Loan receivables	36 903 581,76	20 102 840,50
Total	57 782 152,85	31 964 530,74
Essential items of prepayments and accrued income		
Amortisations	116 430,61	111 380,69
Income tax receivables	0,00	682 876,17
Receivables for pension insurance payments	0,00	122 216,22
Discounts	383 889,96	327 784,10
Other prepayments and accrued income	171 639,21	561 931,28
Total	671 959,78	1 806 188,46

Notes concerning liabilities on the balance sheet		31.12.2019	31.12.2018
Equity			
Share capital at the beginning of the financial period		150 000,00	150 000,00
Share capital at the end of the financial period		150 000,00	150 000,00
Total invested equity at the end of the financial period		150 000,00	150 000,00
Invested unrestricted equity fund at the beginning of the financial period		57 541 511,14	37 541 513,54
Directed share issue		1 027 308,69	19 999 997,60
Invested unrestricted equity fund at the end of the financial period		58 568 819,83	57 541 511,14
Profit/loss from previous financial periods at the beginning of the financial period		11 543 569,45	10 498 944,43
Transfer of profit/loss from the previous financial period		4 092 561,33	6 529 099,62
Dividend distribution		-6 448 164,60	-5 484 474,60
Dividend distribution, Group		-14 790,00	0,00
Profit/loss from previous financial periods at the end of the financial period		9 173 176,18	11 543 569,45
Profit/loss for the financial period		52 890 302,63	4 092 561,33
Total unrestricted equity at the end of the financial period		120 632 298,64	73 177 641,92
Total equity		**120 782 298,64**	**73 327 641,92**
Calculation of distributable funds in equity			
Profit from previous financial periods		9 173 176,18	11 543 569,45
Net income for the financial period (profit +/loss -)	+	52 890 302,63	4 092 561,33
Invested unrestricted equity fund	+	58 568 819,83	57 541 511,14
Distributable funds total	=	**120 632 298,64**	**73 177 641,92**

	31.12.2019	31.12.2018
Appropriations		
Depreciation difference, buildings	44 454,68	42 903,57
Depreciation difference, machinery and equipment	298 251,29	243 389,57
Total appropriations	**342 705,97**	**286 293,14**
Provisions		
Restructuring provision	0,00	550 000,00
Liabilities		
Liabilities that mature later than within five years		
Loans from financial institutions	0,00	6 410 052,88
Current liabilities		
Liabilities to Group companies		
Trade payables	437 631,85	446 601,59
Liabilities	6 897 707,30	2 547 546,86
Advances received	105 000,00	1 726 779,84
Accruals and deferred income	3 852,70	0,00
Total	7 444 191,85	4 720 928,29
Essential items of accrued charges and deferred credits		
Wage and salary liabilities	318 407,25	469 171,35
Holiday pay debt	1 008 864,21	700 868,48
Interest	1 801 854,89	185 208,46
Income tax expense	1 222 208,47	0,00
Other accruals and deferred income	1 042 136,38	612 872,77
Accrued expenses total	5 393 471,20	1 968 121,06

The total balance of the consolidated account is disclosed under the parent company’s cash and cash equivalents.

The parent company's receivable or liability is presented as a receivable from Group companies or a liability to Group companies.

NOTES CONCERNING GUARANTEES AND CONTINGENT LIABILITIES

Liabilities and guarantees by balance sheet item and guarantee type

Liabilities with guarantees included on the balance sheet	31.12.2019	31.12.2018
Loans from financial institutions, non-current	93 039 288,40	69 643 452,56
Loans from financial institutions, current	34 254 215,24	44 468 739,44
Total	127 293 503,64	114 112 192,00
Guarantees given		
Corporate mortgages given	34 150 000,00	34 150 000,00
Real estate mortgage	4 000 000,00	4 096 768,00
Mortgaged securities, shares in subsidiaries at carrying amounts	116 841 892,54	99 507 193,92
Other guarantees given in total	154 991 892,54	137 753 961,92

	31.12.2019	31.12.2018
Guarantees given on behalf of others		
Other guarantees	6 862 854,45	14 340 000,00
Lease liabilities not included on the balance sheet		
To be paid during the next financial period	44 758,04	74 178,88
To be paid later	33 743,17	92 600,06
Total	78 501,21	166 778,94
Other liabilities		
Other guarantee engagements not included or entered on the balance sheet		
Lease liability		
Due within one year	5 620 397,89	8 080 679,55
Due in 2–5 years	18 695 081,14	27 288 262,24
Due in more than 5 years	9 495 211,75	14 443 437,27
Total	33 810 690,78	49 812 379,06

Starting from 1 January 2019, the NoHo Partners Group complies with the IFRS 16 Leases standard. When determining lease liability for the 2018 financial period, assumptions according to IFRS 16 have been followed where applicable.

