NoHo Partners Plc

FINANCIAL STATEMENTS

31.12.2018

NoHo Partners Plc
Hatanpään valtatie 1 B
FI-33100 Tampere

Business ID 1952494-7
Domicile Tampere

Consolidated Financial Statements 31 December 2018
Notes to consolidated financial statements

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Annual report from the Board of Directors

The name change decided by the Extraordinary General Meeting of the Group's parent company Restamax Plc on 19 December 2018 was registered in the trade register on 21 December 2018. The company's trade name is NoHo Partners Oyj in Finnish and NoHo Partners Plc in English. These financial statements refer to the Group with the new name. NoHo Partners Plc is the parent company of the NoHo Partners Group. In addition to the parent company, these 119 subsidiaries have been consolidated in these financial statements. In the annual report, the comparative data from 2017 is presented in brackets after the data from 2018.

Key events during the financial period

The 2018 financial period was, in many ways, a beginning of a new era for the Group: in April, the restaurant business expanded internationally into the Danish market; in June, following the acquisition of Royal Restaurants, the Group became one of the largest restaurant groups in the Nordic countries and, in November, the Group announced its new name, strategy and goals. A new company, NoHo Partners Plc, was born, along with an identity that describes the Group's potential, strengths and future goals.

In 2018, the Group's turnover was EUR 323.2 million (EUR 185.9 million) with an increase of 73.9%. EBITDA was EUR 28.4 million (EUR 22.4 million) with an increase of 26.8%. Operating profit was EUR 7.2 million (EUR 10.8 million) with a decrease of 33.2%.

In 2018, the company was encumbered by exceptionally high one-time amounts due to the cancelled IPO of Smile Henkilöstöpalvelut, restructuring of the restaurant portfolio, organisational restructuring and international business transactions. One-time amounts that negatively impacted the results of the 2018 financial period and affected EBITDA due to intentional changes amounted to approximately EUR –2.1 million. In addition, one-time amounts that affected operating profit amounted to approx. –2.8 million. Furthermore, the review period result was affected, among other things, by Smile's IPO expenses of approximately EUR 1.75 million. The sale of SuperPark Oy in Q2 had a positive impact of EUR 3.57 million on the review period result.

Restaurant business

The turnover of the restaurant business segment was EUR 209.7 million (EUR 122.2 million) with an increase of 71.7%. EBITDA was EUR 19.6 million (EUR 16.3 million) with an increase of 20.3%. Operating profit was EUR 2.2 million (EUR 6.9 million) with a decrease of 68.1%.

In late 2018, the Group's restaurant business segment was organised according to four business areas: Food Restaurants, Nightclubs and Entertainment, Fast Casual restaurants and International Restaurants. The international restaurant business was encumbered by new transactions, ramp-up costs and investments into strengthening the organisation.

The new strategy of profitable growth focuses on profitable growth in Finnish growth centres and large events organically, through new establishments, company acquisitions and digitally; international expansion into the Northern European market, and profitable growth in labour hire services organically and through company acquisitions.

In H2 of 2018, a total of 23 non-profitable restaurant units were shut down due to significantly decreased competitiveness due to the location, lease agreement or the competition. These units were located in Tampere, Hämeenlinna, Lappeenranta, Helsinki, Pori, Kotka and Rauma. The units' total operational impact on turnover for the entire financial period was approximately EUR 12 million and a negative EBITDA of approximately EUR 2 million is also eliminated in connection with this change. The core business development programme aims at organic growth and allocating resources more strongly to improving the productivity of the core business. The company's broad brand portfolio and partner model enable local and productive renewal of concepts and the creation of new business ideas. The company's commercial organisation has been strengthened and its sales functions have been centralised in Helsinki.

Labour hire business

The turnover of the labour hire business segment was EUR 127.1 million (EUR 75.6 million) with an increase of 68.1%. EBITDA was EUR 8.8 million (EUR 6.6 million) with an increase of 32.6%. Operating profit was EUR 5.0 million (EUR 3.8 million) with an increase of 29.6%.2018 was another year of strong, profitable growth in the labour hire business. In 2014, when Smile Henkilöstöpalvelut became part of the Group, it had a turnover of approximately EUR 6.8 million and, in the 2018 financial period, its turnover reached EUR 127.1 million. After adjusting the result based on the IPO-related expenses, the comparable EBITDA increased by approximately 45% and operating profit by approximately 51%.

In 2018, Smile acquired several companies specialising in labour hire for industrial, construction and logistics sectors, including Kymppi Service Oy, the Jobio companies, Adicio Oy that focused on foreign construction labour as well as Job Services Two Oy and Job Services Three Oy, both of which focus on labour needs in the construction sector. In addition to the acquisitions, the strong growth was driven by organic growth particularly in the HoReCa sector.

Although Smile's IPO on the Nasdaq Helsinki list was cancelled in Q4, Smile reached a comparable result and benefited from the process in many ways. The entire organisation underwent a thorough review, which gives the company's operations an even stronger foundation. Later in the year, Smile focused on making its internal processes more efficient and harmonised. The company has invested in brand efforts and new digital solutions that are expected to make the recruitment process faster for both the employers and employees. Furthermore, Smile started a direct recruitment service: Smile Rekry looks for experts and senior managers for its customers to work in sales, marketing, finance, ICT and administrative positions. New sectors and services are being looked into continuously. Special future growth potential is seen in the logistics sector.

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

Thousand EUR	**2018**	**2017**	**2016**
Turnover	26 542,9	22 506,9	23 017,8
EBITDA	1 661,9	2 095,7	3 161,0
% of turnover	6,3 %	9,3 %	13,7 %
Operating profit	-1 390,6	337,5	1 132,9
% of turnover	-5,2 %	1,5 %	4,9 %
Return on equity %	6,4 %	12,1 %	13,5 %
Equity ratio %	36,0 %	52,3 %	58,5 %

Key figures describing financial position and net income of the Group

Thousand EUR	**2018**	**2017**	**2016**
Turnover	323 157,9	185 856,2	130 071,9
Material margin	268 400,7	154 095,6	102 799,4
% of turnover	83,1 %	82,9 %	79,0 %
EBITDA	28 409,7	22 404,2	19 398,8
% of turnover	8,8 %	12,1 %	14,9 %
Operating profit	7 189,9	10 766,7	8 997,9
% of turnover	2,2 %	5,8 %	6,9 %
Total assets	305 672,6	133 060,5	97 666,0
Return on investment %	5,2 %	10,7 %	11,9 %
Return on equity %	6,9 %	12,1 %	14,0 %
Equity ratio %	24,6 %	35,3 %	45,2 %
Gearing ratio %	184,3 %	93,1 %	69,1 %
Staff expense %	48,9 %	46,3 %	36,9 %
Gross investments	70 814,9	24 524,8	10 174,5

Key figures per share

		2018	2017	2016
Earnings per share, undiluted	EUR	0,19	0,30	0,35
Earnings per share, diluted	EUR	0,19	0,30	0,35
Equity per share	EUR	3,5	2,7	2,65
Dividend per share	EUR	0,34 (*)	0,33	0,30
Dividend/earnings per share	%	178,9	108,4	85,7
Effective dividend yield	%	3,9	3,9	5,0
Price-to-earnings ratio (P/E)		45,58	28,57	17,2
Share price on 31 December	EUR	8,66	8,57	6,01
Average share price	EUR	9,81	7,55	5,10
Highest share price during financial period	EUR	12,60	9,16	6,32
Lowest share price during financial period	EUR	7,86	5,71	4,28
Market value for shares	million EUR	163,61	142,43	99,88
Exchange of shares during financial period	pcs	1 542 371	2 624 943	7 501 446
Proportionate exchange of shares	%	8,60	15,79	45,14
Adjusted average number of shares during financial period	pcs	17 927 216	16 619 620	16 235 842
Adjusted number of shares on 31 December	pcs	18 892 347	16 619 620	16 619 620

(*) Board of Director's proposal.

Segment-specific key figures

		2018	2017	2016
Operating profit %				
Operating profit, % restaurant	%	1,1	5,7	6,9
Operating profit, % labour hire	%	3,9	5,1	4,7
EBITDA %				
EBITDA %, restaurant	%	9,4	13,4	15,3
EBITDA%, labour hire *)	%	6,9	8,7	10,1
Material margin %				
Material margin %, restaurant	%	73,9	74,1	74,6
Staff expense %				
Staff expense %, restaurant	%	32,1	28,0	28,1
Staff expense %, labour hire	%	82,4	83,7	85,5

*) The comparability of 2018 data with previous years is negatively affected by the expenses due to the cancelled IPO process (EUR 818 thousand) and the effects due to changes in the recognition practice for long-term customer contracts (EUR 1,574 thousand) following the adoption of IFRS 15.

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

Personnel information

	2018	2017	2016
Key figures describing the personnel of the parent company			
Average number of employees	118	104	99
Salaries and fees for financial period	5 147,9	3 887,6	3 940,5

Key figures describing the personnel of the Group

Average number of employees	4013	2261	1130
Full-time staff	853	435	270
Part-time staff translated into full-time staff	3160	1826	860
Salaries and fees	125 316,6	67 869,4	36 851,9

Segment-specific key figures describing the personnel

Average staff, **restaurant**	1121	504	380
Full-time staff	723	361	270
Part-time staff translated into full-time staff	398	143	110
Salaries and fees	38 772,8	16 127,9	13 266,4

Average staff, **labour hire**	2892	1757	750
Full-time staff	130	74	0
Part-time staff translated into full-time staff	2762	1683	750
Salaries and fees	86 543,8	51 741,9	23 585,5

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

Unrestricted equity fund	EUR	57 541 511,14
Profit funds from previous years	EUR	11 543 569,45
Profit for the financial period	EUR	4 092 561,33
Unrestricted equity	EUR	73 177 641,92
of which distributable	EUR	73 177 641,92

NoHo Partners Plc's distributable funds on 31 December 2018 amounted to EUR 73,177,641.92 of which net income from financial period was EUR 4,092,561.33. No material changes have taken place in the company's financial standing after the end of the financial period. NoHo Partners Plc's Board of Directors will propose to the Annual General Meeting on 24 April 2019 that, based on the confirmed balance sheet for the financial period that ended on 31 December 2018, a dividend of EUR 0.34 (0.33) per share be distributed, amounting to EUR 6,423,397.98 in total (18,892,347 shares).

Shares in the company

At the time of closing the accounts, the company had 18,892,347 shares. All shares have an equal right to dividends and the company assets. One share equals one vote at the general meeting. The company's shares are listed on NASDAQ Helsinki Ltd.

Private placement

On 1 June 2018, NoHo Partners Plc announced the completion of the acquisition of Royal Restaurants and a private placement. On 12 April 2018, NoHo Partners Plc announced that it had signed an agreement concerning the purchase of RR Holding Oy's ("Royal Ravintolat") shares. The final completion of this transaction was subject to a decision by NoHo Partners Plc's General Meeting on a share issue and arranging funding for the cash transaction. The conditions for completing the acquisition were met on 1 June 2018, and NoHo Partners Plc purchased all of Royal Restaurants' shares. On 1 June 2018, based on a share issue authorisation by the Extraordinary General Meeting on 31 May 2018, the Board of NoHo Partners Plc decided on a private placement issue as part of the purchase price payment to certain salespeople and key persons of Royal Restaurants. In this issue, subscriptions were made for a total of 2,272,727 new shares of NoHo Partners Plc at a price of EUR 8.80 per share. Out of this issue, 2,247,734 shares amounting to EUR 19,780,059 were allocated to the payment of the purchase price. EUR 35,822,152 were paid as cash consideration for the purchase price. In the acquisition, the debt-free value of Royal Restaurants was EUR 90 million. After the registration of shares subscribed in the issue, NoHo Partners Plc's total number of shares was 18,892,347.

Organisation, management and auditor of parent company

During the financial period, the parent company's Board of Directors had the following permanent members: Timo Laine, Mikko Aartio, Mika Niemi, Petri Olkinuora, Jarmo Viitala (until 31 May 2018), Timo Everi (until 25 April 2018), Saku Tuominen (as of 1 June 2018), Tomi Terho (as of 1 June 2018) and Mikko Kuusi (as of 1 June 2018).

Juha Helminen was the company CEO until 31 May 2018, and Aku Vikström was the CEO as of 1 June 2018. The auditors for the parent company and Group were Deloitte Oy, Authorised Public Accountants, with APA Hannu Mattila as the responsible auditor.

Subordinated loans

Subordinated loans, thousand EUR	31.12.2018	31.12.2017	31.12.2016
Parent company	0,0	0,0	0,0
Group	229,4	220,0	297,0

Conditions for subordinated loan, EUR 229.4 thousand in total:

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

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

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

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

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

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

Changes in Group structure in 2018

Subsidiary and business acquisitions

Acquired company	Right of ownership and management transferred	Acquired shareholding
NoHo Partners Plc		
Cock’s & Cows ApS, Denmark	April	98 %
Cock's & Cows Tivoli Food Hall ApS, Denmark	April	100 %
Cock's & Cows CPH Airport ApS, Denmark	April	100 %
The Bird Mother ApS, Denmark	April	92 %
The Bird ApS, Denmark	April	100 %
The Bird Kødbyen ApS, Denmark	April	100 %
The Bird Tivoli ApS, Denmark	April	100 %
The Bird CPH Airport ApS, Denmark	April	100 %
The Bird Fugu ApS, Denmark	April	100 %
Nordic Gourmet Oy	April	66 %
RR Holding Oy (Royal Restaurants)	June	100 %
Royal Restaurants Ltd	June	100 %
Royal Konseptiravintolat Oy	June	100 %
Sushi World Oy	June	100 %
Chicks by Chicks Tivoli ApS, Denmark	June	89 %
Ebony & Ivory Aps, Denmark	November	95,05 %
Bronnum Aps, Denmark	November	99 %
Lidkoeb Aps, Denmark	November	94,53 %

Smile Henkilöstöpalvelut Oyj		
Smile Kymppi Service Oy (previously Kymppi Service Oy)	February	100 %
Smile Kymppi Service Logistiikka Oy (previously Kymppi Service Logistiikka Oy	February	100 %
Smile Kymppi Service Länsi-Suomi Oy (previously Kymppi Service Länsi-Suomi	February	100 %
Smile Palvelut Maja Oy (previously Kymppi Service Pirkanmaa Oy)	February	100 %
Smile Kymppi Service Pohjois-Suomi Oy (previously Kymppi Service Pohjois-Su	February	100 %
Smile Kymppi Service Satakunta Oy (previously Kymppi Service Satakunta Oy)	February	100 %
Kymppi Service Eesti Oü	February	100 %
Smile Import Oy (previously Adicio Oy)	April	80 %
Smile Jobio Pirkanmaa Oy (previously Jobio Pirkanmaa Oy)	June	100 %
Smile Jobio Pohjanmaa Oy (previously Jobio Pohjanmaa Oy)	June	100 %
Smile Jobio Uusimaa Oy (previously Jobio Uusimaa Oy)	June	100 %
Smile Jobio Varsinais-Suomi Oy (previously Jobio Varsinais-Suomi Oy)	June	100 %
Job Services Two Oy	June	100 %
Job Services Three Oy	June	100 %

Part of the purchase price for Kymppi Service and the Jobio companies was paid with shares in Smile Henkilöstöpalvelut Oyj.

Founded companies

New company name	Month established	Ownership interest
NoHo Partners Plc		
Nordic Hospitality Partners Denmark A/S	March	75 %
Ruby Group Holdins Aps	November	80 %
Sisäsataman Terassi Oy	June	60 %
Restamax International Oy	August	90,7 %
Casseli Oy	November	57,5 %
Smile Henkilöstöpalvelut Oyj		
Smile Industries Pohjanmaa Oy	November	100 %

Minority acquisitions

Company whose minority shareholding was purchased	Month acquired	Acquired share	New ownership interest
NoHo Partners Plc			
Priima-Ravintolat Oy	February	17,84 %	81,62 %
Hernesaaren Ranta Oy	April	20 %	100 %
Urban Group Oy	July	20 %	100 %
Thai Papaya Oy	September	40 %	100 %
Smile Henkilöstöpalvelut Oyj			
Smile Botnia Oy	February	10 %	100 %
Smile Rekry Oy	May	45 %	100 %
Smile Industries Tampere Oy	May	23,5 %	100 %
Smile Banssi Keski Oy	June	10 %	100 %
Smile Office Oy (previously Smile Education Oy)	October	49 %	100 %
Smile Banssi Oy			
Smile Banssi Etelä Oy	December	9,09 %	100 %

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

Sales to minority interest

4% of shares in Poolmax Oy were sold to a minority interest in October, after which NoHo Partners Plc’s ownership is 76%.

Account on the scope of research and development activities

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

Corporate governance statement

NoHo Partners has prepared a separate corporate governance statement for 2018 in accordance with the recommendations of the Corporate Governance Code for Finnish listed companies. The statement is available on the company website at: www.noho.fi.

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

The NoHo Partners Group strives to conduct its restaurant and labour hire business in compliance with the laws and regulations concerning serving of alcoholic beverages, foodstuffs and collective agreements as well as other regulations. A significant share of NoHo Partners’ business operations is subject to licences and closely controlled. Unexpected regulatory changes may adversely affect the company's business. The international expansion of NoHo Partners’ restaurant business to new markets may increase risks and uncertainties relating to new markets, consumer behaviour and the local regulatory environment.

Despite NoHo Partners’ broad clientele, the general economic conditions, future uncertainty and changes in the consumption patterns of the clientele affect the clientele’s willingness to buy. According to the Finnish Hospitality Association MaRa, the conditions in the sector are currently slightly better than usually and, while future expectations remain modest, they are stable and positive.

Decisions by the Finnish government concerning the legislation concerning alcohol and foodstuffs and value-added tax may affect the company’s business. The sector’s profitability and sales are affected by households’ financial situation as well as the development of purchasing power and corporate sales. The Finnish economy is expected to continue growing this year, and the growth still relies on construction and services. It is anticipated that the Finnish economic growth will be slower in the coming years. Taxation and high overhead costs create their own challenges for the sector.

After a comprehensive reform, the new Alcohol Act became effective in March 2018. This has had a positive effect on the sector’s development as well as NoHo Partners’ restaurant business. Changes in the tourism sector have also boosted the industry. According to Statistics Finland, in January-November 2018, overnight stays by foreign tourists in all accommodation establishments increased by 0.6%, and overnight stays by resident tourists grew by 1.6% compared to the previous year.

Besides the prices of alcohol and foodstuffs, NoHo Partners’ business is significantly affected by the cost of premises, which comprises a significant share of NoHo Partners’ business costs. NoHo Partners’ premises are primarily leased, so the general level of rent and development thereof have a major impact on the company’s operations. A significant share of the Group’s labour hire business focuses on the restaurant, construction, industry and logistics sectors. Therefore, changes in and the employment situation of these sectors affect the Group’s labour hire business. In the labour hire business, the availability of labour can be seen as one risk factor. The labour hire business may also increase credit losses.

The implementation of NoHo Partners’ strategy and financing of its business growth are partly dependent on external funding. The company strives to constantly assess and track the amount of funding required by the business in order to ensure that the company has sufficient liquid assets to fund the operations and repay loans that fall due. Changes in the macroeconomic environment or the general situation on the financial market may have a negative impact on the availability, price and other conditions of funding. Changes in the availability of equity funding and debt funding and in the conditions of available funding may affect the company’s opportunities to invest in the development and growth of its business in the future.

Shareholders

At the end of the 2018 financial period, NoHo Partners Plc's share capital was EUR 150,000 (150,000), and the total number of shares was 18,892,347 (16,619,620). At the end of the financial period, the company did not hold any shares in NoHo Partners Plc. NoHo Partners Plc's subsidiary Smile Huippu Oy held 43,500 (43,500) shares on 31 December 2018, which is equivalent to approximately 0.23% of the company's entire share capital.

According to the list of shareholders, the company had 3,276 (2,781) shareholders on 31 December 2018.

On 31 December 2018, the company's ten largest shareholders were as follows:

Shareholder	Shares (pcs)	%
Laine Capital Oy *	4 805 844	25,4
Pimu Capital Oy **	3 367 798	17,8
Niemi Mika Rainer	2 236 789	11,8
Intera Fund II Ky	1 818 755	9,6
Sr Evli Suomi Pienyhtiöt	862 000	4,6
Sign Systems Finland Oy	751 540	4,0
Ilmarinen Mutual Pension Insurance Company	395 000	2,1
Niemi Hanna-Stina	345 350	1,8
Elo Mutual Pension Insurance Company	271 566	1,4
Varma Mutual Pension Insurance Company	271 566	1,4
Total	15 126 208	80,1

* Entity controlled by Board member Timo Laine.
** Entity controlled by Board member Mikko Aartio.

Non-financial information

Description of the business model

NoHo Partners Plc's head office is in Tampere, and the company also has regional offices in many locations around Finland. The Group has restaurants in many locations around Finland. In April 2018, the company expanded its business to Denmark through the acquisition of 11 restaurants.

The NoHo Partners Group's business mainly comprises the production and provision of restaurant services and labour hire services. Purchases by the Group from providers of products and services from outside the Group constitute approximately 20.5% of the Group's turnover. NoHo Partners has approximately 450 providers and suppliers of products/goods and services from outside the Group.

Approximately 46.8% of the Group's turnover is spent on employee salaries and social security. Labour used at the Group's locations is strongly local.

Environmental matters

In its operations, NoHo Partners endeavours to take into account and reduce its environmental impact and to promote recycling. NoHo Partners Group's restaurants comply with valid decrees concerning the recycling and sorting of waste. The Group estimates that the amount of food waste in its entire restaurant segment is approximately 0.2–0.3% of turnover annually. In 2018, the NoHo Partners Group introduced the "Hävikkimestari" programme together with L&T in order to minimise food waste.

In purchasing for Noho Partners' restaurant operations, various types of packaging material accumulates and efforts are made to recycle it. NoHo Partners' environmental impact concerns energy consumption of its premises, among other things. The Group estimates that its own operations do not involve material environmental risks. In 2018, electricity consumption in the Group amounted to approximately EUR 2.4 million.

Personnel

The Group's activities are guided by its values and operational goals. Committed and competent personnel lay the foundation for reaching these goals. Motivated, competent and committed personnel are essential for financially profitable business operations. The purpose of the reward model for key personnel is to create an incentive for reaching the set goals.
NoHo aims to provide equal opportunities for all employees, ensure fair treatment and provide good working conditions. The Group has a zero tolerance policy for all discrimination. Occupational wellbeing and recreational activities for personnel are an essential part of employee wellbeing. The employees' work capacity and wellbeing are supported through partner benefits, among other things.

The purpose of NoHo Academy is to develop and deepen the competence of different personnel groups through coaching sessions. In 2018, 95 employees participated in the Academy's activities, with the main theme being the development of various aspects of leadership skills.

The Group's occupational wellbeing survey will be conducted in March 2019. On average, the Group's restaurant segment employs some 1,100 employees translated into full-time staff in one year.

Respect of human rights

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

Prevention of corruption and bribery

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

Cash flow, investments and financing

Net cash flow from the Group's business in January–December 2018 was EUR 18.7 (17.8) million.

In the past year, the major growth investments were the restaurant business acquisitions in Denmark and Royal Restaurants in Finland. In 2018, the labour hire business acquired several companies specialising in labour hire for industrial, construction and logistics sectors, including Kymppi Service Oy, the Jobio companies, Adicio Oy that focused on foreign construction labour as well as Job Services Two Oy and Job Services Three Oy, both of which focus on labour needs in the construction sector. The investments were primarily funded with loans.

At the end of December 2018, the Group's net interest-bearing liabilities were EUR 138.5 (43.6) million. At the end of December 2018, the Group's current financial liabilities amounted to EUR 53.2 million. The Group's budgeted cash flow for the 2019 financial period is strong, and the Group will use it for the repayment of its current liabilities. The current financial liabilities include a commercial paper programme of EUR 22 million that will become due in May 2019. The Board finds that the market for this instrument works well, and the company will renew this loan. Furthermore, the Group can use other funding, if necessary, and the company issued a hybrid bond of EUR 25 million in March 2019. The net financial expenses in January–December 2018 were EUR 2.5 (1.1) million. Equity ratio was 24.6% (35.3%) and gearing ratio was 184.3% (93.1%).

Board of Director's authorisations

Annual General Meeting on 25 April 2018

Acquisition of own shares

The Annual General Meeting on 25 April 2018 authorised the Board of Directors to decide on using the company's unrestricted equity to purchase no more than 800,000 of the company's own shares in one or several tranches, taking into account the stipulations of the Limited Liability Companies Act regarding the maximum number of shares in possession of the company and under the following terms:

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

The shares can be purchased for financing or carrying out possible corporate acquisitions or other arrangements, for implementing incentive schemes within the company, or for other purposes decided upon by the Board of Directors. The maximum amount of the shares to be purchased is equivalent to approximately 4.8% of all the shares and votes of the company calculated using the share count on the publication date of the notice of the Annual General Meeting, so the purchase of the shares does not have a significant influence on the share ownership and the distribution of voting rights in the company.

The Board of Directors shall decide on the other matters related to the purchase of the company's own shares. This authorisation shall be valid until the end of the 2019 Annual General Meeting, however no later than 18 months from the Annual General Meeting's authorisation decision.

Share issue authorisation

The Annual General Meeting on 25 April 2018 decided, as per a proposal and cancelling the previous share issue authorisations, to authorise the Board to decide on an issue of a maximum of 3,000,000 new shares and a transfer of a maximum of 800,000 of the company's own shares held by the company ("Share Issue Authorisation").

