NoHo

NORDIC HOSPITALITY PARTNERS

Interim Report

Q1/2020

NOHO PARTNERS INTERIM REPORT 1 JANUARY–31 MARCH 2020

The coronavirus pandemic had a strong impact on the business environment – the Group initiated determined adjustment measures

In March 2020, the Group's business stopped almost entirely due to the market collapse caused by the coronavirus pandemic. The turnover of the restaurant business for January–February 2020 increased in line with expectations, by approximately MEUR 7.5 compared to the corresponding period in the previous year, while EBIT grew by about MEUR 0.6. The result of the restaurant business decreased by MEUR 9.0 in March due to turnover decreasing MEUR 10.7 from the corresponding month in the previous year due because of the market disruption, and the adjustment measures launched by the company did not yet have effects on the result for March. The Group took immediate action when the market disruption occurred and took purposeful action to adjust its operations. These included temporary layoffs and cost reductions as well as negotiations concerning rent payments and financing. After the end of the review period, the Group finalised a financing package for the exceptional period caused by the coronavirus pandemic to ensure sufficient liquidity through this time of market disruption. Starting from June 2020, the company will focus on the gradual resumption of its business in a restricted operating environment and financing operations through cash flow.

JANUARY–MARCH 2020 IN BRIEF

Group (continuing and discontinued operations):

- Turnover declined by 5.9 per cent to MEUR 50.1 (MEUR 53.2).
- EBIT fell by 230.6 per cent to MEUR -6.6 (MEUR 5.0).
- The EBIT percentage was -13.2 per cent (9.5 per cent), a decrease of 238.8 per cent.
- The result for the financial period was MEUR -8.9 (MEUR 2.8), a decrease of 413.7 per cent.
- Earnings per share were EUR -0.45 (EUR 0.15), a decrease of 403.6 per cent.
- The gearing ratio excluding the impact of IFRS 16 liabilities was 138.2 per cent. Interest-bearing net liabilities excluding the IFRS 16 effect amounted to MEUR 139.9. IFRS 16 liabilities totalled MEUR 148.9. The gearing ratio including the effect of IFRS 16 was 286.8 per cent.

Restaurant business (comparable continuing operations):

- Turnover fell by 6.0 per cent to MEUR 50.1 (MEUR 53.3).
- EBIT fell by 477.1 per cent to MEUR -6.7 (MEUR 1.8).
- The EBIT percentage was -13.3 per cent (3.3 per cent), a decrease of 501.1 per cent.
- The result for the review period attributable to the owners of the parent company was MEUR -8.0 (MEUR 2.2), a decrease of 466.0 per cent.
- Earnings per share were EUR -0.46 (EUR 0.12), a decrease of 493.9 per cent.
- The review period's comparison figures for earnings per share in 2019 include a purchase price adjustment of MEUR 2.1 in the Group's operations in Denmark, recognised in the financial income.

DESCRIPTION OF ACCOUNTING PRINCIPLES:

- NoHo Partners divested its labour hire business in August 2019. Starting from September 2019, the Group only has one segment: the restaurant business.
- Due to the divestment of the labour hire business, the Group has started to present alternative performance measures that improve comparability. These alternative performance measures are intended to improve the market's understanding of the development and financial situation of the restaurant business. The most significant item added to the comparable result is the Group's internal staffing service purchases that took place before the transaction. In the future, these will be presented as outsourced services. The calculation principles of the key figures that improve comparability are presented in more detail in Note 2.
- In the interim report's comparison figures, the labour hire segment is treated as a discontinued operation and a separate item in the income statement. The comparison figures have been adjusted accordingly. For more information, see Note 2.
- In the interim report, the Group's continuing and discontinued operations as well as the comparable continuing operations of the restaurant business are presented separately.
- Unless otherwise stated, figures in parentheses refer to the corresponding period last year.

SIGNIFICANT EVENTS IN THE REVIEW PERIOD:

- On 17 February 2020, the company redeemed the EUR 25 million hybrid bond issued on 29 March 2019.
- Policies and orders issued by the national authorities in Finland, Denmark and Norway in response to the coronavirus pandemic and changes in customer behaviour brought the restaurant business to a halt in March.
- The national authorities ordered the closure of restaurants from 12 March to 11 May in Denmark and from 13 March to 6 May in Norway.
- The company initiated determined adjustment measures and co-operation negotiations in March, concerning approximately 1,300 employees in Finland.

SIGNIFICANT EVENTS AFTER THE REVIEW PERIOD:

- The Group acquired a majority stake in the hit chain Friends & Brgrs Ab Oy on 3 April 2020. A special share issue was carried out as part of the acquisition and the newly issued shares in the company were registered in the Trade Register on 8 April 2020.
- The national authorities ordered the closure of restaurants from 4 April to 31 May 2020 in Finland.
- During the closure of restaurants, costs external to operating activities amounted to MEUR 2.7 in April and approximately MEUR 2 in May. Reductions in rent totalled about MEUR 3.5 in April–May, representing approximately 70% of the Group's leases.
- In April, the company reached an agreement on a MEUR 34 financing package for the period of business disruptions caused by the coronavirus crisis.
- As the final part of the financing package, the company agreed in May on a debt of EUR 10 million with a right to conversion with Finnish Industry Investment Ltd (Tesi).
- The Finnish national authorities lifted many of the restrictions on the restaurant business and the company resumed its operations in a restricted operating environment on 1 June 2020. In Denmark and Norway, restaurant operations were resumed on a restricted basis in early May.
- In the first week of June, approximately 130 of the Group's restaurants were open.

NUMBER OF RESTAURANTS

- On 31 March 2020, the Group had 229 restaurants in total.
  - Restaurants 79
  - Entertainment venues 64
  - Fast casual restaurants 47
  - International restaurants 39

Outlook for 2020

THE MARKET

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

PROFIT GUIDANCE

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

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

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

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

FINANCIAL TARGETS

NoHo Partners has cancelled the financial targets previously set for 2021 and will specify the targets later this year.

PREVIOUS PROFIT GUIDANCE (AS OF 5 MARCH 2020):

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

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

KEY FIGURES

NoHo Partners Group, total

(EUR 1,000)	1 Jan.–31 Mar. 2020	1 Jan.–31 Mar. 2019	1 Jan.–31 Dec. 2019
KEY FIGURES, ENTIRE GROUP (CONTINUING AND DISCONTINUED OPERATIONS)			
Turnover	50,089	53,227	272,820
EBIT	-6,596	5,049	30,551
EBIT, %	-13.2%	9.5%	11.2%
Result of the review period attributable to the parent company's shareholders	-7,961	2,822	46,128
Result attributable to the minority shareholders	-891	1	1,547
Continuing operations' earnings per share (euros) for the review period attributable to the shareholders of the parent company	-0.45	0.29	1.10
Earnings per share (EUR) for the review period attributable to the shareholders of the parent company	-0.45	0.15	2.36
Interest-bearing net liabilities excluding the IFRS 16 effect, EUR	139,922	117,557	105,391
Gearing ratio excluding the IFRS 16 effect, %	138.2%	112.9%	75.9%
Interest-bearing net liabilities, EUR	288,817	288,876	266,691
Gearing ratio, %	286.8%	278.9%	194.6%
Equity ratio, %	22.6%	21.0%	29.1%
Return on investment, % (p.a.)	-6.6%	5.1%	8.4%
Adjusted net finance costs	3,296	2,030	7,166
Material margin, %	71.7%	74.1%	74.3%
Staff expenses, %	33.2%	33.7%	30.5%

Restaurant Business (Comparable continuing operations)

(EUR 1,000)	1 Jan.–31 Mar. 2020	1 Jan.–31 Mar. 2019	1 Jan.–31 Dec. 2019
KEY FIGURES			
Turnover	50,089	53,274	272,912
EBIT	-6,651	1,764	18,389
EBIT, %	-13.3%	3.3%	6.7%
Result of the review period attributable to the parent company's shareholders	-8,017	2,190	10,183

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

Review by the Ceo: Aku Vikström

The first quarter got off to a strong start but ended in highly exceptional circumstances. The coronavirus outbreak became a global pandemic and brought restrictions that had a very significant impact on our business from March onwards.

