panostaja

# Financial Report

15 December, 2023

# Q4

**November 2022**
**- October 2023**

# PANOSTAJA OYJ'S FINANCIAL REPORT November 1, 2022–October 31, 2023

## Focusing on measures to improve profitability

**AUGUST 2023 – OCTOBER 2023 (3 months) in brief:**

- Net sales increased in two out of four segments. Net sales for the Group as a whole dropped by 7.1% to MEUR 34.2 (MEUR 36.8).
- EBIT improved in two of the four segments. The entire Group's EBIT declined from the reference period, standing at MEUR -0.8 (MEUR -0.6).
- Grano's net sales for the review period dropped by 6.2% from the reference period. EBIT totaled MEUR 0.2 (MEUR -0.5). Grano's EBIT includes MEUR 0.4 in one-time costs of the restructurings that resulted from the change negotiations that took place at the end of the financial period.
- Earnings per share (undiluted) were -1.4 cents (-1.1 cents).

**NOVEMBER 2022 – OCTOBER 2023 (12 months) in brief:**

- Net sales increased in two out of four segments. Net sales for the Group as a whole dropped by 1.3% to MEUR 136.2 (MEUR 137.9).
- EBIT improved in two of the four segments. The entire Group's EBIT declined from the reference period, standing at MEUR -1.1 (MEUR 5.2). The EBIT for the reference period includes MEUR 9.4 in sales profit from the SokoPro deal.
- Comparable EBIT improved for three of the four segments (Grano adjusted with the impacts of the SokoPro divestment).
- Grano's net sales for the review period dropped by 2.2% from the reference period. EBIT was MEUR 1.9 (MEUR 8.7 including the SokoPro sales profit of MEUR 9.4). Net sales for the review period decreased by 0.7% from the reference period net sales that were adjusted based on the SokoPro sale.
- Earnings per share (undiluted) were -5.5 cents (2.5 cents).

**Proposal for the distribution of profits:** The Board of Directors proposes to the Annual General Meeting to the held on February 7, 2024 that no dividend be distributed for the financial period that concluded on October 31, 2023.

**CEO Tapio Tommila:**

"As a whole, Panostaja's 2023 financial period progressed in a fairly bifurcated manner. In the first half of the year, our demand was largely stable and the business operations of our segments developed quite positively. In the second half, in turn, demand began to decline, which had a negative impact on net sales development especially at Grano, which is our largest segment. From the start, our focus in the financial period was on improving the profitability of business, and we succeeded in pushing the profitability measures forward across a wide spectrum. That said, our profitability development in the second half were challenged by Grano's declined demand and CoreHW's substantially weaker project profitability, as significantly more resources than planned had to be tied up in important customer projects.

Despite the difficulties, we have been determined in tackling the challenges at our segments, and the change negotiations carried out at Grano will provide us with consistent cost efficiency and the opportunity to safeguard our profitability in a flexible manner, even in more challenging demand situations. At Hygga, we have succeeded in improving profitability to a considerable degree, and the profitability of Oscar Software has developed in the right direction, despite the moderate level of the growth. At CoreHW, we are carrying out an initiative to improve project profitability and expect to see results starting from the first quarter of the next financial period.

During the review period, we carried out a substantial additional investment in the development and commercialization of CoreHW's own product business by allocating almost MEUR 4 in extra funding to bolstering the product development and commercialization measures of the indoor positioning solutions. Our clear goal is to achieve significant sales volumes for component products in the new financial period.

The Board of Directors proposes that no dividends be paid for the financial period that has now ended. Pursuant to our strategy, we will be looking for new investments in the current strategy period, and we estimate that it is important for the overall profit of our shareholders to maintain a high investment capacity in the present market climate. The number of deals closed in the corporate acquisition market has dropped substantially from the high levels of recent years, but our projects have been of high quality. We expect the differences in value expectations that have slowed down our discussions will start to dissipate gradually. For our part, we will continue to actively explore corporate acquisition opportunities in our own target sectors.

We will begin the new financial period with clear goals. Our priorities are continuing to improve and accelerate Grano's profitability and securing profitable growth across our other segments. Our focuses are growing the continuously invoiced software at Oscar Software and Hygga and commercializing the product business at CoreHW. In accordance with our strategy, we strive to add new value-adding segments to our portfolio."

## Segments 3 months

## Grano

Grano is Finland's leading content and marketing services company

Grano's net sales for the review period were MEUR 27.9, which is a decline of 6% from the reference period (MEUR 29.8). The Group's EBIT for the review period was MEUR 0.2 (MEUR -0.5). The profit/loss includes MEUR -0.4 in one-time costs of the restructurings that resulted from the change negotiations that took place at the end of the financial period. The reported EBIT for the reference period is encumbered by a MEUR 1.5 write-down of activated development costs related to rearrangements for the development of an internal ERP system.

Market demand was fairly challenging in the review period, which particularly impacted the sheet printing and large-scale printing product areas, dragging down net sales. Compared to the reference period, the strong development of net sales continued for the labels business and digital services, whereas the demand for printing services for construction continued to deteriorate as expected.

Due to the weakened market situation, Grano initiated change negotiations in August 2023 to improve the company's profitability and competitiveness, and to secure future operational capacity. The change negotiations covered about 850 people. The negotiations ended in October 2023, and the resulting restructurings will end a total of 43 positions. The company will terminate 27 employees, and 16 changed job descriptions involve a risk of termination. The company is also planning temporary layoffs. The aim is to carry out the terminations as soon as possible. The layoffs will also take place as soon as possible but, in any case, no later than May 1, 2024. The operational restructuring and streamlining measures will achieve about MEUR 1.2 in permanent annual cost savings, about MEUR 0.75 of which are estimated to be realized in the 2024 financial year.

The company will continue to carry out its strategy with the focuses of developing the Grano 360 range of solutions, increasing the packaging and labels business, and optimizing production and processes.

| MEUR | 3 months | 3 months | 12 months | 12 months |
|---|---|---|---|---|
| | 8/23-10/23 | 8/22-10/22 | 11/22-10/23 | 11/21-10/22 |
| Net sales, MEUR | 27.9 | 29.8 | 109.1 | 111.5 |
| EBIT, MEUR | 0.2 | -0.5 | 1.9 | 8.7 |
| Interest-bearing net liabilities | 39.4 | 46.4 | 39.4 | 46.4 |
| Panostaja's holding | 55.2% | | | |

The following table presents the unaudited illustrative figures of the Grano segment, which include an adjustment removing the SokoPro sales profit of MEUR 9.4 from the 2022 profit/loss. The review period figures have also been adjusted to remove the figures of the SokoPro business operations from the segment's figures.

| **MEUR / illustrative figures** | **3 months** | **3 months** | **12 months** | **12 months** |
|---|---|---|---|---|
| | 8/23-10/23 | 8/22-10/22 | 11/22-10/23 | 11/21-10/22 |
| Net sales, MEUR | 27.9 | 29.8 | 109.1 | 109.9 |
| EBIT, MEUR | 0.2 | -0.5 | 1.9 | -1.6 |

# Oscar Software

Oscar Software provides ERP systems and financial management services

Oscar Software’s net sales of MEUR 2.8 for the review period were at the level of the reference period (MEUR 2.8). The review period’s EBIT improved substantially from the reference period level, standing at MEUR 0.2 (MEUR -0.1). The improved EBIT is explained by the lower personnel costs due to the average number of experts that was lower than in the reference period.