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

The Board shall decide on any other matters related to share issues. The Share Issue Authorisation shall be valid until the end of the 2019 Annual General Meeting, however no later than 18 months from the Annual General Meeting's decision concerning the Share Issue Authorisation.

Extraordinary General Meeting on 31 May 2018

Decision on share issue authorisation for the purchase of RR Holding Oy's shares

The Extraordinary General Meeting on 31 May 2018 decided, as per the Board's proposal, to authorise the Board to decide on an issue of a maximum of 2,300,000 new shares. With this authorisation, shares can be issued for the purpose of payment in a planned Company reorganisation.

The new shares may be issued in a special share issue, deviating from the shareholders' pre-emptive right if, from the company's perspective, there is a justified financial reason for it. The issue of new shares or transfer of the company's own shares held by the company can also take place against apport property or by using a claim for the company held by a subscriber to redeem the amount to be paid for the issue price or the amount to be paid for the shares.

The Board shall decide on any other matters related to share issues, including the subscription price and its justifications.

This share issue authorisation shall be valid until 31 December 2018. The authorisation shall not cancel any previous share issue authorisations.

Board of Directors' authorisation to decide on a share issue

At the General Meeting, the Board announced that it rejects the proposal by which the General Meeting would have authorised the Board to decide on an issue of a maximum of 2,500,000 new shares or the company's own shares held by the company.

Key events occurring after the closing date

In stock exchange releases dated 15 March 2019 and 21 March 2019, NoHo Partners Plc announced that it issues a hybrid bond of EUR 25 million primarily for the purpose of financing its international and domestic growth.

The hybrid bond is an equity loan. NoHo Partners Plc intends to use the proceeds of the hybrid bond for investments in accordance with its strategy, including possible international and domestic acquisitions, for the repayment of certain existing liabilities in the amount of approximately EUR 5 million, including the repayment of the certain loans granted by the lead manager, as well as for general corporate purposes.

NoHo Partners Plc is currently conducting negotiations in respect of potential Nordic acquisitions in the Restaurant business in accordance with its strategy, including expansion into new countries. There is, however, no certainty that such negotiations will be successful.

A hybrid bond is an instrument that is subordinated to the company's other debt obligations. It is treated as equity in the company's IFRS financial statements. A hybrid bond does not confer its holders the rights of a shareholder and does not dilute the holdings of the current shareholders. The hybrid bond issue would strengthen the company's capital structure and financial position.

Nordea Bank Abp is acting as Lead Manager for the hybrid bond. NoHo Partners Plc's legal advisor is Castrén & Snellman Attorneys Ltd.

In addition to the above, the Group has carried out minor company reorganisation in its restaurant business and labour hire business in accordance with the strategy.

Prospects for 2019

NoHo Partners estimates that the Group's turnover and profitability will increase this year. The Group's goal is to reach a total turnover of approximately EUR 390 million and an operating profit margin of approximately 5.8% (about EUR 22.5 million) by the end of 2019 after eliminations. The goal of the restaurant segment is to reach a turnover of approximately EUR 250 million and an operating profit margin of more than 6% (more than EUR 15 million). The goal of the labour hire segment is to reach a turnover of approximately EUR 150 million and an operating profit margin of approximately 5% (about EUR 15 million). In relation to the strong cash flow in 2019, the Group's debt management capacity is good and the net liabilities of nearly EUR 139 million are under control.

Profitable growth focuses on international expansion – in 2019, the restaurant business will focus on profitable growth in Denmark and strategic expansion into a new market in Northern Europe. The growth of the labour hire field is expected to continue even though the availability of labour is slightly slowing down the market. The availability is being solved e.g. with Smile Import's foreign labour import service and active collaboration with educational institutions. The company's desire is to grow organically faster than the market, as in the previous years. The aim is to continue consolidating the market through company acquisitions. The labour hire business is providing good results and cash flow, and there are good alternatives available for funding its future growth.

The Group's long-term goal is to reach a turnover of more than EUR 600 million and an operating profit margin of approximately 7.5% by the end of 2021. The goal of the restaurant segment is to reach a turnover of approximately EUR 350 million and an operating profit margin of approximately 8%. The goal of the labour hire segment is to reach a turnover of approximately EUR 300 million and an operating profit margin of approximately 6.5%. In the long term, profitable growth will focus on sales and marketing efforts that utilise digital solutions, selected large and profitable new projects and utilisation of the international growth market opportunities.

Calculation formulas for key figures

Profitability

Return on equity % *)

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

Return on investment % *)

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

Material margin *)

Turnover - acquisitions +- change in inventories

Staff expense % *)

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

EBITDA *)

Earnings + depreciations and impairment

Financial position

Equity ratio % *)

$$\frac{\text{Equity}}{\text{Total assets - Advances received}} *100$$

Gearing ratio % *)

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

Key figures per share

Dividend per share *)

$$\frac{\text{Distribution of dividends for financial period}}{\text{Undiluted number of shares on closing date}}$$

Earnings per share

$$\frac{\text{Net income for financial period - non-controlling interests}}{\text{Number of shares, excluding shares controlled by the company itself, on average over financial period}}$$

Dividend/earnings per share *)

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

Equity per share, EUR *)

$$\frac{\text{Equity attributable to parent company shareholders}}{\text{Number of shares at the end of financial period, excluding shares controlled by the company itself}}$$

Dividend payout ratio % *)

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

Effective dividend yield % *)

$$\frac{\text{Dividend per share}}{\text{Share price on closing date}} * 100$$

Price-to-earnings ratio *)
(P/E)

$$\frac{\text{Share price on closing date}}{\text{Earnings per share}}$$

Average share price *)

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

Proportionate exchange of shares *)

$$\frac{\text{Exchange of shares during financial period}}{\text{Adjusted average number of shares during financial period}} * 100$$

Market value of share capital, million EUR *)
Share price on closing date x number of shares

Net financial expenses *)
Financial income - financial expenses (adjusted with the recognitions relating to purchases in accordance with IFRS standards and IPO costs)

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

NoHo Partners Plc
Business ID 1952494-7

Group income statement (IFRS)

Thousand EUR	Note	1 Jan – 31 Dec 2018	1 Jan – 31 Dec 2017
Turnover	21	323 157,9	185 856,2
Other operating income	22	6 623,4	1 809,7
Materials and services	23	-66 147,0	-35 774,4
Staff expenses	24	-151 267,1	-82 966,1
Other operating expenses	27	-83 957,5	-46 521,2
EBITDA		**28 409,7**	**22 404,2**
Depreciations, amortisations and impairments	26	-21 219,8	-11 637,4
Operating profit		**7 189,9**	**10 766,7**
Share of associated company profit		23,0	68,3
Financial income	29	1 986,7	42,9
Financial expenses	29	-3 588,9	-2 853,2
Financial expenses (net)	29	-1 602,2	-2 810,3
Profit/loss before taxes		**5 610,7**	**8 024,8**
Tax based on the taxable income from the financial period	30	-2 309,7	-3 081,3
Change in deferred taxes	17, 30	929,8	548,2
Profit for the financial period		**4 230,8**	**5 491,6**
Attributable to			
Parent company shareholders		3 494,0	5 057,8
Minority shareholders		736,8	433,8
Total		**4 230,8**	**5 491,6**
Earnings per share calculated from the profit to parent company shareholders			
Earnings per share (euros), undiluted	16	0,19	0,30
Earnings per share (euros), diluted	16	0,19	0,30

Comprehensive consolidated income statement

	Note	2018	2017
Profit for the financial period		**4 230,8**	**5 491,6**
Other comprehensive income in the period (after tax):			
Financial assets measured at fair value through other comprehensive income, change	14	0,0	2,9
Total comprehensive income for the period		**4 230,8**	**5 494,5**
Attributable to:			
Parent company shareholders		3 494,0	5 060,7
Minority shareholders		736,8	433,8
Total		**4 230,8**	**5 494,5**

The notes on pages 15–68 are a material part of the financial statements.

In the financial period from 1 January 2018 to 31 December 2018, non-recurring items have been recognised as foll

A total of EUR 2,801 thousand have been recognised as write-offs and capital losses of fixed assets relating to the Group's restructuring. Furthermore, EUR 1,620 thousand of amortised costs relating to the Group's restructuring have been recognised under other operating expenses.

Costs relating to the cancelled IPO process of Smile Henkilöstöpalvelut Oyj, comprising EUR 818 thousand under other operating expenses and EUR 932 thousand under financial expenses.

A sales profit of EUR 3,572 thousand for shares in SuperPark has been recognised under other operating income.

An adjustment of the estimated additional purchase price of shares in Job Service Two Oy, Job Service Three and The Bird Mother ApS, totalling EUR 1,830 thousand, has been recognised under financial income, and an adjustment of the actual additional purchase price of shares in Jobio Pirkanmaa Oy and Jobio Pohjanmaa Oy, totalling EUR 87 thousand, has been recognised under financial expenses.
Asset transfer tax of EUR 1,133 thousand in the restaurant segment and EUR 307 thousand in the labour hire segment.

In the financial period from 1 January 2017 to 31 December 2017, non-recurring items have been recognised as
Smile Job Services Oy (previously Job Services One Oy) – an adjustment of the estimated additional purchase price relating to the purchase of shares in the company, totalling EUR 1,711 thousand, under financial expenses.
An asset transfer tax of EUR 300 thousand in the labour hire segment.

Group balance sheet (IFRS)

Thousand EUR	Note	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Goodwill	8	147 434,03	52 571,30
Intangible assets	8	56 542,2	13 648,4
Property, plant and equipment	9	47 081,9	32 978,2
Shares in associated companies and joint ventures	10	154,0	2 938,0
Financial assets measured at fair value through other comprehensive income	13	98,1	98,1
Interest-bearing loans receivable	12	175,3	125,3
Non-interest-bearing other receivables	12	3 755,4	717,2
Deferred tax assets	17	318,9	594,9
Non-current assets total		**255 559,8**	**103 671,5**
Current assets			
Inventories	11	5 147,0	2 971,8
Interest-bearing loans receivable	12	27,0	0,0
Trade receivables and other non-interest-bearing receivables	12	39 984,1	23 847,2
Cash and cash equivalents	14	4 954,6	2 570,0
Current assets total		**50 112,8**	**29 389,0**
Assets in total		**305 672,6**	**133 060,5**
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders			
Share capital	15	150,0	150,0
Invested unrestricted equity fund	15	66 944,8	40 510,2
Fair value fund	15	-4,5	-4,5
Own shares	15	-191,4	-191,4
Retained earnings	15	-519,3	4 237,5
Equity loan	15	0,0	220,0
Total equity attributable to parent company shareholders		**66 379,6**	**44 921,7**
Minority shareholders	15	8 767,5	1 971,2
Total equity		**75 147,2**	**46 892,9**
Non-current liabilities			
Deferred tax liabilities	17	10 227,3	1 928,5
Financial liabilities	19	90 466,9	34 643,0
Trade payables and other liabilities	20	6 298,5	3 674,8
Non-current liabilities total		**106 992,7**	**40 246,2**
Current liabilities			
Financial liabilities	19	53 162,8	11 682,5
Provisions	18	1 025,0	0,0
Trade payables and other liabilities	20	69 344,9	34 238,9
Current liabilities total		**123 532,7**	**45 921,4**
Liabilities in total		**230 525,4**	**86 167,6**
Equity and liabilities in total		**305 672,6**	**133 060,5**

The notes on pages 15–68 are a material part of the financial statements.

In connection with adopting the IFRS 9 standard, the Group classified housing company shares as of 1 January 2018 at fair value into the group of property, plant and equipment from the financial assets recognised under other comprehensive income. In this respect, the comparative data is presented adjusted in these consolidated financial statements.

Consolidated statement of changes in equity

	Equity attributable to parent company shareholders									
Thousand EUR	Share capital	Invested unrestricted equity	Fair value fund	Own shares	Translation difference	Retained earnings	Equity loan	**Total**	Share of minority shareholders	**Total equity**
Equity 1 January 2018	**150,0**	**40 510,1**	**-4,5**	**-191,4**	**0,0**	**4 237,5**	**220,0**	**44 921,7**	**1 971,2**	**46 892,9**
Comprehensive income for the review period										
Profit for the financial period						3 494,0		**3 494,0**	736,8	**4 230,8**
Financial assets measured at fair value through other comprehensive income						0,0		**0,0**		**0,0**
Total comprehensive income for the financial period	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**3 494,0**	**0,0**	**3 494,0**	**736,8**	**4 230,8**
Impact of new standards						-554,8		**-554,8**		**-554,8**
Other changes						-51,4		**-51,4**		**-51,4**
Other changes total	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**-606,2**	**0,0**	**-606,2**	**0,0**	**-606,2**
Transactions with shareholders										
Equity loans							-220,0	**-220,0**		**-220,0**
Dividend distribution						-5 484,5		**-5 484,5**	-775,0	**-6 259,5**
New issue		26 453,4						**26 453,4**	854,4	**27 307,8**
Acquisition of own shares								**0,0**		**0,0**
Changes in minority shareholders' shares without a change in controlling interest		-18,8				-2 232,3		**-2 251,1**	5 980,2	**3 729,2**
Changes in minority shareholders' shares that led to a change in controlling interest								**0,0**		**0,0**
Share-based payments						72,3		**72,3**		**72,3**
Transactions with shareholders, total	**0,0**	**26 434,7**	**0,0**	**0,0**	**0,0**	**-7 644,5**	**-220,0**	**18 570,2**	**6 059,5**	**24 629,7**
Equity 31 December 2018	**150,0**	**66 944,8**	**-4,5**	**-191,4**	**0,0**	**-519,3**	**0,0**	**66 379,7**	**8 767,6**	**75 147,2**

	Equity attributable to parent company shareholders									
Thousand EUR	Share capital	Invested unrestricted equity	Fair value fund	Own shares	Translation difference	Retained earnings	Equity loan	**Total**	Share of minority shareholders	**Total equity**
Equity 1 January 2017	**150,0**	**36 586,1**	**-13,3**	**-191,4**	**0,0**	**6 541,4**	**220,0**	**43 292,8**	**669,0**	**43 961,8**
Comprehensive income for the review period										
Profit for the financial period						5 057,8		**5 057,8**	433,8	**5 491,6**
Financial assets measured at fair value through other comprehensive income						2,9		**2,9**		**2,9**
Total comprehensive income for the financial period	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**5 060,7**	**0,0**	**5 060,7**	**433,8**	**5 494,5**
Other changes			8,8					**8,8**		**8,8**
Other changes total	**0,0**	**0,0**	**8,8**	**0,0**	**0,0**	**0,0**	**0,0**	**8,8**	**0,0**	**8,8**
Transactions with shareholders										
Equity loans								**0,0**		**0,0**
Dividend distribution						-4 985,9		**-4 985,9**	-491,6	**-5 477,5**
New issue		3 924,0						**3 924,0**	1 088,6	**5 012,6**
Nullification of own shares								**0,0**		**0,0**
Changes in minority shareholders' shares without a change in controlling interest						-2 378,7		**-2 378,7**	296,4	**-2 082,3**
Share acquisitions of minority shareholders that led to a change in controlling interest								**0,0**	-25,2	**-25,2**
Transactions with shareholders, total	**0,0**	**3 924,0**	**0,0**	**0,0**	**0,0**	**-7 364,6**	**0,0**	**-3 440,6**	**868,4**	**-2 572,3**
Equity 31 December 2017	**150,0**	**40 510,1**	**-4,5**	**-191,4**	**0,0**	**4 237,5**	**220,0**	**44 921,7**	**1 971,2**	**46 892,9**

The notes on pages 15–68 are a material part of the financial statements.

Group cash flow statement (IFRS)

Thousand EUR	**2018**	**2017**
Operating cash flow		
Profit for the financial period	4 230,8	5 491,6
Adjustments:		
Non-cash transactions	3 423,7	-190,6
Profit for sales of associated companies	-3 572,0	0,0
Depreciations, amortisations and impairments	21 219,8	11 637,4
Financial expenses (net)	1 602,2	2 810,3
Taxes	1 379,9	2 533,1
Share of associated company profit/loss	-23,0	-68,3
Cash flow before change in working capital	**28 261,4**	**22 213,6**
Changes in working capital:		
Trade receivables and other receivables, increase (-) / decrease (+)	-5 139,3	-4 356,2
Inventories, increase (-) / decrease (+)	893,8	-378,4
Trade payables and other liabilities, increase (+) / decrease (-)	1 839,1	4 488,3
Change in working capital	**-2 406,4**	**-246,3**
Dividends received	4,0	3,4
Interest paid and other financial expenses	-3 494,5	-1 033,5
Interest received and other financial income	89,1	46,6
Taxes paid	-3 741,8	-3 178,8
Net operating cash flow	**18 711,9**	**17 804,9**
Investment cash flow		
Financial assets measured at fair value through other comprehensive income	0,0	9,0
Investments in tangible and intangible assets (-)	-10 205,7	-11 152,3
Decrease (+)/increase (-) of other non-current receivables	-838,8	-110,7
Acquisition of subsidiaries less time-of-acquisition liquid assets	-66 198,8	-7 226,7
Sales of subsidiaries less time-of-acquisition liquid assets	77,3	92,6
Business transactions, acquisitions (-)	-367,9	-3 526,9
Business transactions, sales (+)	340,7	126,4
Acquisition of the shares of minority shareholders (-)	0,0	0,0
Sales of the shares of minority shareholders (+)	76,0	0,0
Associated company shares sold	6 513,3	0,0
Associated company shares purchased	0,0	-1 690,8
Net investment cash flow	**-70 603,9**	**-23 479,5**
Financial cash flow		
Payments to invested equity fund	219,9	0,0
Minority shareholders' investments in subsidiaries	1 023,6	0,0
Equity loan repayments	-13 319,5	0,0
Non-current loans drawn (+)	85 085,5	19 135,0
Non-current loans repaid (-)	-32 368,9	-6 589,5
Current loans drawn (+)/repaid (-)	125,3	1 030,1
Current commercial papers drawn (+)/repaid (-)	22 000,0	0,0
Acquisition of the shares of minority shareholders (-)	-1 049,7	-1 156,0
Paid dividends	-7 439,5	-6 046,1
Net financial cash flow	**54 276,6**	**6 373,5**
Change in liquid assets	**2 384,7**	**698,9**
Liquid assets 1 January	**2 570,0**	**1 871,1**
Liquid assets 31 December	**4 954,6**	**2 570,0**
Change	**2 384,7**	**698,9**

The notes on pages 15–68 are a material part of the financial statements.

Notes to consolidated financial statements

1 Basic information about the consolidated financial statements and the accounting principles

Basic information about the Group

The Group's main industry segment is the production of restaurant services and labour hire services.

The Group's parent company is NoHo Partners Plc. The parent company's domicile is Tampere, its home state is Finland and its registered address is Hatanpään valtatie 1 B, 33100 Tampere. On 19 December 2018, the Group's parent company changed its name from Restamax Plc to NoHo Partners Plc. The name change was registered in the trade register on 21 December 2018. These financial statements refer to the Group with the new name.

NoHo Partners Plc, including its subsidiaries (hereinafter referred to as "NoHo Partners" or "Group"), is a Finnish Group founded in 1996 that specialises in restaurant sector services and labour hire. The Group comprises 61 companies in the restaurant sector and more than 200 restaurants in Finland and Denmark. The company's well-known restaurant concepts include Elite, Savoy, Teatteri, Yes Yes Yes, Viihdemaailma Ilona, Stefan's Steakhouse, Palace, Löyly, Hanko Sushi and Cock's & Cows.

The Group owns Smile Henkilöstöpalvelut Oyj subgroup, which includes 59 companies. Smile Henkilöstöpalvelut offers personnel solutions e.g. for the hotel, restaurant and catering sector, events and promotions, construction and industry, logistics and maintenance, medical service sector and direct recruitment service sector.

A copy of the consolidated financial statements is available at the website www.noho.fi or at the head office of the Group's parent company at the above address.

NoHo Partners Plc's Board of Directors has approved the publication of these financial statements in its meeting on 28 March 2019. According to the Finnish Limited Liability Companies Act, shareholders are authorised to approve or reject the financial statements in a general meeting held after their publication. The general meeting can also decide on the amendment of the financial statements.

Accounting principles

These financial statements of the NoHo Partners Group have been drawn up under the International Financial Reporting Standards (IFRS) in accordance with the IAS and IFRS standards in force as of 31 December 2018 as well as the SIC and IFRIC interpretations issued in relation to them. International Financial Reporting Standards refer to the standards and their interpretations approved for application in the EU in accordance with the procedure stipulated in the EU Regulation (EC) No. 1606/2002 and embodied in the Finnish Accounting Act and provisions issued under it. The notes to the consolidated financial statements have also been prepared in accordance with the requirements in Finnish accounting legislation and Community law that complement the IFRS regulations.

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

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

Going concern assumption

At the end of December 2018, the Group's current financial liabilities amounted to EUR 53.2 million. The Group's budgeted cash flow for the 2019 financial period is strong, and the Group will use it for the repayment of its current liabilities. The current financial liabilities include a commercial paper programme of EUR 22 million that will become due in May 2019. The Board finds that the market for this instrument works well, and the company will renew this loan. Furthermore, the Group can use other funding, if necessary, and the company issued a hybrid bond of EUR 25 million in March 2019.

New standards and interpretations applied

The following new or revised IFRS standards have been adopted for these consolidated financial statements as of 1 January 2018:

IFRS 9 standard *Financial Instruments* – effects of adoption

In 2018, the Group adopted the IFRS 9 standard *Financial Instruments* as well as the resulting changes to the other IFRS standards, which all became effective on 1 January 2018 or on financial periods that started after this date. The transitional provisions of IFRS 9 allow companies not to apply the standard retrospectively. The Group has decided not to apply the standard retrospectively in terms of the measurement of financial instruments. This comparative data is disclosed and has been determined according to the Group's previous accounting principles. In connection with adopting the standard, the Group classified housing company shares as of 1 January 2018 at fair value into the group of property, plant and equipment from the financial assets recognised under comprehensive income items. The adoption of IFRS 9 has not affected the Group's cash flows in the consolidated financial statements.

The Group implemented the changes resulting from the adoption of IFRS 9 to IFRS 7 *Financial Instruments: Disclosures*. These changes apply to the notes presented for 2018.

IFRS 9 introduced new requirements for:
1) the classification and measurement of financial assets and liabilities,
2) impairment of financial assets and
3) general hedge accounting.

A detailed description of these changes and their effect on the Group's consolidated financial statements is presented below.

The Group has applied the IFRS 9 standard according to its transitional provisions.

(a) Classification and measurement of financial assets

The Group has applied IFRS 9's measurement requirements to those instruments that have been included on the balance sheet at the time of adopting the standard. The comparative data has been adjusted in accordance with IFRS 9's classification requirements.

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

- Financial instruments, which are held within a business model whose objective is collecting contractual cash flows and whose contractual cash flows are solely payments of principal and interest on the principal amount outstanding, are measured at the amortised acquisition cost after the initial recognition;
- Financial instruments, which are held within a business model whose objective is reached through collecting contractual cash flows and selling debt instruments and whose cash flows are solely payments of principal and interest on the principal amount outstanding, are measured, after their initial recognition, at fair value through other comprehensive income (FVTOCI);
- All other debt and equity investments are measured after their initial recognition at fair value through profit or loss (FVTPL);
- The above notwithstanding, in connection with the initial recognition, the Group may make the following irrevocable selection/classification: the Group can irrevocably decide that it will disclose under other comprehensive income all further changes in the fair value of an equity investment that is not held for trading and is not a conditional consideration recognised by the acquiring party in merging business operations; and
- The Group may irrevocably designate a debt investment that is eligible to be recognised at amortised acquisition cost or FVTOCI to be measured at FVTPL if doing so would eliminate or significantly reduce a measurement or recognition inconsistency.

In 2018, the Group has not designated any debt instruments that are eligible to be recognised at amortised acquisition cost or FVTOCI to be measured at FVTPL.

When a debt investment measured at FVTOCI is removed from the balance sheet, the profit or loss that was previously recognised under other comprehensive income is reclassified from equity to the income statement as adjustment due to the change in classification. When an equity investment that has been measured at FVTOCI is removed from the balance sheet, the profit or loss that was previously recognised under other comprehensive income is moved to retained earnings.

Debt instruments that are measured after their initial recognition at fair value through other comprehensive income (FVTOCI) are subject to impairment requirements. See section (b) below.

The Group has reviewed and assessed the existing financial assets on 1 January 2018 and come to the conclusion that the adoption of IFRS 9 has only affected the change in the classification of housing company shares presented hereinabove.

Section (e) below presents in tabular form the classification changes in the Group's financial assets that were carried out in connection with the adoption of IFRS 9.

(b) impairment of financial assets

In terms of the impairment of financial assets, IFRS 9 requires using a model based on expected credit losses instead of a model based on actual credit losses as per IAS 39. The expected credit loss model requires that, on each reporting day, the Group take into account the expected credit losses and any changes to these expected credit losses in order to consider the credit risk changes that have occurred after the initial recognition.

IFRS 9 requires the Group to recognise a loss allowance for expected credit losses that are due to:

1) Financial instruments that are measured after their initial recognition at amortised acquisition cost or fair value through other comprehensive income (FVTOCI);
2) Lease receivables;
3) Trade receivables and contractual asset items; and
4) Guarantee agreements that are subject to the impairment requirements of IFRS 9.