The impact was seen in all of our geographical markets, with the governments and health authorities in various countries imposing very strict restrictions on movement and interaction. The restaurant closures ordered by the national authorities in Finland, Denmark and Norway reduced the turnover of our restaurants to nearly zero.

I wish to thank our personnel for operating in a very challenging environment in accordance with the recommendations and guidelines issued by the governments and health authorities in our operating countries. Our employees went through a demanding process of change last year. I hoped that, this year, they would finally be able to focus on developing our business and creating excellent customer experiences. Instead, we were faced with a situation that forced us to quickly adjust our cost structure to a level corresponding to a 95 per cent drop in turnover during the lockdown. We had to temporarily lay off nearly all of our employees in response to this pressure to implement changes.

While we have had to manage our business in highly exceptional circumstances since March, we have simultaneously proved the effectiveness of our operating model and found that our performance is strong, even during these highly challenging exceptional conditions. Our partner model has also proved its flexibility in these exceptional times, for which I would like to thank our entrepreneur shareholders. We navigated our company through the worst of the exceptional situation by reacting fast and taking tough measures, such as temporary layoffs, quick cost reductions and urgent negotiations concerning rent payments and financing. At the same time, we succeeded in rapidly developing digital sales channels and take away business models and completed the Friends & Brgrs acquisition in the challenging situation, which brought a significant addition to our business portfolio. In late May 2020, we finalised our funding package for the period of exceptional circumstances, and our focus is now on the resumption of our business and ensuring the continuity of our operations.

Our goal remains to be the most significant restaurant operator in Northern Europe, but our road map has now changed as far as the year 2020 is concerned. We have prepared a three-stage action plan for managing the impacts of the coronavirus pandemic. In the first phase, we implemented purposeful adjustment measures in the exceptional operating environment. Now, in the second phase of the plan, we are operating in a restricted business environment and resuming our business operations in a managed and gradual manner over the coming months. Decisions on the resumption of business will be made on a weekly basis and separately for each business location. Our goal is to ensure a positive operating cash flow, even in the restricted operating environment, as the restaurant industry gradually recovers. In the third phase, we will focus on strengthening our competitiveness and capital structure in the post-coronavirus pandemic restaurant market.

Restaurant sales and reservations during the first weeks after reopening indicate that customer demand is recovering in Finland and in our international markets. The recently confirmed financing structure will provide us with the flexibility to survive exceptional times, even in case of limited demand.

We have engaged in active and regular communication with our stakeholders during this highly exceptional situation. We regularly update the Investor Q&A page we published in April. We will also provide monthly reports on the development of our business during these exceptional circumstances. Together with our employees and stakeholders, we are committed to navigating our company through the current crisis, which is the hardest our industry has ever faced. I am confident that, even after the coronavirus pandemic, our company will be in a good market position to benefit from its competitive advantage and implement its value creation strategy. Achieving our goal is currently not entirely in our own hands, which is why we will update our strategic objectives and timetables later this year.

Aku Vikström
CEO

Turnover and Income

JANUARY–MARCH 2020 IN BRIEF

Group (continuing and discontinued operations):

The Group's turnover in ***January–March 2020*** was MEUR 50.1, a decrease of 5.9 per cent year-on-year. Staff expenses were 33.2 per cent and the material margin was 71.7 per cent.

Depreciation, amortisation and impairment totalled MEUR 11.0. EBIT was MEUR -6.6, a decrease of 230.6 per cent. Net finance costs totalled MEUR 3.3. The result was MEUR -8.9, a decrease of 413.7 per cent, and earnings per share amounted to EUR -0.45, down by 403.6 per cent year-on-year.

Restaurant business (comparable continuing operations):

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

Turnover in ***January–March 2020*** was MEUR 50.1, down by 6.0 per cent, EBIT was MEUR -6.7, a decrease of 477.1 per cent, the result was MEUR -8.0, down by 466.0 per cent and earnings per share amounted to EUR -0.46, down by 493.9 per cent year-on-year. The review period's comparison figures for earnings per share in 2019 include a purchase price adjustment of MEUR 2.1 in the Group's operations in Denmark.

Turnover in the business areas of the restaurant business:

	1 Jan.–31 Mar. 2020	1 Jan.–31 Mar. 2019	1 Jan.–31 Dec. 2019
RESTAURANTS			
Turnover (MEUR)	**19.1**	**21.7**	**107.5**
Percentage of the total turnover	38.1%	40.7%	39.4%
Change in turnover	-12.0%		24.0%
Units, number	79	68	75
Turnover/unit (MEUR)	0.24	0.32	1.43
ENTERTAINMENT VENUES			
Turnover (MEUR)	**14.7**	**18.8**	**88.5**
Percentage of the total turnover	29.3%	35.4%	32.4%
Change in turnover	-22.2%		5.6%
Units, number	64	65	65
Turnover/unit (MEUR)	0.23	0.29	1.36
FAST CASUAL RESTAURANTS			
Turnover (MEUR)	**6.5**	**8.1**	**33.6**
Percentage of the total turnover	13.0%	15.2%	12.3%
Change in turnover	-20.1%		25.6%
Units, number	47	44	48
Turnover/unit (MEUR)	0.14	0.18	0.70
INTERNATIONAL RESTAURANTS			
Turnover (MEUR)	**9.9**	**4.6***	**43.3**
Percentage of the total turnover	19.7%	8.7%*	15.9%
Change in turnover	112.8%		248.3%
Units, number	39	19*	37
Turnover/unit (MEUR)	0.25	0.24*	1.17

*** The restaurant business in Norway became part of the Group after the Q1/2019 review period, on 1 April 2019.**

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

The Group's restaurant business faced a dramatic turn of events in March 2020 when the coronavirus (COVID-19) pandemic and policies imposed by the national authorities led to the closure of restaurants in Finland and internationally. Prior to the coronavirus crisis, NoHo Partners was in a strong position as it entered the new financial year. The company's operational business was at a good level in January–February 2020.

Due to the pandemic and significant market disruption caused by the coronavirus that arrived in Finland in March, the Group's business operations was contracted almost completely. Once the impact of the COVID-19 crisis became apparent, the company reacted immediately by starting determined adjustment measures and preparing for the changed market conditions. The company's largest fixed costs are staff expenses and business premises expenses. When the market disruptions occurred, the company focused on quickly reducing expenses, laying off personnel and balancing its finances while restrictions on its business are in place.

In accordance with the orders issued by the Finnish Government on 12 March 2020, the Group immediately cancelled all public events of more than 500 people until the end of May 2020. On 13 March 2020, the Group cancelled its previous profit guidance for 2020 due to the uncertain market situation. The Group announced negotiations in accordance with the Act on Co-operation 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 co-operation 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. On 15 May 2020, the company announced that it will begin co-operation negotiations on continuing temporary layoffs due to the uncertain market situation. The final number of laid off employees and the duration of the layoffs will be specified at a later time.

In April, the company negotiated a two-month rent exemption for approximately 70 per cent of its leases. In Denmark and Norway, the national government covers approximately 80 per cent of leases during the crisis. The Group is currently negotiating on leases for the next couple of months with its lessors.