The general market demand remained satisfactory in the review period. There is interest toward the company’s products and services, but the general uncertainty is delaying the investment decisions of customers. Moreover, the competitive situation on the market is fierce in places, which is reflected by the pricing, for example. The operations have been active with regard to expansions and further development projects for existing customers.

The growth of the continuously invoiced software business, which is the company’s strategic focus, continued, but the development of selling expert services was modest in the review, as there were challenges in finalizing new deals. The company will continue significant investments in the development of a cloud-based business platform, which has progressed as planned, and there are active sales efforts to acquire new customers.

On September 7, 2023, Panostaja announced that Oscar Software’s Board of Directors and CEO Mika Yletyinen had agreed that Yletyinen will be leaving the position of CEO. The application process for selecting a new CEO has been initiated. Markku Virtanen will serve as the company’s interim CEO. The company claimed Yletyinen’s shares during the financial period.

| MEUR | 3 months | 3 months | 12 months | 12 months |
|---|---|---|---|---|
| | 8/23-10/23 | 8/22-10/22 | 11/22-10/23 | 11/21-10/22 |
| Net sales, MEUR | 2.8 | 2.8 | 11.5 | 11.2 |
| EBIT, MEUR | 0.2 | -0.1 | 0.4 | -0.5 |
| Interest-bearing net liabilities | 3.2 | 3.6 | 3.2 | 3.6 |
| Panostaja’s holding | 57.9% | | | |

# CoreHW

CoreHW provides high added value RF IC design and consulting services

CoreHW's net sales for the review period were MEUR 1.5, which was significantly less than expected and clearly below the reference period level (MEUR 2.6). EBIT, too, weakened significantly from the reference period to MEUR -0.6 (MEUR 0.5).The low net sales and weakened profitability stemmed from some customer projects being more challenging than expected and therefore much slower to complete, and the cost-impacting investments in product business having an effect on the commercial organization and product development. The company has initiated measures to develop the execution of design projects and ensure project profitability. Results are expected starting from the first quarter of the new financial period.

Customer project activity continued at a high level, and the demand for design services remained satisfactory in the review period. As before, however, there are still uncertainties related to the initiation of customer projects and the timing of their progress, and some customers have been slow in their investment decisions. However, the company's order book developed well in the review period. In addition to the uniquely high proficiency of the development teams, the competitiveness of the company's design services is strongly based on the IP portfolio built by the company. The new focus area of design services is the automotive industry, in which CoreHW has special expertise that yields added value and its own technology for sensor technology applications, in particular. There are plenty of favorable drivers for growing semiconductor demand now and in the future.

CoreHW continued the active development and commercialization of its own products with almost MEUR 4 in additional funding, which was announced early in the spring. Based on customer feedback, CoreHW's technology offers excellent performance, and the company sees that product development investments in indoor positioning applications are currently increasing substantially thanks to the availability of sufficiently reliable technology for demanding applications. There are many potential customers, even though ramping up product sales will continue to require long-term efforts and depend upon the product development cycles and commercialization of customers' end products. The first customer relationships have progressed in product development, and the gradual growth in order sizes promises a transition to production in the early half of the next financial period. The investments in the commercial organization and product development that impact costs encumbered the profitability of the current financial period. In the 2024 financial period, we will seek significant growth in product business net sales as a result of the growth investments.

| MEUR | 3 months | 3 months | 12 months | 12 months |
|---|---|---|---|---|
| | 8/23-10/23 | 8/22-10/22 | 11/22-10/23 | 11/21-10/22 |
| Net sales, MEUR | 1.5 | 2.6 | 7.9 | 8.0 |
| EBIT, MEUR | -0.6 | 0.5 | -1.2 | -0.5 |
| Interest-bearing net liabilities | 9.9 | 5.8 | 9.9 | 5.8 |
| Panostaja's holding | 55.8% | | | |

# Hygga

Hygga provides dental care and health care ERP services with a new operating concept

Hygga's net sales for the review period were MEUR 2.0, which was a 19% increase from the reference period (MEUR 1.7). The increase in net sales was driven by the increased volumes of the outsourcing services provided to the City of Helsinki. EBIT decreased slightly from the reference period to MEUR 0.0 (MEUR 0.1).

There were no essential changes in the market situation of the clinic business during the reporting period. The demand declined in the private sector, which contributed to imposing pressure on profitability development. On the other hand, the volume of the City of Helsinki outsourcing business was at a good level in the review period. The company continued its measures to improve the productivity of the clinic business successfully.

In terms of software business, there were no significant changes in the market situation. In Finland, there is an ongoing, active dialogue with the wellbeing services counties on the possibilities of utilizing the Hygga Flow system in oral health care and basic health care, and discussions with many new pilot customers are under way. In Sweden, active discussions are also being conducted with multiple potential customers based on the success of the Örebro reference, and an agreement has been made with the Västernorrland region to deploy Hygga Flow by the end of the year.

Christoffer Nordström, who had served as the company's interim CEO, was appointed as the company's CEO on August 14, 2023.

| MEUR | 3 months | 3 months | 12 months | 12 months |
|---|---|---|---|---|
| | 8/23-10/23 | 8/22-10/22 | 11/22-10/23 | 11/21-10/22 |
| Net sales, MEUR | 2.0 | 1.7 | 7.8 | 7.3 |
| EBIT, MEUR | 0.0 | 0.1 | -0.1 | -0.4 |
| Interest-bearing net liabilities | 10.0 | 9.8 | 10.0 | 9.8 |
| Panostaja's holding | 79.8% | | | |

# Gugguu

Gugguu designs and manufactures first-rate children’s clothing

*Gugguu is Panostaja’s associated company, which is why its figures are not incorporated into Panostaja Group in the same way as those of other segments. Instead, its result impact is presented on a separate row in the Group’s income statement. The company does not report its figures according to IFRS standards, and the figures presented here are largely indicative. In contrast to Panostaja, Gugguu’s financial period will conclude at the end of March, but the figures presented adhere to Panostaja’s financial period.*

Gugguu’s demand situation remained challenging in the review period. It has been difficult to anticipate the demand, since the purchasing power of consumers has weakened and buying behavior has become more cautious. Net sales for the review period dropped by almost 20% from the reference period. Efforts to adapt fixed costs partially compensated for the profitability impacts of the poor net sales development. Further efforts will also be made to increase marketing efficiency.