In particular, IFRS 9 requires the Group to measure the loss allowance relating to the financial instrument at an amount equivalent to the expected credit losses for the whole validity period if the credit risk for the financial instrument in question has increased significantly after the initial recognition or if the financial instrument is a purchased or initially issued financial asset item that has impaired due to the credit risk. If, however, the credit risk of the financial instrument has not increased significantly after the initial recognition, the Group must measure the loss allowance relating to this financial instrument at an amount equivalent to the 12-month expected credit losses. Furthermore, in certain conditions, IFRS 9 requires that a simplified procedure be applied to trade receivables, contractual asset items and lease receivables in the measurement of loss allowance by measuring it at an amount equivalent to the expected credit losses for the entire validity period.

The Group implemented the simplified model enabled by the standard for recording the impairment of trade receivables with a provision matrix. The provision matrix is established based on the age distribution of the open trade receivables and other receivables by using the percentages determined by the Group. For the growth funding paid to labour hire business customers, the Group has received a counterparty guarantee that covers the paid growth funding from these customers. Therefore, the growth funding paid is excluded from the credit loss provision. In accordance with the principle of prudence, the guarantee amount that exceeds the balance sheet value of the growth funding has not been taken into account as allowance for trade receivables.

For more financial details concerning these adjustments, see section (e) below.

(c) Classification and measurement of financial liabilities

IFRS 9 introduced a significant change to the classification and measurement of financial liabilities in relation to the accounting treatment of changes in fair value of financial liabilities that are measured at fair value through profit or loss when such changes are related to changes in the issuer's credit risk.

IFRS 9 requires that the changes in fair value of a financial liability that are related to the credit risk changes of that financial liability are disclosed under other comprehensive income, unless recognising the credit risk changes of the financial liability under other comprehensive income would create or increase asymmetry of accounting through profit or loss. Changes in fair value relating to the credit risk of a financial liability are not reclassified through profit or loss; they are moved to retained earnings when the financial liability is removed from the balance sheet. Previously, according to IAS 39, the change in fair value of full financial liabilities measured at fair value through profit or loss (FVTPL) was presented in the income statement.

The adoption of IFRS 9 did not affect the classification and measurement of the Group's financial liabilities.

(d) General hedge accounting

The new requirements concerning general hedge accounting retain three hedge accounting methods. However, the types of transactions eligible for hedge accounting have been made more flexible, in particular by expanding the selection of instruments qualifying for hedging instruments as well as the selection of risk components for non-financial items eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of economic relationship. Furthermore, retrospective assessment of hedge effectiveness is no longer required. The requirements for notes concerning the company's risk management measures have also been expanded.

The Group does not use any hedging instruments concerning liabilities and it does not employ hedge accounting. Note 36 presents a detailed description of the Group's risk management activities.

(e) Information concerning the adoption of IFRS 9

The Group did not have financial assets or liabilities that it would have previously designated to be measured at fair value through profit or loss (FVTPL) after initial recognition according to IAS 39 and that should have been reclassified or that the Group would have selected to be reclassified in connection with the adoption of IFRS 9. The Group did not have financial assets or liabilities that the Group would have decided to designate to be measured at fair value through profit or loss (FVTPL) at the time of adopting IFRS 9.

The below table provides information on financial assets that have been reclassified following the adoption of IFRS 9.

In connection with adopting the standard, the Group classified housing company shares as of 1 January 2018 at fair value into the group of property, plant and equipment from the financial assets recognised under comprehensive income items. In this

Effects of IFRS 9 on the opening balance on 1 January 2018

ASSETS	31.12.2017	Adjustment	Opening balance on 1 January 2018
Non-current assets			
Property, plant and equipment	32 391,2	587,0	32 978,2
Financial assets measured at fair value through other comprehensive income	685,1	-587,0	98,1
Current assets			
Trade receivables and other non-interest-bearing recei	23 847,2	-554,8	23 292,4

EQUITY AND LIABILITIES	31.12.2017	Adjustment	Opening balance on 1 January 2018
Equity	44 921,7	-554,8	44 366,9
Non-controlling interests	1 971,2		1 971,2
Total equity	**46 892,9**	**-554,8**	**46 338,1**

Effects of IFRS 9 on equity in the Group’s opening balance

	31.12.2017	Changes in the impairment provisions of trade receivables	Opening balance on 1 January 2018
EQUITY			
Share capital	150,0		150,0
Invested unrestricted equity fund	40 510,2		40 510,2
Fair value fund	-4,5		-4,5
Own shares	-191,4		-191,4
Retained earnings	4 237,5	-554,8	3 682,7
Equity loan	220,0		220,0
Minority shareholders	1 971,2		1 971,2
Total equity	**46 892,9**	**-554,8**	**46 338,1**

IFRS 15 *Revenue from Contracts with Customers* – effects of adoption

In 2018, the Group adopted the IFRS 15 standard *Revenue from Contracts with Customers*, which became effective for financial periods that started on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. The standard also provides more detailed guidelines for handling special cases. A detailed description of the new requirements their effect on the Group's consolidated financial statements is presented below.

The Group adopted the IFRS 15 standard party using a retrospective method. The adoption did not affect the Group's opening balance.

IFRS 15 uses the terms "contract asset" and "contract liability". The Group's accounting principles for each revenue stream are described in note 3.

In connection with the adoption of the standard, the Group assessed the standard's impact on labour hire contracts and, consequently, the recognition practice for long-term customer contracts was changed to match the new standard. As of the beginning of 2018, the growth funding paid to customers in relation to long customer contracts in the labour hire business was moved from intangible rights to other non-current and current receivables and, accordingly, the growth funding that was previously treated on the balance sheet as depreciations of intangible rights was moved to sales discounts. This change was not material for the Group because a considerable proportion of the adjustments affects the Group's internal items.

In connection with the adoption, the existence of a potential financing component was assessed in customer contracts involving growth funding. In these contracts, revenue recognition takes place during the validity of the contract according to the accrual of purchases. In growth funding contracts, the sale price has been specified for the full contract period. Growth funding contracts do not include interest for the paid growth funding; rather, the purpose of these contracts is to commit the customer in long-term collaboration and secure the customer's purchases also in the future. The price is not materially different in normal contracts and growth funding contracts. In the contracts, the customer can decide when the services are transferred. A significant financing component is considered not to have been created when taking into account the combined effect of the contracts' Euro-denominated sums, service transfer periods and interests.

Other amended standards and interpretations

In 2018, the Group adopted various amendments to the IFRS standards and their interpretations, which were published by the International Accounting Standards Board (IASB) and became effective for financial periods that started on or after 1 January 2018. The adoption of these amendments has not had a material impact on the notes or figures of these financial statements.

IFRS 2 (amendments) Classification and Measurement of Share-Based Payment Transactions

The amendments to the standards clarify the following:

1) In the assessment of the fair value of a cash-settled share-based payment transaction, the accounting treatment of vesting conditions and non-vesting conditions should follow the same procedure as applies to equity-settled share-based payment transactions.

2) In case tax law or regulations require the company to withhold a certain amount of equity instruments whose monetary value is equivalent to employees' tax obligation for the purpose of settling employees' tax liability and its eventual payment to the tax authority (typically as money), i.e. a share-based arrangement involves a net settlement property, such an arrangement must be considered, as a whole, to be an equity-settled share-based payment transaction, provided that a share-based payment would have been classified as an equity-settled transaction without the included net settlement property.

3) A change in a share-based payment that changes a cash-settled transaction into an equity-settled transaction is processed as follows:

(i) the initial liability is removed from the balance sheet;
(ii) the equity-settled share-based payment is recognised at the fair value of the issued equity instrument on the change date to the extent in which work has been completed by the change date; and
(iii) any difference between the carrying amount of the liability on the change date and the amount recognised in equity is recognised immediately in profit or loss.

IAS 40 (amendments) Transfers of Investment Property

The amendments clarify that, in transfers to or from investment property, it is necessary to assess whether or not the property meets the definition of investment property. The assessment should use as support observable evidence of changes in the property's use. The amendments clarify further that other conditions in addition to those listed in IAS 40 can be evidence of changes in use and that changes in use are also possible for property which is still being constructed (i.e. changes in use are not limited to property whose construction is completed).

Annual improvements to IFRS standards 2014–2016: Amendments to IAS 28 *Investments in Associates and Joint Ventures*

The amendments clarify that the choice available to a venture capital organisation or another similar entity to measure investments in associates or joint ventures at fair value through profit or loss (FVTPL) after initial recognition is separately available for each individual associate or joint venture and this choice should be made in connection with the initial recognition of the associate or joint venture.

Accordingly, the amendments clarify the choice available to a non-entity investor to maintain the measurements at fair value made by its associates and joint ventures, which are investment entities, when consolidation takes place using the equity method. This choice is separately available for each individual associate or joint venture that meets the definition of an investment entity.

Interpretation of IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

IFRIC 22 specifies how the "date of transaction" must be defined for the purpose of determining the exchange rate in connection with the initial recognition of an asset, expense or income in conditions where the relevant consideration has been paid or received in advance in a foreign currency, which has resulted in the recognition of a non-monetary asset or non-monetary liability.

According to this interpretation, the transaction date is the date on which the company first recognises a non-monetary asset or non-monetary liability as a result of paying or receiving an advance consideration. If there are multiple payments or receipts in advance, the interpretation requires the company to establish a transaction date separately for each consideration paid or received in advance.

2 Accounting principles requiring the management's consideration and key factors of uncertainty related to estimates

Use of estimates

Consolidation under the IFRS standards requires the use of specific estimates and assumptions that affect the figures reported. The estimates and assumptions included in the financial statements are based on the management's best possible opinion on the closing date. These estimates and assumptions affect the application of the accounting principles, the assets and liabilities on the balance sheet, the presentation of contingent assets and liabilities in the notes, and the income and expenses from the financial period. The estimates are based on earlier experience, market information and several other assumptions that may be considered reasonable, but the actual figures may differ from these values due to different assumptions or conditions. The management must employ its judgment when following the accounting principles, and it must prepare estimates concerning income tax, goodwill impairment tests, provisions and contingent liabilities, for example. These principles and estimates require the management to make subjective and complicated, judgment-based estimates, such as those concerning the effects of factors that are uncertain by nature.

Intangible assets

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

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

Intangible assets are discussed in notes 3 and 8.

Estimated goodwill impairment

Impairment testing compares the book value of a group of units including goodwill and generating cash flow to its recoverable amount per year, and determines its possible impairment. The recoverable amount from the group of units generating cash flow is based on utility value calculations. The discount rate takes industry-specific factors into account.

In the testing, the recoverable amount is estimated using budgets, forecasts and terminal periods, and the sensitivity of the calculations is analysed in terms of changes to the discount rate, profitability and residual values. Changes to these estimates or the structure or number of the units or unit groups may cause impairment of the fair values of commodities or goodwill. The estimates concern the expected selling prices of the products, the expected price development of the product costs, and the discount rate.

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

Impairment testing is discussed in note 8.

Revenue

Estimates by the management concerning the growth funding in the labour hire business are discussed in notes 3 and 21.

Credit losses

The risks linked with the trade receivables and other receivables are minimised by means of terms of payment of the receivables, customer-specific monitoring of trade receivables, effective collection and checking of customers' creditworthiness requirements and, in part, also through various collateral arrangements. The management actively follows the development of significant customer balances. The Group will record an impairment loss for trade receivables or other receivables when objective evidence exists that the counterparty will be unable to fulfil its obligation. Substantial financial difficulties on part of the debtor, probability of bankruptcy or default of payment constitute evidence of impairment. For significant receivables, the credit loss risk is reduced through various collateral arrangements.

Management estimates used in determining a credit loss provision according to IFRS 9 are presented in notes 3 and 36.

Share-based payments

The cost impact recognised due to the Group's share reward system is based on the management's assessment of the completion of the financial conditions set by the Board. Share-based payments are discussed in notes 3 and 25.

Income taxes

The tax costs in the Group income statement are based on the taxable income from the financial period, adjustment of taxes from the previous financial periods and change in deferred tax. Estimates by the management are related, among others, to utilising deferred tax assets against taxable income in the coming years. Estimates by the management concerning income taxes are discussed in notes 17 and 30.

IFRS 16 Leases

The Group adopted the IFRS 16 standard as of 1 January 2019. In connection with the adoption of the standard, the management has made estimates concerning, among others, the leases to be included in the arrangement, size of low-value contracts, utilisation of lease extension options and interest rates for additional credit. Estimates by the management are described in note 3.

Provisions and contingent liabilities

A provision is recorded when the Group has a judicial and constructive obligation for payment on the basis of a past event, the realisation of the obligation is probable and the size of the obligation can be reliably estimated. Due to the nature of its business, the Group's provisions are related, among others, to the contracts relating to the use of business premises. Estimates by the management are described in notes 3 and 18.

3 Accounting principles of the consolidated financial statements

Consolidation principles

These consolidated financial statements comprise the parent company NoHo Partners Plc, the subsidiaries it owns, and their subsidiaries. The subsidiaries and associates consolidated into these consolidated financial statements are itemised in note 32.

Subsidiaries

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

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

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

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

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

Associated companies

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

Segment reporting

The Group's operating segments, which are also reported segments, are the Group's strategic business units: restaurants and labour hire. These business units produce different products and services and they are managed as separate units, since their business requires applying a different strategy. The Group's Executive Team has been named as the Group's top operational decision-maker responsible for resource allocation and income estimates.

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

The Group's evaluation of profitability and decisions concerning the resources to be allocated to each segment are based on the segments' EBITDA. It is the understanding of the management that this is the most suitable benchmark for comparing the profitability of the segments to other companies in their respective fields. In 2019, the Group will track the profitability of each segment based on operating profit.

Items denominated in a foreign currency

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

Business transactions denominated in a foreign currency have been recorded in the functional currency using the exchange rate in force on the date of the transaction. Monetary items denominated in a foreign currency have been converted into the functional currency using the exchange rates on the end date of the reporting period. Profits and losses generated by business transactions denominated in a foreign currency and conversion of monetary items have been recorded through profit of loss. Foreign exchange gains and losses are included in the corresponding items above operating profit.

Property, plant and equipment

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

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

The Group’s property, plant and equipment are depreciated over the estimated useful life of the commodity in question. Depreciation of property, plant and equipment is calculated as degressive depreciations from the book value, or as straight-line depreciations, where the acquisition cost is recorded as expense over the useful lives as follows:

Machinery and equipment: residual value depreciation 25%
Modification and renovation expenses for rental premises: 5–10 years
Buildings: 30 years

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

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

Intangible assets

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

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

No depreciations of goodwill are recorded; instead, goodwill is tested for possible impairment each year and whenever there are indications that it might be impaired. Goodwill is measured according to its original acquisition cost less any impairment.

Brands and name use rights

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

The Group has six restaurants with a long tradition in Helsinki which it has protected with registrations. These are some of the most renowned restaurants in Finland: Kulosaaren Casino has been in operation since 1915, Savoy and Elite since the 1930s and Palace since the 1950s. In addition, Strindberg and Ravintola Teatteri have operated on Esplanadi for decades with their own, established concepts. All six restaurants have established an essential position in the Finnish restaurant culture and are expected to operate for so long that no depreciation time can be determined for them. These restaurants are considered to have an indefinite useful life because a depreciation time cannot be determined due to their established position, the Group has a legal right to the registrations, the registrations will be renewed and the costs due to the renewal are immaterial. The fair value of the restaurant brands with an indefinite useful life is based on a 5% royalty level, and they are measured at the original acquisition cost less any impairment. Brands with an indefinite useful life are not depreciated; instead they are tested on a yearly basis similarly to goodwill.

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

Transfer rights in relation to leases

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

Other intangible assets

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

Non-competition

In connection with acquisitions, deeds of sale typically stipulate a non-competition provision for the selling party for a specific period. As part of the purchase price allocation, non-competition agreements have been assigned a value recognised under intangible assets.

Customer contracts

In connection with completed acquisitions, existing contracts/relationships with customers have been assigned a value as part of the purchase price allocation. Based on the valuation, this amount of the purchase price is recognised under intangible assets.

Beneficial lease agreements

In connection with completed acquisitions, existing beneficial lease agreements have been assigned a value as part of the purchase price allocation. Based on the valuation, this amount of the purchase price is recognised under intangible assets.

Excluding the above brands with an indefinite useful life, the acquisition cost of intangible assets is recognised through depreciations as expenses in the income statement based on the following estimated useful lives:

Brands and name use rights	3–15 years
Non-competition (limited)	2–4 years
Beneficial lease agreements	2–10 years
Customer contracts	3–10 years

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

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

Impairment of tangible and intangible assets

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

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

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

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

Impairment testing and the essential assumptions applied are described in note 8.

Lease agreements

The Group as a lessee

Lease agreements concerning property, plant and equipment where the Group has a material part of the risks and benefits of ownership are classified as finance lease agreements. Asset items acquired by means of such an agreement are recorded on the balance sheet at the commencement of the lease term at the fair value of the commodity or at the present value of the minimum lease payments, whichever is lower. Commodities acquired using finance lease agreements are depreciated over the useful life of the commodity or, whenever there is no certainty that ownership rights will be transferred to the lessee after the lease term, over a lease term that is shorter than the useful life. The lease payments paid are divided between finance charges and repayment of debt over the lease term, so that the remaining debt for each period will have the same interest rate. The lease liabilities are included in financial liabilities.

Lease agreements where the lessor is responsible for the risks and benefits of ownership are processed as other lease agreements. Lease payments on the basis of other lease agreements are recorded in the income statement as annuities over the lease term.

The Group as a lessor

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

Effects of IFRS 16

The effects of IFRS 16 on the Group are discussed at the end of this note under “Newly published and revised IFRS standards that are not effective”.

Inventories

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

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

Pension obligations

Pension obligations are classified as benefit-based or defined contribution plans. The Group's statutory pension plans in Finland have been classified as defined contribution plans. In a defined contribution plan, the Group pays fixed fees for a pension plan to a pension insurance company. The Group is not legally or constructively obligated to make additional payments if the recipient of the payments does not have sufficient funds to pay the pension benefits that the employees have earned for the current period or periods preceding it. In a defined contribution plan, the payments made are recorded into the income statement for the financial period that the charge applies to. The Group does not have any benefit-based pension plans.

Share-based payments

The Group has in place a long-term share-based reward system for its key persons.

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

Income recognition principles

The Group offers restaurant business and labour hire services. The Group tracks sales separately for goods and services.

Restaurant business

The sale of goods mostly comprises the sale of food and refreshments to private and business customers. Restaurants' service sales include ticket revenue and the income from selling advertising and marketing spaces and similar.

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

Labour hire business

The Smile Henkilöstöpalvelut subgroup offers comprehensive labour hire and personnel services. The customer is a party that has made a contract with the company to receive goods or services produced by the company's normal operations in exchange for a compensation. The subgroup's revenue mainly comprises the provision of personnel services to customers. Labour hire services are offered in the following sectors, among others: hotel and restaurant, construction and industry, events and promotions, logistics and maintenance, and health care. In addition, direct recruitment is offered.

The subgroup has short- and long-term and fixed contracts with customers concerning the provision of labour hire services. Under customer contracts, the subgroup offers customers the personnel services they require according to the terms and conditions specified in the contract. The service offering, contract terms and contract periods vary customer-specifically.

The recruitment service package that the subgroup offers its customers covers the entire recruitment process or a part of it. In addition to the recruitment process, the service package involves support for employee induction and additional coaching.

Under personnel service contracts, the subgroup agrees to offer its customers personnel services according to the terms and conditions specified in the contracts (sales commitment). Under a service package, the customer agrees to purchase and pay for personnel services according to the terms and conditions specified in the contract (purchase commitment). In personnel service contracts involving growth funding, the customer agrees to a specific minimum purchase of personnel services specified in the contract as an amount in euros during a calculation period specified in the contract. The purchase obligation is determined based on the annual purchase estimate provided by the customer. Contracts involving growth funding are valid for a fixed term; typically from 1 to 5 years.

Transaction price is the compensation that the subgroup expects to be entitled to for completed services based on the customer contract. The price of an individual service package varies depending on the included personnel services. Service pricing is agreed in customer contracts, and the contract specifies fixed prices for separate services. The contracts do not involve any significant changing compensation.

The compensation paid to the customer is also taken into consideration when determining the transaction price for labour hire contracts. The compensation paid to the customer includes such cash amounts that the entity pays or expect to pay to the customer. The subgroup pays a specific amount of growth funding to a customer for a purchase contract specified in the contract, and this growth funding is recorded under receivables. The growth funding is paid in advance and, during the validity of the contract, the customer earns it according to their accrual of purchases. The growth funding is, by nature, a compensation paid to the customer, which is recorded as a decrease of sales profit when the services are transferred to the customer. Before 2018, growth funding was disclosed under intangible rights and as depreciations of intangible rights.

Sales profit for personnel services is recorded as the Group performs the service to the customer and the customer receives control over it. The customer benefits from the service as the service is being performed and, as such, service revenue is recognised over time. According to a practical expedient in the IFRS 15 standard, if an entity is entitled to receive a consideration from a customer as a monetary sum that directly corresponds to the value of the performance provided by the entity to the customer by the time of the review, the entity may recognise revenue for the amount it is entitled to invoice.

The Group does not have asset items that are recorded due to expenses for obtaining or performing a customer contract. The Group's customer contracts do not include refund or repayment obligations or special warranty terms.

Rental income

Rental income is recorded as annuities over the lease period.

Interest and dividends

Interest income is recorded using the effective interest method, and dividend yield is recorded for the period during which the right to the dividend has been gen

Non-current asset items held for sale (or disposal groups) and discontinued operation

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

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

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

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

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

EBITDA and operating profit

The standard IAS 1 *Presentation of Financial Statements* does not define the concepts of EBITDA or operating profit. The Group has defined them as follows:

EBITDA is the net sum created by adding other operating income to turnover and deducting from this sum the staff expenses, other operating costs, and the acquisition costs of materials and services adjusted by the changes in the inventory.
Operating profit is the net sum created by adding other operating income to turnover and deducting from this sum the staff expenses, other operating costs, depreciations, amortisations and impairments, and the acquisition costs of materials and services adjusted by the changes in the inventory.

All income statement assets other than those mentioned above are presented under EBITDA. Exchange differences are included in EBITDA if they are due to items related to operating activities; otherwise, they are entered under financial items.

Provisions and contingent liabilities

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

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

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

Income taxes

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

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

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

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

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

Financial assets and liabilities

Financial assets

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

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

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

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

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

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

Financial liabilities

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

Impairment of financial assets

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

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

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

Cash and cash equivalents

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

Borrowing costs

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

Share capital

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

Dividend distribution

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

Non-controlling interests

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

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

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

Newly published and revised IFRS standards that are not yet effective

On the date on which these financial statements have been approved for publication, the Group had not adopted the following new and revised IFRS standards that have been published but are not yet effective.

- IFRS 16 *Leases*
- IFRS 17 *Insurance Contracts*
- Amendments to IFRS 9: *Prepayment Features with Negative Compensation*
- Amendments to IAS 28: *Long-term Interests in Associates and Joint Ventures*
- Annual improvements to IFRS standards 2015–2017: Amendments to standards IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs*
- Amendments to *IAS 19* Employee Benefits: *Plan Amendment, Curtailment or Settlement*
- Amendments to *IFRS 10* Consolidated Financial Statements and IAS 28: *Sales or contributions of assets between an investor and its associate/joint venture.*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 3: *Definition of a Business*
- Amendments to IAS 1 and IAS 8: *Definition of Material*

The Group does not expect that the adoption of the above standards will have a significant effect on the Group's financial statements in the coming periods except for the effects described below.

IFRS 16 *Leases*

General effects of adopting IFRS 16 Leases

IFRS 16 includes a comprehensive model for identifying lease arrangements and their treatment in financial statements for lessors and lessees. After becoming effective for financial periods that start on or after 1 January 2019, the standard replaces the current IAS 17 Leases and the related interpretations.

The group will adopt IFRS 16 with a partly retrospective method and, as such, the accrued effect resulting from the adoption of the standard on the adoption date of 1 January 2019 is recognised in the opening balance of retained earnings. A lease liability and right-of-use asset are recognised at the start of the application when applying an earlier standard concerning leases classified as operating leases.

IFRS 16 specifies the requirements of recognition, measurement, presentation and disclosure of leases. According to the standard, all lease agreements of lessees are treated in the same way such that, based on an estimate by the management, the lessee recognises assets and liabilities for all lease agreements on the balance sheet unless the lease term is 12 months or shorter or the underlying asset is of low value. Lessors will continue to classify leases as finance leases or other lease agreements. The adoption of the new standard will affect how leases are presented in consolidated financial statements. The Group intends to apply the exception allowed by the standard of not recording leases involving a term of under 12 months or a low-value asset on the balance sheet.

The company has implemented a calculation system that provides the company with calculated information required by the standard. The management has assessed the agreements to be included in the calculation. Lease agreements are divided into four groups: properties, civil engineering areas, machinery and equipment, and other lease agreements. The division is based on the nature of each asset and, in order to improve tracking, the groups are divided into subgroups. This division does not affect the calculation according to IFRS 16.

The Group has assessed the interest rate for additional credit based on the interest rate that would result from acquiring the asset in question with external funding. The interest rate for additional credit is determined separately for each asset according to the nature of the asset. The management estimates that, at the current interest rate level, different assets will not have materially different interest rates. The Group has divided the lease agreements into the following groups based on the term of lease: under 3 years, 4–6 years, 7–10 years and more than 10 years. The interest rate for additional credit varies between 2% and 3.5% depending on the asset in question and term of lease.

The management has estimated the amount of restoration costs in leases that include a restoration clause. The restoration costs recognised under the right-of-use asset are based on estimates whose precise amount cannot be determined in advance, and the estimates are based on previous actual restoration costs. The Group's previous actual restoration costs have been approximately EUR 6,000 per agreement. Restoration costs have comprised the dismantlement of the business premises or similar. Restoration costs are recognised under fixed assets and provisions and discounted by a the risk-free interest rate. Many of the Group's leases include options. The management estimates that the options of these leases will be used.

