

panostaja

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Q4

Financial report

—> 15 December, 2022

November 2021 - October 2022

Panostaja Oyj's financial statement

November 1, 2021–October 31, 2022

Growth continued but profitability development lagged behind the targets

AUGUST 2022–OCTOBER 2022 (3 months) in brief:

- Net sales increased in two out of four segments. Net sales for the Group as a whole increased by 4.0% to MEUR 36.8 (MEUR 35.4).
- EBIT improved in one of the four segments. The entire Group's EBIT declined from the reference period, standing at MEUR -0.6 (MEUR 3.0).
- Grano's net sales for the review period increased by 4.2% from the reference period. EBIT totaled MEUR -0.5 (MEUR 3.8). Net sales for the review period increased by 9.9% from the reference period net sales that were adjusted based on the SokoPro sale. The reported profit/loss for the review period includes the impact of the MEUR 1.5 write-down of activated development costs related to rearrangements for the development of an internal ERP system.
- Earnings per share (undiluted) were -1.1 cents (3.7 cents).

NOVEMBER 2021 – OCTOBER 2022 (12 months) in brief:

- Net sales increased in three of the four segments. Net sales for the Group as a whole increased by 3.7% to MEUR 137.9 (MEUR 133.0).
- EBIT improved in two of the four segments. The entire Group's EBIT improved from the reference period, standing at MEUR 5.2 (MEUR 2.0). Panostaja's segment Grano sold its SokoPro business operations to the international iBinder company. The deal was carried out as a share transaction, and the purchase price of the shares was roughly MEUR 45.5.
- Grano's net sales for the review period increased by 3.4% from the reference period. EBIT was MEUR 8.7 (MEUR 5.6), including the SokoPro sales profit of MEUR 9.4. Net sales for the review period increased by 7.7% from the reference period net sales that were adjusted based on the SokoPro sale.
- Earnings per share (undiluted) were 2.5 cents (-3.2 cents).

Proposal for the distribution of profits: The Board proposes to the Annual General Meeting of February 7, 2023 that a dividend of EUR 0.03 per share (MEUR 1.6 in total) be paid to shareholders for

the financial year closed on October 31, 2022, based on the company's registered total number of shares at the time of the proposal.

CEO Tapio Tommila:

“Panostaja’s 2022 financial period included notable successes, the most significant of which was the sale of the successful SokoPro business operations. That said, there were also challenges that dragged the development of our segments’ profitability clearly below our target levels. At the start of the financial period, we updated our strategy, according to which we will now focus on investments in the service and software sectors, with the aim of building the best concentration of competence in the capital investment field around them. The activities of the advisor network, which has been integrated into our core team, are now in full swing, and we are working actively together especially to explore new investment targets and assess value creation plans.

The corporate acquisition market has been active during the financial period. Our project flow has included plenty of high-quality operations in the target sectors. Conversely, we have been patient in our investment activities, even though this has meant ending some interesting negotiations within the highly competitive market. Overall, we are cautiously optimistic about the operating environment in our current situation of aiming for new investments during the strategy period; the generally more moderate valuation levels combined with our sector focus provides a good foundation for investment activities. On the other hand, the availability of external capital will become more difficult in the uncertain economic situation, and the price expectations of sellers of unlisted companies do not usually follow the developments of the listed market without some delay. Even taking these challenges into account, I find that the strategic choice to focus on specific sectors will serve us well – we can leverage the sector-specific expertise to reliably build financeable projects and respond to our segments’ development needs even better than before.

The last quarter of the financial period was challenging for us overall in terms of the result, despite the fact that Grano began to show the positive impacts of the pricing measures and CoreHW’s quarter was excellent. Alongside the active and profitable design services, CoreHW continued its investments in the development and commercialization of proprietary products. Moreover, the product family focused on indoor positioning solutions is garnering more and more market interest. As regards Hygga, the health care sector’s resource shortage continued to hamper us, and resolving the resource-related challenges will require persistent efforts. On the other hand, Hygga has plenty of new software projects and the prospects are good, despite the fact that public health care projects involve uncertainties related to timing and require long-term efforts. For Oscar Software, our growth and development investments have held back the profits and we are clearly behind our growth targets. That said, the market situation is good and our focus is on ensuring profitable sales and operational efficiency.