Significant changes are not expected in the short-term market outlook. The competitive situation on the market has eased up slightly in that some operators in the field have dropped children’s clothing entirely out of their product ranges.

| **MEUR** | **3 months** | **3 months** | **12 months** | **12 months** |
|---|---|---|---|---|
| **FAS (illustrative figures)** | 8/23-10/23 | 8/22-10/22 | 11/22-10/23 | 11/21-10/22 |
| Net sales, MEUR | 0.8 | 1.0 | 3.4 | 4.6 |
| EBIT, MEUR | 0.0 | 0.0 | -0.1 | 0.1 |
| Panostaja’s holding | 43% | | | |

## FINANCIAL DEVELOPMENT November 1, 2022–October 31, 2023

### KEY FIGURES

**MEUR**

| | Q4 | Q4 | 12 months | 12 months |
|---|---|---|---|---|
| | 8/23-10/23 | 8/22-10/22 | 11/22-10/23 | 11/21-10/22 |
| Net sales, MEUR | 34.2 | 36.8 | 136.2 | 137.9 |
| EBIT, MEUR | -0.8 | -0.6 | -1.1 | 5.2 |
| Profit before taxes, MEUR | -2.3 | -1.2 | -4.3 | 3.2 |
| Profit/loss for the financial period, MEUR | -1.4 | -1.0 | -3.6 | 3.9 |
| Distribution: | | | | |
| Shareholders of the parent company | -0.8 | -0.6 | -2.9 | 1.3 |
| Minority shareholders | -0.7 | -0.4 | -0.8 | 2.6 |
| Earnings per share, undiluted, EUR | -0.014 | -0.012 | -0.055 | 0.025 |
| Interest-bearing net liabilities | 42.4 | 42.3 | 42.4 | 42.3 |
| Gearing ratio, % | 80.5 | 72.8 | 80.5 | 72.8 |
| Equity ratio, % | 37.5 | 39.1 | 37.5 | 39.1 |
| Equity per share, EUR | 0.62 | 0.71 | 0.62 | 0.71 |

### AUGUST 2023–OCTOBER 2023

Net sales for the review period dropped by 7.1% to MEUR 34.2 (MEUR 36.8). Exports amounted to MEUR 1.6, or 4.8% (MEUR 1.2, or 3.4%), of net sales. Net sales increased in two out of four segments.

EBIT weakened to MEUR -0.8 (MEUR -0.6). EBIT improved in two of the four segments. The review period EBIT includes MEUR 0.4 in one-time costs of Grano's restructurings that resulted from the change negotiations that took place at the end of the financial period. The reported EBIT for the reference period is encumbered by a MEUR 1.5 write-down of activated development costs related to rearrangements for the development of Grano's internal ERP system. The result for the review period was MEUR -1.4 (MEUR -1.0).

### NOVEMBER 2022–OCTOBER 2023

Net sales for the review period dropped by 1.3% to MEUR 136.2 (MEUR 137.9). Exports amounted to MEUR 7.9, or 5.8% (MEUR 6.4, or 4.6%), of net sales. Net sales increased in two out of four segments.

EBIT totaled MEUR -1.1 (MEUR 5.2). The EBIT for the reference period includes MEUR 9.4 in sales profit from the SokoPro deal. EBIT improved in two of the four segments. Comparable EBIT improved for three of the four segments (Grano adjusted with the impacts of the SokoPro divestment). The development of net sales and EBIT for each of our investments has been commented on separately. The profit/loss for the review period was MEUR -3.6 (MEUR 3.9).

**Distribution of net sales by segment**
**MEUR**

| **Net sales** | **Q4** 8/23-10/23 | **Q4** 8/22-10/22 | **12 months** 11/22-10/23 | **12 months** 11/21-10/22 |
|---|---|---|---|---|
| Grano | 27.9 | 29.8 | 109.1 | 111.5 |
| Hygga | 2.0 | 1.7 | 7.8 | 7.3 |
| CoreHW | 1.5 | 2.6 | 7.9 | 8.0 |
| Oscar Software | 2.8 | 2.8 | 11.5 | 11.2 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 |
| Eliminations | 0.0 | 0.0 | -0.1 | -0.1 |
| **Group in total** | 34.2 | 36.8 | 136.2 | 137.9 |

**Distribution of EBIT by segment**

**MEUR**

| **EBIT** | **Q4** 8/23-10/23 | **Q4** 8/22-10/22 | **12 months** 11/22-10/23 | **12 months** 11/21-10/22 |
|---|---|---|---|---|
| Grano | 0.2 | -0.5 | 1.9 | 8.7 |
| Hygga | 0.0 | 0.1 | -0.1 | -0.4 |
| CoreHW | -0.6 | 0.5 | -1.2 | -0.5 |
| Oscar Software | 0.2 | -0.1 | 0.4 | -0.5 |
| Others | -0.5 | -0.6 | -2.2 | -2.2 |
| **Group in total** | -0.8 | -0.6 | -1.1 | 5.2 |

Panostaja Group's business operations for the current review period are reported in five segments: Grano, Hygga, CoreHW, Oscar Software and Others (parent company and associated companies).

One associated company, Gugguu Group Oy, provided a report for the review period. The impact on profit/loss of the reported associated companies in the review period was MEUR -0.1 (MEUR -0.1), which is presented in a separate row in the consolidated income statement. The development of Gugguu's net sales and EBIT has been commented on more specifically in the Segments section.

## PERSONNEL

| | October 31, 2023 | October 31, 2022 | Change |
|---|---|---|---|
| Average number of employees | 1,217 | 1,324 | -8% |
| Employees at the end of the review period | 1,188 | 1,246 | -5% |

| **Employees in each segment at the end of the review period** | October 31, 2023 | October 31, 2022 | Change |
|---|---|---|---|
| Grano | 869 | 922 | -6% |
| Hygga | 103 | 92 | 12% |
| CoreHW | 75 | 76 | -1% |
| Oscar Software | 132 | 147 | -10% |
| Others | 9 | 9 | 0% |
| Group in total | 1,188 | 1,246 | -5% |

At the end of the review period, Panostaja Group employed a total of 1,188 persons, while the average number of personnel during the period was 1,217. During the review period, Panostaja continued to develop its personnel in line with its strategy.

## INVESTMENTS AND FINANCE

The Group's operating cash flow improved and was MEUR 12.0 (MEUR 2.9). Liquidity remained good. The Group's liquid assets were MEUR 10.4 (October 31, 2022: MEUR 14.3) and interest-bearing net liabilities were MEUR 42.4 (October 31, 2022: MEUR 42.3). Net gearing increased and was 80.5% (October 31, 2022: 72.8%).

The Group's net financial expenses for the review period were MEUR -2.2 (MEUR -2.0), or 1.6% (1.5%) of net sales.