Impact on lessee's accounting treatment

Operating leases

IFRS 16 changes the way how the Group's accounting treats leases that were previously, under IAS 17, classified as operating leases and not recorded on the balance sheet.

In connection with the initial application of IFRS 16, the Group treats all leases as follows:

(a) Right-of-use assets and lease liabilities are recognised on the consolidated balance sheet. In connection with the initial recognition, they are measured at the present value of future lease payments;
(b) Depreciations of right-of-use assets and lease liability interest are recognised in the Group's income statement.
(c) In the Group's cash flow statement, the total paid monetary amounts is divided into the capital portion (presented as part of financing activities) and interest (presented in the business cash flow).

Lease incentives (such as a rent-free period) are recorded as part of fixed assets and lease liability, whereas under IAS 17 they resulted in the recognition of an incentive liability relating to the lease. This liability was amortised in the income statement as annuities deducting lease expenses.

According to IFRS 16, right-of-use assets are tested for impairment in accordance with the standard IAS 36 *Impairment of Assets*. This replaces the previous requirement of recording a provision relating to leases that generate a loss.

For short-term leases (lease term up to 12 months) and leases where the underlying asset is of low value (such as supplies), the Group chooses the accounting treatment allowed by IFRS 16 where the lease expenses are recorded in the income statement.

On 31 December 2018, the lease liabilities due to the Group's non-cancellable operating leases amounted to EUR 202.8 million.

The adoption of IFRS 16 will have a significant impact on the NoHo Partners Plc Group. The Group adopts the standard as of 1 January 2019 and will adjust the opening balance according to the effects. Based on initial calculations, the equal asset and liability recorded on the Group's balance sheet on 1 January 2019 is approximately EUR 177 million. According to initial calculations, the adoption of the standard will considerably increase the Group's EBITDA, reduce its equity ratio and increase its gearing ratio. Based on initial calculations by the management, the Group's gearing ratio is expected to grow from 186% to approximately 420% and the Group's equity ratio is expected to decrease from 24.4% to approximately 15%.

Finance lease agreements

In terms of assets previously recorded for finance lease agreements, the key difference between IFRS 16 and IAS 17 is the measurement of residual value guarantees given to the lessor by the lessee. IFRS 16 requires the Group to record under lease liability only the amount it expects to pay based on the residual value guarantee and not the maximum amount, which was required by IAS 17.

After analysing the Group's finance lease agreements on 31 December 2018 based on the information available and conditions present on that day, the company management found that this change does not affect the figures recognised in the Group's consolidated financial statements.

Impact on lessor's accounting treatment

According to IFRS 16, the lessor will continue to classify leases as finance leases or operating leases and treat the two lease types differently in accounting. However, IFRS 16 has changed and expanded the notes to be provided particularly concerning how the lessor manages the risks related to its residual interest in assets subject to leases.

Under IFRS 16, the intermediate lessor treats the head lease and sublease as two separate leases. The intermediate lessor must classify the sublease as a finance lease or operating lease based on an assessment in relation to the right-of-use asset recorded for the head lease.

As a result of this change, the Group will reclassify some of its subleases as finance leases. In accordance with the requirements of IFRS 9, the loss allowance for expected credit losses is recognised from finance lease receivables. Leased assets are derecognised and finance lease receivables are recognised in the balance sheet. This change in accounting treatment changes the timing of recognising revenue related to the arrangements (recognised in financial income).

Annual improvements to IFRS standards 2015–2017: Amendments to standards IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs*

The Annual Improvements contain amendments to four standards. The management of the Group estimates that these amendments do not have a material effect on the financial statements.

IAS 12 *Income Taxes*

The amendments clarify that a company should recognise the income tax consequences of dividends in profit or loss or, other comprehensive income or equity according to where the company initially recognised the transactions that generated the distributable profits. This is the procedure regardless of whether the same tax rate applies to distributed and non-distributed profits.

IAS 23 *Borrowing Costs*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that the company has borrowed generally when calculating the capitalisation rate on general borrowings.

IFRS 3 *Business Combinations*

The amendments to IFRS 3 clarify that, when a company obtains control of a business that is a joint operation, the company shall apply the accounting treatment requirements for an acquisition completed in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 *Joint Arrangements*

The amendments to IFRS 11 clarify that, when a company that participates in but does not have joint control of a joint operation that is a business obtains joint control of such a joint operation, this company does not remeasure its previously held interest in the joint operation.

IFRIC 23 *Uncertainty over Income Tax Treatments*

IFRIC 23 specifies how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires companies to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is likely that a tax authority will accept the applied or proposed treatment of an uncertain tax position in the company's income tax return:
  - If yes, the company should determine its accounting tax position consistently with the applied or planned tax treatment.
  - If no, the company should take into account the effect of uncertainty when determining its accounting tax position.

The new interpretation will apply to financial periods beginning on or after 1 January 2019. Companies can apply the interpretation with either a full retrospective application or a modified application without adjustment of comparative data retrospectively or prospectively.

The Group will take this interpretation into account when making decisions and assessments based on the management's consideration.

4 Acquired business operations

Acquisitions during the 2018 financial period

Acquired subsidiaries and businesses

Acquisitions in the restaurant segment:

Acquired company	Right of ownership and management transferred	Share capital
Cock's & Cows ApS, Denmark	1.4.2018	98 %
Cock's & Cows Tivoli Food Hall ApS, Denmark	1.4.2018	100 %
Cock's & Cows CPH Airport ApS, Denmark	1.4.2018	100 %
The Bird Mother ApS, Denmark	1.4.2018	92 %
The Bird ApS, Denmark	1.4.2018	100 %
The Bird Kødbyen ApS, Denmark	1.4.2018	100 %
The Bird Tivoli ApS, Denmark	1.4.2018	100 %
The Bird CPH Airport ApS, Denmark	1.4.2018	100 %
The Bird Fugu ApS, Denmark	1.4.2018	100 %
Nordic Gourmet Oy	17.4.2018	66 %
RR Holding Oy (Royal Restaurants)	1.6.2018	100 %
Royal Restaurants Ltd	1.6.2018	100 %
Royal Konseptiravintolat Oy	1.6.2018	100 %
Sushi World Oy	1.6.2018	100 %
Chicks by Chicks Tivoli ApS, Denmark	1.6.2018	89 %
Ebony & Ivory Aps, Denmark	1.11.2018	95,05 %
Bronnum Aps, Denmark	1.11.2018	99 %
Lidkoeb Aps, Denmark	1.11.2018	94,53 %

Description of the most significant acquisitions in the restaurant segment in 2018:

Business acquisitions in Denmark

In a stock exchange release on 23 March 2018, the Group announced a significant expansion of its restaurant business outside the borders of Finland in Denmark.

A subsidiary of NoHo Partners acquired more than 90% of the popular Danish companies Cock's & Cows and The Bird, which operated a total of 11 restaurants and bars in Copenhagen at the time of acquisition. During the summer of 2018, both restaurant concepts opened new units in central locations at the Copenhagen International Airport. The restaurants of the concepts are already situated in key locations in Copenhagen, such as Gammel Strand, the Meatpacking District and Tivoli.

According to the Group, the Danish restaurant market of approximately EUR 8 billion is highly competitive, but much more fragmented than in Finland. Cock's & Cows and The Bird are very successful and popular concepts that are also scalable to other countries. Cock's & Cows is a burger and party bar concept established in 2010. The Bird, in turn, is a gin and craft beer bar established in 2013 that focuses on a high-quality offering of beverages.

In the 2017 financial period, the turnover of the object of the transaction totalled approximately EUR 9 million and EBITDA EUR 0.8 million. With the openings late in the 2017 financial period and in 2018, turnover was estimated to reach approximately EUR 20 million and EBITDA more than EUR 2 million in 2018. According to the Group, the preliminary estimate of the companies' debt-free value is EUR 22 million, of which the share of NoHo Partners is 75%. At the time of purchase, NoHo Partners pays EUR 10 million. The purchase price is paid as money. Under the earn-out arrangement, the remaining items will be paid in August 2018 and February 2020. The earn-out arrangement is result-based. The business and ownership of the object of the transaction are transferred on 1 April 2018.

The founders of Cock's & Cows and The Bird act as partners in the Danish subsidiary of NoHo Partners. NoHo Partners owns 75% of the joint venture and the founders a total of 25%. The founders have a background of more than 20 years at the centre of the Danish restaurant world. In addition to food restaurant operations, they have solid experience in the business of social restaurants and nightclubs. Their competence and market knowledge provide a good basis for our company's growth in Copenhagen, more widely in Denmark and possibly also in other Northern European countries. We see significant potential in the nightclub and entertainment restaurant business in Denmark. The cooperation also enables the expansion of NoHo Partners' own concepts to Denmark.

After adjustments to the purchase price and fair value, goodwill amounted to EUR 15.4 million. In light of the existing market, the Group considers goodwill to comprise the business itself, competence of the personnel, synergy benefits, such as cross-border utilisation of purchase contracts and concepts as well as improving cost management and general operational leadership. In the generation of goodwill, the Group sees that combining the competence of the Danish management and NoHo Partners will bring benefits to both building new concepts and developing existing ones. Business competence is also reflected in the competence of the personnel.

Acquisition of Royal Restaurants

In a stock exchange release on 12 April 2018, the Group announced the merger of NoHo Partners and Royal Restaurants – and the emergence of one of the largest restaurant groups in the Nordic countries.

NoHo Partners as well as Intera Fund II Ky and other shareholders of RR Holding Oy signed a trade agreement on 11 April 2018 with which NoHo Partners acquired the entire share capital of RR Holding Oy ("Royal Restaurants") while the owners and key persons of Royal Restaurants made an investment in NoHo Partners. The implementation of this transaction was subject to decisions by NoHo Partners' General Meeting on share issue and arranging funding for the cash transaction.

In the acquisition, the debt-free value of Royal Restaurants was EUR 90 million. EUR 20 million of the purchase price was paid as new NoHo Partners shares as private placement for the sellers of Royal Restaurants. The share issue price was EUR 8.80 per share. Part of the purchase price was paid in cash, and the transaction was expected to increase the net debt of Restamax by approximately EUR 70 million.

The Group's objective is to build a restaurant company that combines an entrepreneurial approach, an attitude that emphasises the role of the restaurateurs and the development resources of a large company. According to the Group, NoHo Partners and Royal Restaurants complement each other as companies, both in terms of their product portfolio and competence.

In the 2017 financial period, the reported turnover of Royal Restaurants was EUR 105.6 million (an increase of 19.1% from the previous year), EBITDA EUR 7.0 million (an increase of 49.2% from the previous year) and operating profit EUR 3.6 million (an increase of 273.3% from the previous year). Adjusted EBITDA was EUR 8.3 million (an increase of 39.9% from the previous year) and operating profit EUR 4.9 million (an increase of 121.4% from the previous year). The Royal Restaurants group employs approximately 930 people in total. In the financial period that ended on 31 December 2017, the combined reported turnover of Restamax and Royal Restaurants was EUR 291.4 million, EBITDA EUR 29.4 million and operating profit EUR 14.4 million. Pro forma adjustments have not been taken into account in the combined figures.

At the end of 2017, the Royal Restaurants group comprised a total of 35 individual restaurants, 21 Hanko Sushi restaurants, 7 Pizzarium restaurants and 4 Sandro restaurants across the country. Other well-known restaurants in the Group's restaurant portfolio include Savoy, Löyly, Elite, Restaurant Palace and Restaurant Teatteri. Upon completion of the transaction, the Group expects significant synergy benefits to be generated during the latter part of 2018 and in 2019. Royal Restaurants holds a strong market position in Helsinki and NoHo Partners, , in turn, outside the Helsinki metropolitan area. According to the Group, both companies share a strong entrepreneurial spirit and passionate people.

The private placement in connection with the acquisition of Royal Restaurants was based on an issue price of EUR 8.80/share agreed in accordance with the preliminary deed of sale. According to IFRS, the issue price was determined on the basis of the transfer date of holding on 1 June 2018, when the stock exchange price of NoHo Partners was EUR 10.60/share. This difference of EUR 4,091 thousand has been taken into account in the total purchase consideration amount.

After adjustments to the purchase price and fair value, goodwill amounted to EUR 61 million. In light of the existing market, the Group considers goodwill to comprise the business itself, competence of the personnel, synergy benefits as well as improving cost management. On 21 September 2018, the Group issued a press release on synergy benefits of at least EUR 6 million. In the generation of goodwill, the Group sees that the business competence of the senior management will bring significant benefits to both building new concepts and developing existing ones. Business competence is also reflected in the competence of the personnel.

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

Acquisitions in the restaurant segment:

Thousand EUR	Cock's & Cows ApS and The Bird Mother ApS, Denmark	RR Holding Oy (Royal Restaurants)	Ebony & Ivory Aps, Bronnum Aps and Lidkoeb Aps, Denmark	Other acquired	Acquisitions in total
Assets					
Intangible assets	6 355,8	37 051,3	654,8	1 156,7	45 218,7
Tangible assets	3 554,0	13 248,5	990,8	135,5	17 928,8
Investments	0,0	134,3	0,0	0,0	134,3
Non-current receivables	0,0	136,0	163,7	0,0	299,8
Current receivables	1 087,1	6 255,3	203,2	41,3	7 586,9
Inventories	195,7	2 628,9	168,9	17,6	3 011,1
Cash and cash equivalents	72,7	2 735,5	109,5	88,6	3 006,2
Assets in total	**11 265,2**	**62 189,8**	**2 291,0**	**1 439,7**	**77 185,7**
Liabilities					
Deferred tax liabilities	1 425,7	6 229,2	207,1	231,0	8 093,1
Financial liabilities	1 304,3	35 226,9	284,9	0,0	36 816,1
Other payables	2 501,6	22 029,7	1 345,5	226,8	26 103,6
Liabilities in total	**5 231,6**	**63 485,9**	**1 837,5**	**457,8**	**71 012,8**
Net assets	**6 033,6**	**-1 296,0**	**453,5**	**981,8**	**6 173,0**
Total purchase consideration at time of acquisition:					
Share of purchase consideration consisting of cash and cash equivalents	13 289,6	35 822,2	2 697,0	1 661,8	53 470,6
Share of equity of the purchase consideration	0,0	23 871,0	0,0	0,0	23 871,0
Contingent purchase consideration	6 460,9	0,0	894,9	445,5	7 801,2
Total purchase consideration in total	**19 750,5**	**59 693,1**	**3 591,9**	**2 107,3**	**85 142,8**
Generation of goodwill through acquisitions:					
Total purchase consideration	19 750,5	59 693,1	3 591,9	2 107,3	85 142,8
Minority shareholders' share	1 666,9	0,0	191,8	294,5	2 153,2
Net identifiable assets of the acquired entity	6 033,6	-1 296,0	453,5	981,8	6 173,0
Goodwill	**15 383,7**	**60 989,1**	**3 330,2**	**1 420,0**	**81 123,0**

The acquisition cost calculations are preliminary, but the company's management does not expect any significant changes to them

Determination of contingent purchase prices

80% of the estimated purchase price of Cock's & Cows ApS was paid at the time of acquisition. The value of the company was determined according to the October–December 2017 and January–June 2018 EBITDA. The remaining 20% of the purchase price, totalling EUR 1,933 thousand, was based on the above valuation and the agreed coefficient. No changes have been made to the estimated contingent purchase price during the financial period.

EUR 1,409 thousand of the purchase price of The Bird Mother ApS was paid at the time of acquisition. The remainder of the purchase price is determined according to the realised EBITDA for January–December 2019 and the coefficient agreed in connection with the transaction. The estimated contingent additional purchase price was EUR 4,528 thousand at the time of acquisition. An adjustment of the estimated additional purchase price relating to the purchase of shares in The Bird Mother ApS, totalling EUR 604 thousand, has been recognised under financial income.

EUR 7 thousand of the purchase price of shares in Chicks by Chicks Tivoli ApS was paid at the time of acquisition. The transaction involves a contingent additional purchase price that is determined according to the realised EBITDA for June 2018–June 2019 and the coefficient agreed in connection with the transaction if the above amount exceeds DKK 500 thousand. The estimated contingent additional purchase price was EUR 53 thousand at the time of acquisition. No changes have been made to the estimated contingent purchase price during the financial period.

EUR 2,697 thousand of the purchase price of shares in Ebony & Ivory ApS, Bronnum ApS and Lidkoeb Aps was paid at the time of acquisition. The transaction involves an additional purchase price of up to EUR 895 thousand if the companies' combined EBITDA exceeds DKK 4 million in 2019. No changes have been made to the estimated contingent purchase price during the financial period.

EUR 1,600 thousand of the purchase price of Nordic Gourmet Oy was paid at the time of acquisition. The acquisition involves a contractual obligation to acquire an additional share in the company, the associated purchase price of which has been taken into account in the total purchase consideration. The management has estimated the purchase price of the additional share at EUR 400 thousand. No changes have been made to the estimated contingent purchase price during the financial period.

Effect of acquisitions

Restaurant segment:

Thousand EUR	Acquisitions in total
Effect on the Group's net income figures in the financial period from 1 January to 31 December 2018	
Turnover	82 834,1
Net income	821,4
Effect assessment if acquisition from the beginning of the financial period	
Turnover	128 098,6
Net income *)	-2 698,1

*) Contains significant non-recurring items related to the planned listing and corporate acquisition of Royal Ravintolat.

Acquired subsidiaries and businesses

Acquisitions in the labour hire segment:

Acquired company	Right of ownership and management transferred	Share capital
Smile Kymppi Service Oy (previously Kymppi Service Oy)	1.2.2018	100 %
Smile Kymppi Service Logistiikka Oy (previously Kymppi Service Logistiikka Oy)	1.2.2018	100 %
Smile Kymppi Service Länsi-Suomi Oy (previously Kymppi Service Länsi-Suomi Oy)	1.2.2018	100 %
Smile Palvelut Maja Oy (previously Kymppi Service Pirkanmaa Oy)	1.2.2018	100 %
Smile Kymppi Service Pohjois-Suomi (previously Kymppi Service Pohjois-Suomi Oy)	1.2.2018	100 %
Smile Kymppi Service Satakunta Oy (previously Kymppi Service Satakunta Oy)	1.2.2018	100 %
Kymppi Service Eesti Oü	1.2.2018	100 %
Smile Import Oy (previously Adicio Oy)	3.4.2018	80 %
Jobio Pirkanmaa Oy	1.6.2018	100 %
Jobio Pohjanmaa Oy	1.6.2018	100 %
Jobio Uusimaa Oy	1.6.2018	100 %
Jobio Varsinais-Suomi Oy	1.6.2018	100 %
Job Services Two Oy	1.6.2018	100 %
Job Services Three Oy	1.6.2018	100 %

Description of the most significant acquisitions in the labour hire segment in 2018:

Acquisition of Smile Import

In a stock exchange release on 22 March 2018, the Group announced that the NoHo Partners subsidiary Smile Henkilöstöpalvelut Oyj had acquired 80% of the shares of Smile Import Oy (previously Adicio Oy), a construction sector temporary agency focusing on foreign labour. The current owners remained as minority shareholders.

Smile Import has productised the import of foreign construction labour into Finland from the work permit application procedure to housing and support services to facilitate living in Finland. The company operates nationwide.

The purchase price was set at EUR 6 million. The ownership of the object of the transaction was transferred on 3 April 2018.

According to the Group, the availability of labour is the main challenge for growth in the sector. Smile Import and the minority shareholders have created a first-class service concept for their own needs for importing labour into Finland. The service concept can be replicated and, with the arrangement, the Group will be able to provide customers with a nationwide new service that can be used to resolve the labour needs of several Finnish companies. Going forward, the acquisition and Smile's sales organisation will allow more efficient balancing of the seasonal fluctuations that are typical for the construction industry as well as securing longer-term employment for Smile Import employees. Skilled and committed personnel is particularly important to the Group. Smile Henkilöstöpalvelut wants to be an active part of the change in the labour market and a leading company for labour availability. The now implemented corporate transaction is an important part of the growth strategy of Smile Henkilöstöpalvelut that is supported by both the replicable concept of Smile Import and the 6-year cooperation agreement with the minority shareholder party appended to the contract.

According to preliminary data, the turnover of Adicio was EUR 8.772 million and operating result EUR 1.692 million at the end of 2017.

After adjustments to the purchase price and fair value, goodwill amounted to EUR 4.2 million. In light of the existing market, the Group considers goodwill to comprise the business itself and the competence of the personnel.

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

Acquisitions in the labour hire segment:

Thousand EUR	Smile Import Oy (previously Adicio Oy)	Other acquired	Acquisitions in total
Assets			
Intangible assets	4 756,6	2 798,8	**7 555,4**
Tangible assets	34,9	56,9	**91,7**
Investments	0,0	0,0	**0,0**
Non-current receivables	0,0	3,6	**3,6**
Current receivables	214,1	4 097,5	**4 311,6**
Inventories	0,0	58,0	**58,0**
Cash and cash equivalents	-76,8	2 205,6	**2 128,8**
Assets in total	**4 928,8**	**9 220,3**	**14 149,1**
Liabilities			
Deferred tax liabilities	951,3	557,2	**1 508,5**
Financial liabilities	0,0	1,1	**1,1**
Other payables	266,6	5 539,9	**5 806,5**
Liabilities in total	**1 217,9**	**6 098,2**	**7 316,2**
Net assets	**3 710,8**	**3 122,1**	**6 832,9**
Total purchase consideration at time of acquisition:			
Share of purchase consideration consisting of cash and cash equivalents	5 896,5	8 325,0	14 221,6
Share of equity of the purchase consideration	0,0	2 502,0	2 502,0
Contingent purchase consideration	500,0	1 284,0	1 784,0
Total purchase consideration in total	**6 396,5**	**12 111,0**	**18 507,5**
Generation of goodwill through acquisitions:			
Total purchase consideration	6 396,5	12 111,0	**18 507,5**
Minority shareholders' share	1 465,9	761,2	**2 227,1**
Net identifiable assets of the acquired entity	3 710,8	3 122,1	**6 832,9**
Goodwill	**4 151,6**	**9 750,1**	**13 901,7**

The acquisition cost calculations are preliminary, but the company's management does not expect any significant changes to them

Determination of contingent purchase prices

EUR 6,397 thousand of the purchase price of shares and sale value of assets in Smile Import Oy was paid at the time of acquisition. The transaction involves a contingent additional purchase price of EUR 500 thousand that is determined based on the 2018 EBITDA if it exceeds EUR 1,500 thousand. No changes have been made to the estimated contingent purchase price during the financial period.

The purchase of shares in Job Service Two Oy and Job Service Three Oy involves a contingent additional purchase price that is determined based on the net income of the financial period ending on 31 December 2018 before appropriations and taxes, multiplied by four. A maximum price of EUR 1,284 has been set for the contingent additional purchase price in acquisitions. An adjustment of the estimated additional purchase price relating to the purchase of shares in the companies in question, totalling EUR 1,226 thousand, has been recognised under financial income.

The purchase price of shares in the Jobio companies involved the sale value of assets. For Jobio Pirkanmaa Oy and Jobio Pohjanmaa Oy, an adjustment of the sale value of assets taken into account at the time of acquisition, totalling EUR 87 thousand, has been recognised under financial expenses.