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. The company closed its nightclubs before the official order of the Finnish Government to close down all restaurants. In Denmark and Norway, restaurants were closed in compliance with the orders issued by the authorities on 12–13 March 2020.

At the same time, the company negotiated a financing package of EUR 34 million in Finland, Denmark and Norway, of which Finnvera guaranteed EUR 15 million. In late May, the company finalised a refinancing programme for its maturing debt as part of its overall financing package. As the final part of the financing package, the company agreed on a debt of EUR 10 million with a right to conversion with the Finnish Industry Investment Ltd (Tesi). The financing is for stabilisation provided by Tesi in the coronavirus situation. The management of the Group estimates that the financing package 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. Once restaurants reopen, the company will focus on the gradual resumption of its operations and financing its operations through cash flow.

The gradual resumption of business operations in Finland began on 1 June 2020 in a restricted operating environment. Restaurant operations resumed in Denmark and Norway in early May subject to country-specific restrictions. The company has prepared for the reopening of restaurants by drafting special safety and hygiene instructions aimed at protecting the personnel and customers in accordance with the national recommendations and guidelines.

Restrictions on restaurants

According to the practical restrictions imposed by the Finnish Government, 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 Denmark and Norway, restaurants serving food were allowed to reopen in early May. In Denmark, the number of customers in the indoor areas of restaurants is restricted, restaurants must close at midnight and gatherings of more than 500 people have been cancelled until the end of August 2020. Nightclubs and cocktail bars remain closed. In Norway, alcohol licences were reactivated for food-serving restaurants in Oslo on 6 May 2020 and the alcohol licences of other restaurants were reactivated at the beginning of June. The number of customers in the indoor areas of restaurants is restricted. Restaurants other than those categorised as restaurants serving food were allowed to reopen on 1 June 2020. Public events of more than 50 people are cancelled until 15 June 2020.

Government support during the state of emergency

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

The government support for the Group is estimated to amount to approximately MEUR 5 in total, including the Group's subsidiaries led by entrepreneurs. The parent company NoHo Partners Plc's share of the total government support is estimated at approximately MEUR 0.5.

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

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

The financial support received by the Group from the Danish and Norwegian governments for the period 1 January–31 March 2020 will amount to approximately MEUR 0.9. For the second quarter of 2020, the financial support will total approximately MEUR 2.6.

Restaurant Business Areas

RESTAURANTS

The turnover of the Group's restaurants continued to grow in the first couple of months of 2020 but, in March, the coronavirus pandemic brought the business to a halt and customer demand dried up. The positive customer demand and reservation rates in the first week of reopening in June indicate that there is pent-up demand in the market. The Group's aim is for its restaurants to achieve positive cash flow. This will be pursued by means of an efficient operating model. The company's large outdoor terrace capacity, the cancellation of summer events and the predicted growth of domestic travel are expected to have a favourable effect on the summer sales of restaurants. The cancellation of summer events is estimated to result in lost beverage and catering sales of approximately MEUR 10 in the second and third quarters. Restaurants that are open by reservation, event restaurants and staff restaurants remain closed until further notice.

ENTERTAINMENT VENUES

The Group's entertainment venues had a strong start to the year, but business took a sharp turn in March due to the pandemic. There was a significant change in customer behaviour as restrictions were imposed on mass gatherings and public events of more than 500 people were cancelled effective from 12 March 2020. In the interest of employee and customer safety, the Group's nightclubs were closed in late March before the restaurant closure order was issued. The result for March was weighed down by the costs of suspending business operations as well as rent and employee expenses. Large public events have been cancelled until 31 July 2020 and nightclubs will remain closed due to the restrictions on business hours until further notice. The Finnish Government will reassess the restrictions in two-week intervals. Nightclubs represent approximately one-third of the Group's entertainment venues and the situation with regard to their reopening remains uncertain. Entertainment, social and gaming venues will be opened gradually starting from June. Terrace sales are expected to see a positive start, but the restrictions on business hours and alcohol sales have a substantial impact on the operations of entertainment venues.

FAST CASUAL RESTAURANTS

During the early part of the year, the focus of the fast casual business was on the development of digital sales. This was expedited by the launch of the Group's own Ravintola.fi application. Due to the coronavirus pandemic, the operations of fast casual restaurants were brought to a halt in March, with the exception of about 20 takeaway restaurants. Of the restaurants that operated during the pandemic, Hanko Sushi performed particularly well, gaining market share from grocery stores. The Group made a significant move to increase its foothold in the fast food market after the review period by acquiring Friends & Brgrs in April. The hit chain's restaurants provided a significant boost to the increased demand for takeaway and delivery sales during the coronavirus pandemic. In March, the Group launched Cloud Kitchen, a virtual restaurant with no customer seating that focuses on takeaway sales. The Cloud Kitchen concept represents a high-potential and highly scalable future growth platform in response to potential changes in consumer behaviour.

INTERNATIONAL RESTAURANTS

The year started with strong growth in the Group's international business. The profitable expansion of the Group's business in Norway continued with the acquisition of the popular Café Christiania in January and the classic restaurant Emmas in February. The impact of the coronavirus pandemic hit restaurants in Denmark and Norway in March, slightly earlier than in Finland. Large events were cancelled in both countries and restaurants were closed effective from 12–13 March 2020. The Danish and Norwegian governments made quick decisions to support restaurants by providing compensation for costs incurred during the lockdown. Restaurants serving food were reopened in early May, and active customer behaviour during the past few weeks points to a recovery in demand. Customer demand is high particularly in Norway, although the strict restrictions on restaurants are still keeping customers' purchasing power in check.

Summary

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

Operationally, the year got off to a good start and the Group's turnover in January–February 2020 grew by approximately MEUR 7.5 compared to the corresponding period last year and EBIT increased by MEUR 0.6 year-on-year. The rapid spread of the coronavirus pandemic and the consequent policies and orders issued by the authorities – as well as changes in customer behaviour – meant that the Group's business was brought to an almost complete halt in March. Turnover in March was MEUR 10.7 lower than in the corresponding period in the previous year, while EBIT decreased by MEUR 9.0. The result for the review period was affected by rent and employee expenses in March and the costs of suspending business operations.

In Denmark and Norway, government financial support amounting to approximately MEUR 0.9 was recognised during the period 1 January–31 March 2020.

In a normal operating environment in the restaurant business, most of the profits are made during the second half of the year due to the seasonal nature of the business.

Cash Flow, Investments and Financing

The Group's operating net cash flow in January–March 2020 was MEUR 3.8 (MEUR 5.7).

Growth investments made during the review period included the opening of new restaurants, such as Wallis and Hook in Levi, Madonna in Helsinki, Space Bowling & Billiards in Oulu and the launch of Cloud Kitchen virtual restaurant.

The Group's gearing ratio excluding the impact of IFRS 16 liabilities was 138.2 per cent. Interest-bearing net liabilities excluding the IFRS 16 effect amounted to MEUR 139.9. IFRS 16 liabilities totalled MEUR 148.9. The Group's interest-bearing net liabilities (including IFRS 16 liabilities) at the end of March 2020 were MEUR 288.8 (MEUR 288.9). Adjusted net finance costs in January–March 2020 were MEUR 3.3 (MEUR 2.0). The equity ratio was 22.6 per cent (21.0 per cent) and the gearing ratio was 286.8 per cent (278.9 per cent).

The finance costs for the review period include a significant exchange rate difference item of MEUR 1.5 recognised due to a change in the rate of the Norwegian krone.