The Group's gross capital expenditure for the review period was MEUR 4.3 (MEUR 4.7), or 3.2% (3.4%) of net sales. Investments were mainly targeted at tangible and intangible assets. The investments do not include fixed assets pursuant to IFRS 16.

| Financial position MEUR | October 31, 2023 | October 31, 2022 |
|---|---|---|
| Interest-bearing liabilities | 57.1 | 61.0 |
| Interest-bearing receivables | 4.3 | 4.4 |
| Cash and cash equivalents | 10.4 | 14.3 |
| Interest-bearing net liabilities | 42.4 | 42.3 |
| Equity (belonging to the parent company's shareholders as well as minority shareholders) | 52.6 | 58.1 |
| Gearing ratio, % | 80.5 | 72.8 |
| Equity ratio, % | 37.5 | 39.1 |

The parent company's assets, financial securities and liquid fund units were MEUR 6.6. The parent company has a MEUR 15.0 corporate acquisition limit, which enables the withdrawal of three-year loans to fund Panostaja's corporate acquisitions and/or additional investments in the Group's companies. MEUR 1.8 of the limit has been withdrawn. The parent company's interest-bearing loans were MEUR 1.8.

## GROUP STRUCTURE CHANGES

No significant changes in the Group structure.

## SHARE PRICE DEVELOPMENT AND SHARE OWNERSHIP

Panostaja Oyj's share closing rate fluctuated between EUR 0.48 (lowest quotation) and EUR 0.72 (highest quotation) during the financial period. During the review period, a total of 2,724,126 shares were exchanged, which amounts to 5.2% of the share capital. The October 2023 share closing rate was EUR 0.50. The market value of the company's share capital at the end of October 2023 was MEUR 26.4 (MEUR 31.6). At the end of October 2023, the company had 4,832 shareholders (4,682).

| Development of share exchange | 4Q/2023 | 4Q/2022 | 1-4Q/2023 | 1-4Q/2022 |
|---|---|---|---|---|
| Shares exchanged, 1,000 pcs | 586 | 501 | 2,724 | 4,192 |
| % of share capital | 1.1 | 1.0 | 5.2 | 8.0 |

| Share | October 31, 2023 | October 31, 2022 |
|---|---|---|
| Shares in total, 1,000 pcs | 53,333 | 53,333 |
| Own shares, 1,000 pcs | 587 | 688 |
| Closing rate | 0.50 | 0.60 |
| Market value (MEUR) | 26.4 | 31.6 |
| Shareholders | 4,832 | 4,682 |

| 10 largest shareholders (pcs) | October 31, 2023 | October 31, 2022 |
|---|---|---|
| TREINDEX OY | 7,326,200 | 7,326,200 |
| OY KOSKENKORVA AB | 5,469,798 | 5,469,798 |
| ILMARINEN MUTUAL PENSION INSURANCE COMPANY | 3,701,332 | 3,701,332 |
| FENNIA MUTUAL INSURANCE COMPANY | 3,468,576 | 3,468,576 |
| KOSKENKORVA, MIKKO | 1,506,055 | 1,506,055 |
| KOSKENKORVA, MAIJA | 1,347,542 | 1,347,542 |
| NORDEA HENKIVAKUUTUS SUOMI Oy | 1,218,000 | 1,218,000 |
| MALO, HANNA | 1,202,207 | 1,202,207 |
| KUMPU, MINNA | 1,202,170 | 1,202,170 |
| KOSKENKORVA, MATTI | 1,158,903 | 1,158,903 |

## ADMINISTRATION AND GENERAL MEETING

Panostaja Oyj's Annual General Meeting was held on February 7, 2023 in Tampere. The number of Board members was confirmed at five (5), and Jukka Ala-Mello, Eero Eriksson, Mikko Koskenkorva, Tarja Pääkkönen and Tommi Juusela were re-elected to the Board for the term ending at the end of the next Annual General Meeting.

As proposed by the Board, the Annual General Meeting decided to confirm the number of auditors to be one (1).

The Annual General Meeting decided to select Authorized Public Accountants Deloitte Oy as the auditor for the term concluding upon the end of the Annual General Meeting of 2024. Deloitte Oy has stated that Authorized Public Accountant Hannu Mattila will serve as the chief responsible public accountant.

Discharge from liability for the financial period November 1, 2021–October 31, 2022 was granted to the following persons: Board members Jukka Ala-Mello, Eero Eriksson, Mikko Koskenkorva, Tarja Pääkkönen and Tommi Juusela and CEO Tapio Tommila. The Annual General Meeting decided to grant a discharge from liability to the aforementioned members of the Board and CEO.

The General Meeting resolved that the remuneration of the Board of Directors remain unchanged and that the Chairman of the Board be paid EUR 40,000 as compensation for the term ending at the end of the next Annual General Meeting, and that the other members of the Board each be paid compensation of EUR 20,000. It was further resolved at the General Meeting that approximately 40% of the compensation remitted to the members of the Board be paid on the basis of the share issue authorization given to the Board, by issuing company shares to each Board member if the Board member does not own more than one (1) percent of the company's shares on the date of the General Meeting. If the holding of a Board member on the date of the Meeting is over one percent (1%) of all company shares, the compensation will be paid in full in monetary form. It was further resolved that the travel expenses of the Board members will be paid on the maximum amount specified in the valid grounds of payment of travel expenses ordained by the Finnish Tax Administration.

The General Meeting confirmed the financial statements and consolidated financial statements presented for the financial year November 1, 2021–October 31, 2022 and resolved that the shareholders be paid EUR 0.03 per share as dividends.

The Meeting also resolved, in accordance with the proposal of the Board of Directors, that the Board be authorized to decide, at its discretion, on the potential distribution of assets to shareholders, should the company's financial status permit this, either as dividends or as repayment of capital from the invested unrestricted equity fund. The maximum distribution of assets performed on the basis of this authorization shall total no more than EUR 4,700,000. The Meeting resolved that the authorization includes the right of the Board to decide on all other terms and conditions relating to the said asset distribution and that the authorization remain valid until the start of the next Annual General Meeting.

The General Meeting approved the Board's proposal for authorizing the Board to decide on the acquisition of the company's own shares in one or more batches as follows:

The number of the company's own shares to be acquired may not exceed 5,200,000 in total, which corresponds to about 9.8% of the company's total stock of shares. By virtue of the authorization, the company's own shares may be obtained using unrestricted equity only. The company's own shares may be acquired at the date-of-acquisition price in public trading arranged by Nasdaq Helsinki Oy or otherwise at the prevailing market price.

The Board of Directors will decide how the company's own shares are to be acquired. The company's own shares may be acquired while not following the proportion of ownership of the shareholders (directed acquisition). The authorization issued at the Annual General Meeting on February 7, 2022 to decide on the acquisition of the company's own shares is canceled by this authorization. The authorization will remain valid until August 6, 2024.

The General Meeting authorized the proposal of the Board of Directors to decide on a share issue as well as on the granting of option rights and other special rights providing entitlement to shares under the following terms:

The total number of shares issued on the basis of the authorization may not exceed 5,200,000.
The Board of Directors decides on all terms and conditions for share issues and options as well as on the terms and conditions for the granting of special rights providing entitlement to shares. This authorization concerns both the issue of new shares and the selling of the company's own shares. Share issues and the provision of option rights as well as that of other rights providing entitlement to shares as specified in Section 1 of Chapter 10 of the Limited Liability Companies Act may take place deviating from the shareholders' pre-emptive right to subscription (directed issue).