All in all, we are heading into the new financial period with clear goals: we will emphasize measures to improve profitability across all of our segments and strive to prepare for any risks brought on by the uncertain economic situation. In accordance with our strategy, we will also 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 29.8, which was 4% above the reference period level (MEUR 28.6). The Group's operating profit for the review period was MEUR -0.5 (MEUR 3.8). The reported net sales and EBIT for the reference period include the divestment of the SokoPro business operations at the beginning of the second quarter of the financial period. In comparable figures, the increase in net sales was 10%. The profit/loss for the review 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. Going forward, the development investments will be focused on the prioritized development of the existing platform at a lower investment level.

Overall, the market demand remained strong during the review period. The demand development during the financial period was particularly strong with regard to large-scale print, packaging and digital printing operations. Moreover, digital asset management solutions and marketing outsourcing services continued to see positive development. On the other hand, the demand for printing services for construction remained on the downward trend of the previous quarters, as expected, since the uncertainty of economic development has slowed down activity in the construction sector. The development of offset printing operations was also worse than in the reference period. At the end of the review period, the demand showed some signs of weakening as a result of the overall economic development.

The increased costs of printing materials were transferred to sales prices, but this did not fully compensate for the negative impacts of the increased material costs during the review period, even though the direction of the development is now correct. The management of material costs and price updates will continue as a focus of the company.

The company launched the Grano 360 concept, which aims to utilize the company's comprehensive product portfolio on a wider scale and in a solution-oriented manner to benefit customers. In addition to this, the company has focused on expanding its packaging business and optimizing production and processes.



MEUR	3 months	3 months	12 months	12 months
	8/22-10/22	8/21-10/21	11/21-10/22	11/20-10/21
Net sales, MEUR	29.8	28.6	111.5	107.9
EBIT, MEUR	-0.5	3.8	8.7	5.6
Interest-bearing net liabilities	46.4	55.6	46.4	55.6
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 for the period following the deal (starting from the beginning of February).

MEUR / illustrative figures	3 months	3 months	12 months	12 months
	8/22-10/22	8/21-10/21	11/21-10/22	11/20-10/21
Net sales, MEUR	29.8	27.1	111.5	103.5
EBIT, MEUR	-0.5	2.9	-0.7	2.8



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 1.7, which was a 23% decrease from the reference period (MEUR 2.2). Due to the poor development of net sales, EBIT was also lower than in the reference period.

There have been no significant changes in the general market situation of the clinic business during the reporting period. The progressive release of the backed up demand resulting from the COVID-19 restrictions continues to have a positive impact on the operations. During the review period, the clinic's private business continued its positive development, but the competition on the market has increased and the growth evened out during the fourth quarter. There continued to be significant challenges with the availability of clinical staff for the outsourcing services provided to the City of Helsinki, which is why the net sales of the outsourcing business declined substantially from the reference period. This also had a significant negative impact on the company's profitability. The company will continue focusing on measures to secure resource availability and improve efficiency. It has taken successful measures to improve the resource situation.

In terms of software business, there have been no significant changes in the market situation. In Finland, the measures being taken by the wellbeing services counties to prepare for the health and social services reform are progressing, but they continue to result in general uncertainty in the timing of projects related to operational development. In August, the company made an agreement with the Ostrobothnia joint municipal authority for wellbeing services within the framework of the Hygga Flow pilot project, which is intended to expand the cooperation in the Ostrobothnia region. In Sweden, expanding the collaboration with Örebro County to include four new clinics is progressing as agreed. As regards Finland and Sweden, the intention is to continue expanding the licensing business on the existing solid foundation.

MEUR	3 months	3 months	12 months	12 months
	8/22-10/22	8/21-10/21	11/21-10/22	11/20-10/21
Net sales, MEUR	1.7	2.2	7.3	8.1
EBIT, MEUR	0.1	0.2	-0.4	-0.2
Interest-bearing net liabilities	9.8	9.0	9.8	9.0
Panostaja's holding	79.8%			



CoreHW

CoreHW provides high added value RF IC design and consulting services

CoreHW's net sales for the review period were MEUR 2.6, which was 44% above the reference period level (MEUR 1.8). The extremely strong net sales also elevated the review period's EBIT significantly higher than in the reference period to MEUR 0.5 (MEUR -0.2).