Significant Events During the Review Period

NEW RESTAURANT OPENINGS:

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

CHANGES IN NOHO PARTNERS PLC'S EXECUTIVE TEAM

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

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

EMMAS AND CAFÉ CHRISTIANIA, NORWAY

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

RENEWAL OF THE SALES ORGANISATION

The sales organisation of NoHo Partners was restructured with respect to corporate sales operations, amongst other things. Henri Virlander was appointed as Sales Director on 13 January 2020 to take charge of the sales strategy and sales operations.

REDEMPTION OF HYBRID BOND

In February, NoHo Partners Plc redeemed 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 the terms and conditions of the hybrid loan, which was 102 per cent of the principal plus the accumulated interest.

NEW RAVINTOLA.FI APPLICATION AND WEBSITE FOR LOYAL CUSTOMERS

At the beginning of March, NoHo Partners launched the new Ravintola.fi application and website to better serve consumers and corporate customers as well as personnel. The new system covers nearly 200 of the company's restaurants. The application supports digital purchases and it enables the user to order products delivered to the table at the restaurant, home or for pickup.

CLOUD KITCHEN LAUNCH

In March, NoHo Partners launched Cloud Kitchen, a restaurant with no customer seating that delivers food via the delivery partners Wolt and Foodora. The central kitchen, with a size of approximately 400–500 square metres, was opened in Tukkutori in Helsinki in March.

STATUTORY CLOSURE OF RESTAURANTS IN DENMARK AND NORWAY

The national authorities ordered the closure of restaurants in Denmark from 12 March to 11 May 2020 and in Norway from 13 March to 6 May 2020. Nightclubs and cocktail bars remain closed in Denmark.

CO-OPERATION NEGOTIATIONS

On 13 March 2020, NoHo Partners announced it will commence personnel adjustment measures to minimise the negative financial impacts of the coronavirus (COVID-19) on its business operations. The company prepared for the temporary changes in the business environment caused by the legislation as well as decreased customer demand by commencing negotiations on temporary layoffs, either full-time or part-time, affecting its personnel under the Act on Co-operation within Undertakings. The negotiations concerned all of the Group's employees in Finland. Corresponding personnel adjustment measures were also taken in Norway and Denmark, where the authorities also limited the opening hours and operating conditions of restaurants.

On 18 March 2020, the company announced 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, the company had made a decision concerning layoffs without prior co-operation 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 final number of laid off employees and the duration of the layoffs will be specified at a later time.

CANCELLATION OF PROFIT DISTRIBUTION PROPOSAL

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 company also cancelled the additional dividend of EUR 0.15 per share published in the same context. The Board of Directors proposes to the Annual General Meeting that no dividends be paid for the financial period 2019.

The company announced previously (13 March 2020) that the Board of Directors of the company has decided to change the profit distribution proposal provided in connection with the financial statements release 2019 with regard to the additional dividend so that the EUR 0.15 additional dividend will not be paid in May, but the Board of Directors will be authorised to decide on the payment of an additional dividend of a maximum of EUR 0.15 at a later stage. The authorisation would be valid until the following Annual General Meeting.

THE COMPANY DISCLOSED ADDITIONAL INFORMATION ON ITS FINANCIAL SITUATION

On 26 March 2020, NoHo Partners announced that the sudden market change had significantly affected its business operations and estimated that the order by the Finnish government to close all restaurants will reduce the turnover from the company's restaurants to nearly zero until the end of June. At the same time, the company announced it was engaged in financing negotiations in all of its market areas, namely Finland, Denmark and Norway, with its existing financing partners regarding a significant financing package of over MEUR 30 for the period of exceptional circumstances.

AMENDMENTS TO THE SCHEDULES OF THE PUBLICATION OF THE FINANCIAL STATEMENTS, ANNUAL REPORT FOR 2019 AND THE ANNUAL GENERAL MEETING

On 26 March 2020, NoHo Partners announced to postpone the publication of its financial statements and annual report for 2019 from the previously announced date as well as the date of the Annual General Meeting due to the exceptional circumstances caused by the coronavirus pandemic.

Events After the Review Period and New Projects

FRIENDS & BRGRS ACQUISITION AND SPECIAL SHARE ISSUE

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

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

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

POSTPONEMENT OF THE PAYMENT OF SHARE REWARDS FOR KEY EMPLOYEES

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

AGREEMENT ON A FINANCING PACKAGE OF EUR 34 MILLION

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

STATUTORY CLOSURE OF RESTAURANTS IN FINLAND

The Finnish national authorities ordered the closure of restaurants from 4 April to 31 May 2020, bringing NoHo Partners' business operations to an almost complete halt with the exception of approximately 20 takeaway restaurants.

SCHEDULES FOR THE ANNUAL GENERAL MEETING AND FINANCIAL DISCLOSURES

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

THREE-STAGE ACTION PLAN

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

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

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

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

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

GRADUAL RESUMPTION OF BUSINESS OPERATIONS IN DENMARK AND NORWAY

The national authorities in Denmark and Norway lifted certain restrictions and the restaurant business resumed in Norway on 6 May 2020 and in Denmark on 11 May 2020 subject to country-specific restrictions.

CO-OPERATION NEGOTIATIONS ON CONTINUING TEMPORARY LAYOFFS

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

FINANCIAL STATEMENTS AND ANNUAL REPORT

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

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

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

FINANCING ARRANGEMENTS FINALISED FOR THE PERIOD OF EXCEPTIONAL CIRCUMSTANCES

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

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

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

GRADUAL RESUMPTION OF BUSINESS OPERATIONS IN FINLAND

The Finnish national authorities lifted certain restrictions and the restaurant business was resumed on 1 June 2020 in a restricted operating environment.

ANNUAL GENERAL MEETING

The Annual General Meeting of NoHo Partners will be held on Tuesday 16 June 2020, starting at 3:00 p.m., in Tampere Hall at Yliopistonkatu 55, 33100 Tampere.

Personnel

During the period 1 January–31 March 2020, the restaurant business of the NoHo Partners Group employed on average 1,044 (819) full-time employees and 550 (395) part-time employees converted into full-time employees as well as 348 (421) leased employees converted into full-time employees.

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

Risks and Uncertainty Factors

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

Tampere, 9 June 2020

NOHO PARTNERS PLC

Board of Directors

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

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

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

Interim Report 1 January–31 March 2020:

Table Section and Notes

Interim Report 1 January-31 March 2020: Table Section and Notes

The information presented in the Interim Report has not been audited

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

Continuing and discontinued operations

EUR 1,000	1 January– 31 March 2020	1 January– 31 March 2019	1 January– 31 December 2019
Continuing operations			
Turnover	50,089.3	53,227.0	272,819.9
Other operating income	2,173.6	1,471.1	5,974.7
Raw materials and consumables	-18,998.6	-15,359.3	-84,673.1
Employee benefits	-15,318.3	-13,080.3	-63,445.7
Other operating expenses	-13,545.1	-9,992.6	-56,393.2
Depreciations, amortisations and impairment	-11,024.6	-11,216.4	-44,522.6
Share of associated company profit	27.8	-0.8	790.9
EBIT	**-6,596.0**	**5,048.7**	**30,550.7**
Financial income	2.6	2,149.1	2,209.5
Finance costs	-3,298.3	-1,903.3	-7,448.4
Net finance costs	-3,295.7	245.8	-5,238.9
Profit before tax	**-9,891.6**	**5,294.5**	**25,311.8**
Tax based on the taxable income from the financial period	-109.7	-514.4	-5,429.9
Change in deferred taxes	1,148.9	682.0	3,964.5
Income taxes	1,039.2	167.6	-1,465.4
Result of the financial period, continuing operations	**-8,852.5**	**5,462.0**	**23,846.4**
Discontinued operations			
Result of the financial period, discontinued operations	**0.0**	**-2,639.8**	**23,828.0**
Result of the financial period	**-8,852.5**	**2,822.3**	**47,674.4**
Result of the financial period attributable to:			
Parent company shareholders	-7,961.1	5,461.5	22,299.6
Minority shareholders in continuing operations	-891.4	0.6	1,546.8
Total	**-8,852.5**	**5,462.0**	**23,846.4**
Result of the financial period attributable to:			
Parent company shareholders	-7,961.1	2,821.7	46,127.6
Minority shareholders in continuing operations	-891.4	0.6	1,546.8
Total	**-8,852.5**	**2,822.3**	**47,674.4**
Earnings per share calculated from continuing operations' result of the review period for parent company shareholders			
Undiluted earnings per share (euros)	-0.45	0.29	1.10
Diluted earnings per share (euros)	-0.45	0.29	1.10
Earnings per share calculated from the result of the review period for parent company shareholders			
Undiluted earnings per share (euros)	-0.45	0.15	2.36
Diluted earnings per share (euros)	-0.45	0.15	2.34
Comprehensive consolidated income statement			
Result of the financial period	**-8,852.5**	**2,822.3**	**47,674.4**
Other comprehensive income items (after taxes):			
Foreign currency translation differences, foreign operations	-956.1	1.0	-128.6
Other comprehensive income items that may be subsequently reclassified to profit or loss, total	-956.1	1.0	-128.6
Total comprehensive income for the period	**-9,808.6**	**2,823.3**	**47,545.7**
Distribution of the comprehensive income for the financial period:			
Parent company shareholders	-8,917.2	2,822.7	45,999.0
Minority shareholders in continuing operations	-891.4	0.6	1,546.8
Total	**-9,808.6**	**2,823.3**	**47,545.7**

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

Non-recurring items recognised during the financial period from 1 January 2020 to 31 March 2020 are as follows:
Unrealised foreign exchange losses on loans were recognised in financial expenses in the amount of EUR 1.5 million.

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 was recognised under financial income.

Consolidated Balance Sheet (IFRS)

EUR 1,000	31 March 2020	31 March 2019	31 December 2019
ASSETS			
Non-current assets			
Goodwill	129,970.1	147,488.0	128,831.6
Intangible assets	45,367.0	54,835.0	48,461.4
Property, plant and equipment	56,818.5	45,491.9	57,008.4
Right-of-use assets	146,137.3	170,673.3	159,077.4
Shares in associated companies and joint ventures	39,271.9	153.2	39,368.0
Other investments	257.0	98.1	194.5
Loans receivables	388.5	70.3	453.1
Other receivables	2,828.4	3,570.8	2,916.4
Deferred tax assets	991.1	229.0	900.9
Non-current assets	**422,029.8**	**422,609.6**	**437,211.7**
Current assets			
Inventories	4,824.0	4,862.3	5,938.5
Loans receivables	270.6	25.0	303.3
Sales receivables and other receivables	18,296.7	44,200.1	23,786.5
Cash and cash equivalents	896.6	22,572.2	3,618.1
Current assets total	**24,288.0**	**71,659.6**	**33,646.3**
Assets in total	**446,317.8**	**494,269.2**	**470,858.0**
EQUITY AND LIABILITIES			
Equity			
Share capital	150.0	150.0	150.0
Invested unrestricted equity fund	57,670.4	66,944.8	57,670.4
Fair value fund	0.0	-4.5	0.0
Own shares	0.0	-191.4	0.0
Retained earnings	36,017.7	783.8	46,442.4
Hybrid bond	0.0	25,000.0	25,000.0
Total equity attributable to parent company shareholders	**93,838.1**	**92,682.7**	**129,262.8**
Non-controlling interests	6,868.4	10,892.9	7,760.4
Total equity	**100,706.6**	**103,575.6**	**137,023.2**
Non-current liabilities			
Deferred tax liabilities	4,703.4	9,349.1	6,330.0
Financial liabilities	100,686.1	87,574.4	72,712.8
Liabilities for right-of-use assets	122,479.6	145,603.9	134,048.0
Trade payables and other liabilities	5,485.1	6,745.8	7,744.0
Non-current liabilities	**233,354.2**	**249,273.3**	**220,834.9**
Current liabilities			
Financial liabilities	41,372.7	52,627.4	37,690.1
Provisions	0.0	408.8	0.0
Liabilities for right-of-use assets	26,414.6	25,714.7	27,251.3
Trade payables and other liabilities	44,469.6	62,669.5	48,058.6
Current liabilities	**112,256.9**	**141,420.3**	**113,000.0**
Liabilities total	**345,611.2**	**390,693.6**	**333,834.8**
Total equity and liabilities	**446,317.8**	**494,269.2**	**470,858.0**

Consolidated statement of changes in Equity

Consolidated statement of changes in equity

EUR 1,000	Equity attributable to parent company shareholders								Non-controlling interests	TOTAL EQUITY
	Share capital	Invested unrestricted equity fund	Fair value reserve	Own shares	Translation difference	Retained earnings	Hybrid bond	TOTAL		
Equity as at 1 January 2020	**150.0**	**57,670.4**	**0.0**	**0.0**	**-128.6**	**46,571.0**	**25,000.0**	**129,262.8**	**7,760.4**	**137,023.2**
Adjusted equity	**150.0**	**57,670.4**	**0.0**	**0.0**	**-128.6**	**46,571.0**	**25,000.0**	**129,262.8**	**7,760.4**	**137,023.2**
Total comprehensive income for the period										
Result of the financial period						-7,961.1		**-7,961.1**	-891.4	**-8,852.5**
Other comprehensive income items (after taxes)										
Foreign currency translation differences, foreign operations					-956.1			**-956.1**	0.0	**-956.1**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**-956.1**	**-7,961.1**	**0.0**	**-8,917.2**	**-891.4**	**-9,808.6**
Other changes total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Transactions with owners										
Contributions and distributions										
Equity loans						-1,992.4	-25,000.0	**-26,992.4**		**-26,992.4**
Share-based payments						225.0		**225.0**		**225.0**
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-1,767.4**	**-25,000.0**	**-26,767.4**	**0.0**	**-26,767.4**
Changes in ownership interests										
Changes in minority shareholders' shares without a change in controlling interest						259.9		**259.9**	-10.2	**249.7**
Changes in NCI with a change in control								**0.0**	**9.7**	**9.7**
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**259.9**	**0.0**	**259.9**	**-0.5**	**259.4**
Total transactions with owners	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-1,507.5**	**-25,000.0**	**-26,507.5**	**-0.5**	**-26,508.0**
Equity as at 31 March 2020	**150.0**	**57,670.4**	**0.0**	**0.0**	**-1,084.7**	**37,102.5**	**0.0**	**93,838.1**	**6,868.4**	**100,706.6**