The authorization issued at the Annual General Meeting on February 7, 2022 to decide on share issues as well as the provision of special option rights and other rights to shares is canceled by this authorization. The authorization will remain valid until August 6, 2024.

## SHARE CAPITAL AND THE COMPANY'S OWN SHARES

At the close of the review period, Panostaja Oyj's share capital was EUR 5,568,681.60. The number of shares is 53,333,110 in total.

The total number of shares held by the company at the end of the review period was 587,191 (at the beginning of the financial period 687,798). The number of the company's own shares corresponded to 1.1% of the number of shares and votes at the end of the entire review period.

In accordance with the decisions by the General Meeting and the Board on February 7, 2022, Panostaja Oy relinquished a total of 33,773 individual shares as share bonuses to the company management on December 16, 2022. On December 16, 2022, the company relinquished to the Board members a total of 31,746 shares as meeting compensation. In accordance with the Board decision of February 7, 2023, Panostaja transferred a total of 35,088 shares as meeting compensation on June 5, 2023.

## EVENTS AFTER THE REVIEW PERIOD

No significant events after the review period.

## MOST SIGNIFICANT NEAR-TERM BUSINESS RISKS AND RISK MANAGEMENT

Risk management is part of Panostaja Group's management and monitoring systems. Panostaja aims to identify and monitor changes in the business environment and general market situation of its investments, to react to them and to utilize the business opportunities that they present. Risks are classified as factors that may endanger or impede Panostaja or its investments from achieving strategic objectives, improvement in profit and the financial position or business continuity, or that may otherwise cause significant consequences for Panostaja, its owners, investments, personnel or other stakeholder groups. A more detailed report on Panostaja's risk management policy and the most significant risks was published in the 2022 annual report. Financial risks are discussed in greater detail in the Notes to the 2022 Financial Statements.

**Market risks, general:** General market risks are mainly tied to the continuing uncertainty resulting from Finland's economic situation and the global economic situation, political risks, changes in the price of raw materials, and the financial market risks, as well as their potential impact on achieving the goals set for investments. The change in the financial markets and the tightening on credit issue may hamper the realization of corporate acquisitions and the availability of finance for working capital.

**Market risks, industries of the investments:** Economic trend expectations in the fields of existing business areas are strongly tied to the prospects of customer enterprises. Panostaja's prospects across the various segments are currently estimated to be satisfactory. Panostaja regularly assesses the risks for each investment and, based on the updated risk assessment, takes the necessary remedial action.The current uncertainties caused by inflation pressure and increased risks of supply chain disruptions have increased the short-term risks impacting the demand and cost structure. Active efforts are being made to manage these risks through pre-emptive investigation of mitigating measures.

**Strategic risks:** Panostaja represents the Finnish SME sector extensively. Net sales are divided into four different investments with differing cycles. The Group's business structure partially evens out economic fluctuations. General and investment-specific market risks can, however, affect the Group's result and financial development. The expected market situation is taken into account by adapting operations and costs to market demand and by safeguarding the financial position. Regarding changes in the global economy, Panostaja also sees opportunities to improve its market position, for example through corporate acquisitions.

**Financial risks:** As a consequence of its operations, the Group is exposed to many financial risks. The aim of risk management is to limit the adverse effects of changes in financial markets on the result and financial development of the Group. The Group's revenue and operative cash flows are mainly independent of fluctuations in market interest rates. The Group's loan portfolio currently consists almost fully of variable-interest loans. Some of the segments have utilized interest rate swaps and interest rate ceiling agreements during the financial period. In the long term, Panostaja Group's number of interest rate hedges or diversification into variable- and fixed-interest loans must be sufficient with regard to the market situation and outlook. The Group mainly operates in the eurozone and so is only exposed to foreign exchange risks resulting from changes in exchange rates to a slight degree. Credit loss risks continue to represent a significant uncertainty factor for some of our investments.

**Corporate acquisitions:** Panostaja actively seeks SMEs and aims to increase and create value through organic growth, corporate acquisitions and correctly-timed divestments. The market still provides sufficient opportunities for corporate acquisitions, and Panostaja Group aims to implement its growth strategy by means of controlled acquisitions in current investments, and new potential investments are also being actively studied. Preparation for divestments is being continued as part of the ownership strategies of investments.Risks related to corporate acquisitions are managed by investing carefully according to specific investment criteria, thorough analysis of the potential acquisition and the target market, and through efficient integration processes. Panostaja has specified harmonized guidelines and a corporate acquisitions process for the preparation and implementation of corporate acquisitions.

If unsuccessfully managed, risks concerning the corporate acquisitions may affect the development and financial performance of the Group and its investment targets. The Group also aims to grow through corporate acquisitions. The goodwill associated with corporate acquisitions entered in the consolidated balance sheet amounts to approximately MEUR 47.3. Goodwill is not written off annually on a regular basis but, instead of depreciations, an impairment test is performed at least annually, or when there are indications of amortization.  Values are normally checked during the second half of the year in connection with the budgeting process. Such a change might make goodwill write-downs necessary.

**Non-life risks:** Non-life risks are managed in Panostaja Group through insurance and Group guidelines, which set policies for the different areas.

**Operative risks:** Changes in the market situations of the investments can lead to situations where the net sales of the company temporarily drop under the desired level. The risk is that the investments will not be able to adapt their operations to the changed situation quickly enough, which then leads to a significant decrease in profitability. Investments strive to prepare themselves for the changes in demand by maintaining an adjustment plan as part of their yearly planning. Panostaja has also specified an operating model for restoring the financial performance, which is applied if the deviation from performance is significant.The implementation of development projects that are part of the development of the operations of the investments also involves risks that can lead to not achieving the desired benefits on time. For these development projects, Panostaja has developed a process and tools that aim to ensure the realization of the desired changes.

**War in Ukraine:** Russia's invasion of Ukraine increases economic uncertainty in Finland and across the globe. The war may have negative impacts on the macroeconomic environment in which Panostaja's companies operate, and it may weaken Panostaja Group's ability to predict the development of its business operations. Panostaja Group's companies do not have operations in Russia or Ukraine.

## OUTLOOK FOR THE 2024 FINANCIAL PERIOD

As regards the corporate acquisition market, new opportunities are available and the market is active.SMEs will still need to utilize ownership arrangements and growth opportunities, but the consistently high market liquidity and the high price expectations of sellers, which tend to follow changes in economic trends with some delay, make the operating environment challenging for corporate acquisitions.We will continue exploring new possible investment targets in accordance with our strategy and assess divestment possibilities as part of the ownership strategies of the investment targets.

It is thought that the demand situation for different investments will develop in the short term as follows:

- The demand for Grano, Oscar Software, CoreHW and Hygga will remain satisfactory.

The demand situation presented above involves uncertainties relating to any geopolitical and macroeconomic impacts that are difficult to anticipate. The effects of the war in Ukraine and the related economic sanctions and geopolitical tensions will increase economic uncertainty in Finland and abroad, which may negatively impact segment demand or the availability of materials, and thereby material prices and delivery capabilities. If strengthened and prolonged, the inflation may have a negative impact on the purchasing power of consumers and the willingness of companies to make investments, which may weaken the demand situation of our segments from the estimate provided above.