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

Effect of acquisitions

Labour hire segment:

Thousand EUR	Acquisitions in total
Effect on the Group's net income figures in the financial period from 1 January to 31 December 2018	
Turnover	30 903,1
Net income	1 538,6
Effect assessment if acquisition from the beginning of the financial period	
Turnover	41 669,7
Net income	1 596,4

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

Group in total:

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

Acquisitions during the 2017 financial period

Acquired subsidiaries and businesses

Acquisitions in the restaurant segment:

Acquired companies and businesses	**Right of ownership and management transferred**	**Share capital**
Thai Papaya Oy	1.1.2017	60 %
Business, restaurant Gloria Joensuu	1.3.2017	-
Business and fixed assets, restaurant on South Esplanadi	1.4.2017	-
Business operations and equipment, restaurants Hullu Poro, Jackie Brown Gold, von Nottebeck in Näsilinna, summer restaurants Laituri and Kirjuri	1.3.2017	-
Business, Yo-talo engaged in restaurant and event business	15.3.2017	-
Business, restaurant Sinisoihtu	31.3.2017	-
Tillikka Oy	1.4.2017	80 %
Business, café-restaurant business with all related buildings and movable property in the area of Ruovesi Harbour	3.5.2017	-
Business and equipment, restaurant on Eerikinkatu in Turku	11.4.2017	-
Business and fixed assets, restaurant in Pori	5.5.2017	-
Harry’s Ravintolat Oy	2.6.2017	90 %

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

Acquisitions in the restaurant segment:

Thousand EUR	**Harry’s Ravintolat Oy**	**Other acquired**	**Acquisitions in total**
Assets			
Intangible assets	98,0	487,8	585,8
Tangible assets	33,0	1 292,3	1 325,2
Investments			0,0
Non-current receivables			0,0
Current receivables	51,6	136,7	188,4
Inventories	101,6	177,9	279,5
Cash and cash equivalents	454,6	105,2	559,8
Assets in total	**738,8**	**2 199,9**	**2 938,7**
Liabilities			
Deferred tax liabilities	19,6	48,7	68,3
Financial liabilities		200,4	200,4
Other payables	172,3	355,4	527,7
Liabilities in total	**191,9**	**604,5**	**796,4**
Net assets	**547,0**	**1 595,4**	**2 142,3**
Total purchase consideration at time of acquisition:			
Share of purchase consideration consisting of cash and cash equivalents	1 742,0	3 444,8	5 186,8
Share of equity of the purchase consideration	0,0	0,0	0,0
Contingent purchase consideration	0,0	0,0	0,0
Total purchase consideration in total	**1 742,0**	**3 444,8**	**5 186,8**
Generation of goodwill through acquisitions:			
Total purchase consideration	1 742,0	3 444,8	5 186,8
Minority shareholders’ share	54,7	24,4	79,1
Net identifiable assets of the acquired entity	547,0	1 595,4	2 142,3
Goodwill	**1 249,8**	**1 873,9**	**3 123,6**

Effect of acquisitions

Restaurant segment:

Thousand EUR	**Acquisitions in total**
Effect on the Group’s net income figures in the financial period from 1 January to 31 December 2017	
Turnover	10 164,3
Net income	-189,8
Effect assessment if acquisition from the beginning of the financial period	
Turnover	12 895,2
Net income	-102,3

Acquired subsidiaries and businesses

Acquisitions in the labour hire segment:

Acquired companies and businesses	**Right of ownership and management transferred**	**Share capital**
Smile Banssi Oy (previously Pasianssi Oy)	5.4.2017	100 %
Smile Banssi Etelä Oy (previously Banssi Etelä Oy)	5.4.2017	91 %
Smile Banssi Pohjoinen Oy (previously Banssi Pohjoinen Oy)	5.4.2017	100 %
Smile Banssi Häme Oy (previously Banssi Häme Oy)	5.4.2017	100 %
Smile Banssi Uusimaa Oy (previously Banssi Uusimaa Oy)	5.4.2017	91 %
Smile Banssi Itä Oy (previously Banssi Itä Oy)	5.4.2017	100 %
Smile Banssi Länsi Oy (previously Banssi Länsi Oy)	5.4.2017	100 %
Smile Banssi Keski Oy (previously Banssi Keski Oy)	5.4.2017	90 %
Smile Banssi Kaakko Oy (previously Banssi Kaakko Oy)	5.4.2017	90 %
Smile Banssi Lappi Oy (previously Banssi Lappi Oy)	5.4.2017	90 %
Smile Banssi Helsinki Oy (previously Banssi Helsinki Oy)	5.4.2017	100 %
Smile Banssi Safety Oy (previously Banssi Safety Oy)	5.4.2017	100 %
Smile Rmax Oy (previously Banssi Hoiva Oy)	5.4.2017	100 %
Smile Seinäjoki Oy (previously Talous Bandora Oy)	5.4.2017	100 %
Smile Job Services One Oy (previously Job Services One Oy)	1.7.2017	100 %
Restaurant labour hire business, Active People Oy *)	31.10.2017	-

*) In connection with the transaction, a long customer contract was signed on restaurant labour hire services with Ravintola Santa Fé Oy.

Part of the purchase price of Smile Job Services One Oy was paid with shares in NoHo Partners Plc’s subsidiary that involve a fixed-term repurchase obligation.

The sale value of assets regarding the shareholding of Smile Banssi Oy has been adjusted in the financial period from 1 January to 31 December 2017. The adjustment has been recorded through profit or loss by reducing the sale price by EUR 75.1 thousand.

The estimated additional purchase price regarding the shareholding of Smile Job Services One Oy has been adjusted in the financial period from 1 January to 31 December 2017. The adjustment has been recorded through profit or loss by increasing the sale price by EUR 1,711.1 thousand.

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

Acquisitions in the labour hire segment:

Thousand EUR	Smile Banssi Oy (previously Pasianssi Oy)	Smile Job Services One Oy (previously Job Services One Oy)	Restaurant labour hire business, Active People Oy *)	Acquisitions in total
Assets				
Intangible assets	2 412,1	3 718,2	391,1	**6 521,5**
Tangible assets	42,3	9,9		**52,2**
Investments	0,9			**0,9**
Non-current receivables	1,0			**1,0**
Current receivables	2 552,7	2 564,7		**5 117,4**
Inventories	112,4			**112,4**
Cash and cash equivalents	970,5	865,6		**1 836,2**
Assets in total	**6 092,0**	**7 158,5**	**391,1**	**13 641,5**
Liabilities				
Deferred tax liabilities	482,4	743,6		**1 226,1**
Financial liabilities	61,2			**61,2**
Other payables	3 306,3	2 674,2		**5 980,5**
Liabilities in total	**3 849,9**	**3 417,9**	**0,0**	**7 267,8**
Net assets	**2 242,1**	**3 740,6**	**391,1**	**6 373,8**
Total purchase consideration at time of acquisition:				
Share of purchase consideration consisting of cash and cash equivalents	5 000,0	2 000,0	1 001,0	8 001,0
Share of equity of the purchase consideration	2 302,8	2 000,0		4 302,8
Contingent purchase consideration	307,0	5 477,3		5 784,2
Total purchase consideration in total	**7 609,8**	**9 477,3**	**1 001,0**	**18 088,1**
Generation of goodwill through acquisitions:				
Total purchase consideration	7 609,8	9 477,3	1 001,0	**18 088,1**
Minority shareholders' share				**0,0**
Net identifiable assets of the acquired entity	2 242,1	3 740,6	391,1	**6 373,8**
Goodwill	**5 367,7**	**5 736,7**	**609,9**	**11 714,3**

The acquisitions generated a total of EUR 14,838.0 thousand in goodwill based on expected synergy benefits, establishment into new market areas and expected gains from combining the acquired restaurants and labour hire operations with the Group's other restaurant concepts and services. EUR 7,107.3 thousand of the intangible rights generated from the fair value allocation recorded are tax-deductible.

Effect of acquisitions

Labour hire segment:

Thousand EUR	Acquisitions in total
Effect on the Group's net income figures in the financial period from 1 January to 31 December 2017	
Turnover	29 512,3
Net income	859,9
Effect assessment if acquisition from the beginning of the financial period	
Turnover	46 721,8
Net income	1 795,3

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

5 Non-controlling interests

Changes in the shares of minority shareholders in 2018

Restaurant segment:

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

Company whose minority shareholding was sold	Date of sale	Sold share	New ownership interest	Purchase price, thousand EUR	Change in minority interest, thousand EUR	Change in earnings, thousand EUR
Poolmax Oy	4.10.2018	4,0 %	76,0 %	76,0	7,6	68,4

Labour hire segment:

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

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

Changes in the shares of minority shareholders in 2017

Restaurant segment:

Company whose minority shareholding was purchased	Date of acquisition	Acquired share	New ownership interest	Purchase price, thousand EUR	Change in minority interest, thousand EUR	Change in earnings, thousand EUR
Hernesaaren Ranta Oy	27.1.2017	20,0 %	80 %	597,9	-122,5	-475,3
Roska Yhtiöt Oy	14.6.2017	20,0 %	100 %	60,4	-4,8	-55,6

Labour hire segment:

Company whose minority shareholding was purchased	Date of acquisition	Acquired share	New ownership interest	Purchase price, thousand EUR	Change in minority interest, thousand EUR	Change in earnings, thousand EUR
Smile Palvelut Ilo Oy (previously Smile Palvelut Pori Oy)	15.3.2017	10,0 %	90 %	0,3	4,2	-4,5
Smile Palvelut Ilo Oy (previously Smile Palvelut Pori Oy)	19.6.2017	10,0 %	100 %	0,3	7,6	-7,9
Smile MMS Oy	6.4.2017	30,0 %	100 %	725,4	-82,1	-643,3
Talous Bandora Oy	21.8.2017	15,0 %	66 %	0,4	0,0	-0,4
Companies listed under the Smile Banssi Group:	16.11.2017			800,0	-34,6	-765,4
Smile Banssi Etelä Oy		18,2 %	91 %			
Smile Banssi Häme Oy		20,0 %	100 %			
Smile Banssi Uusimaa Oy		18,2 %	91 %			
Smile Banssi Itä Oy		20,0 %	100 %			
Smile Banssi Länsi Oy		20,0 %	100 %			
Smile Banssi Keski Oy		20,0 %	90 %			
Smile Banssi Lappi Oy		20,00 %	90 %			
Smile Banssi Helsinki Oy		20,00 %	100 %			
Smile Banssi Safety Oy		30,00 %	100 %			
Smile Banssi Kaakko Oy		20,00 %	90 %			
Smile Hoiva Oy		20,00 %	100 %			
Talous Bandora Oy		44,00 %	100 %			

During the financial period, NoHo Partners Plc's subsidiary Smile Henkilöstöpalvelut Oyj carried out three private placement issues in which a total of 1,870,212 new shares in Smile Henkilöstöpalvelut Oyj were subscribed to. After the share issues, NoHo Partners Plc's ownership in Smile Henkilöstöpalvelut Oyj became 78.35%. As a result of the issues, the share of earnings belonging to the Group decreased by EUR 433.9 thousand, the share of invested unrestricted equity fund decreased by EUR 1,088.6 thousand, and the share of minority shareholders increased by a total of EUR 1,522.5 thousand.

6 Sold business operations

Business operations sold during the 2018 financial period

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

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

At the moment of transfer of control, the values of the assets sold were in total as follows:

Property, plant and equipment	770 846,23
Other assets	9 250,00
Shares in associated companies	2 941 233,87
Net assets, total	3 721 330,10

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

Intangible rights – goodwill	161 973,78

Of completed sales, a sales profit of EUR 3,572.0 thousand, a loss of EUR 134.1 thousand due to the difference between the sales profit for fixed assets and goodwill impairment, and a loss of EUR 443.0 thousand from the assignment of fixed assets were targeted at the comprehensive income statement.

Business operations sold during the 2017 financial period

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

Name	Shareholding sold	Location	Date of transfer of control
Max Siivouspalvelut Oy	70 %	Tampere	28.2.2017
Restaurant, Helsinginkatu 11	100 %	Helsinki	1.9.2017
Restaurant, Suupantie 6	100 %	Pirkkala	1.11.2017
Restaurant, Lönnrotinkatu 9	100 %	Helsinki	12.12.2017

At the moment of transfer of control, the values of the assets sold were in total as follows:

Property, plant and equipment	65 386,86
Other assets	229 695,57
Liabilities	-106 579,25
Net assets, total	188 503,18

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

Intangible rights – goodwill	158 340,85

Of completed sales, a sales profit of EUR 95.0 thousand, a loss of EUR 2.2 thousand from the assignment of fixed assets, and an impairment loss of EUR 24.7 thousand were targeted at the comprehensive income statement.

7 Operating segments

The Group has two reported operating segments, which are its strategic business units.

The Group's reported operating segments are:

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

The Group's restaurant segment operates broadly in the restaurant business, offering various types of restaurant experiences that serve customers' needs. The restaurant segment includes approximately 200 restaurants and nightclubs in Finland and Denmark that operate with different concepts. The company's well-known restaurant concepts include Elite, Savoy, Teatteri, Yes Yes Yes, Viihdemaailma Ilona, Stefan's Steakhouse, Palace, Löyly, Hanko Sushi and Cock's & Cows.

The labour hire segment offers flexible labour hire services to companies operating in several different fields. Labour hire services are offered e.g. for the hotel, restaurant and catering sector, events and promotions, construction and industry, logistics and maintenance, medical service sector and direct recruitment service sector. The earnings from the segment are derived from labour hire activities.

	2018			
Net income	Restaurants	Labour hire	Eliminations	Group
Turnover	209 725,0	127 089,6	-13 656,7	323 157,9
Other operating income	6 300,9	1 025,3	-702,8	6 623,4
EBITDA	19 642,8	8 752,6	14,4	28 409,7
Depreciations	-17 436,8	-3 783,0	0,0	-21 219,8
Operating profit	2 206,0	4 969,6	14,4	7 189,9
Profit/loss before taxes	984,3	4 626,4	0,0	5 610,7
Assets and liabilities				
Reported segment assets	248 305,7	73 160,3	-15 793,4	305 672,6
Reported segment liabilities	185 857,5	61 115,3	-16 447,4	230 525,4

	2017			
Net income	Restaurants	Labour hire	Eliminations	Group
Turnover	122 173,5	75 612,2	-11 929,5	185 856,2
Other operating income	2 188,3	231,7	-610,3	1 809,7
EBITDA	16 325,0	6 602,6	-523,5	22 404,2
Depreciations	-9 405,3	-2 768,7	536,5	-11 637,4
Operating profit	6 919,7	3 834,0	13,0	10 766,7
Profit/loss before taxes	6 344,1	1 680,6	0,0	8 024,8
Assets and liabilities				
Reported segment assets	101 037,8	44 728,5	-12 705,8	133 060,5
Reported segment liabilities	60 025,0	39 353,2	-13 210,5	86 167,6

In the financial period from 1 January 2018 to 31 December 2018, non-recurring items have been recognised as follows:

A total of EUR 2,801 thousand have been recognised as write-offs and capital losses of fixed assets relating to the Group's restructuring. Furthermore, EUR 1,620 thousand of amortised costs relating to the Group's restructuring have been recognised under other operating expenses.

Costs relating to the cancelled IPO process of Smile Henkilöstöpalvelut Oyj, comprising EUR 818 thousand under other operating expenses and EUR 932 thousand under financial expenses.

A sales profit of EUR 3,572 thousand for shares in SuperPark under other operating income.

An adjustment of the estimated additional purchase price of shares in Job Services Two Oy, Job Services Three and The Bird Mother ApS, totalling EUR 1,830 thousand, has been recognised under financial income, and an adjustment of the actual additional purchase price of shares in Jobio Pirkanmaa Oy and Jobio Pohjanmaa Oy, totalling EUR 87 thousand, has been recognised under financial expenses.

Asset transfer tax of EUR 1,133 thousand in the restaurant segment and EUR 307 thousand in the labour hire segment.

In the financial period from 1 January 2017 to 31 December 2017, non-recurring items have been recognised as follows:

Asset transfer tax of EUR 300 thousand in the labour hire segment.

Adjustment of the estimated additional purchase price relating to the purchase of shares in Smile Job Services Oy, totalling EUR 1,711 thousand,

8 Intangible assets

31.12.2018

Thousand EUR	Goodwill	Intangible rights	Total
Acquisition cost 1 January 2018	52 747,2	23 815,3	76 562,5
Combination of business operations	95 024,7	52 774,1	147 798,8
Additions	0,0	24,9	24,9
Deductions	-162,0	-1,8	-163,8
Transfers between items	0,0	-2 712,5	-2 712,5
Acquisition cost 31 December 2018	147 609,9	73 900,0	221 509,9
Accumulated depreciations and impairments 1 January 2018	-175,9	-10 166,9	-10 342,8
Impairments	0,0	0,0	0,0
Depreciations	0,0	-7 190,9	-7 190,9
Accumulated depreciations and impairments 31 December 2018	-175,9	-17 357,8	-17 533,7
Book value 31 December 2018	147 434,0	56 542,2	203 976,2
Book value 1 January 2018	52 571,3	13 648,4	66 219,7

31.12.2017

Thousand EUR	Goodwill	Intangible rights	Total
Acquisition cost 1 January 2017	38 067,5	15 821,7	53 889,0
Combination of business operations	14 838,0	7 107,4	21 945,4
Additions	0,0	517,7	517,7
Deductions	-158,3	-0,5	-158,9
Transfers between items	0,0	369,0	369,0
Acquisition cost 31 December 2017	52 747,2	23 815,3	76 562,2
Accumulated depreciations and impairments 1 January 2017	-175,9	-6 277,6	-6 453,3
Depreciations	0,0	-3 889,3	-3 889,3
Accumulated depreciations and impairments 31 December 2017	-175,9	-10 166,9	-10 342,6
Book value 31 December 2017	52 571,3	13 648,4	66 219,7
Book value 1 January 2017	37 891,6	9 544,3	47 435,8

Intangible rights comprise brands/name use rights, non-competition agreements, customer relationships and leases that have been acquired in connection with the combination of business operations. Intangible rights are described in more detail under the accounting principles of the consolidated financial statements in note 3 and, for business combination, in note 4.

In connection with the acquisition of the Danish restaurant business, the Group got six restaurants with a long tradition in Helsinki which it has protected with registrations. These are some of the most renowned restaurants in Finland: Kulosaaren Casino has been in operation since 1915, Savoy and Elite since the 1930s and Palace since the 1950s. In addition, Strindberg and Ravintola Teatteri have operated on Esplanadi for decades with their own, established concepts. All six restaurants have established an essential position in the Finnish restaurant culture and are expected to operate for so long that no depreciation time can be determined for them. These restaurants are considered to have an indefinite useful life because a depreciation time cannot be determined due to their established position, the Group has a legal right to the registrations, the registrations will be renewed and the costs due to the renewal are immaterial. The fair value of the restaurant brands with an indefinite useful life is based on a 5% royalty level, and they are measured at the original acquisition cost less any impairment. Brands with an indefinite useful life are not depreciated; instead they are tested on a yearly basis similarly to goodwill.

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

As a result of the acquisition of Danish companies, EUR 2,736.1 thousand for leases with an indefinite useful life have been allocated under intangible rights.

Brands and name use rights included in intangible rights

Thousand EUR	1.1.2018	Additions	Depreciations	31.12.2018
Indefinite useful life	0,0	20 617,2	0,0	20 617,2
3 year depreciation time	2 248,9	226,1	-998,5	1 476,4
4 year depreciation time	493,6	76,5	-234,9	335,1
5 year depreciation time	960,7	7 645,4	-1 276,9	7 329,2
6 year depreciation time	1 010,0	0,0	-433,5	576,5
10 year depreciation time	777,1	6 022,8	-482,4	6 317,5
15 year depreciation time	0,0	6 314,0	-245,5	6 068,4
Total	5 490,4	40 901,9	-3 671,9	42 720,4

Impairment testing

The Group tests goodwill annually in order to identify any impairment. Furthermore, the Group tracks internal and external indications of any impairment of goodwill. Impairment testing was carried out on 31 December 2018 and 31 December 2017 using the book values and calculations of future cash amounts valid at the time.

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

Goodwill and brands, name use rights, non-competition agreements and leases with an indefinite useful life have been targeted at the Group’s productive units as follows:

	31.12.2018		31.12.2017	
	Restaurants	Labour hire	Restaurants	Labour hire
Goodwill	115 605,3	31 828,8	34 618,7	17 927,9
Brands and name use rights	20 617,2	-	-	-
Non-competition agreements	90,0	-	90,0	-
Leases	2 736,1	-	-	-

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

The company has two groups of cash-flow generating units; goodwill is monitored and, consequently, goodwill and intangible assets with indefinite useful lives are targeted on this level. According to the company's strategy, its restaurant network forms a unified group of cash-flow generating units due to their centralised approach to management, service marketing, service production, significant centralised purchases and other group services. Correspondingly, the labour hire business acquired in 2014 forms a single group of cash-flow generating units.

The impairment tests on 31 December 2018 and 31 December 2017 did not indicate a need for impairment of goodwill or intangible rights with an indefinite useful life.

Description of impairment testing and key assumptions

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

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

	31.12.2018		31.12.2017	
	Restaurants	Labour hire	Restaurants	Labour hire
Turnover growth, first year	14,1 %	22,2 %	17,9 %	40,7 %
Turnover growth, other years	0,0 %	0,0 %	0,0 %	0,0 %
EBITDA	12,6 %	8,0 %	15,1 %	11,5 %
Terminal growth assumption	1,0 %	1,0 %	0,0 %	0,0 %
Discount rate before taxes	8,3 %	10,0 %	9,4 %	9,5 %
Change in net working capital, first year	14,1 %	22,2 %	17,9 %	40,7 %
Change in net working capital, other years	0,0 %	0,0 %	0,0 %	0,0 %

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

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

Assumption	**Description**
Turnover growth	Turnover growth is based on the forecast for the review period. The growth in the first year is based on the business acquisitions completed in 2018 and, in accordance with the principle of prudence, the growth in the following years is estimated to be zero.
EBITDA	EBITDA is based on the budget for the financial period.
Terminal growth assumption	In accordance with the principle of prudence, terminal growth assumption is 1% in the restaurant business and 1% in the labour hire business.
Discount rate	A peer company analysis has been utilised in determining the discount rate. The discount rate is defined separately for each segment. Testing calculation is not particularly sensitive to changes in the discount rate.

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

Sensitivity analyses in impairment testing

No impairment losses have been recognised for any presented financial period based on completed impairment testing. In 2018, the recoverable cash flow based on utility value calculations exceeded the book value by more than EUR 100 million in the restaurant segment and by more than EUR 80 million in the labour hire segment. The management has prepared sensitivity analyses for essential factors and, based on the analyses, the recoverable amount equals the book value if the assumptions change one at a time:

	31.12.2018		31.12.2017	
	Restaurants	Labour hire	Restaurants	Labour hire
Annual turnover reduction	0,8 %	1,2 %	1,5 %	1,8 %
Annual increase in operating costs	0,8 %	1,3 %	1,6 %	2,2 %
EBITDA, modified level	9,4 %	2,9 %	7,8 %	2,8 %
Discount rate change, % points	3,9 %	22,8 %	12,5 %	37,2 %

However, maintaining the calculated levels of utility value requires that, in accordance with the company strategy, turnover and EBITDA are kept at an acceptable level, the company remains competitive, new restaurant concepts are developed, the customer base in labour hire operations is expanded and competitive pricing and reasonable cost management are maintained through constant tracking.

9 Property, plant and equipment

31.12.2018

Thousand EUR	Machines and equipment	Leased premises, modernisation costs	Buildings and structures	Civil engineering areas	Prepayments and incomplete acquisitions	Total
Acquisition cost 1 January 2018	26 214,5	46 590,5	3 169,9	156,0	282,4	76 413,3
Additions	4 056,8	6 995,8	20,0		-189,8	10 882,8
Combination of business operations	8 929,8	9 090,8				18 020,6
Deductions	-214,3	-556,6				-770,8
Transfers between items			587,0			587,0
Acquisition cost 31 December 2018	38 986,9	62 120,6	3 776,9	156,0	92,6	105 132,9
Accumulated depreciations and impairments 1 January 2018	-15 349,0	-28 351,4	-321,7	0,0	0,0	-44 022,1
Impairments	-2 530,5					-2 530,5
Depreciations	-4 478,8	-6 865,4	-154,2	0,0	0,0	-11 498,4
Accumulated depreciations and impairments 31 December 2018	-22 358,2	-35 216,8	-475,9	0,0	0,0	-58 051,0
Book value 31 December 2018	16 628,6	26 903,8	3 301,0	156,0	92,6	47 081,9
Book value 1 January 2018	10 865,5	18 239,1	2 848,2	156,0	282,4	32 391,2

31.12.2017

Thousand EUR	Machines and equipment	Leased premises, modernisation costs	Buildings and structures	Civil engineering areas	Prepayments and incomplete acquisitions	Total
Acquisition cost 1 January 2017	21 859,9	40 235,4	2 865,4	0,0	147,1	65 107,8
Additions	3 561,1	6 836,1	54,5	6,0	135,3	10 593,0
Combination of business operations	936,6	40,9	250,0	150,0	0,0	1 377,5
Deductions	-143,1	-152,9	0,0	0,0	0,0	-296,0
Transfers between items	0,0	-369,0	0,0	0,0	0,0	-369,0
Acquisition cost 31 December 2017	26 214,5	46 590,5	3 169,9	156,0	282,4	76 413,3
Accumulated depreciations and impairments 1 January 2017	-12 768,6	-23 319,1	-186,3	0,0	0,0	-36 274,0
Impairments	0,0	0,0	0,0		0,0	0,0
Depreciations	-2 580,4	-5 032,3	-135,4		0,0	-7 748,1
Accumulated depreciations and impairments 31 December 2017	-15 349,0	-28 351,4	-321,7	0,0	0,0	-44 022,1
Book value 31 December 2017	10 865,5	18 239,1	2 848,2	156,0	282,4	32 391,2
Book value 1 January 2017	9 509,3	16 916,3	2 261,1	0,0	147,1	28 834,3

<u>Finance lease agreements</u>

Property, plant and equipment include commodities leased with finance lease agreements as follows:

Thousand EUR	**2018**	**2017**
Acquisition cost recognised on the basis of finance lease agreements	111,2	487,5
Addition	1 007,0	0,0
Deduction	0,0	0,0
Accumulated depreciations and impairments	-490,7	-376,3
Book value	627,5	111,2

10 Shares in associated companies and joint ventures

Thousand EUR	2018	2017
Book value 1 January	2 938,0	1 178,8
Additions	134,3	1 690,8
Deductions	-2 941,2	0,0
Share of income for the financial period	49,0	172,3
Intangible depreciation	-26,0	-104,0
Book value 31 December	154,0	2 938,0

In the financial period, NoHo Partners Plc sold its full shareholding of 30.29% in SuperPark Oy. The purchase price was EUR 6,513.3 thousand. SuperPark Oy's financial period is from 1 June to 31 May. The result of the associated company has been consolidated to the Group for the period of 1 January–31 March 2018.

Royal Restaurants Ltd was acquired in the financial period, and it owns a 10% share in Viinitie Oy, which has been consolidated into the group as an associated company. Viinitie Oy's financial period is from 1 May to 30 April.
The result of the associated company has been consolidated to the Group for the period of 1 May–30 November 2018.
The Group's share of the income is recognised with a one-month delay due to reporting schedules.

Thousand EUR	2018	2017
Undepreciated goodwill in the associated company	0,0	749,0
Intangible rights in the associated company	0,0	520,0
– intangible depreciations and their tax effects	0,0	-208,0
	0,0	1 061,0

Financial information about the associated company

Thousand EUR	**Assets**	**Liabilities**	**Turnover**	**Profit/loss**	**Ownership %**
1 May 2018–30 November 2018					
Viinitie Oy, Helsinki	1 994,3	1 328,6	2 819,8	196,9	10,0
Total	1 994,3	1 328,6	2 819,8	196,9	10,0

Viinitie Oy was consolidated to NoHo Partners Group's financial statements as an associated company even though the Group owned less than 20% of its shares and votes because the Group had considerable influence in the company.