Customer project activity continued to increase, as expected, and the forward-looking demand for design services is estimated to have seen positive development; there has been a clear turn in terms of the growth and profitability of the company's design services. As before, however, there are still uncertainties related to the initiation of customer projects and the timing of their progress. 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.

CoreHW continued the active development and commercialization of its own products, within the framework of its internal financing resources. The company's own product family, which is focused on indoor positioning solutions, has been developed further by matching it with customer needs and highlighting the technological superiority of the solutions on the market. 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.

MEUR	3 months	3 months	12 months	12 months
	8/22-10/22	8/21-10/21	11/21-10/22	11/20-10/21
Net sales, MEUR	2.6	1.8	8.0	6.1
EBIT, MEUR	0.5	-0.2	-0.5	-1.4
Interest-bearing net liabilities	5.8	5.7	5.8	5.7
Panostaja's holding	61.1%			



Oscar Software

Oscar Software provides ERP systems and financial management services

Oscar Software's net sales for the review period were MEUR 2.8, which was 3% below the reference period level (MEUR 2.9). EBIT for the review period weakened correspondingly from the reference period's level to MEUR -0.1 (MEUR 0.0).

Market demand remained good during the review period. Investments in the active acquisition of new customers have been continued. The sales efforts have led to successes in customer acquisition and with regard to expansions and further development projects serving existing customers. The growth of continuously invoiced ERP solutions continued, and the demand for online trade services remained strong. Net sales from delivery projects, in turn, dropped compared to the review period.

In the near future, the company's key focus, alongside sales efforts and product development, will be improving delivery efficiency. The development of the employer image and employee well-being are the company's persistent priorities, since the competition for proficient human resources between companies in the field is ongoing. The company is also continuing its significant investments in the development of a cloud-based business platform.

During the review period, CEO Mika Yletyinen became a shareholder of the company.

MEUR	3 months	3 months	12 months	12 months
	8/22-10/22	8/21-10/21	11/21-10/22	11/20-10/21
Net sales, MEUR	2.8	2.9	11.2	11.0
EBIT, MEUR	-0.1	0.0	-0.5	0.3
Interest-bearing net liabilities	3.6	3.9	3.6	3.9
Panostaja's holding	56.2%			

FINANCIAL DEVELOPMENT November 1, 2021–October 31, 2022

KEY FIGURES
MEUR

	Q4	Q4	12 months	12 months
	8/22- 10/22	8/21- 10/21	11/21- 10/22	11/20- 10/21
Net sales, MEUR	36.8	35.4	137.9	133.0
EBIT, MEUR	-0.6	3.0	5.2	2.0
Profit before taxes, MEUR	-1.2	2.7	3.2	0.0
Profit/loss for the financial period, MEUR	-1.0	3.6	3.9	-1.0
Distribution:				
Shareholders of the parent company	-0.6	1.9	1.3	-1.7
Minority shareholders	-0.4	1.6	2.6	0.7
Earnings per share, undiluted, EUR	-0.01	0.04	0.03	-0.03
Interest-bearing net liabilities	42.3	56.3	42.3	56.3
Gearing ratio, %	72.8	83.1	72.8	83.1
Equity ratio, %	39.1	37.2	39.1	37.2
Equity per share, EUR	0.71	0.75	0.71	0.75

AUGUST 2022–OCTOBER 2022

Net sales for the review period increased by 4.0% and were MEUR 36.8 (MEUR 35.4). Exports amounted to MEUR 1.2, or 3.4% (MEUR 1.4, or 3.9%), of net sales. Net sales increased in two out of four segments.

EBIT declined from the reference period, standing at MEUR -0.6 (MEUR 3.0). EBIT improved in one of the four segments. The development of net sales and EBIT for each of our segments has been commented on separately.

The profit/loss for the review period was MEUR -1.0 (MEUR 3.6).

NOVEMBER 2021–OCTOBER 2022

Net sales for the review period increased by 3.7% and were MEUR 137.9 (MEUR 133.0). Exports amounted to MEUR 6.4, or 4.6% (MEUR 6.2, or 4.7%), of net sales. Net sales increased in three of the four segments.

EBIT improved from MEUR 2.0 to MEUR 5.2. EBIT improved in two of the four segments. The development of net sales and EBIT for each of our investments has been commented on separately. The impact of the divestment of SokoPro on the Group's net sales amounted to MEUR 9.4.