Panostaja Oyj

Board of Directors

For further information, contact CEO Tapio Tommila, +358 (0)40 527 6311

Panostaja Oyj

Tapio Tommila

CEO

## ACCOUNTING PRINCIPLES

This financial statement bulletin has been prepared in compliance with the IFRS accounting and valuation principle based on the IAS 34 standard.

The financial statement bulletin does not include all notes to the October 31, 2023 consolidated financial statements, due to which it must be read together with the annual financial statements. The six-month review adheres to the same preparation principles as the previous annual financial statements.

The financial details presented in this financial statement bulletin have not been audited.

**INCOME STATEMENT**

**EUR 1,000**

| | **Q4** | **Q4** | **12 months** | **12 months** |
|---|---|---|---|---|
| | 8/23-10/23 | 8/22-10/22 | 11/22-10/23 | 11/21-10/22 |
| Net sales | 34,206 | 36,825 | 136,184 | 137,929 |
| Other operating income | 193 | 354 | 879 | 12,357 |
| Costs in total | 32,103 | 33,193 | 125,458 | 130,476 |
| Depreciations, amortizations and impairment | 3,113 | 4,586 | 12,713 | 14,642 |
| EBIT | **-817** | **-599** | **-1,109** | **5,169** |
| Financial income and expenses | **-576** | **-604** | **-2,214** | **-2,024** |
| Share of associated company profits | -888 | 2 | -953 | 35 |
| Profit/loss before taxes | **-2,281** | **-1,201** | **-4,276** | **3,180** |
| Income taxes | 868 | 235 | 633 | 390 |
| Profit/loss from continuing operations | -1,412 | -966 | -3,642 | 3,570 |
| Profit/loss from sold operations | 0 | 0 | 0 | 366 |
| Profit/loss for the financial period | **-1,412** | **-966** | **-3,642** | **3,936** |
| | | | | |
| Distribution | | | | |
| Parent company shareholders | -757 | -592 | -2,875 | 1,331 |
| Minority shareholders | -655 | -373 | -767 | 2,605 |
| | | | | |
| Earnings per share from continuing operations EUR, undiluted | -0.014 | -0.011 | -0.055 | 0.018 |
| Earnings per share from continuing operations EUR, diluted | -0.014 | -0.011 | -0.055 | 0.018 |
| Earnings per share from sold and discontinued operations EUR, undiluted | 0.000 | 0.000 | 0.000 | 0.007 |
| Earnings per share from sold operations EUR, diluted | 0.000 | 0.000 | 0.000 | 0.007 |
| Earnings per share from continuing and sold and discontinued operations EUR, undiluted | -0.014 | -0.012 | -0.055 | 0.025 |
| Earnings per share from continuing and sold and discontinued operations EUR, diluted | -0.014 | -0.012 | -0.055 | 0.025 |

| EXTENSIVE INCOME STATEMENT | | | | |
|---|---|---|---|---|
| Result for the period | -1,412 | -966 | -3,642 | 3,936 |
| Items of the extensive income statement that may later be changed to entries at fair value through profit and loss | | | | |
| Translation differences | -150 | -47 | -150 | -47 |
| Extensive income statement for the period | -1,562 | -1,013 | -3,792 | 3,889 |
| Distribution | | | | |
| Parent company shareholders | -907 | -639 | -3,025 | 1,284 |
| Minority shareholders | -655 | -373 | -767 | 2,605 |

**BALANCE SHEET**

**EUR 1,000**

| | **October 31, 2023** | **October 31, 2022** |
|---|---|---|
| **ASSETS** | | |
| | | |
| **Non-current assets** | | |
| Goodwill | 47,319 | 47,493 |
| Other intangible assets | 7,611 | 6,949 |
| Property, plant and equipment | 33,364 | 37,272 |
| Interest in associated companies | 1,791 | 2,677 |
| Deferred tax assets | 9,192 | 8,550 |
| Other non-current assets | 4,606 | 4,583 |
| **Non-current assets total** | **103,883** | **107,525** |
| | | |
| **Current assets** | | |
| Stocks | 5,309 | 5,925 |
| Trade and other receivables | 21,762 | 22,690 |
| Cash and cash equivalents | 10,419 | 14,344 |
| **Current assets total** | 37,490 | 42,959 |
| **ASSETS IN TOTAL** | **141,374** | **150,487** |

| EQUITY AND LIABILITIES | | |
|---|---|---|
| Equity attributable to parent company shareholders | | |
| Share capital | 5,569 | 5,569 |
| Share premium account | 4,646 | 4,646 |
| Invested unrestricted equity fund | 13,829 | 13,773 |
| Translation difference | -384 | -249 |
| Retained earnings | 8,876 | 13,407 |
| Total | 32,536 | 37,146 |
| | | |
| Minority shareholders' interest | 20,101 | 20,980 |
| **Equity total** | **52,637** | **58,126** |
| | | |
| **Liabilities** | | |
| Deferred tax liabilities | 6,054 | 6,171 |
| Non-current liabilities | 42,775 | 46,330 |
| Current liabilities | 39,909 | 39,860 |
| **Liabilities total** | 88,738 | 92,361 |
| **EQUITY AND LIABILITIES IN TOTAL** | **141,374** | **150,487** |

CASH FLOW STATEMENT

(EUR 1,000)

| | **2023** | **2022** |
|---|---|---|
| **Profit/loss for the financial period** | **-2,875** | **1,331** |
| Adjustments: | | |
| Depreciations | 12,713 | 14,642 |
| Financial income and costs | 2,214 | 2,024 |
| Share of associated company profits | 953 | -35 |
| Minority share | -767 | 2,605 |
| Taxes | -633 | -390 |
| Sales profits and losses from property, plant and equipment | -227 | -10,425 |
| Other earnings and expenses with no payment attached | -45 | -258 |
| **Operating cash flow before change in working capital** | **11,333** | **9,493** |

| | | |
|---|---|---|
| **Change in working capital** | | |
| Change in non-interest-bearing receivables | 698 | 359 |
| Change in non-interest-bearing liabilities | 1,412 | 593 |
| Change to tax authority's payment arrangement debts | 132 | -4,442 |
| Change in stocks | 585 | -768 |
| **Change in working capital** | **2,827** | **-4,258** |
| **Operating cash flow before financial items and taxes** | **14,160** | **5,236** |
| **Financial items and taxes:** | | |
| Interest paid | -2,223 | -2,207 |
| Interest received | 241 | 128 |
| Taxes paid | -196 | -215 |
| **Financial items and taxes** | **-2,178** | **-2,294** |
| | | |
| **Operating net cash flow** | **11,983** | **2,942** |
| **Investments** | | |
| Investments in intangible and tangible assets | -4,302 | -4,741 |
| Sales of intangible and tangible assets | 154 | 1,323 |
| Sale of subsidiaries with time-of-sale liquid assets deducted | 57 | 45,059 |
| Sale of associated companies | 10 | 0 |
| Capital gains from sales of other shares | 0 | 12 |
| Loans receivable and repayments granted | 9 | -482 |
| **Investment net cash flow** | **-4,072** | **41,171** |
| **Finance** | | |
| Loans drawn | 5,401 | 105 |
| Loans repaid | -6,145 | -21,775 |
| Repayments of lease liabilities | -9,164 | -8,684 |
| Acquisition of the company's own shares | -365 | 0 |
| Disposal of own shares | 166 | 230 |
| Dividends paid | -1,728 | -13,863 |
| **Finance net cash flow** | **-11,836** | **-43,988** |
| Change in liquid assets | -3,924 | 126 |
| Liquid assets at the beginning of the period | 14,344 | 14,224 |
| Effect of exchange rates | 0 | -5 |
| **Liquid assets at the end of the period** | **10,419** | **14,344** |