11 Inventories

Thousand EUR	2018	2017
Restaurant goods inventory	5 003,9	2 831,1
Labour hire goods inventory	143,1	140,8
Total	5 147,0	2 971,8

In the reporting period, EUR 54,947.3 (32,005.0) thousand were recorded in the income statement for materials and supplies and through stock value changes. In addition, EUR 428.8 (280.0) thousand were recorded as expenses in the reporting period for reducing the book value of inventories.

12 Receivables

Thousand EUR	2018	2017
Loans and other receivables (non-current)		
Interest-bearing loans receivable	175,3	125,3
Non-interest-bearing other receivables	3 755,4	717,2
Loans and other receivables (non-current), total	3 930,7	842,5
Trade and other receivables (current)		
Loans and other receivables (current)		
Trade receivables	26 752,3	17 302,0
Interest-bearing other receivables	27,0	0,0
Loans and other receivables (current), total	26 779,3	17 301,9
Accrued income	7 109,9	4 510,6
Other non-interest-bearing receivables	6 122,0	2 034,6
	13 231,8	6 545,2
Trade and other receivables (current), total	40 011,1	23 847,1

Trade receivables

Thousand EUR	2018	2017
Trade receivables	26 752,3	17 302,0
Age distribution of trade receivables		
Not due	19 748,9	13 546,4
Due, less than 3 months	5 288,7	1 982,9
Due, more than 3 months	1 714,6	1 772,6
Total	26 752,3	17 302,0

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

The book value of trade and other receivables corresponds to their fair value. As concerns the Group’s certain big labour hire customers, significant credit risk concentrations are related to receivables. The balance sheet values correspond best to the monetary amount that is the maximum credit risk if the counterparties cannot fulfil their obligations related to the receivables. The fair values of receivables are presented in note 35.

At the time of closing the accounts, a credit loss provision of EUR 682.1 thousand was recognised in the receivables in accordance with IFRS 9.

13 Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are non-current and they comprise unquoted EUR-denominated shares that are measured at fair value or at acquisition price if fair value cannot be determined reliably.

Financial assets measured at fair value through other comprehensive income

Thousand EUR	2018	2017
Value at the beginning of the financial period	98,1	33,1
Combination of business operations	0,0	0,0
Additions	0,0	65,0
Deductions	0,0	0,0
Changes in fair value recorded in equity	0,0	0,0
Value at the end of the financial period	98,1	98,1
Non-current portion	98,1	98,1

In connection with adopting the IFRS 9 standard, the Group classified housing company shares as of 1 January 2018 at fair value into the group of property, plant and equipment from the financial assets recognised under comprehensive income items. In this respect, the comparative data in these financial statements has been adjusted.

The fair values of financial assets measured at fair value through other comprehensive income are presented in note 35. No financial assets are due. Recognised impairments targeting financial assets amounted to EUR 0.0 (0.0) thousand.

14 Cash and cash equivalents

Thousand EUR	2018	2017
Cash in hand and bank accounts (Financial assets in the funds statement)	4 954,6	2 570,0

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

15 Equity

NoHo Partners Plc has one series of shares where all shares are equally entitled to dividends. One share equals one vote at the general meeting. NoHo Partners Plc has 18,892,347 shares. A share has no nominal value.

Thousand EUR	Shares 1,000 pcs	Share capital	Invested unrestricted equity fund	Fair value fund	Equity loan	Own shares	Retained earnings	Share of minority shareholders	Total equity
1.1.2017	16 620,0	150,0	36 586,1	-13,3	220,0	-191,4	6 541,4	669,0	43 961,8
31.12.2017	16 619,6	150,0	40 510,2	-4,5	220,0	-191,4	4 237,5	1 971,2	46 892,9
1.1.2018	16 619,6	150,0	40 510,2	-4,5	220,0	-191,4	4 237,5	1 971,2	46 892,9
31.12.2018	18 892,3	150,0	66 944,8	-4,5	0,0	-191,4	-519,2	8 767,5	75 147,2

All of the issued shares have been paid for.

<u>Outstanding shares</u>

pcs	2018	2017
1 January	16 576 120	16 576 120
Own shares acquired	0	0
Share issue 1 June 2018	2 272 727	0
31 December	18 848 847	16 576 120

<u>Invested unrestricted equity fund</u>

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

Thousand EUR	2018	2017
1 January	40 510,1	36 586,1
Share issue 1 June 2018	26 434,7	3 924,0
31 December	66 944,8	40 510,1

Private placement

On 1 June 2018, NoHo Partners Plc announced the completion of the acquisition of Royal Restaurants and a private placement. On 12 April 2018, NoHo Partners Plc announced that it had signed an agreement concerning the purchase of RR Holding Oy's ("Royal Ravintolat") shares. The final completion of this transaction was subject to a decision by NoHo Partners Plc's General Meeting on a share issue and arranging funding for the cash transaction. The conditions for completing the acquisition were met on 1 June 2018, and NoHo Partners Plc became the owner of Royal Restaurants' all shares. On 1 June 2018, based on a share issue authorisation by the Extraordinary General Meeting on 31 May 2018, the Board of NoHo Partners Plc decided on a private placement issue as part of the purchase price payment to certain salespeople and key persons of Royal Restaurants. In this issue, subscriptions were made for a total of 2,272,727 new shares of NoHo Partners Plc at a price of EUR 8.80 per share. Out of this issue, 2,247,734 shares amounting to EUR 19,780,059 were allocated to the payment of the purchase price. EUR 35,822,152 were paid as cash consideration for the purchase price. In the acquisition, the debt-free value of Royal Restaurants was EUR 90 million. After the registration of shares subscribed in the issue, NoHo Partners Plc's total number of shares was 18,892,347.

The private placement in connection with the acquisition of Royal Restaurants was based on a subscription price of EUR 8.80/share agreed in accordance with the preliminary deed of sale. According to IFRS, the subscription price was determined on the basis of the transfer date of holding on 1 June 2018, when the stock exchange price of NoHo Partners was EUR 10.60/share. This difference of EUR 4,091 thousand has been taken into account in the total purchase consideration amount.

Other changes are related to private placements in the subsidiary Smile Henkilöstöpalvelut Oyj.

Fair value fund

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

Thousand EUR	**2018**	**2017**
Fair value fund	-4,5	-4,5

Own shares

Own shares include the acquisition cost of own shares in possession of the Group. Smile Huippu Oy, a company under the control of the Group, owns the own shares presented as a deduction in the Group's equity.

	2018	**2018**	**2017**	**2017**
	pcs	**Thousand EUR**	**pcs**	**Thousand EUR**
1 January	43 500	-191,4	43 500	-191,4
31 December	43 500	-191,4	43 500	-191,4

Equity loan

Equity convertible loans include the interest-free capital loans with no maturity that the owners have granted to the Group. Equity convertible loans have no due date, but the Group has the right (not an obligation) to redeem the loan if so desired. At the time of the financial statements, the Group did not have any equity loans.

Dividends

In 2018, dividends were distributed at EUR 0.33 (0.30) per share, totalling EUR 5,484.5 thousand (4,985.9). After the end date of the reporting period, the Board of Directors has proposed a dividend of EUR 0.34 per share to be distributed, totalling EUR 6,423.4 thousand. The liability resulting from the proposed dividend has not been included in these financial statements.

Authorisations

The Annual General Meeting on 25 April 2018 authorised the Board of Directors to decide on using the company's unrestricted equity to purchase no more than 800,000 of the company's own shares in one or several tranches, taking into account the stipulations of the Limited Liability Companies Act regarding the maximum number of shares in possession of the company.

The Annual General Meeting on 25 April 2018 decided, as per a proposal and cancelling the previous share issue authorisations, to authorise the Board to decide on an issue of a maximum of 3,000,000 new shares and a transfer of a maximum of 800,000 of the company's own shares held by the company.

The Extraordinary General Meeting on 31 May 2018 decided, as per the Board's proposal, to authorise the Board to decide on an issue of a maximum of 2,300,000 new shares. With this authorisation, shares can be issued for the purpose of payment in a planned company reorganisation. The authorisation shall not cancel any previous share issue authorisations.

16 Earnings per share

The undiluted earnings per share is calculated by dividing the profit for the financial period belonging to the shareholders of the parent company by the weighted average of the shares outstanding during the financial period.

	2018	**2017**
Profit for the financial period belonging to the shareholders of the parent company (thousand EUR)	3 494,0	5 060,7
Weighted average of the number of shares during the financial period	17 927 216	16 619 620
Earnings per share (euros), undiluted	0,19	0,30
Earnings per share (euros), diluted	0,19	0,30

17 Deferred tax assets and liabilities

Deferred taxes have been recorded for all temporary differences. The changes in deferred taxes during 2018 are as follows:

Thousand EUR	**1.1.2018**	Recognised in income statement	Recognised in other comprehensive income	Combination of business operations	**31.12.2018**
Deferred tax assets:					
Temporary differences					
From confirmed losses	486,8	789,8			1 276,6
From consolidated eliminations	292,9	-11,6			281,3
From launch marketing expenses	65,6	-12,8			52,8
From intangible rights	627,6	166,4			794,0
From finance lease liabilities	1,6	-0,1			1,5
Other items	82,8	276,1			358,9
Netting from deferred tax liabilities	-962,2				-2 446,1
Deferred tax assets, total	595,0	1 207,8	0,0	0,0	318,9

Thousand EUR	**1.1.2018**	Recognised in income statement	Recognised in other comprehensive income	Combination of business operations	**31.12.2018**
Deferred tax liabilities:					
Temporary differences					
Amortisation of loan expenses using the effective interest method	8,6	19,4			28,0
From reversal of goodwill depreciation	956,5	450,0			1 406,5
From intangible rights	1 628,1	-448,8		9 601,6	10 780,9
From combination of business operations	116,1	-0,7			115,5
From financial leasing	5,1	-2,8			2,2
Other items	176,2	163,9			340,1
Adjustment		96,9			
Netting from deferred tax assets	-962,2				-2 446,1
Deferred tax liabilities, total	1 928,5	278,1	0,0	9 601,6	10 227,3

Thousand EUR	**1.1.2017**	Recognised in income statement	Recognised in other comprehensive income	Combination of business operations	**31.12.2017**
Deferred tax assets:					
Temporary differences					
From confirmed losses	465,4	21,4			486,8
From consolidated eliminations	174,3	118,6			292,9
From launch marketing expenses	37,5	28,1			65,6
From intangible rights	462,4	165,2			627,6
From finance lease liabilities	0,9	0,7			1,6
Other items	70,8	12,0			82,8
Netting from deferred tax liabilities	-1 069,0				-962,2
Deferred tax assets, total	142,3	346,0	0,0	0,0	595,0

Thousand EUR	**1.1.2017**	Recognised in income statement	Recognised in other	Combination of business	**31.12.2017**
Deferred tax liabilities:					
Temporary differences					
Amortisation of loan expenses using the effective interest method	3,8	4,8			8,6
From reversal of goodwill depreciation	725,0	231,5			956,5
From intangible rights	783,1	-449,4		1 294,4	1 628,1
From combination of business operations	115,5	0,6			116,1
From financial leasing	7,1	-2,0			5,1
Other items	137,3	38,9			176,2
Adjustments		-26,5			
Netting from deferred tax assets	-1 069,0				-962,2
Deferred tax liabilities, total	703,0	-202,1	0,0	1 294,4	1 928,5

Deferred tax assets and liabilities have been given as net amounts where the entity has a legally enforceable right to mutually offset the items recorded, and the deferred tax assets are related to the same taxpayer's income tax.

On 31 December 2018, the Group had EUR 7,347.8 thousand in confirmed losses (EUR 4,868.5 thousand on 31 December 2017) for which a deferred tax asset has not been recorded because it is not likely that the Group accrues a taxable income that could be utilised against the losses before their expiration. The losses in question will expire in 2020–2027.

Deferred tax assets

Thousand EUR	**2018**	**2017**
Deferred tax assets due in more than 12 months	2 587,4	566,6
Deferred tax assets due within 12 months	177,6	28,3
Total	2 765,0	595,0

Deferred tax liabilities

Thousand EUR	**2018**	**2017**
Deferred tax liabilities due in more than 12 months	12 643,2	1 914,8
Deferred tax liabilities due within 12 months	30,2	13,6
Total	12 673,4	1 928,5

18 Provisions

Thousand EUR	2018	2017
Value at the beginning of the financial period	0,0	183,2
Additions	1 025,0	0,0
Provisions used	0,0	-68,7
Cancellations of unused provisions	0,0	-114,5
Value at the end of the financial period	1 025,0	0,0
Current portion	1 025,0	0,0
Non-current portion	0,0	0,0

The provisions are mainly restructuring provisions.

19 Financial liabilities

Thousand EUR	2018	2017
Non-current interest-bearing financial liabilities measured at amortised acquisition cost		
Loans from financial institutions, non-current portion	89 968,4	34 566,2
Subordinated loans	229,4	41,9
Finance lease liabilities	269,1	34,8
Total	90 466,9	34 643,0
Current interest-bearing financial liabilities measured at amortised acquisition cost		
Loans from financial institutions, current portion	52 801,4	11 625,2
Finance lease liabilities	361,4	57,4
Total	53 162,8	11 682,5

The Group’s assets (listed in note 34) are lodged as security for the loans from financial institutions.

Maturity of non-current financial liabilities

Thousand EUR	2018	2017
Less than 1 year	53 162,8	12 044,0
1 to less than 2 years	24 237,4	10 572,0
2 to 5 years	57 902,6	21 912,5
More than 5 years	8 327,0	1 797,1
Total	143 629,7	46 325,5

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

Average interest rates for the Group's loans from financial institutions (including current loans from financial institutions)

	2018	2017
Loans from financial institutions	2,0 %	2,0 %

The book value of interest-bearing loans corresponds to their fair value since the loans are re-priced on the closing date. The Group's interest-bearing liabilities are in euros.

Maturity of finance lease liabilities

Thousand EUR	2018	2017
Gross amount of finance lease liabilities – minimum lease payments		
By maturity time		
Less than 1 year	276,5	60,7
2 to 5 years	372,3	35,4
Total	648,8	96,1
Future financial expenses	18,3	3,9
Present value of finance lease liabilities	630,5	92,2
The present values of finance lease liabilities will be due as follows:		
Less than 1 year	361,4	57,4
2 to 5 years	269,1	34,8
Total	630,5	92,2

Finance lease liabilities consist of restaurant furnishing leased from a financing company.

20 Trade payables and other liabilities

Thousand EUR	2018	2017
Non-current		
Advances received	173,6	80,6
Other non-interest-bearing liabilities	6 124,9	3 594,2
Non-current trade payables and other liabilities, total	6 298,5	3 674,7
Current		
Accounts payable	21 985,1	10 894,0
Advances received	257,6	91,7
Accruals and deferred income		
Salary liabilities	5 988,2	2 887,1
Holiday salary liabilities	10 364,0	4 532,9
Pension insurance	3 339,5	1 460,3
Taxes based on the taxable income from the financial period	658,5	1 237,7
Other accruals and deferred income	12 376,1	7 459,6
Accrued expenses, total	32 726,3	17 577,5
Other non-interest-bearing liabilities	14 375,8	5 675,6
Current trade payables and other liabilities, total	69 344,9	34 238,9

The fair values of trade payables and other liabilities are presented in note 35.

21 Revenue from contracts with customers

The Group adopted the new revenue recognition standard IFRS 15 at the beginning of 2018. The accounting principles and the effects of adopting the standard are described in note 3. The Group applied the cumulative effect method and, therefore, comparative data has not been adjusted.

Distribution of revenue between goods and services

Thousand EUR	2018	2017
Sale of goods	173 006,0	105 203,2
Sale of services	150 151,8	80 653,0
Total	323 157,9	185 856,2

The sale of goods mostly comprises the sale of food and refreshments to private and business customers as part of the restaurant business.

The sale of services comprises the sale of labour hire services to the following sectors, among others: hotel and restaurant, construction and industry, events and promotions, logistics and maintenance, and health care. In addition, the services include recruitment services, service sales in restaurants and the received marketing support payments.

The Group’s sales mostly comprise domestic sales.

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

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

Sales profit for services is recorded as the Group performs the service and the customer receives control over it. The growth funding paid to the customer is taken into consideration when determining the price of labour hire services. At the time of making a contract, the growth funding is recorded under receivables. The growth funding is paid in advance and, during the validity of the contract, the customer earns it according to their accrual of purchases. The growth funding is recorded as a decrease of sales profit when the services are transferred to the customer. Before 2018, growth funding was disclosed under intangible rights and as depreciations of intangible rights.

Assets and liabilities based on customer contracts

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

The total impact from the company acquisitions carried out in 2018 on trade receivables and other non-interest-bearing receivables is EUR 11,898.5 thousand, see note 4.

For contractual asset items, a credit loss allowance of EUR 682.1 thousand was recorded due to the adoption of IFRS 9. The credit loss provision is discussed in note 36.

The Group does not have asset items that are recorded due to expenses for obtaining or performing a customer contract. The Group’s customer contracts do not include refund or repayment obligations or special warranty terms.

Restaurants sell gift cards that are disclosed under other current liabilities. Gift card revenue is recognised when the card is used. At the end of the financial period, the total value of the sold gift cards was approx. EUR 1,189.5 thousand, and their revenue is expected to be recognised in the following calendar year.

22 Other operating income

Thousand EUR	2018	2017
Sales profit	25,8	4,6
Insurance compensation	47,8	100,0
Rental income	1 032,4	803,8
Sales profit for shares in SuperPark Oy	3 572,0	0,0
Other operating income	1 945,4	901,3
Total	6 623,4	1 809,7

Rental income includes the lease of flats. Other operating income mainly comprise labour hire income in the restaurant segment and payments received from employment and apprenticeships.

23 Materials and services

Thousand EUR	2018	2017
Purchases	54 757,1	31 760,6
External services	11 389,8	4 013,9
Total	66 147,0	35 774,4

External services mainly comprise hired labour for restaurants.

24 Costs related to employment benefits

Thousand EUR	2018	2017
Salaries	125 316,6	67 869,4
Pension costs – defined contribution plans	23 337,1	12 778,7
Social security costs	2 613,4	2 318,0
Total	151 267,1	82 966,1

The employment benefits of the management are presented in note 31 Events of related entities, and the share-based reward system in note 25 Share-based payments.

	2018	2017
Average Group personnel in the financial period	4 013	2 261

25 Share-based payments

On 28 November 2018, the Board decided on a long-term share-based reward system for the Group's key persons.

The purpose of the share reward system is to link the goals of shareholders and key persons for increasing the company's value and to commit key persons and offer them a competitive reward system based on company share earnings and price development.

The new share reward system includes three earning periods, the first of which is 13 months between 1 December 2018 and 31 December 2019. The second earning period comprises the calendar years 2020–2021, and the third earning period comprises the calendar years 2022–2023. The Board will confirm the reward earning criteria, the related target levels and the intended persons before the start of each earning period. Any share reward for the different earning periods can be paid as shares, money or a combination thereof. For an earning period, a reward can be paid based on reaching the targets set by the Board and the continuation of the employment contract. The Board may decide on including new key persons in the system and on their right to the reward such that the validity of their employment contract is considered when determining the maximum reward. The share reward based on this system will be paid in the spring following the end of the earning period.

According to a decision by the Board, the maximum reward that can be paid for the first earning period is 214,282 shares of NoHo Partners Plc based on whether the target levels for the Finnish functions' operating profit percentage and foreign functions' EBITDA are reached. In the first earning period, the share reward system will include 12 key persons who are part of the company's management team. The Board estimates that, if the reward for the first earning period is paid in full as shares, the diluting maximum effect on the company's registered shares would be approximately 1.1%.

The cost of the share reward system for the first earning period is distributed between December 2018 to the end of the following year. The cost of the portion paid as shares is valued at the share's closing price of EUR 9.1/share on the effective date of the share reward system, taking into account the effect of the estimated dividend for 2018. The maximum value of the reward for the first earning period at the time of issue is EUR 1,879.3 thousand.

The benefit paid as shares is recorded as staff expenses and listed as earnings under equity. Based on an assessment by the management, EUR 72.3 thousand have been recorded in the expenses for the 2018 financial period as benefit paid as shares for the arrangement of the first earning period.

26 Depreciations, amortisations and impairments

Thousand EUR		2018	2017
Depreciations by commodity group			
Intangible assets			
	Non-competition agreements	1 402,3	590,4
	Beneficial lease agreement	51,0	51,0
	Brands and name use rights	3 671,9	1 740,5
	IT software	76,9	73,9
	Agreements	1 988,7	1 433,5
Total		7 190,9	3 889,3
Tangible assets			
	Improvement costs of rental premises	6 865,4	5 032,3
	Buildings	154,2	86,8
	Machines and equipment	4 478,8	2 629,0
Total		11 498,4	7 748,1
Impairment by commodity group			
	Goodwill	0,0	0,0
	Agreements	0,0	0,0
	Improvement costs of rental premises	0,0	0,0
	Fixed assets	2 530,5	0,0
Total		2 530,5	0,0
Depreciations, amortisations and impairments, total		21 219,8	11 637,4

27 Other operating expenses

Thousand EUR	2018	2017
Voluntary indirect employee costs	2 425,0	935,0
Costs for business premises	39 377,8	20 771,8
Costs for machinery, equipment and IT	8 817,2	5 490,3
Travel expenses	2 491,9	1 669,6
Marketing, performer and entertainment expenses	14 208,4	10 980,4
IPO costs	818,4	0,0
Other costs *	15 818,8	6 674,0
Total	83 957,5	46 521,3

* Other costs comprise purchased financial and administrative services and other items that are not relevant individually.

28 Auditor's fees

Thousand EUR	2018	2017
Deloitte Oy, Authorised Public Accountants		
Audit	388,1	215,9
Fees for other assignments relating to the audit	174,7	0,0
Fees for tax services	0,0	0,0
Other fees	83,1	54,4
Total	645,9	270,3

29 Financial income and expenses

Thousand EUR		2018	2017
Financial income			
	Other interest income	91,9	42,9
	Change in value of additional purchase price	1 830,0	0,0
	Other financial income	64,7	0,0
Total		1 986,7	42,9
Items recorded through profit or loss			
	Impairment of shares in associated companies	0,0	0,0
	Impairment of receivables	0,0	-73,5
	Interest expense from financial liabilities measured at amortised acquisition cost	-2 421,6	-1 002,1
	IPO costs	-932,2	0,0
	Change in value of additional purchase price	-86,6	-1 711,1
	Other financial expenses	-148,4	-66,5
Total		-3 588,9	-2 853,2
Financial expenses – net		-1 602,2	-2 810,3
Other comprehensive income			
	Financial assets measured at fair value through other comprehensive income	0,0	2,9

An adjustment of the estimated additional purchase price of shares in Job Services Two Oy, Job Services Three Oy and The Bird Mother ApS, totalling EUR 1,830 thousand, has been recognised under financial income, and an adjustment of the actual additional purchase price of shares in Jobio Pirkanmaa Oy and Jobio Pohjanmaa Oy, totalling EUR 87 thousand, has been recognised under financial expenses.

30 Income taxes

Tax constituents

Thousand EUR	2018	2017
Tax based on the taxable income from the financial period	2 309,7	3 081,3
Change in deferred taxes	-929,8	-548,2
Total	1 379,9	2 533,1

Tax cost balancing calculation

Thousand EUR	2018	2017
Profit/loss before taxes	5 610,7	8 024,8
Tax calculated at the rate of 20%	1 122,1	1 605,0
Non-deductible expenses	419,6	382,6
Use of tax losses not recorded previously	-91,7	-43,8
Recorded deferred tax assets from confirmed losses of previous years	0,0	24,0
Non-recorded deferred tax assets from tax losses	875,6	575,1
Share of associated company's profits, deducted by taxes	4,6	13,7
Tax-free income	-952,0	-26,0
Goodwill impairment	26,8	4,9
Taxes for earlier financial periods	-25,1	-2,3
Tax expenses in income statement	1 379,9	2 533,1

Deferred tax assets and tax liabilities have been calculated using the Finnish tax rate of 20.0% and the Danish tax rate of 22.0%.

31 Events of related entities

Parties are considered to be related when one party can exercise control, shared control or significant influence over the other in decision-making involving its economy and operating activities. The Group's related entities are the parent company, subsidiaries, associated company, the parent company's subsidiaries and the key management personnel. Key management personnel covers the members of the Board of Directors, the Group's Executive Team and the Chief Executive Officer and his/her deputy, as well as their close family members. Furthermore, related entities include any owners who can exercise control or significant influence in NoHo Partners, the companies where the said owners have a controlling interest, and companies where a person exercising control over NoHo Partners exercises significant influence or works in the management of the company or its parent company.

Management's employee benefits

The management's employee benefits have been presented on a cash basis

Thousand EUR	2018	2017
Salaries to the Executive Team (incl. CEO) with associated costs and other short-term employee benefits	1 483,5	983,2
Fees for the Board of Directors	87,7	85,0

Fees and benefits for Chief Executive Officer and other Executive Team members

Thousand EUR	2018	2018	**2018**	2017	2017	**2017**
Salaries and fees	Salary with benefits	allowances for the Board of Directors	**Total**	Salary with benefits	allowances for the Board of Directors	**Total**
CEO Juha Helminen (up to 31 May 2018)	66,3	0,0	66,3	52,9	0,0	52,9
CEO Aku Vikström (from 1 June 2018)	145,4	0,0	145,4	0,0	0,0	0,0
Other Executive Team members	1 010,9	0,0	1 010,9	746,8	0,0	746,8
Total	1 222,7	0,0	1 222,7	799,7	0,0	799,7

On 28 November 2018, the Board decided on a long-term share-based reward system for the Group's key persons. The share reward system is presented in note 25.