Eezy Plc, purchase guarantee	69 285 766,62	86 338 992,20
Guarantee liability for purchases*	200 000,00	600 000,00

*NoHo Partners Plc has provided an absolute guarantee for all of the companies in the NoHo Partners Group as relates to accounts payable to the wholesalers.

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Parent company cash flow statement (FAS)

EUR 1,000	2019	2018
Cash flows from operating activities:		
Profit (loss) before appropriations and taxes	39 387	115
Adjustments:		
Scheduled depreciation and impairment	1 989	3 053
Other income and expenses that do not incur payments	0	-685
Financial income and expenses	-2 249	-1 505
Other adjustments	-39 299	-2 696
Cash flow before change in working capital	-172	-1 719
Change in working capital:		
Current non-interest-bearing receivables	-1034	-850
Inventories	-64	94
Current non-interest-bearing liabilities	1497	-572
Operating cash flow before financial items and taxes	226	-3 046
Interest paid and other finance costs	-2 791	-1 751
Dividends received from business operations	4 251	1 690
Interest received from business operations	3 733	1 270
Direct taxes paid	-641	-548
Cash flows from operating activities (A)	4 778	-2 386
Cash flows from investing activities:		
Investments in tangible and intangible assets	-2 364	-2 552
Income from the disposal of tangible and intangible assets	60	599
Investments in other investments	-1 292	-42 118
Income from the disposal of other investments	0	153
Increase in non-current loans receivable	-22 628	-38 562
Associated company shares sold	0	6 513
Net cash from investing activities: (B)	-26 225	-75 967
Cash flows from financing activities:		
Proceeds from current loans and borrowings	2 278	13 461
Proceeds from non-current loans and borrowings	45 927	65 745
Non-current loans repaid	-49 115	-23 480
Proceeds from hybrid bond	24 654	0
Proceeds from current commercial papers	0	22 000
Dividends paid and other distribution of profits	-6 463	-5 484
Payments to invested unrestricted equity fund	0	220
Group contributions received	4 042	6 178
Net cash from financing activities: (C)	21 323	78 639
Change in cash and cash equivalents	-124	286
Cash and cash equivalents on 1 January	706	421
Cash and cash equivalents on 31 December	583	706
Change	-124	286

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PROPOSAL BY NOHO PARTNERS PLC'S BOARD OF DIRECTORS TO THE GENERAL MEETING ON THE DISTRIBUTION OF DISTRIBUTABLE ASSETS, AND SIGNATURES TO THE FINANCIAL STATEMENTS AND THE ANNUAL REPORT

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

NoHo Partners Plc's Board of Directors proposes to the Annual General Meeting to be held on 16 June 2020 that no dividends be paid for the financial period 2019. Due to the fast-changing coronavirus pandemic and the general financial uncertainty it causes, NoHo Partners Plc's Board of Directors announced on 26 March 2020 that it has decided to cancel the profit distribution proposal of EUR 0.40 per share published in the financial statements release 2019. The Board of Directors further announced that it is also cancelling the additional dividend of EUR 0.15 per share published in the same context.

On the financial statements date, 31 December 2019, there were 19,008,690 externally held shares.

Date and signatures

Helsinki, 25 May 2020

Timo Laine
Chairman of the Board of Directors

Mia Ahlström

Saku Tuominen

Mika Niemi

Petri Olkinuora

Tomi Terho

Arttu-Pekka Vikström
CEO

The 2019 financial statemets have been signed electronically.

AUDITOR'S NOTE

An audit report has been issued today.

Date and signature

Helsinki, 25 May 2020

Ernst & Young Oy
Authorised Public Accountants

Juha Hilmola
APA

Books and records

List of accounting books, receipt types and storage methods

	Storage method
General journal	Electronic archive
Nominal ledger	Electronic archive
Accounts receivable	Electronic archive
Accounts payable	Electronic archive
Payroll accounting	Electronic archive
Financial statements	Separately bound/www.noho.fi
Balance sheet specifications	Separately bound

Receipt type	Receipt numbering starts from
Manual entry	80000
Account receipts (TITO)	170000
Sales invoice sums	120001
Payments	70000
Purchase invoices	200000
Purchase invoice payments	40000
Kasperi receipts	160000
eAttest amortisation	150000
Allocation receipts	100001
External preliminary systems	300000
Receipt of notes to the accounts	LTT01