Consolidated statement of changes in equity

	Equity attributable to parent company shareholders									
EUR 1,000	**Share capital**	**Invested unrestricted equity fund**	**Fair value reserve**	**Own shares**	**Transla-tion dif-ference**	**Retained earnings**	**Hybrid bond**	**TOTAL**	**Non-controlling interests**	**TOTAL EQUITY**
Equity, 1 January 2019	**150.0**	**66,944.8**	**-4.5**	**-191.4**	**0.0**	**-519.3**	**0.0**	**66,379.7**	**8,767.5**	**75,147.1**
Change in IFRS 16 accounting principles						**708.3**		**708.3**		**708.3**
Adjusted equity	**150.0**	**66,944.8**	**-4.5**	**-191.4**	**0.0**	**189.0**	**0.0**	**67,088.0**	**8,767.5**	**75,855.4**
Total comprehensive income for the period										
Result of the financial period						2,665.7		**2,665.7**	156.5	**2,822.3**
Other comprehensive income items (after taxes)										
Foreign currency translation differences, foreign operations					1.0			**1.0**		**1.0**
Total comprehensive income for the period	**0.0**	**0.0**	**0.0**	**0.0**	**1.0**	**2,665.7**	**0.0**	**2,666.7**	**156.5**	**2,823.3**
Other changes total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Transactions with owners										
Contributions and distributions										
Equity loans						-345.6	25,000.0	**24,654.4**		**24,654.4**
Share-based payments						216.8		**216.8**		**216.8**
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-128.7**	**25,000.0**	**24,871.3**	**0.0**	**24,871.2**
Changes in ownership interests										
Changes in minority shareholders' shares without a change in controlling interest						-1,943.1		**-1,943.1**	1,968.8	**25.7**
Changes in NCI with a change in control								**0.0**		**0.0**
TOTAL	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-1,943.1**	**0.0**	**-1,943.1**	**1,968.8**	**25.7**
Total transactions with owners	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-2,071.8**	**25,000.0**	**22,928.2**	**1,968.8**	**24,896.9**
Equity as at 31 March 2019	**150.0**	**66,944.8**	**-4.5**	**-191.4**	**1.0**	**782.8**	**25,000.0**	**92,682.7**	**10,892.9**	**103,575.6**

Consolidated Statement of Cash Flows (IFRS)

EUR 1,000	1 January– 31 March 2020	1 January– 31 March 2019	1 January– 31 December 2019
Net cash from operating activities			
Result of the financial period	-8,852.5	2,822.3	47,674.4
Adjustments:			
Non-cash transactions*	499.3	-233.0	-31,002.9
Depreciations, amortisations and impairment	11,024.6	12,448.9	47,839.2
Net finance costs	3,295.7	-113.8	7,261.5
Taxes	-1,039.2	6.3	2,114.5
Share of associated company profit	-27.8	0.8	-790.9
Cash flow before change in working capital	**4,900.2**	**14,931.4**	**73,095.8**
Changes in working capital:			
Sales receivables and other receivables	5,402.5	-2,829.7	1,245.7
Inventories	1,104.6	284.7	-237.3
Inventories	-5,311.8	-3,065.7	-6,114.8
Change in working capital	**1,195.3**	**-5,610.8**	**-5,106.4**
Dividends received	0.0	0.0	6.0
Interest paid and other finance costs	-1,720.1	-1,852.0	-8,061.0
Interest received and other financial income	4.8	26.8	115.9
Taxes paid	-535.6	-1,748.2	-2,756.8
Operating net cash flow	**3,844.6**	**5,747.3**	**57,293.5**
Investment cash flow			
Acquisition of tangible and intangible assets	-2,133.5	-2,673.0	-16,151.4
Change in other non-current receivables	-141.6	-280.4	1,564.5
Acquisition of subsidiaries, net of cash acquired	-247.4	0.0	-16,891.5
Acquisition of business operations	-1,515.4	-875.0	-2,218.6
Disposal of business operations	69.0	166.2	308.0
Investments in other investments	0.0	0.0	-62.5
Net cash from investing activities	**-3,968.9**	**-3,662.2**	**-33,451.6**
Cash flows from financing activities			
Proceeds from non-current loans and borrowings	30,000.0	0.0	45,927.0
Non-current loan payments	-2,200.9	-2,906.1	-61,913.2
Proceeds from current loans and borrowings	3,950.1	214.7	2,962.3
Acquisition of non-controlling interests	0.0	-25.0	-264.3
Proceeds from hybrid bond	0.0	24,654.4	24,654.4
Repayment of hybrid bond	-27,498.0	0.0	0.0
Payment of liabilities for right-of-use assets	-6,847.4	-6,405.5	-27,898.1
Dividends paid	-1.1	0.0	-8,646.5
Financial net cash flow	**-2,597.2**	**15,532.4**	**-25,178.5**
Change in liquid assets	**-2,721.5**	**17,617.6**	**-1,336.5**
Liquid assets 1 January	**3,618.1**	**4,954.6**	**4,954.6**
Change	**-2,721.5**	**17,617.6**	**-1,336.5**
Cash and cash equivalents at 31 March/31 December	**896.6**	**22,572.2**	**3,618.1**

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

On 16 January 2020, the company announced that it will redeem the EUR 25 million hybrid bond issued on 29 March 2019. The redemption was carried out on 17 February 2020 with a redemption price in accordance with section 7.3 of the terms and conditions of the hybrid bond, which was 102% of the principal plus accrued interest. The hybrid bond enabled the Smile arrangement as well as the entry into the Norwegian restaurant market. The redemption of the hybrid bond ahead of schedule enables the utilisation of more affordable financial arrangements in the future.

Notes

1. Accounting Principles

This unaudited interim report has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The interim report should be read together with the 2019 IFRS consolidated financial statements. The interim report has been prepared by observing the same accounting principles as with the 2019 IFRS consolidated financial statements, with the exception of the new amendments to the IFRS standards effective as of 1 January 2020. The changes are described in the 2019 IFRS consolidated financial statements. Other changes not had a significant effect on the interim report.

Preparing the consolidated financial statements under the IFRS requires the use of the management's estimates and assumptions, which affects the amounts of assets and liabilities as well as revenue and costs on the balance sheet. Although the assessments are based on the management's best perception at the moment, it is possible that realisations may deviate from the original assessments and presumptions. Due to uncertainty caused by the coronavirus pandemic, the management has to exercise more discretion in assessing certain estimated items and the going concern status.

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

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

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 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 numerous other 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 resumed 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. Indications of customer behavior during the first weeks of restaurants opening have been encouraging. 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 on leases for the next couple of months with its lessors.

Going concern assumption

The Group has secured additional financing, adjusted its cost structure and negotiated significant rent reductions with lessors; it has also already received and will still 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.

Measurement of associated company Eezy Plc

NoHo Partners Plc held 7,520,910 shares in Eezy Plc on 31 March 2020, corresponding to a holding of 30.27 per cent. The book value of the shares on NoHo Partners Plc's balance sheet is EUR 39.0 million, or a book value of EUR 5.18 per share. The closing price of the Eezy share at the end of March was EUR 2.96. The company's view is that this is a temporary deviation caused by the COVID-19 market disruption.

2. Calculation Principles of The Key Figures of Comparable Continuing Operations

Continuing operations' comparable turnover, EBIT and result of the financial period have been calculated by adding to them the Group's internal sales and purchases that took place between restaurant and labour hire business operations before the transaction concerning the labour hire business that was carried out in 2019. Going forward, these are presented as the Group's external items. The most significant item that improves comparability is staffing service purchases influencing raw materials and consumables. Furthermore, internal items that influence turnover, other operating income, other operating expenses and financial income before the transaction are added to the comparable result. In the future, these will be presented as external items.