*the lease agreement liabilities pursuant to IFRS 16 are presented in the financial cash flow.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**(EUR 1,000)**

| | Share capital | Share premium account | Invested unrestricted equity fund | Translation differences | Retained earnings | Total | Minority shareholders' interest | Equity total |
|---|---|---|---|---|---|---|---|---|
| **Equity as of November 1, 2021** | **5,569** | **4,646** | **13,719** | **-82** | **15,623** | **39,474** | **28,270** | **67,744** |
| VAT adjustments for the 2018–2019 financial periods | | | | | 417 | 417 | 8 | 425 |
| Adjusted equity at November 1, 2021 | 5,569 | 4,646 | 13,719 | -82 | 16,040 | 39,892 | 28,278 | 68,171 |
| **Extensive income** | | | | | | | | |
| Profit/loss for the financial period | | | | | 1,331 | 1,331 | 2,605 | 3,936 |
| Translation differences | | | | -167 | 120 | -47 | | -47 |
| **Extensive income for the financial period total** | 0 | 0 | 0 | -167 | 1,451 | 1,284 | 2,605 | 3,889 |
| **Transactions with shareholders** | | | | | | | | |
| Dividend distribution | | | | | -4,211 | -4,211 | -245 | -4,456 |
| Profit distribution from unrestricted equity fund | | | | | | | -9,407 | -9,407 |
| Disposal of own shares | | | 29 | | | 29 | | 29 |
| Reward scheme | | | 25 | | | 25 | | 25 |
| **Transactions with shareholders, total** | 0 | 0 | 54 | 0 | -4,211 | -4,157 | -9,652 | -13,809 |
| **Changes to subsidiary holdings** | | | | | | | | |
| Changes in shares of subsidiaries owned that have not resulted in loss of controlling interest | | | | | 127 | 127 | 117 | 244 |
| Changes in shares of subsidiaries owned resulting in loss of controlling interest | | | | | | | -368 | -368 |
| **Equity as of October 31, 2022** | **5,569** | **4,646** | **13,733** | **-249** | **13,407** | **37,146** | **28,980** | **58,126** |
| | | | | | | | | |
| **Equity as of November 1, 2022** | **5,569** | **4,646** | **13,773** | **-249** | **13,407** | **37,146** | **20,980** | **58,126** |
| **Extensive income** | | | | | | | | |
| Profit/loss for the financial period | | | | | -2,875 | -2,875 | -767 | -3,642 |
| Translation differences | | | -4 | -135 | -11 | -150 | | -150 |
| **Extensive income for the financial period total** | 0 | 0 | -4 | -135 | -2,886 | -3,025 | -767 | -3,792 |
| **Transactions with shareholders** | | | | | | | | |
| Dividend distribution | | | | | -1,581 | -1,581 | -147 | -1,728 |
| Repayment of capital | | | | | | | | |
| Other changes | | | | | 80 | 80 | 163 | 243 |
| Options as shares and payments | | | 40 | | | 40 | | 40 |
| Reward scheme | | | 20 | | | 20 | | 20 |
| **Transactions with shareholders, total** | 0 | 0 | 60 | | -1,501 | -1,441 | 16 | -1,425 |
| **Changes to subsidiary holdings** | | | | | | | | |
| Sales of shares in subsidiaries without change in controlling interest | | | | | 52 | 52 | 31 | 83 |
| Acquisitions of minority shareholdings | | | | | -195 | -195 | -160 | -355 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Equity as of October 31, 2023** | **5,569** | **4,646** | **13,829** | **-384** | **8,876** | **32,536** | **20,101** | **52,637** |

**KEY FIGURES**

| | October 31, 2023 | October 31, 2022 |
|---|---|---|
| EBIT, MEUR | -1.1 | 5.2 |
| Equity per share, EUR | 0.62 | 0.71 |
| Earnings per share, undiluted, EUR | -0.055 | 0.025 |
| Earnings per share, diluted, EUR | -0.055 | 0.025 |
| Average number of outstanding shares during financial period, 1,000 pcs. | 52,717 | 52,620 |
| Number of shares at the end of the financial period, 1,000 pcs. | 53,333 | 53,333 |
| Number of outstanding shares, 1,000 pcs., on average, diluted | 52,717 | 52,620 |
| Return on equity, % | -6.6% | 6.3% |
| Return on investment, % | -0.7% | 4.2% |
| Gross capital expenditure without investments as per IFRS 16, MEUR | 4.3 | 4.7 |
| % of net sales | 3.2% | 3.4% |
| Interest-bearing liabilities, MEUR | 57.1 | 61.0 |
| Interest-bearing net liabilities, MEUR | 42.4 | 42.3 |
| Equity ratio, % | 37.5 | 39.1 |
| Average number of employees | 1,217 | 1,032 |

Key figures provide a brief overview of the business development and financial position of a company. Formulae for calculating key figures have been presented in the financial statement of the financial period 2022. The terms ‘operating profit’ and ‘EBIT’ are used to refer to the same thing. Reconciliation of interest-bearing liabilities and interest-bearing net liabilities is presented at the end of this bulletin.

