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## Commissioned research: NoHo Partners – Net financial targets aim for profitable growth, especially internationally

*Marketing material commissioned by NoHo Partners*

NoHo Partners will host a CMD today at 13 EET (in Finnish). Link to the webcast: <https://noho.videosync.fi/cmd-2024>

Late last night, NoHo Partners updated its financial targets for the strategy period 2025-2027. In its Finnish operations, the company now aims to reach net sales of EUR 400m by 2027, and to maintain the current EBIT margin level (2023: 10.5%). We currently model EUR 332m in net sales for Finland for 2027E, so the new target implies a 20% upside to that, or a 10% CAGR for 2024E-27. We believe that achieving the target might require acquisitions, but it seems achievable. For the international operations, NoHo aims for profitable growth and creating shareholder value, leaving numeric targets open. We now model a 6% international sales CAGR for 2025E-27E. We believe NoHo will focus on international growth through acquisitions and different strategic and options similar to the Better Burger Society ownership, and leaving the international targets open-ended leaves vast room for this. Moreover, NoHo lowered its net debt to operational EBITDA target from the current 3x to approximately 2x in the long term, which we view reasonable given the current debt structure and the aim to look for financing options outside debt. While we view the targets as achievable, leaving the international targets open-ended was somewhat disappointing to us, but we expect to hear more reasoning behind this at NoHo's CMD today. However, given NoHo's strong track record on executing targets, we expect a positive share price reaction today.

### Financial targets for the strategy period 2025-2027

- Finnish operations: Turnover of approximately EUR 400m and to maintain the current good level of EBIT margin (2023: 10.5%).
- International business: Profitable growth and creating shareholder value.
- Dividend: NoHo aims to distribute annually increasing dividend (unchanged).
- Net debt: In the long term, to decrease the ratio of net debt to operational EBITDA (excl. IFRS 16 impact) to the level of approximately 2x.

### Updated strategic focus areas

- Profitability accelerating growth
  - Efficient capital allocation and profit
  - Growth in Finnish operations and international growth through investment activities

- Strengthening the balance sheet
  - Controlled debt level
  - Decreasing financial expenses
  - Improving equity ratio

#### SUMMARY TABLE - KEY FIGURES

EURm	2021	2022	2023	2024E	2025E	2026E
Total revenue	186	313	372	435	452	470
EBITDA (adj)	34	73	85	101	105	109
EBIT (adj)	-13	25	37	42	45	47
EBIT (adj) margin	-6.7%	7.9%	10.0%	9.7%	9.9%	10.0%
EPS (adj, EUR)	-1.16	-0.27	0.44	0.77	0.86	0.93
EPS (adj) growth	30.1%	76.8%	261.4%	76.6%	11.5%	8.1%
DPS (ord, EUR)	0.00	0.40	0.43	0.47	0.51	0.55
EV/Sales	2.5	1.4	1.5	1.2	1.2	1.1
EV/EBIT (adj)	n.m.	17.6	15.1	12.5	11.7	11.0
P/E (adj)	n.m.	n.m.	20.3	10.8	9.7	9.0
P/BV	2.3	1.9	2.4	2.0	1.8	1.7
Dividend yield (ord)	0.0%	6.0%	4.9%	5.7%	6.1%	6.6%
FCF Yield bef A&D, lease adj	2.4%	21.8%	2.9%	13.0%	11.0%	12.6%
Net debt	322	290	349	328	319	308
Net debt/EBITDA	7.0	3.7	4.2	3.2	3.0	2.8
ROIC after tax	-2.8%	5.8%	7.7%	7.8%	8.4%	8.9%

Source: Company data and Nordea estimates

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