Chief Executive Officer's pension commitments and termination compensation

The Chief Executive Officer is covered by the Employees Pensions Act that offers pension security based on the time of service and earnings in the manner defined in the Act. No separate retirement age provisions are included in the Chief Executive Officer's contract. The Chief Executive Officer's accrued pension costs for the financial period were EUR 40.1 thousand.

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

Fees for the Board of Directors

Thousand EUR	2018	2017
Attendance allowances		
Timo Laine, Chairman of the Board of Directors	25,3	25,0
Mikko Aartio, member of the Board of Directors	10,0	10,0
Jarmo Viitala, member of the Board of Directors (up to 31 May 2018)	2,5	10,0
Petri Olkinuora, member of the Board of Directors	20,0	20,0
Mika Niemi, member of the Board of Directors	10,0	10,0
Timo Everi, member of the Board of Directors (up to 31 May 2018)	2,5	10,0
Mikko Kuusi, member of the Board of Directors (from 1 June 2018)	5,8	0,0
Terho Tomi, member of the Board of Directors (from 1 June 2018)	5,8	0,0
Saku Tuominen, member of the Board of Directors (from 1 June 2018)	5,8	0,0
Total	87,7	85,0

Transactions with associated companies

Thousand EUR	Sales	Interest expenses	Rental expenses	Purchases	Rental income	Receivables	Liabilities
2018	2 518,9	0,0	560,1	3 167,4	0,0	704,7	266,1
2017	1 732,8	0,9	1 167,9	3 791,1	1,4	479,4	522,3

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

Sales to associates consist of restaurant sales and income from labour hire operations. Purchases from associated companies consist of, among other things, transport service charges, security services, bouncer services, costs for renovation and business premises as well as costs for equipment and equipment maintenance. The Group has also leased premises from associated parties.

32 Shares in subsidiaries and associated companies

Subsidiaries consolidated into the consolidated financial statements	Ownership	Domicile
Beaniemax Oy	60,0 %	Tampere
Casseli Oy	57,5 %	Tampere
Dinnermax Oy	70,0 %	Tampere
El Rey Group Oy	60,0 %	Tampere
Gastromax Oy (Group)	70,0 %	Tampere
Pyynikin Brewery Restaurants Oy	85,0 %	Tampere
Harry’s Ravintolat Oy	90,0 %	Helsinki
Hernesaaren Ranta Oy	100,0 %	Helsinki
Italpal Oy	100,0 %	Tampere
Kampin Sirkus Oy (Group)	90,0 %	Tampere
Markkinointitoimisto Aito Finland Oy	100,0 %	Tampere
Koskimax Oy	59,6 %	Tampere
Levin Ravintolakatu Oy	100,0 %	Helsinki
Max Consulting Oy (Group)	100,0 %	Tampere
Suomen Ravintolatoimi Oy (Group)	42,1 %	Jyväskylä
Bistromax oy	70,0 %	Tampere
Mikonkadun keidas Oy	90,0 %	Tampere
Nordic Gourmet Oy	66,0 %	Tampere
Northmax Oy	70,0 %	Tampere
Poolmax Oy	76,0 %	Tampere
Priima-Ravintolat Oy (Group)	81,6 %	Tampere
Rock Hard Catering Oy	88,0 %	Tampere
Tampereen Satamaravintolat Oy	100,0 %	Tampere
Purmax Oy	60,0 %	Tampere
Rengasravintolat Oy	100,0 %	Tampere
Restala Oy (Group)	100,0 %	Helsinki
Unioninkadun keidas Oy	82,0 %	Helsinki
Restamax International Oy	90,7 %	Tampere
Restala Oy (Group)	72,0 %	Tampere
Tillikka Oy	80,0 %	Tampere
Roska Yhtiöt Oy	100,0 %	Tampere
Sisäsataman Terassi Oy	60,0 %	Vaasa
Skohan Oy	75,0 %	Tampere
Somax Oy	70,0 %	Tampere
Soolo Max Oy	70,0 %	Tampere
SRMax Oy	85,0 %	Tampere
Suomen Diner Ravintolat Oy	80,0 %	Tampere
Suomen Ravintolatoimi Oy	57,9 %	Jyväskylä
Suomen Siipiravintolat Oy	70,0 %	Tampere
Thai Papaya Oy	100,0 %	Helsinki
Tunturimax Oy	76,0 %	Tampere
Unioninkadun keidas Oy	18,0 %	Helsinki
Urban Group Oy (Group)	100,0 %	Helsinki
Cholo Oy	100,0 %	Helsinki
Sabor a México Oy	100,0 %	Helsinki
RR Holding Oy	100,0 %	Helsinki
Royal Restaurants Ltd	100,0 %	Helsinki
Royal Konseptiravintolat Oy	100,0 %	Helsinki
Sushi World Oy	100,0 %	Kauniainen
Smile Henkilöstöpalvelut Oyj (Group)	75,6 %	Tampere
Happy Henkilöstöpalvelut Oy	100,0 %	Tampere
Job Services Two Oy	100,0 %	Helsinki
Job Services Three Oy	100,0 %	Helsinki
Max Henkilöstöpalvelut Oy	100,0 %	Tampere
Resta Henkilöstöpalvelut Oy	100,0 %	Tampere
RM Henkilöstöpalvelut Oy	100,0 %	Tampere
Smile Banssi Keski Oy	10,0 %	Jyväskylä
Smile Botnia Oy	100,0 %	Tampere
Smile Doctors Oy	71,3 %	Tampere
Smile Office Oy	100,0 %	Tampere
Smile Events & Promotions Oy	100,0 %	Tampere
Smile Huippu Oy (Group)	75,0 %	Kuopio
Smile Palvelut Jyväskylä Oy	100,0 %	Tampere
Smile Rekry Oy	100,0 %	Tampere
Smile Import Oy	80,0 %	Tampere
Smile Industries Pohjanmaa Oy	100,0 %	Tampere
Smile Job Services Oy	100,0 %	Tampere
Smile Jobio Pirkanmaa Oy	100,0 %	Tampere
Smile Jobio Pohjanmaa Oy	100,0 %	Tampere
Smile Jobio Uusimaa Oy	100,0 %	Tampere
Smile Jobio Varsinais-Suomi Oy	100,0 %	Tampere
Smile Kymppi Service Oy (Group)	100,0 %	Tampere
Smile Kymppi Service Logistiikka Oy	100,0 %	Tampere
Smile Kymppi Service Länsi-Suomi Oy	100,0 %	Tampere
Smile Palvelut Maja Oy	100,0 %	Tampere
Smile Kymppi Service Pohjois-Suomi Oy	100,0 %	Tampere
Smile Kymppi Service Satakunta Oy	100,0 %	Tampere
Smile Kymppi Service Eesti Oü	100,0 %	ESTONIA
Smile MMS Oy (Group)	100,0 %	Kuortane
Smile Industries Oy (Group)	100,0 %	Kuortane
Smile Palvelut Etelä-Savo Oy	100,0 %	Tampere
Smile Industries Kuopio Oy	90,0 %	Tampere
Smile Industries Tampere Oy (Group)	100,0 %	Tampere
Smile Industries Manse Oy	100,0 %	Tampere
Smile MMS Työllistämispalvelut Oy	70,0 %	Kuortane
Smile Pohjanmaa Oy	72,0 %	Kuortane

Smile Palvelut Helsinki Oy	100,0 %	Tampere
Smile Palvelut Hämeenlinna Oy	100,0 %	Hämeenlinna
Smile Palvelut Pohjoinen Oy	100,0 %	Tampere
Smile Palvelut Ilo Oy	100,0 %	Tampere
Smile Palvelut Turku Oy	100,0 %	Tampere
Smile Railways Oy	100,0 %	Tampere
Smile Services Oy	100,0 %	Tampere
Smile Super Oy	100,0 %	Tampere
Smile Tampere Oy	100,0 %	Tampere
Smile Banssi Oy (Group)	100,0 %	Tampere
Smile Banssi Etelä Oy	100,0 %	Espoo
Smile Banssi Pohjoinen Oy	100,0 %	Espoo
Smile Banssi Häme Oy	100,0 %	Espoo
Smile Banssi Uusimaa Oy	90,9 %	Vantaa
Smile Banssi Itä Oy	100,0 %	Joensuu
Smile Banssi Länsi Oy	100,0 %	Turku
Smile Banssi Keski Oy	100,0 %	Jyväskylä
Smile Banssi Lappi Oy	90,0 %	Rovaniemi
Smile Banssi Helsinki Oy	100,0 %	Helsinki
Smile Palvelut Royal Oy	100,0 %	Tampere
Smile Banssi Kaakko Oy	90,0 %	Lappeenranta
Smile Rmax Oy	100,0 %	Espoo
Smile Seinäjoki Oy	100,0 %	Tampere
Nordic Hospitality Partners Denmark A/S (Group)	75,0 %	DENMARK
Cock's & Cows ApS	98,0 %	DENMARK
Cock's & Cows Tivoli Food Hall Aps	100,0 %	DENMARK
Cock's & Cows CPH Airport ApS	100,0 %	DENMARK
The Bird Mothers ApS	92,0 %	DENMARK
The Bird ApS	100,0 %	DENMARK
The Bird Kødbyen ApS	100,0 %	DENMARK
The Bird CPH Airport ApS	100,0 %	DENMARK
The Bird Tivoli ApS	100,0 %	DENMARK
The Bird Fugu ApS	100,0 %	DENMARK
Chicks by Chicks Tivoli ApS	89,0 %	DENMARK
Ruby Group Holding Aps	80,0 %	DENMARK
Ebony & Ivory Aps	95,1 %	DENMARK
Bronnum ApS	99,0 %	DENMARK
Bronnum ApS	94,5 %	DENMARK

Associated companies consolidated into the consolidated financial statements

Viinitie Oy	10,0 %	Helsinki

Share of the most significant minority shareholders:

Thousand EUR	Minority shareholders' share		Minority shareholders' share of		Minority shareholders' share of	
Company and domicile	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Tunturimax Oy, Tampere	24,0 %	24,0 %	36,4	48,6	85,6	92,5
Northmax Oy, Tampere	30,0 %	30,0 %	127,7	84,4	144,1	76,4
Suomen Siipiravintolat Oy, Tampere	30,0 %	30,0 %	187,2	153,8	220,2	207,1
Rivermax Oy, Tampere	28,0 %	28,0 %	85,1	7,1	86,0	7,8
Smile Henkilöstöpalvelut Oyj Group	24,4 %	21,7 %	1 087,2	568,4	6 811,6	2 391,5

Financial information:

Thousand EUR

Tunturimax Oy	**2018**	**2017**
Turnover	3 999,1	4 110,4
Profit for the financial period	151,5	202,7
Non-current assets	638,1	855,2
Current assets	708,9	817,8
Non-current liabilities	53,0	229,2
Current liabilities	937,3	1 058,4
Operating cash flow	492,7	351,5
Investment cash flow	-23,1	-142,5
Financial cash flow	-473,8	-211,5

Northmax Oy	**2018**	**2017**
Turnover	5 936,8	5 220,8
Profit for the financial period	425,7	281,3
Non-current assets	1 659,8	2 284,4
Current assets	593,2	569,7
Non-current liabilities	438,3	558,6
Current liabilities	1 334,4	2 040,9
Operating cash flow	1 102,8	1 043,0
Investment cash flow	-693,4	-188,8
Financial cash flow	-400,5	-809,5

Suomen Siipiravintolat Oy	**2018**	**2017**
Turnover	4 482,8	3 789,0
Profit for the financial period	623,9	512,6
Non-current assets	723,2	869,4
Current assets	463,5	354,3
Non-current liabilities	0,0	0,0
Current liabilities	452,6	533,4
Operating cash flow	753,4	762,1
Investment cash flow	-122,5	-413,7
Financial cash flow	-636,2	-347,0

Rivermax Oy	**2018**	**2017**
Turnover	4 719,5	3 663,1
Profit for the financial period	304,1	25,5
Non-current assets	1 599,7	2 017,3
Current assets	452,4	501,3
Non-current liabilities	844,3	1 219,8
Current liabilities	900,6	1 270,8
Operating cash flow	652,6	277,4
Investment cash flow	-19,0	-2 262,9
Financial cash flow	-648,4	2 030,5

Smile Henkilöstöpalvelut Oyj Group	**2018**	**2017**
Turnover	127 089,6	75 612,2
Profit for the financial period	2 827,9	392,8
Non-current assets	48 195,9	27 540,0
Current assets	22 811,2	16 407,0
Non-current liabilities	22 322,5	14 814,4
Current liabilities	37 090,3	22 933,0
Operating cash flow	4 059,6	4 171,3
Investment cash flow	-16 520,8	-6 912,5
Financial cash flow	12 444,1	2 582,9

The information in the table is consistent with the consolidated financial statements of Smile Henkilöstöpalvelut Oyj. The comparative data has been adjusted.

33 Other lease agreements

The Group as a lessee

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

Minimum lease payments to be made based on other rental agreements that cannot be annulled

Thousand EUR	2018	2017
In one year	30 715,9	15 987,8
In more than one year and up to 5 years	100 530,7	41 559,9
In more than 5 years	71 509,3	15 709,4
Total	202 756,0	73 257,1

The NoHo Partners Group has adopted the standard IFRS 16 Leases as of 1 January 2019. When determining lease liability for the 2018 financial period, assumptions according to IFRS 16 have been followed, where applicable. Of the reassessed liabilities, a total of EUR 32,791 (17,295) thousand have been recognised as lease expenses through profit or loss.

The Group has sublet 16 restaurant premises. A total of EUR 905.6 (699.3) thousand have been recognised as resulting lease expenses. Based on the sublease agreements, the future minimum lease payments will amount to EUR 1,028.7 (1,334.1) thousand.

The Group as a lessor

Minimum deferred lease payments based on other rental agreements that cannot be annulled:

Thousand EUR	2018	2017
In one year	540,8	678,8
In more than one year and up to 5 years	524,2	1 022,5
In more than 5 years	303,5	138,2
Total	1 368,5	1 839,6

34 Conditional liabilities and assets and commitments

Thousand EUR	2018	2017
Liabilities with guarantees included on the balance sheet		
Loans from financial institutions, non-current	89 981,0	34 168,1
Loans from financial institutions, current	30 810,6	11 634,4
Total	120 791,6	45 802,5
Liabilities with guarantees included on the balance sheet		
Commercial papers, current	22 000,0	0,0
Guarantees given on behalf of the Group		
Collateral notes secured by a mortgage	54 885,7	54 350,0
Real estate mortgage	4 364,6	4 096,8
Subsidiary shares	114 736,6	37 613,1
Other shares	0,0	164,8
Bank guarantees	8 842,6	3 414,9
Other guarantees	17 980,0	7 000,0
Total	200 809,4	106 639,6

Thousand EUR	2018	2017
Commitments:		
Purchase commitment	600,0	600,0

With a deed of sale dated 1 July 2017, NoHo Partners Plc’s subsidiary engaging in the labour hire business purchased 100% of the shares in Smile Job Services One Oy (previously Job Services One Oy). Part of the purchase price was paid with shares in NoHo Partners Plc’s subsidiary that involve a fixed-term repurchase obligation.

35 Classification of financial assets and liabilities and fair values

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

Amortised acquisition cost

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

At fair value through other comprehensive income

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

At fair value through profit or loss

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

31.12.2018

Thousand EUR	At fair value through other comprehensive income	At fair value through profit or loss	Amortised acquisition cost	Fair value
Financial assets				
Interest-bearing loans receivable			202,3	202,3
Non-interest-bearing other receivables			3 842,6	3 842,6
Trade and other receivables			39 896,9	39 896,9
Financial assets measured at fair value through other comprehensive income	98,1			98,1
Cash and cash equivalents			4 954,6	4 954,6
Total	98,1	0,0	48 896,4	48 994,6
Book value, total	98,1	0,0	48 896,4	48 994,6
Financial liabilities				
Non-current financial liabilities			90 494,3	90 494,3
Non-current trade payables and other liabilities			6 271,1	6 271,1
Current financial liabilities			53 162,8	53 162,8
Current trade payables and other liabilities			69 344,9	69 344,9
Fair value, total		0,0	219 273,1	219 273,1
Book value, total		0,0	219 273,1	219 273,1

31.12.2017

Thousand EUR	At fair value through other comprehensive income	At fair value through profit or loss	Amortised acquisition cost	Fair value
Financial assets				
Interest-bearing loans receivable			125,3	125,3
Non-interest-bearing other receivables			1 222,0	1 222,0
Trade and other receivables			23 342,4	23 342,4
Financial assets measured at fair value through other comprehensive income	98,1			98,1
Cash and cash equivalents			2 570,0	2 570,0
Total	98,1	0,0		27 357,8
Book value, total	98,1	0,0		27 357,8
Financial liabilities				
Non-current financial liabilities			34 643,0	34 643,0
Non-current trade payables and other liabilities			3 674,8	3 674,8
Current financial liabilities			11 682,5	11 682,5
Current trade payables and other liabilities			34 238,9	34 238,9
Fair value, total			84 239,2	84 239,2
Book value, total	0,0	0,0	84 239,2	84 239,2

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

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income mainly comprise Finnish holdings and Finnish unquoted shares. Unquoted share investments have been measured at fair value or acquisition cost, since it has been impossible to measure them at fair value using measurement techniques. It has been impossible to reliably determine the fair value of these investments, and the estimate varies greatly or the probabilities of different estimates within the range of variation cannot be reasonably determined and used to determine the fair value. Financial assets measured at fair value are either sellable on the secondary market or their measurement uses the bid price on the counterparty's closing date.

Trade and other receivables and interest-bearing receivables

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

Financial liabilities, trade payables and other liabilities

The amortised acquisition cost of financial and other liabilities corresponds to their fair value because the effects of discounting are not relevant considering the maturity of the liabilities.

Fair value hierarchy for financial assets measured at fair value

31.12.2018

Thousand EUR	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through other comprehensive income	0,0	0,0	0,0	0,0
Assets in total	0,0	0,0	0,0	0,0

31.12.2017

Thousand EUR	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value through other comprehensive income	0,0	0,0	0,0	0,0
Assets in total	0,0	0,0	0,0	0,0

During the ended financial period, there were no transfers between the fair value hierarchy levels 1, 2 or 3.

The fair values at hierarchy level 1 are based on the quoted prices of similar asset items or liabilities on the market.

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

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

The shares and holdings of the Group consist of unquoted items, and there are no known events based on which the fair value of unquoted items would have changed from their book value.

36 Financial risk management

Risk management principles and process

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

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

Interest rate risk

Interest rate risk means the risk of variations in the fair value of a financial instrument or in future cash flows due to changes in market rates of interest. The Group's interest rate risk is mainly caused by non-current loans that have been taken out with a variable interest rate. The Group is not presently hedging against the interest rate risk. The interest rates for loans vary according to the 1–6 month Euribor rates plus margins of 1.65–2.00%.

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

Liquidity risk

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

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

At the end of December 2018, the Group’s current financial liabilities amounted to EUR 53.2 million. The Group’s budgeted cash flow for the 2019 financial period is strong, and the Group will use it for the repayment of its current liabilities. The current financial liabilities include a commercial paper programme of EUR 22 million that will become due in May 2019. The Board finds that the market for this instrument works well, and the company will renew this loan. Furthermore, the Group can use other funding, if necessary, and the company issued a hybrid bond of EUR 25 million in March 2019.

The Group's liquidity remained good throughout 2018. At the end of the year, cash and cash equivalents amounted to EUR 4,954.6 (2,570.0) thousand, in addition to which the Group had access to undrawn confirmed account credit limits amounting to approximately EUR 9.3 (9.3) million.

During the year, the Group drew EUR 85,085.5 thousand of new non-current financing for its new investments. The loan periods for these financing arrangements vary between 5–6 years. The average annual interest rate for the Group's gross interest-bearing liabilities in 2018 was approximately 2.02% (2.01%).

The most important loan covenants are reported to the creditors each quarter. If the Group violates the terms of the loan covenant, the creditor may require faster repayment of the loans. The management regularly monitors the fulfilment of the loan covenant terms. New financing agreements were made and the loan covenants were redefined in connection with the acquisition of Royal Restaurants. The redefined loan covenants will be reviewed for the first time on 30 June 2019. The covenant terms are related to specific operating cash flow objectives, equity ratio and amount of investments.

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

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

31.12.2018

Thousand EUR	Note	Balance sheet value	Cash flow	Less than 1 year	1 to less than 2 years	2 to 5 years	More than 5 years
Financial liabilities	19	143 629,7	150 059,5	55 577,7	25 868,9	60 179,4	8 433,5

31.12.2017

Thousand EUR	Note	Balance sheet value	Cash flow	Less than 1 year	1 to less than 2 years	2 to 5 years	More than 5 years
Financial liabilities	19	46 325,5	48 391,7	12 922,6	11 140,0	22 565,5	1 763,6

Credit risk

Credit risk is the risk that one party to a financial instrument is unable to meet its obligations, thereby creating a financial loss for the other party. The Group's course of action defines the creditworthiness requirements for the customers' counterparties. The primary method of payment within the Group is cash. The business operations of the labour hire segment are based on invoiced sales. The credit risk management and credit control have been centralised to be handled by the Group's financial management.

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

As concerns trade receivables, the labour hire segment involves a credit loss risk typical of the nature of its business and the field. In addition, certain big customers of the labour hire segment have been paid growth funding, the earning of which is based on the customers' future purchases and the payment of the trade receivables generated from them. In the labour hire segment, the trade receivables and growth funding of certain big customers together form significant credit risk concentrations. The risks linked with the trade receivables and other receivables of the labour hire segment are minimised through terms of payment of the receivables, customer-specific monitoring of trade receivables, effective collection and checking of customers' creditworthiness requirements and, in part, also through various collateral arrangements. For the growth funding paid to labour hire business customers, the Group has received a counterparty guarantee that covers the paid growth funding from these customers.

As of 1 January 2018, impairments are recognised in accordance with IFRS 9 based on expected credit losses. The Group implemented the simplified model enabled by the standard for recording the impairment of trade receivables with a provision matrix.

The provision matrix is established based on the age distribution of the open trade receivables and other receivables by using the percentages determined by the Group. It is considered that intragroup receivables are not subject to a credit loss risk, and they have been excluded from the provision. For the growth funding paid to labour hire business customers, the Group has received a counterparty guarantee that covers the paid growth funding from these customers. Therefore, the growth funding paid is excluded from the credit loss provision. In accordance with the principle of prudence, the guarantee amount that exceeds the balance sheet value of the growth funding has not been taken into account as allowance for trade receivables.

On this basis, a credit loss allowance on 31 December 2018 and 1 January 2018 (in connection with the adoption of IFRS 9) was determined for trade and other receivables as follows:

31.12.2018	Balance sheet value	Provision percentage	Credit loss provision
Not due	19 748,9	0,20 %	38,5
Due, 1–30 days	3 185,1	0,80 %	25,7
Due, 31–60 days	878,6	1,50 %	13,4
Due, 61–90 days	1 225,0	2,00 %	25,0
Due, 91–180 days	813,3	10,00 %	90,4
Due, more than 180 days	901,4	26,00 %	489,1
Total	26 752,3		682,1

1.1.2018	Balance sheet value	Provision percentage	Credit loss provision
Not due	9 501,5	0,20 %	19,0
Due, 1–30 days	1 879,0	0,80 %	15,0
Due, 31–60 days	477,0	1,50 %	7,2
Due, 61–90 days	266,2	2,00 %	5,3
Due, 91–180 days	726,8	10,00 %	72,7
Due, more than 180 days	1 675,3	26,00 %	435,6
Total	14 525,8		554,8

During the financial period, the Group had EUR 725.1 (423.2) thousand in credit losses recognised through profit or loss. All impairment losses have been generated due to trade receivables, and they include the change in the credit loss provision according to IFRS 9 of EUR 127.3 thousand during the financial period. Before 2018, credit losses were recognised through profit or loss based on their realisation, and the Group did not recognise any credit loss provision. The increase in the credit loss provision during the financial period is mainly due to the growth of the Group's restaurant business. The maturity distribution of the receivables is presented in note 12.

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

Currency risk

Currency risk refers to profit, balance sheet and cash flow uncertainty due to changes in currency exchange rates. During the financial period, the Group has expanded its business to Denmark and will be subjected to a transaction risk in relation to the Danish Krone in the future. The transaction risk is related to the currency flows of sales and expenses. The Danish krone is fixed against the euro, the Group's home currency, but the exchange rate may fluctuate 2.25% in either direction.

The subsidiaries' intragroup loans and deposits are denominated in the subsidiaries' home currencies. The Group does not hedge intragroup loans, deposits or the subsidiaries' equity. Expenses and purchases are largely denominated in euros. A translation difference of EUR 0.0 thousand resulted from the conversion of subsidiaries' equities to euros.

Capital management

The aim of the Group's capital management (equity vs. credit capital) is to establish an optimal capital structure that can support business operations by ensuring normal operational prerequisites, and to increase shareholder value in the long term. The capital structure can be mainly affected by means of dividend distribution, subordinated loans and share issues. The Group can also decide to sell its assets in order to reduce its liabilities. The managed capital is the equity indicated in the consolidated balance sheet. An optimal capital structure also reduces capital costs.