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

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

EUR 1,000	1 January–31 March 2020	1 January–31 March 2019	1 January–31 December 2019
Restaurant business (comparable continuing operations)			
Turnover	50,089.3	53,274.4	272,912.0
Other operating income	2,173.6	1,644.7	6,453.7
Raw materials and consumables	-18,998.6	-18,897.5	-96,789.1
Employee benefits	-15,318.3	-13,080.3	-63,445.7
Other operating expenses	-13,545.1	-9,960.4	-56,461.6
Depreciation, amortisation and impairment	-11,024.6	-11,216.4	-44,522.6
Share of profit of associated company	-27.7	-0.8	242.7
EBIT	**-6,651.5**	**1,763.7**	**18,389.5**
Financial income	2.6	2,162.7	2,254.4
Finance costs	-3,298.3	-1,903.3	-7,448.4
Profit/loss before taxes	**-9,947.1**	**2,023.0**	**13,195.5**
Tax based on the taxable income from the financial period	-109.7	-514.4	-5,429.9
Change in deferred taxes	1,148.9	682.0	3,964.5
Result of the financial period, comparable continuing operations	**-8,908.0**	**2,190.6**	**11,730.1**
Result from comparable continuing operations attributable to:			
Parent company shareholders	-8,016.6	2,190.0	10,183.3
Minority shareholders	-891.4	0.6	1,546.8
Total	**-8,908.0**	**2,190.6**	**11,730.1**
Earnings per share calculated from comparable continuing operations' result of the review period for parent company shareholders			
Undiluted earnings per share (euros)	-0.46	0.12	0.47
Diluted earnings per share (euros)	-0.45	0.12	0.46
Key figures of comparable continuing operations			
EBIT, %	-13.3%	3.3%	6.7%
Material margin, %	71.7%	74.1%	74.3%
Staff expense, %	33.2%	33.7%	30.5%

3. Discontinued Operation

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

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

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

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

Result of the discontinued operation

INFORMATION ABOUT THE LABOUR HIRE SEGMENT EUR 1,000	1 January–31 March 2020	1 January–31 March 2019	1 January–31 December 2019
Turnover	0.0	30,324.3	95,925.8
Other operating income	0.0	133.8	505.1
Raw materials and consumables	0.0	-525.6	-1,261.8
Employee benefits	0.0	-25,802.7	-80,950.2
Other operating expenses	0.0	-1,946.3	-5,864.9
Depreciations, amortisations and impairment	0.0	-1,232.4	-3,316.5
EBIT	**0.0**	**951.0**	**5,037.5**
Financial income	0.0	9.3	73.6
Finance costs	0.0	-154.8	-2,126.3
Profit/loss before taxes	**0.0**	**805.5**	**2,984.7**
Income taxes	0.0	-455.6	-1,622.0
Change in deferred taxes	0.0	281.8	972.9
Profit/loss of the labour hire segment after taxes	**0.0**	**631.7**	**2,335.6**
Result of the discontinued operation			
Profit/loss of the labour hire segment after taxes	0.0	631.7	2,335.6
Sales profit after taxes	0.0	0.0	33,110.1
Impact of internal items	0.0	-3,271.4	-11,617.7
Result of the discontinued operation	**0.0**	**-2,639.8**	**23,828.0**
Attributable to:			
Parent company shareholders	0.0	-2,795.8	22,988.1
Minority shareholders	0.0	156.0	839.9
Total	**0.0**	**-2,639.8**	**23,828.0**
Earnings per share calculated from the review period profit for parent company shareholders			
Undiluted earnings per share (euros)	0.00	-0.15	1.21
Diluted earnings per share (euros)	0.00	-0.15	1.20
Labour hire segment key figures			
EBIT, %	-	3.1%	5.3%
Staff expense, %	-	85.1%	84.4%

Net cash flows of the discontinued operation

EUR 1,000	1 Jan–31 Mar 2020	1 Jan–31 Mar 2019	1 Jan–31 Dec 2019
Cash flows from operating activities	0.0	2,394.1	2,142.0
Cash flows from investing activities	0.0	-670.3	-1,627.1
Cash flows from financing activities	0.0	-1,726.3	-517.4

Sales profit arising from the discontinued operation

Sales profit from special purpose entity 38,249.0

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

Non-current assets 45,500.8
Current assets 22,298.9
Assets in total 67,799.7

Non-current liabilities 25,946.4
Current liabilities 32,662.6
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

4. Turnover

DISTRIBUTION OF CONTINUING OPERATIONS' TURNOVER INTO GOODS AND SERVICES

EUR 1,000	1 Jan–31 Mar 2020	1 Jan–31 Mar 2019	1 Jan–31 Dec 2019
Sale of goods	44,703.6	42,852.6	241,041.6
Sale of services	5,385.7	10,374.4	31,778.3
Total	**50,089.3**	**53,227.0**	**272,819.9**

DISTRIBUTION OF CONTINUING OPERATIONS' COMPARABLE TURNOVER BY BUSINESS AREA

	1 Jan–31 Mar 2020	1 Jan–31 Mar 2019	1 Jan–31 Dec 2019
Restaurants	19,084.7	21,686.0	107,538.2
Entertainment venues	14,665.0	18,838.1	88,513.5
Fast casual restaurants	6,488.6	8,120.9	33,569.6
International restaurants	9,851.0	4,629.4	43,290.8
Total	**50,089.3**	**53,274.4**	**272,912.0**

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

Asset and debt items based on contracts with customers
Of the asset items in continuing operations based on contracts, a total of EUR 198 thousand in IFRS 9 credit loss provisions have been recognised as expenses between 1 January and 31 March 2020.

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

Restaurants sell gift cards, which are presented in the current liabilities. Gift card revenue is recognised when the card is used. On 31 March 2020, the value of gift cards sold was approximately EUR 1,572 thousand, and they are expected to be entered as income during 2020.

5. Changes in Group Structure

ACQUIRED SUBSIDIARIES AND BUSINESSES

Acquired company or business	Transfer of the right of ownership and management	Shareholding acquired
Restaurant business, Christiania Drift As	2.1.2020	-
Restaurant business, Emmas Drommekjokken Drift As	1.2.2020	-

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

EUR 1,000	Total acquisitions
Assets	
Tangible assets	185.0
Assets in total	**185.0**
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**

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

EUR 1,000	Foreign operations	Domestic operations	Total acquisitions
Acquisitions of subsidiaries and business operations	1,685.4	0.0	1,685.4

SOLD BUSINESS OPERATIONS

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

Name	Shareholding sold	Location	Date of control transfer
Restaurant, Aleksanterinkatu 22	100%	Tampere	3.1.2020
Sisäsataman Terassi Oy	60%	Vaasa	15.1.2020

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

Goodwill	74.5
Property, plant and equipment	241.8
Other asset items	54.2
Minority share	9.7
Liabilities	-1.7
Net assets, total	**378.4**

Losses on disposal totalling EUR 6.4 thousand were recognised in the income statement.

Acquisitions after the reporting period

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

The acquisition cost calculation has not been finalised.

6. Intangible and Tangible Assets

CONTINUING AND DISCONTINUED OPERATIONS

EUR 1,000 Goodwill	31 March 2020	31 March 2019	31 December 2019
Book value 1 Jan.	128,831.6	147,434.0	147,434.0
Business acquisitions	1,213.0	161.2	14,034.8
Depreciations, amortisations and impairment	0.0	0.0	0.0
Deductions	-74.5	-107.2	-32,637.3
Carrying amount at the end of the review period	**129,970.1**	**147,488.0**	**128,831.6**

Intangible assets	31 March 2020	31 March 2019	31 December 2019
Book value 1 Jan.	48,461.4	56,542.2	56,542.2
Business acquisitions	0.0	0.0	6,064.7
Additions	208.6	489.5	1,534.3
Depreciations, amortisations and impairment	-1,222.0	-2,196.8	-7,493.5
Deductions	-68.3	0.0	-8,186.3
Translation differences	-2,012.7	0.0	0.0
Transfers between account types	0.0	0.0	0.0
Book value at the end of the review period	**45,367.0**	**54,834.9**	**48,461.4**