The profit for the review period was MEUR 3.9 (MEUR -1.0).

**Distribution of net sales by segment
MEUR**

	Q4	Q4	12 months	12 months
Net sales	8/22- 10/22	8/21- 10/21	11/21- 10/22	11/20- 10/21
Grano	29.8	28.6	111.5	107.9
Hygga	1.7	2.2	7.3	8.1
CoreHW	2.6	1.8	8.0	6.1
Oscar Software	2.8	2.9	11.2	11.0
Others	0.0	0.0	0.0	0.0
Eliminations	0.0	0.0	-0.1	-0.1
Group in total	36.8	35.4	137.9	133.0

Distribution of EBIT by segment
MEUR

EBIT	8/22- 10/22	8/21- 10/21	11/21- 10/22	11/20- 10/21
Grano	-0.5	3.8	8.7	5.6
Hygga	0.1	0.2	-0.4	-0.2
CoreHW	0.5	-0.2	-0.5	-1.4
Oscar Software	-0.1	0.0	-0.5	0.3
Others	-0.6	-0.8	-2.2	-2.2
Group in total	-0.6	3.0	5.2	2.0

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 during the review period was MEUR 0.0 (MEUR 0.2), which is presented on a separate row in the consolidated income statement.

Gugguu's deviating financial period ended during the review period in March. In this review period, Gugguu's net sales increased by 2% to MEUR 4.8 and EBIT was MEUR 0.1.

PERSONNEL

	October 31, 2022	October 31, 2021	Change
Average number of employees	1,324	1,480	-11%
Employees at the end of the review period	1,246	1,229	1%

Employees in each segment at the end of the review period	October 31, 2022	October 31, 2021	Change
Grano	922	901	2%
Hygga	92	96	-4%
CoreHW	76	73	4%
Oscar Software	147	149	-1%
Others	9	10	-10%
Group in total	1,246	1,229	1%

At the end of the review period, Panostaja Group employed a total of 1,246 persons, while the average number of personnel during the period was 1,324. During the review period, Panostaja continued to develop its personnel in line with its strategy.

INVESTMENTS AND FINANCE

The parent company's assets, financial securities and liquid fund units were MEUR 10.7. The parent company has the MEUR 15.0 limit for corporate acquisitions in its use. The parent company's interest-bearing loans were MEUR 0.0.

The Group's operating cash flow deteriorated slightly to MEUR 2.9 (MEUR 3.2). Liquidity remained good. The Group's liquid assets were MEUR 14.3 (October 31, 2021: MEUR 14.2) and interest-bearing net liabilities were MEUR 42.3 (October 31, 2021: MEUR 56.3).

The net gearing ratio fell and was 72.8% (October 31, 2021: 83.1%). During the review period, Grano paid back its long-term liability by about MEUR 20. The impact of the IFRS 16 standard on net liabilities was about MEUR 35.7.

After the divestment of SokoPro, Grano distributed MEUR 20.0 in repayment of capital to its owners. (Panostaja's share of this was MEUR 11.0.)

The Group's net financial expenses for the review period were MEUR -2.0 (MEUR -2.2), or 1.5% (1.7%) of net sales.

The Group's gross capital expenditure for the review period was MEUR 4.7 (MEUR 5.0), or 3.4% (3.7%) of net sales. Investments were mainly targeted at tangible and intangible assets.

Financial position MEUR	October 31, 2022	October 31, 2021
Interest-bearing liabilities	61.0	75.3
Interest-bearing receivables	4.4	4.8
Cash and cash equivalents	14.3	14.2
Interest-bearing net liabilities	42.3	56.3
Equity (belonging to the parent company's shareholders as well as minority shareholders)	58.1	67.7
Gearing ratio, %	72.8	83.1
Equity ratio, %	39.1	37.2

GROUP STRUCTURE CHANGES**Carrot**

In November 2021, Panostaja made an agreement to sell Carrot Palvelut Group Oy's shares to shareholders of the company who are actual persons. Carrot Palvelut Group Oy serves as the parent company of the Carrot HR services group. As a result of the deal, Panostaja's ownership in Carrot Palvelut Group Oy dropped to 19%.