The development of the Group’s capital structure is tracked with the gearing ratio. The Group's gearing ratios were as follows:

Thousand EUR	**2018**	**2017**
Interest-bearing liabilities	143 629,6	46 344,8
Interest-bearing receivables	-175,3	-125,3
Cash and cash equivalents	-4 954,6	-2 570,0
Net liabilities	138 499,7	43 649,5
Total equity	75 147,2	46 892,9
Gearing ratio	184,3 %	93,1 %

The increase in the gearing ratio is due to the Group’s expansion in 2018. Business acquisitions are presented in note 4.

37 Net liabilities balancing calculation

Net liabilities

Thousand EUR	**2018**	**2017**
Cash and cash equivalents	4 954,6	2 570,0
Liquid investments	0,0	0,0
Loans - repayable within one year (incl. credit accounts)	-53 162,8	-11 682,5
Loans - repayable within more than one year	-90 466,9	-34 643,0
Net liabilities	-138 675,1	-43 755,5
Cash and cash equivalents and liquid investments	4 954,6	2 570,0
Gross liabilities - variable interest	-143 629,7	-46 325,5
Net liabilities	-138 675,1	-43 755,5

Thousand EUR	**Other assets**		**Liabilities related to financing**		**Total**
	Cash and cash equivalents/credit accounts	**Liquid investments**	**Loans within one year**	**Loans in more than one year**	
Net liabilities 31 December 2017	2 570,0	0,0	-11 682,5	-34 643,0	-43 755,5
Cash flows	2 384,7		-41 480,3	-31 793,6	-70 889,3
Acquisitions of subsidiaries - loans				-24 030,2	-24 030,2
Net liabilities 31 December 2018	**4 954,6**	**0,0**	**-53 162,8**	**-90 466,9**	**-138 675,1**

Thousand EUR	**Other assets**		**Liabilities related to financing**		**Total**
	Cash and cash equivalents/credit accounts	**Liquid investments**	**Loans within one year**	**Loans in more than one year**	
Net liabilities 31 December 2016	1 871,1		-7 436,2	-25 126,7	-30 691,9
Cash flows	698,9		-4 246,2	-9 254,8	-12 802,1
Acquisitions of subsidiaries - loans				-261,6	-261,6
Net liabilities 31 December 2017	**2 570,0**	**0,0**	**-11 682,5**	**-34 643,0**	**-43 755,5**

38 Adjustments to operating cash flows

Thousand EUR	2018	2017
Non-cash transactions		
Advances received	28,1	-218,9
Changes in provisions	951,3	-183,2
Accounts receivable write-off	725,1	430,0
Sale of fixed assets	397,2	-6,4
Share reward system	72,3	0,0
Growth funding	867,3	0,0
Other adjustments	382,4	-212,2
Total	3 423,7	-190,6

The adjustment of change in growth funding has been disclosed before the 2018 financial period in the cash flow calculation in the depreciation group.

39 Key events occurring after the closing date

In stock exchange releases dated 15 March 2019 and 21 March 2019, NoHo Partners Plc announced that it issues a hybrid bond of EUR 25 million primarily for the purpose of financing its international and domestic growth.

The hybrid bond is an equity loan. NoHo Partners Plc intends to use the proceeds of the hybrid bond for investments in accordance with its strategy, including possible international and domestic acquisitions, for the repayment of certain existing liabilities in the amount of approximately EUR 5 million, including the repayment of the certain loans granted by the lead manager, as well as for general corporate purposes.

NoHo Partners Plc is currently conducting negotiations in respect of potential Nordic acquisitions in the Restaurant business in accordance with its strategy, including expansion into new countries. There is, however, no certainty that such negotiations will be successful.

A hybrid bond is an instrument that is subordinated to the company's other debt obligations. It is treated as equity in the company's IFRS financial statements. A hybrid bond does not confer its holders the rights of a shareholder and does not dilute the holdings of the current shareholders. The hybrid bond issue would strengthen the company's capital structure and financial position.

The maturity distribution of NoHo Partners Plc's interest-bearing liabilities per 31 December 2018 is as follows:

(thousand EUR)	2019	2020	2021	2022	2023–2024
Interest-bearing liabilities	53,163	24,237	21,461	20,298	24,471

Nordea Bank Abp will act as the main arranger for the hybrid bond. NoHo Partners Plc's legal advisor is Castrén & Snellman Attorneys Ltd.

In addition to the above, the Group has carried out minor company reorganisation in its restaurant business and labour hire business in accordance with the strategy.

INCOME STATEMENT (EUR)	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
TURNOVER	**26 542 909,36**	**22 506 866,56**
Other operating income	10 164 169,57	5 584 396,01
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	-6 346 593,82	-5 546 486,20
Addition/reduction of stock	-94 182,31	187 038,07
External services	-3 908 408,61	-3 080 443,24
	-10 349 184,74	-8 439 891,37
Staff expenses		
Salaries and fees	-5 147 937,83	-3 887 630,09
Indirect employee costs		
Pension costs	-966 074,56	-743 462,79
Other indirect employee costs	-191 321,22	-157 074,19
	-6 305 333,61	-4 788 167,07
Depreciations, amortisations and impairments		
Scheduled depreciations	-2 347 727,50	-1 758 255,28
Impairment of non-current assets	-704 804,09	0,00
	-3 052 531,59	-1 758 255,28
Other operating expenses	-18 390 671,61	-12 767 476,92
OPERATING PROFIT (LOSS)	**-1 390 642,62**	**337 471,93**
Financial income and expenses		
Income from shares in companies of the same Group	1 689 600,00	1 161 800,00
From others	0,00	1 140,00
Other interest and financial income		
From companies in the same Group	1 664 720,61	1 141 485,10
From others	16 069,09	3 598,60
Impairments of cash equivalents in current assets	0,00	-64 240,00
Interest expenses and other financial expenses		
To companies in the same Group	0,00	-148,42
To others	-1 864 899,96	-773 749,01
	1 505 489,74	1 469 886,27
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	**114 847,12**	**1 807 358,20**
Appropriations		
Addition/reduction of depreciation difference	-62 061,41	-90 825,26
Group contributions received/given	4 042 000,00	6 140 519,33
	3 979 938,59	6 049 694,07
Taxes for the financial period	-2 224,38	-1 327 952,65
PROFIT (LOSS)	**4 092 561,33**	**6 529 099,62**

BALANCE SHEET	**31.12.2018**	**31.12.2017**
(EUR)		
A S S E T S		
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	306 560,94	498 304,26
Other long-term expenditure	4 102 033,37	4 684 222,08
Advance payments	266 989,74	139 622,02
	4 675 584,05	5 322 148,36
Tangible assets		
Buildings and structures	2 099 698,39	2 180 419,08
Machines and equipment	2 835 421,66	2 923 674,73
Other tangible assets	1 393,44	1 393,44
Prepayments and incomplete acquisitions	11 160,00	126 529,31
	4 947 673,49	5 232 016,56
Investments		
Holdings in Group companies	99 507 193,92	37 613 128,43
Holdings in associated companies	0,00	3 047 895,23
Other shares and holdings	422 658,84	422 658,84
	99 929 852,76	41 083 682,50
NON-CURRENT ASSETS TOTAL	**109 553 110,30**	**51 637 847,42**
CURRENT ASSETS		
Inventories		
Finished products/goods	475 318,33	569 500,65
	475 318,33	569 500,65
Non-current		
Non-current trade receivables	101 947,37	261 947,37
Receivables from Group companies	57 364 489,75	24 616 944,12
Loan assets	125 325,09	125 325,09
Other receivables	189 038,46	189 038,46
	57 780 800,67	25 193 255,04
Current		
Trade receivables	1 120 193,44	1 350 905,48
Receivables from Group companies	31 964 530,74	24 016 880,93
Loan assets	39 867,95	500 000,00
Other receivables	292 825,24	222 841,79
Accrued income	1 806 188,46	806 264,71
	35 223 605,83	26 896 892,91
Cash and cash in bank	706 441,97	420 531,84
CURRENT ASSETS TOTAL	**94 186 166,80**	**53 080 180,44**
ASSETS TOTAL	**203 739 277,10**	**104 718 027,86**

BALANCE SHEET (EUR)	**31.12.2018**	**31.12.2017**
L I A B I L I T I E S		
EQUITY		
Share capital	150 000,00	150 000,00
	150 000,00	150 000,00
Other reserves		
Invested unrestricted equity fund	57 541 511,14	37 541 513,54
	57 541 511,14	37 541 513,54
Profit (loss) from previous financial periods	11 543 569,45	10 498 944,43
Profit (loss) for the financial period	4 092 561,33	6 529 099,62
EQUITY TOTAL	**73 327 641,92**	**54 719 557,59**
APPROPRIATIONS		
Depreciation difference	286 293,14	224 231,73
APPROPRIATIONS TOTAL	**286 293,14**	**224 231,73**
COMPULSORY PROVISIONS		
Other compulsory provisions	550 000,00	0,00
COMPULSORY PROVISIONS TOTAL	**550 000,00**	**0,00**
CREDIT CAPITAL		
Non-current		
Loans from financial institutions	69 643 452,56	29 496 450,00
Liabilities to companies in the same Group	6 391 750,10	1 683 786,77
	76 035 202,66	31 180 236,77
Current		
Loans from financial institutions	44 468 739,44	10 419 872,51
Advances received	0,00	1 635,51
Accounts payable	2 163 802,74	2 548 840,73
Liabilities to companies in the same Group	4 720 928,29	3 473 731,00
Other payables	218 547,85	596 063,11
Accruals and deferred income	1 968 121,06	1 553 858,91
	53 540 139,38	18 594 001,77
CREDIT CAPITAL TOTAL	**129 575 342,04**	**49 774 238,54**
LIABILITIES TOTAL	**203 739 277,10**	**104 718 027,86**

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

NOTES CONCERNING THE PREPARATION OF THE PARENT COMPANY'S FINANCIAL STATEMENTS

NoHo Partners Plc's financial period is from 1 January to 31 December. The financial statements have been prepared in accordance with the Finnish Accounting Act (FAS).

Principles and methods of measurement and recognition

Measurement of non-current assets

Non-current assets are measured at their acquisition cost less the accrued depreciation.
The notes for the non-current assets only present the acquisition costs for those non-current assets whose acquisition costs have not been completely depreciated as scheduled depreciations.

Basis of and changes to scheduled depreciations

Commodity group	Estimated service lif	preciation percenta	Depreciation method
Buildings	30 years		Straight-line depreciation
Goodwill	5–7 years		Straight-line depreciation
Other intangible assets	3–10 years		Straight-line depreciation
Machines and equipment		25	Residue cost depreciation

Measurement of current assets

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

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

Pension coverage for personnel

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

Measurement of credit capital

Liabilities are measured at their nominal value.

Own shares

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

NOTES TO THE INCOME STATEMENT

Distribution of turnover	**31.12.2018**	**31.12.2017**
Restaurant business	26 407 154,96	22 223 676,83
Other business	135 754,40	283 189,73
	26 542 909,36	22 506 866,56

Other operating income	**31.12.2018**	**31.12.2017**
Sales profit	3 654 845,93	376 026,69
Rental income	243 444,64	251 996,46
Other miscellaneous operating income	201 499,23	145 573,19
Other miscellaneous operating income, Group	6 064 379,77	4 810 799,67
Total	10 164 169,57	5 584 396,01

Materials and services	**31.12.2018**	**31.12.2017**
Materials and supplies		
Purchases during the financial period	6 346 593,82	5 546 486,20
Changes in inventory	94 182,31	-187 038,07
External services	3 908 408,61	3 080 443,24
	10 349 184,74	8 439 891,37

Staff expenses	**31.12.2018**	**31.12.2017**
Number of staff		
Average number of staff	118	104
Total number of staff	118	104
Salaries and fees	5 147 937,83	3 887 630,09
Pension costs	966 074,56	743 462,79
Other indirect employee costs	191 321,22	157 074,19
Total	6 305 333,61	4 788 167,07
Fringe benefits (taxable value)	104 795,22	76 795,65

Other operating expenses	**31.12.2018**	**31.12.2017**
Voluntary indirect employee costs	300 850,43	234 773,35
Costs for business premises	9 084 619,41	7 131 972,97
Costs for machinery and equipment	1 418 903,97	1 068 058,84
Travel expenses	346 581,01	206 351,71
Marketing, performer and entertainment expenses	2 940 062,84	2 186 431,57
Other operating expenses	4 299 653,95	1 939 888,48
	18 390 671,61	12 767 476,92

Auditor services	**31.12.2018**	**31.12.2017**
Auditors’ fees	98 650,49	80 850,00
Other services	19 325,00	41 598,28
Total	117 975,49	122 448,28

Financial income and expenses	31.12.2018	31.12.2017
Income from shares		
From companies in the same Group	1 689 600,00	1 161 800,00
From others	0,00	1 140,00
Impairment of investments in non-current assets		
From others	0,00	-64 240,00
Interest and other financial income		
From companies in the same Group	1 664 720,61	1 141 485,10
From others	16 069,09	3 598,60
Interest and other financial expenses		
To companies in the same Group	0,00	-148,42
To others	-1 864 899,96	-773 749,01
Total	1 505 489,74	1 469 886,27

Appropriations	31.12.2018	31.12.2017
Difference of scheduled depreciations and depreciations made in taxation	-62 061,41	-90 825,26
Group contributions received	4 042 000,00	6 140 519,33
Group contributions given	0,00	0,00
Total	3 979 938,59	6 049 694,07

Income taxes	31.12.2018	31.12.2017
Income taxes from actual operations	38 483,13	1 327 864,19
Taxes from previous financial periods	-36 258,75	88,46
	2 224,38	1 327 952,65

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

Non-current assets

Intangible assets	Goodwill	Other intangible assets	Total
Book value 1 January	498 304,26	4 823 844,10	5 322 148,36
Additions	0,00	1 570 536,08	1 570 536,08
Deductions	0,00	-270 697,26	-270 697,26
Impairments	0,00	-396 694,47	-396 694,47
Depreciation during the financial period	-191 743,32	-1 357 965,34	-1 549 708,66
Book value 31 December	306 560,94	4 369 023,11	4 675 584,05

Tangible assets	Buildings	Machines and equipment	Other intangible assets	Prepayments and incomplete acquisitions	Total
Book value 1 January	2 180 419,08	2 923 674,77	1 393,44	126 529,31	5 232 016,60
Additions	0,00	661 187,00	0,00	575 883,97	1 237 070,97
Transfers between items	0	691 253,28	0	-691 253,28	0,00
Deductions	0,00	-415 285,62	0,00	0,00	-415 285,62
Impairments	0,00	-308 109,62	0,00	0,00	-308 109,62
Depreciation during the financial period	-80 720,69	-717 298,15	0,00	0,00	-798 018,84
Book value 31 December	2 099 698,39	2 835 421,66	1 393,44	11 160,00	4 947 673,49

Investments	Holdings in Group companies	Holdings in associated companies	Other shares and holdings	Total
Book value 1 January	37 613 128,43	3 047 895,23	422 658,84	41 083 682,50
Additions	61 897 947,82	0,00	0,00	61 897 947,82
Deductions	-3 882,33	-3 047 895,23	0,00	-3 051 777,56
Book value 31 December	99 507 193,92	0,00	422 658,84	99 929 852,76

Current assets

Inventories	**31.12.2018**	**31.12.2017**
Materials and supplies	475 318,33	569 500,65
	475 318,33	569 500,65

Receivables

Non-current receivables	**31.12.2018**	**31.12.2017**
Trade receivables	101 947,37	261 947,37
Loan assets	125 325,09	125 325,09
Other receivables	189 038,46	189 038,46
	416 310,92	576 310,92
Non-current receivables from companies in the same Group		
Loan assets	57 364 489,75	24 616 944,12
	57 364 489,75	24 616 944,12
Non-current receivables total	**57 780 800,67**	**25 193 255,04**
Current receivables		
Trade receivables	1 120 193,44	1 350 905,48
Loan assets	39 867,95	500 000,00
Other receivables	292 825,24	222 841,79
Accrued income	1 806 188,46	806 264,71
	3 259 075,09	2 880 011,98
Current receivables from companies in the same Group		
Trade receivables	394 476,28	707 515,45
Accrued income	1 779 314,21	1 371 115,73
Other Group receivables	9 687 899,75	7 800 019,33
Loan assets	20 102 840,50	14 138 230,42
	31 964 530,74	24 016 880,93
Current receivables total	**35 223 605,83**	**26 896 892,91**
Essential items of prepayments and accrued income		
Amortisations	111 380,69	88 238,65
Income tax receivables	682 876,17	137 270,01
Receivables for pension insurance payments	122 216,22	0,00
Other prepayments and accrued income	889 715,38	580 756,05
Total	1 806 188,46	806 264,71

NOTES CONCERNING LIABILITIES ON THE BALANCE SHEET

Equity	**31.12.2018**	**31.12.2017**
Share capital at the beginning of the financial period	150 000,00	150 000,00
Share capital at the end of the financial period	150 000,00	150 000,00
Total invested equity at the end of the financial period	**150 000,00**	**150 000,00**
Invested unrestricted equity fund at the beginning of the financial period	37 541 513,54	37 541 513,54
Private placement	19 999 997,60	0,00
Invested unrestricted equity fund at the end of the financial period	**57 541 511,14**	**37 541 513,54**
Profit/loss from previous financial periods at the beginning of the financial period	10 498 944,43	8 670 488,38
Transfer of profit/loss from previous financial period	6 529 099,62	6 814 342,05
Dividend distribution	-5 484 474,60	-4 985 886,00
Profit/loss from previous financial periods at the end of the financial period	**11 543 569,45**	**10 498 944,43**
Profit/loss from financial period	**4 092 561,33**	**6 529 099,62**
Total unrestricted equity at the end of the financial period	**73 177 641,92**	**54 569 557,59**
Total equity	**73 327 641,92**	**54 719 557,59**

Calculation of distributable funds in equity		31.12.2018	31.12.2017
Profit from previous financial periods		11 543 569,45	10 498 944,43
Net income from financial period (profit +/loss -)	+	4 092 561,33	6 529 099,62
Invested unrestricted equity fund	+	57 541 511,14	37 541 513,54
Distributable funds total	=	**73 177 641,92**	**54 569 557,59**

Appropriations	31.12.2018	31.12.2017
Depreciation difference for buildings	42 903,57	37 924,48
Depreciation difference for machines and equipment	243 389,57	186 307,25
Appropriations total	286 293,14	224 231,73

Compulsory provisions	31.12.2018	31.12.2017
Restructuring provision	550 000,00	0,00
	550 000,00	0,00

Credit capital	31.12.2018	31.12.2017
Non-current credit capital		
Subordinated loans	0,00	0,00
Loans from financial institutions	69 643 452,56	29 496 450,00
Liabilities to companies in the same Group		
Other liabilities to Group companies	3 801 580,33	1 683 786,77
Advances received	2 590 169,77	0,00
	6 391 750,10	1 683 786,77
Other non-current liabilities	0,00	0,00
Non-current credit capital total	**76 035 202,66**	**31 180 236,77**

Liabilities that mature later than within five years	31.12.2018	31.12.2017
Loans from financial institutions	6 410 052,88	1 755,14

Current credit capital	31.12.2018	31.12.2017
Loans from financial institutions	44 468 739,44	10 419 872,51
Advances received	0,00	1 635,51
Accounts payable	2 163 802,74	2 548 840,73
Liabilities to companies in the same Group		
Accounts payable	446 601,59	1 039 282,06
Liabilities	2 547 546,86	2 422 524,51
Advances received	1 726 779,84	0,00
Accruals and deferred income	0,00	11 924,43
	4 720 928,29	3 473 731,00
Other payables	218 547,85	596 063,11
Accruals and deferred income	1 968 121,06	1 553 858,91
Current credit capital total	**53 540 139,38**	**18 594 001,77**

Essential items of accrued charges and deferred credits	31.12.2018	31.12.2017
Salary liabilities	469 171,35	256 108,63
Holiday salary debt	700 868,48	628 659,25
Pension insurance	0,00	193 945,97
Other accruals and deferred income	798 081,23	475 145,06
Accrued expenses, total	1 968 121,06	1 553 858,91

The total balance of the consolidated account is disclosed under the parent company’s cash and cash equivalents. The parent company's receivable or liability is presented as a receivable from Group companies or a liability to Group companies.

NOTES CONCERNING GUARANTEES AND CONTINGENT LIABILITIES

Liabilities and guarantees by balance sheet item and guarantee type

Liabilities with guarantees included on the balance sheet	**31.12.2018**	**31.12.2017**
Loans from financial institutions, non-current	69 643 452,56	29 496 450,00
Loans from financial institutions, current	44 468 739,44	10 419 872,51
Total	114 112 192,00	39 916 322,51

Provided guarantees	**31.12.2018**	**31.12.2017**
Corporate mortgages given	34 150 000,00	34 150 000,00
Real estate mortgage	4 096 768,00	4 096 768,00
Bank guarantees	0,00	0,00
Mortgaged securities, shares in subsidiaries at book values	99 507 193,92	37 613 128,41
Other guarantees given in total	137 753 961,92	75 859 896,41
Guarantees given on behalf of others		
Other guarantees	14 340 000,00	7 000 000,00
	14 340 000,00	7 000 000,00

Leasing rental agreement liabilities not included on the balance sheet	**31.12.2018**	**31.12.2017**
To be paid during the next financial period	74 178,88	1 974,35
To be paid later	92 600,06	503,33
Total	166 778,94	2 477,68

Other liabilities

Other guarantee engagements not included or entered on the balance sheet	**31.12.2018**	**31.12.2017**
Lease liability, VAT exclusive		
Due in one year	8 080 679,55	8 996 822,60
Due in 2–5 years	27 288 262,24	24 413 101,62
Due in more than 5 years	14 443 437,27	11 536 945,40
	49 812 379,06	44 946 869,62

The NoHo Partners Group has adopted the standard IFRS 16 Leases as of 1 January 2019. When determining lease liability for the 2018 financial period, assumptions according to IFRS 16 have been followed, where applicable.

	31.12.2018	**31.12.2017**
Smile Henkilöstöpalvelut Oyj, purchase guarantee	86 338 992,20	0,00
Guarantee liability for purchases	600 000,00	600 000,00

NoHo Partners Plc has provided an absolute guarantee for all of the companies in the NoHo Partners Group as relates to accounts payable to the wholesalers, up to an amount of EUR 600 thousand.

CASH FLOW STATEMENT FOR 1 JANUARY–31 DECEMBER 2018

Thousand EUR	**1 Jan – 31 Dec 2018**	**1 Jan – 31 Dec 2017**
Operating cash flow:		
Profit (loss) before appropriations and taxes	115	1 807
Adjustments:		
Scheduled depreciations and impairment	3 053	1 758
Other income and expenses that do not incur payments	-685	-54
Financial income and expenses	-1 505	-1 470
Other adjustments	-2 696	-307
Cash flow before change in working capital	-1 719	1 734
Change in working capital:		
Increase (-)/decrease (+) in current non-interest-bearing receivables	-850	-1 170
Inventories, increase (-) / decrease (+)	94	-187
Increase (-)/decrease (+) in current non-interest-bearing liabilities	-572	1 914
Operating cash flow before financial items and taxes	-3 046	2 291
Interest and fees paid for other operating finance costs	-1 751	-755
Dividends received from business operations	1 690	1 233
Interest received from business operations	1 270	151
Direct taxes paid	-548	-1 636
Cash flow before extraordinary items	-2 386	1 285
Operating cash flow (A)	-2 386	1 285
Investment cash flow:		
Investments in tangible and intangible assets	-2 552	-4 709
Income from assignment of tangible and intangible assets	599	55
Investments in other investments	-42 118	-4 367
Income from assignment of other investments	153	199
Decrease (+)/increase (-) of non-current loans receivable	-38 562	-2 826
Associated company shares sold	6 513	0
Investment cash flow: (B)	-75 967	-11 649
Financial cash flow:		
Current loans drawn (+)/repaid (-)	13 461	3 565
Non-current loans drawn (+)	65 745	13 560
Non-current loans repaid (-)	-23 480	-7 673
Current commercial papers drawn (+)/repaid (-)	22 000	0
Dividends paid and other distribution of profits	-5 484	-4 986
Payments to invested unrestricted equity fund	220	0
Group contributions received (+)	6 178	6 162
Group contributions given (-)	0	-159
Financial cash flow: (C)	78 639	10 469
Change in cash and cash equivalents (A + B + C), increase (+)/decrease (-)	286	105
Cash and cash equivalents at the beginning of the financial period	421	315
Cash and cash equivalents transferred in merger	0	0
Cash and cash equivalents at the end of the financial period	706	421
Cash and cash equivalents at the end of the financial period, excluding mergers	286	105
Change	0	0

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

On 31 December 2018, NoHo Partners Plc's distributable assets were EUR 73,177,641.92, of which the share from the profit for the financial period is EUR 4,092,561.33. There have been no significant changes to the company's financial situation since the end of the financial period. NoHo Partners Plc's Board of Directors proposes to the Annual General Meeting to be held on 24 April 2019 that EUR 0.34 (EUR 0.33) per share, a total of EUR 6,423,397.98 (18,892,347 shares), be paid as the dividend for the financial period ended on 31 December 2018 based on the balance sheet to be adopted.

Date and signatures

Helsinki, 28 March 2019

Timo Laine Chairman of the Board of Directors	Mikko Aartio
Mikko Kuusi	Mika Niemi
Petri Olkinuora	Tomi Terho
Saku Tuominen	Arttu-Pekka Vikström CEO

AUDITOR'S NOTE

An audit report has been provided today.

Date and signature

Helsinki,   March 2019

Deloitte Oy
Authorised Public Accountants

Hannu Mattila
APA

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2018

List of accounting books, receipt types and storage methods

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

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