Tangible assets	31 March 2020	31 March 2019	31 December 2019
Book value 1 Jan.	57,008.4	47,081.9	47,081.9
Business acquisitions	185.0	613.8	7,215.5
Additions	3,484.0	1,381.9	14,919.0
Depreciations, amortisations and impairment	-2,618.7	-3,201.3	-10,213.1
Deductions	-267.0	-384.4	-1,994.8
Translation differences	-979.6	0.0	0.0
Transfers between account types	6.2	0.0	0.0
Book value at the end of the review period	**56,818.5**	**45,491.9**	**57,008.4**

Right-of-use assets	31 March 2020	31 March 2019	31 December 2019
Book value 1 Jan.	159,077.4	176,892.4	176,890.1
Additions	1,901.1	831.7	39,817.6
Depreciations, amortisations and impairment	-7,184.0	-7,050.8	-30,132.5
Deductions	-4,141.0	0.0	-27,497.8
Translation differences	-3,516.3	0.0	0.0
Transfers between account types	0.0	0.0	0.0
Carrying amount at the end of the review period	**146,137.3**	**170,673.3**	**159,077.4**

7. Impairment Testing

The coronavirus pandemic has had a significant negative impact on the business operations of NoHo Partners. The Group carried out impairment testing on 31 March 2020 using the carrying amounts and calculations of future cash amounts valid at the time.

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

	31 March 2020	31 December 2019
Goodwill	129,970.1	128,831.6
Brands and name-use-rights	21,757.9	21,757.9
Non-competition agreements	120.0	120.0
Leases	2,736.1	2,736.1

No impairment losses have been recognised for the financial period based on completed impairment testing. On 31 March 2020, the recoverable cash flow based on utility value calculations exceeded the carrying amount by more than EUR 14 million (on 31 December 2019, by more than EUR 95 million). The decrease in the difference between the recoverable cash flow based on utility value calculations and the carrying amount between the financial statements date of 31 December 2019 and interim report date of 31 March 2020 is due to the Group's management having estimated that COVID-19 pandemic will impair the short-term cash flow projection used in the utility value calculation. The short-term projections and cash flows have been significantly impacted by the decisions of the Finnish, Norwegian and Danish governments to restrict restaurant operations in April–May. The company's business operations will resume gradually as the restrictions of business operations are lifted starting in June, as a result of which the available cash flows are estimated to recover gradually in the longer term.

8. Related Party Transactions

TRANSACTIONS WITH RELATED ENTITIES

EUR 1,000	Sales	Lease costs	Acquisitions	Lease income	Receivables	Liabilities
31.3.2020	27.7	137.9	3,274.8	19.3	1,859.1	2,479.0
31.3.2019	190.7	87.9	846.6	0.0	714.0	370.0
31.12.2019	389.0	552.9	10,875.1	39.8	2,417.7	2,335.4
Eezy Oyj's share of related party transactions						
31.3.2020	24.0	0.0	3,116.8	19.3	0.7	2,392.0
31.3.2019	-	-	-	-	-	-
31.12.2019	126.4	0.0	8,100.1	0.0	1,726.2	2,173.4

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

SHARE-BASED INCENTIVE SCHEME FOR KEY PERSONNEL

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

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

Costs from the share-based incentive plan are recognised as staff expenses over time and in equity under earnings. Based on the management's estimate, for the second earning period, EUR 225 thousand in benefits paid in shares have been entered as expenses by 31 March 2020.

MEMBERS OF THE EXECUTIVE TEAM OF NOHO PARTNERS PLC ON 31 MARCH 2020

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

9. Contingent Liabilities and Assets and Commitments

CONTINUING OPERATIONS

GUARANTEES AND CONTINGENT LIABILITIES

EUR 1,000	31 March 2020	31 March 2019	31 December 2019
Liabilities with guarantees included on the balance sheet			
Loans from financial institutions, non-current	94,627.0	66,411.2	68,493.3
Loans from financial institutions, current	15,503.3	30,636.6	15,728.8
Discontinued operation	0.0	20,893.4	0.0
Total	**110,130.2**	**117,941.3**	**84,222.0**
Commercial papers, current	**22,000.0**	**22,000.0**	**22,000.0**
Guarantees given on behalf of the Group			
Collateral notes secured by a mortgage	34,885.4	34,885.8	34,885.4
Real estate mortgage	4,364.5	4,364.7	4,364.5
Subsidiary shares	97,657.8	99,535.8	97,657.8
Other shares	11,130.9	0.0	23,878.9
Bank guarantees	8,611.8	8,518.1	8,611.8
Other guarantees	4,449.0	3,641.0	4,449.0
Discontinued operation	0.0	49,409.4	0.0
Total	**161,099.4**	**200,354.8**	**173,847.4**
Purchase commitments			
Eezy Plc	69,285.8	0.0	69,285.8
Other	200.0	600.0	200.0
Total	**69,485.8**	**600.0**	**69,485.8**
Contingent purchase consideration	**1,447.8**	**0.00**	**1,447.8**

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

10. Events After the Reporting Period

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.

NoHo Partners Plc has completed the financing arrangements for the duration of the exceptional situation

NoHo Partners announced financing arrangements on 29 May 2020. NoHo Partners previously announced a financing package of EUR 34 million for the duration of the exceptional coronavirus pandemic situation. The company has now also finalised its refinancing programme for its maturing debt as part of its overall financing package. As the final part of the financing package, the company has agreed on a debt of EUR 10 million with a right to conversion with the Finnish Industry Investment Ltd (Tesi). The financing is for stabilisation provided by Tesi in the coronavirus situation.

The company previously announced that it has continued its commercial paper programme in respect of the EUR 22 million debts falling due in May 2020 as regards EUR 12.5 million until autumn 2020. A total of EUR 9.5 million of the debt has been repaid.

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

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

The shares in Eezy Oyj have been pledged in their entirety in connection with the aforementioned financing package.

11. Key Figures

EUR 1,000	1 Jan–31 Mar 2020	1 Jan–31 Mar 2019	1 Jan–31 Dec 2019
Earnings per share, continuing operations, EUR	-0.45	0.29	1.10
Earnings per share, result of the review period, EUR	-0.45	0.15	2.36
Key figures for continuing operations			
EBIT, %	-13.2%	9.5%	11.2%
Material margin, %	71.7%	74.1%	74.3%
Staff expense, %	33.2%	33.7%	30.5%
Average staff			
Registered staff			
Full-time staff	1,044	819	1,005
Part-time staff translated into full-time staff	550	395	596
Rented workforce, translated into full-time staff	348	421	531
Restaurant business (Comparable continuing operations)			
EBIT, %	-13.3%	3.3%	6.7%
Key figures for the entire Group			
Return on equity, % (p.a.)	-29.8%	11.9%	44.9%
Return on investment % (p.a.)	-6.6%	5.1%	8.4%
Equity ratio, %	22.6%	21.0%	29.1%
Gearing ratio, %	286.8%	278.9%	194.6%
Interest-bearing net liabilities, EUR	288,816.7	288,876.0	266,690.6
Adjusted net finance costs, EUR	3,296	2,030	7,166
Key figures excluding the IFRS 16 effect			
Gearing ratio, %	138.2%	112.9%	75.9%
Interest-bearing net liabilities, EUR	139,922.5	117,557.42	105,391.33

CALCULATION FORMULAS FOR KEY FIGURES

Key figures required by the IFRS standards

Earnings per share

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

Earnings per share (diluted)

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

Alternative performance measures

Return on equity %

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

Equity ratio %

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

Return on investment %

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

Interest-bearing net financial liabilities

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

Interest-bearing net financial liabilities excluding IFRS 16

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

Gearing ratio %

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

Gearing ratio % excluding IFRS 16

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

Staff expense %

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

Material margin %

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

Adjusted net finance costs

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

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