SHARE PRICE DEVELOPMENT AND SHARE OWNERSHIP

Panostaja Oyj's share closing rate fluctuated between EUR 0.58 (lowest quotation) and EUR 0.79 (highest quotation) during the financial period. During the review period, a total of 4,191,653 shares were exchanged, which amounts to 8.0% of the share capital. The October 2022 share closing rate was EUR 0.60. The market value of the company's share capital at the end of October 2022 was MEUR 31.6 (MEUR 36.3). At the end of October 2022, the company had 4,682 shareholders (4,605).

Development of share exchange	4Q/2022	4Q/2021	1-4Q/2022	1-4Q/2021
Shares exchanged, 1,000 pcs	501	3,245	4,192	8,255
% of share capital	1.0	6.2	8.0	15.7

Share	October 31,	October 31,
Shares in total, 1,000 pcs	53,333	53,333
Own shares, 1,000 pcs	688	771
Closing rate	0.60	0.69
Market value (MEUR)	31.6	36.3
Shareholders	4,682	4,605

10 largest shareholders (pcs)	October 31, 2022	October 31, 2021
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	1,118,000
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, 2022 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 2023. 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, 2020–October 31, 2021 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, 2020–October 31, 2021 and resolved that the shareholders be paid EUR 0.03 per share as dividends.

The Meeting also resolved that the Board of Directors 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 totals EUR 4,700,000. The authorization includes the right of the Board to decide on all other terms and conditions relating to said asset distribution. The authorization will remain valid until the beginning 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 share capital. 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 5, 2021 to decide on the acquisition of the company's own shares is canceled by this authorization. The authorization will remain valid until August 6, 2023.

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 5, 2021 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, 2023.

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 own shares held by the company at the end of the review period was 687,798 (at the beginning of the financial period 771,155). The number of the company's own shares corresponded to 1.3% 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 5, 2021, Panostaja Oy relinquished a total of 36,813 individual shares as share bonuses to the company management on December 15, 2021. On December 15, 2021, the company relinquished to the Board members a total of 14,286 shares as meeting compensation. In accordance with the Board decision of February 7, 2022, Panostaja transferred a total of 32,258 shares as meeting compensation on June 3, 2022.

EVENTS AFTER THE REVIEW PERIOD

The Board of Directors and CEO Jussi Heiniö of Panostaja segment Hygga have mutually agreed that Heiniö will leave his position as Hygga's CEO at the end of the year and continue in a new role as an advisor to Hygga's Board of Directors. The company's Board has appointed Chief Digital Officer Christoffer Nordström as the temporary CEO and initiated the process of finding a new CEO.

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 2021 annual report. Financial risks are discussed in greater detail in the Notes to the 2021 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 segments vary from good to 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 our investments use interest rate swaps and interest rate ceiling agreements. 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.

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.

Pandemic risk: Pandemics can have direct and indirect effects on the segments' business operations, and the scope and severity of the impacts varies between segments. The coronavirus pandemic and the restriction measures related to it limit the business activities of Panostaja and its segments, and the restrictions impede the sale, use and delivery of products and services. The pandemic and related restrictions may impair the performance and financial standing of the customers and suppliers of Panostaja's segments, which may harm Panostaja's operations.

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 2023 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:

- Oscar Software's demand will remain good. CoreHW's demand will improve to a good level.
- The demand of Grano 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. Furthermore, the possible resurgence of the coronavirus pandemic may impact the future development of Grano and Hygga, in particular, and rapidly and dramatically change the estimate provided above.