**GROUP DEVELOPMENT BY QUARTER**
**MEUR**

| MEUR | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q4/22 | Q3/22 | Q2/22 | Q1/22 |
|---|---|---|---|---|---|---|---|---|
| Net sales | 34.2 | 31.5 | 35.0 | 35.5 | 36.8 | 32.4 | 33.0 | 35.8 |
| Other operating income | 0.2 | 0.1 | 0.3 | 0.2 | 0.4 | 0.4 | 11.2 | 0.4 |
| Costs in total | 32.1 | 28.9 | 31.9 | 32.5 | 33.2 | 30.8 | 33.0 | 33.6 |
| Depreciations, amortizations and impairment | 3.1 | 3.2 | 3.3 | 3.1 | 4.6 | 3.3 | 3.3 | 3.5 |
| EBIT | -0.8 | -0.5 | 0.1 | 0.1 | -0.6 | -1.2 | 7.9 | -0.9 |
| Finance items | -0.6 | -0.6 | -0.5 | -0.6 | -0.6 | -0.5 | -0.5 | -0.5 |
| Share of associated company profits | -0.9 | 0.0 | -0.1 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| Profit before taxes | -2.3 | -1.1 | -0.4 | -0.5 | -1.2 | -1.6 | 7.4 | -1.4 |
| Taxes | 0.9 | 0.0 | -0.1 | -0.1 | 0.2 | 0.0 | 0.0 | 0.1 |
| Profit from continuing operations | -1.4 | -1.1 | -0.5 | -0.7 | -1.0 | -1.6 | 7.4 | -1.3 |
| Profit/loss from sold operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 |
| Profit/loss from discontinued operations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Profit for the financial period | -1.4 | -1.1 | -0.5 | -0.7 | -1.0 | -1.6 | 7.4 | -0.9 |
| Minority interest | -0.7 | -0.3 | 0.0 | 0.1 | -0.4 | -0.4 | 3.6 | -0.2 |
| Parent company shareholder interest | -0.8 | -0.8 | -0.6 | -0.8 | -0.6 | -1.2 | 3.8 | -0.7 |

**GUARANTEES AND CONTINGENCIES ISSUED**

| EUR 1,000 | October 31, 2023 | October 31, 2022 |
|---|---|---|
| Guarantees given on behalf of Group companies | | |
| Enterprise mortgages | 161,067 | 168,053 |
| Pledges given | 80,124 | 58,204 |
| Other liabilities | 1,154 | 1,172 |

## SEGMENT INFORMATION

The segmentation of Panostaja Group is based on investments with majority holdings that produce products and services that differ from each other. The investments in which Panostaja has majority holdings compose the company's operation segments. In addition to that there is the segment Others, in which associated companies and non-allocated items are reported, including the parent company.

| NET SALES<br>EUR 1,000 | 11/22-10/23 | 11/21-10/22 |
|---|---|---|
| Grano | 109,091 | 111,498 |
| Hygga | 7,772 | 7,336 |
| CoreHW | 7,909 | 7,990 |
| Oscar Software | 11,501 | 11,197 |
| Others | 0 | 0 |
| Eliminations | -90 | -92 |
| Group in total | 136,184 | 137,929 |

| EBIT<br>EUR 1,000 | 11/22-10/23 | 11/21-10/22 |
|---|---|---|
| Grano | 1,928 | 8,682 |
| Hygga | -77 | -372 |
| CoreHW | -1,174 | -476 |
| Oscar Software | 381 | -493 |
| Others | -2,166 | -2,172 |
| Group in total | -1,109 | 5,169 |

**Interest-bearing net liabilities by segment**

| EUR 1,000 | October 31, 2023 | October 31, 2022 |
|---|---|---|
| Grano | 39,365 | 46,389 |
| Hygga | 10,002 | 9,846 |
| CoreHW | 9,914 | 5,803 |
| Oscar Software | 3,223 | 3,620 |
| Parent company | -20,124 | -23,684 |
| Others | 0 | 371 |
| **Group in total** | 42,381 | 42,345 |

The interest-bearing net liabilities for operations sold and discontinued in the reference period are presented in the row Others. The introduction of the IFRS 16 standard on the Group's net liabilities is MEUR 32.0 (MEUR 35.7).

**Write-downs per segment**

| EUR 1,000 | October 31, 2023 | October 31, 2022 |
|---|---|---|
| Grano | -10,210 | -12,178 |
| Hygga | -620 | -570 |
| CoreHW | -592 | -482 |
| Oscar Software | -1,217 | -1,265 |
| Others | -74 | -147 |
| **Group in total** | -12,713 | -14,642 |

The impact of the IFRS 16 standard on the Group's depreciations is MEUR 9.2 (MEUR 8.8).

**SEGMENT INFORMATION BY QUARTER**
**NET SALES, MEUR**

| | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q4/22 | Q3/22 | Q2/22 | Q1/22 |
|---|---|---|---|---|---|---|---|---|
| Grano | 27.9 | 24.9 | 27.8 | 28.5 | 29.8 | 26.8 | 26.1 | 28.9 |
| Hygga | 2.0 | 1.9 | 2.1 | 1.7 | 1.7 | 1.7 | 2.0 | 2.0 |
| CoreHW | 1.5 | 2.0 | 2.3 | 2.2 | 2.6 | 1.3 | 2.1 | 2.0 |
| Oscar Software | 2.8 | 2.7 | 2.9 | 3.1 | 2.8 | 2.6 | 2.9 | 2.9 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Eliminations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Group in total | 34.2 | 31.5 | 35.0 | 35.5 | 36.8 | 32.4 | 33.0 | 35.8 |

**SEGMENT INFORMATION BY QUARTER**
**EBIT, MEUR**

| | Q4/23 | Q3/23 | Q2/23 | Q1/23 | Q4/22 | Q3/22 | Q2/22 | Q1/22 |
|---|---|---|---|---|---|---|---|---|
| Grano | 0.2 | 0.2 | 0.8 | 0.8 | -0.5 | 0.3 | 8.6 | 0.3 |
| Hygga | 0.0 | 0.1 | 0.0 | -0.2 | 0.1 | -0.2 | -0.1 | -0.2 |
| CoreHW | -0.6 | -0.3 | -0.1 | -0.1 | 0.5 | -0.8 | 0.0 | -0.2 |
| Oscar Software | 0.2 | 0.1 | -0.1 | 0.2 | -0.1 | -0.1 | -0.2 | -0.1 |
| Others | -0.5 | -0.5 | -0.5 | -0.6 | -0.6 | -0.5 | -0.5 | -0.6 |
| Group in total | -0.8 | -0.5 | 0.1 | 0.1 | -0.6 | -1.2 | 7.9 | -0.9 |

| **Reconciliation of key figures – interest-bearing liabilities and interest-bearing net liabilities MEUR** | **October 31, 2023** | **October 31, 2022** |
|---|---|---|
| Liabilities total | 88.7 | 92.4 |
| Non-interest-bearing liabilities | 31.6 | 31.3 |
| Interest-bearing liabilities | 57.1 | 61.0 |
| | | |
| Trade and other receivables | 21.8 | 22.7 |
| Non-interest-bearing receivables | 17.4 | 18.3 |
| Interest-bearing receivables | 4.3 | 4.4 |
| | | |
| Interest-bearing liabilities | 57.1 | 61.0 |
| Interest-bearing receivables | 4.3 | 4.4 |
| Cash and cash equivalents | 10.4 | 14.3 |
| Interest-bearing net liabilities | 42.4 | 42.3 |

*Panostaja is an investment company developing Finnish companies in the growing service and software sectors as an active shareholder. The company aims to be the most sought-after partner for business owners selling their companies as well as for the best managers and investors. Together with its partners, Panostaja increases the Group's shareholder value and creates Finnish success stories.*

*Panostaja has a majority holding in four investment targets. Grano Oy is the most versatile expert of content services in Finland. Hygga Oy is a company providing health care services and the ERP system for health care providers. CoreHW provides high added value RF IC design services. Oscar Software provides ERP systems and financial management services.*