Panostaja Oyj

Board of Directors

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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, 2022 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
	8/22- 10/22	8/21- 10/21	11/21- 10/22	11/20- 10/21
Net sales	36,825	35,401	137,929	132,984
Other operating income	354	527	12,357	2,073
Costs in total	33,193	28,721	130,476	118,469
Depreciations, amortizations and impairment	4,586	4,233	14,642	14,568
EBIT	-599	2,974	5,169	2,020
Financial income and expenses	-604	-360	-2,024	-2,205
Share of associated company profits	2	70	35	206
Profit/loss before taxes	-1,201	2,684	3,180	21
Income taxes	235	1,057	390	-62
Profit/loss from continuing operations	-966	3,741	3,570	-42
Profit/loss from sold operations	0	-186	366	-918
Profit/loss for the financial period	-966	3,555	3,936	-959
Distribution				
Parent company shareholders	-592	1,947	1,331	-1,700
Minority shareholders	-373	1,607	2,605	741
Earnings per share from continuing operations EUR, undiluted	-0.011	0.038	0.018	-0.019
Earnings per share from continuing operations EUR, diluted	-0.011	0.038	0.018	-0.019
Earnings per share from sold and discontinued operations EUR, undiluted	0.000	-0.000	0.007	-0.013
Earnings per share from sold operations EUR, diluted	0.000	-0.000	0.007	-0.013
Earnings per share from continuing and sold and discontinued operations EUR, undiluted	-0.011	0.037	0.025	-0.032
Earnings per share from continuing and sold and discontinued operations EUR, diluted	-0.011	0.037	0.025	-0.032
EXTENSIVE INCOME STATEMENT				

Result for the period	-966	3,555	3,936	-959
Items of the extensive income statement that may later be changed to entries at fair value through profit and loss				
Translation differences	-47	-165	-47	-165
Extensive income statement for the period	-1,013	3,390	3,889	-1,124
Distribution				
Parent company shareholders	-639	1,782	1,284	-1,865
Minority shareholders	-373	1,607	2,605	741

BALANCE SHEET

EUR 1,000

	October 31, 2022	October 31, 2021
ASSETS		
Non-current assets		
Goodwill	47,493	80,140
Other intangible assets	6,949	10,284
Property, plant and equipment	37,272	26,402
Interest in associated companies	2,677	2,642
Deferred tax assets	8,550	8,062
Other non-current assets	4,583	4,097
Non-current assets total	107,525	131,628
Current assets		
Stocks	5,925	5,157
Trade and other receivables	22,690	25,163
Financial assets at fair value through profit and loss	10,126	5,968
Cash and cash equivalents	4,219	8,255
Current assets total	42,959	44,544
Held-for-sale non-current asset items	0	6,668
ASSETS IN TOTAL	150,487	182,842

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	13,773	13,719
Translation difference	-249	-82
Retained earnings	13,407	15,623
Total	37,146	39,474
Minority shareholders' interest	20,980	28,270
Equity total	58,126	67,744
Liabilities		
Deferred tax liabilities	6,171	6,318
Non-current liabilities	46,330	55,153
Current liabilities	39,861	46,056
Liabilities total	92,362	107,527
Held-for-sale non-current financial assets	0	7,571
EQUITY AND LIABILITIES IN TOTAL	150,487	182,842

CASH FLOW STATEMENT

(EUR 1,000)

	2022	2021
Profit/loss for the financial period	1,331	-1,700
Adjustments:		
Depreciations	14,642	14,568
Financial income and costs	2,024	2,205
Share of associated company profits	-35	-206
Minority share	2,605	741
Taxes	-390	62
Sales profits and losses from property, plant and equipment	-10,425	-762
Other earnings and expenses with no payment attached	-258	752
Operating cash flow before change in working capital	9,493	15,659
Change in working capital		
Change in non-interest-bearing receivables	359	-4,028
Change in non-interest-bearing liabilities	593	-92
Change to tax authority's payment arrangement debts	-4,442	-4,786
Change in stocks	-768	-1,091
Change in working capital	-4,258	-9,996
Operating cash flow before financial items and taxes	5,236	5,662
Financial items and taxes:		
Interest paid	-2,207	-2,261
Interest received	128	53
Taxes paid	-215	-211
Financial items and taxes	-2,294	-2,420
Operating net cash flow	2,942	3,242
Investments		
Investments in intangible and tangible assets	-4,741	-4,981
Sales of intangible and tangible assets	1,323	631
Sale of subsidiaries with time-of-sale liquid assets deducted	45,059	2,965
Sale of associated companies	0	1,521
Capital gains from sales of other shares	12	0
Loans receivable and repayments granted	-482	761

Investment net cash flow	41,171	897
Finance		
Share issue	0	61
Loans drawn	105	2,148
Loans repaid	-21,775	-15,411
Repayments of lease liabilities	-8,684	-8,000
Acquisition of the company's own shares	0	-532
Disposal of own shares	230	0
Dividends paid	-13,863	-2,443
Finance net cash flow	-43,988	-24,176
Change in liquid assets	126	-20,037
Liquid assets at the beginning of the period	14,224	34,255
Effect of exchange rates	-5	5
Liquid assets at the end of the period	14,344	14,224

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000

	Equity attributable to parent company shareholders					Total	Minority shareholders' interest	Equity total
	Share capital	Share premium account	Invested unrestricted equity fund	Translation differences	Retained earnings			
Equity as of November 1, 2020	5,569	4,646	13,612	-282	19,282	42,827	28,185	71,012
Extensive income								
Profit/loss for the financial period					-1,700	-1,700	741	-959
Translation differences				200	-365	-165		-165
Extensive income for the financial period total	0	0	0	200	-2,065	-1,865	741	-1,124
Transactions with shareholders								
Dividend distribution					-1,576	-1,576	-415	-1,991
Disposal of own shares			107			107		107
Reward scheme					63	63		63
Transactions with shareholders, total	0	0	107	0	-1,513	-1,406	-415	-1,821
Changes in shares of subsidiaries owned that have not resulted in loss of controlling interest					17	17	18	35
Acquisitions of minority shareholdings					-99	-99	-259	-358
Equity as of October 31, 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 as of November 1, 2021					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
Asset distribution from unrestricted equity fund						0	-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	13,773	-249	13,407	37,146	20,980	58,126

*Value-added tax refunds to the parent company for the 2018–2019 financial periods based on tax auditing and the adjustment to the equity of the Hygga company in Sweden.

KEY FIGURES

	October 31, 2022	October 31, 2021
EBIT, MEUR	5.2	2.0
Equity per share, EUR	0.71	0.75
Earnings per share, undiluted, EUR	0.03	-0.03
Earnings per share, diluted, EUR	0.03	-0.03
Average number of outstanding shares during financial period, 1,000 pcs.	52,620	52,525
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	52,620	52,525
Return on equity, %	6.3%	-1.4%
Return on investment, %	4.2%	0.8%
Gross investments in permanent assets, MEUR	4.7	5.0
% of net sales	3.4%	3.7%
Interest-bearing liabilities, MEUR	61.0	75.3
Interest-bearing net liabilities, MEUR	42.3	56.3
Equity ratio, %	39.1	37.2
Average number of employees	1,246	1,480

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 2021. 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	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21
Net sales	36.8	32.4	33.0	35.8	35.4	30.7	33.3	33.6
Other operating income	0.4	0.4	11.2	0.4	0.5	0.8	0.4	0.3
Costs in total	33.2	30.8	33.0	33.6	28.7	27.6	30.6	31.5
Depreciations, amortizations and impairment	4.6	3.3	3.3	3.5	4.2	3.3	3.5	3.5
EBIT	-0.6	-1.2	7.9	-0.9	3.0	0.6	-0.4	-1.1
Finance items	-0.6	-0.5	-0.5	-0.5	-0.4	-0.5	-0.6	-0.8
Share of associated company profits	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.1
Profit before taxes	-1.2	-1.6	7.4	-1.4	2.7	0.1	-0.9	-1.8
Taxes	0.2	0.0	0.0	0.1	1.1	-0.3	-0.3	-0.5
Profit from continuing operations	-1.0	-1.6	7.4	-1.3	3.7	-0.3	-1.2	-2.3
Profit/loss from sold operations	0.0	0.0	0.0	0.4	-0.2	0.6	-1.2	-0.2
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	-1.0	-1.6	7.4	-0.9	3.6	0.4	-2.4	-2.5
Minority interest	-0.4	-0.4	3.6	-0.2	1.6	0.1	-0.2	-0.7
Parent company shareholder interest	-0.6	-1.2	3.8	-0.7	1.9	0.3	-2.2	-1.8

GUARANTEES AND CONTINGENCIES ISSUED

EUR 1,000	October 31, 2022	October 31, 2021
Guarantees given on behalf of Group companies		
Enterprise mortgages	168,053	176,534
Pledges given	58,204	102,640
Other liabilities	1,172	730

DIVESTMENTS OF BUSINESS OPERATIONS

Impacts of the divestment of the SokoPro business operations

In December 2021, Grano announced that it had signed an agreement on selling its SokoPro business operations to the international iBinder company. The sale price was roughly MEUR 45.5, which was paid in conjunction with the closing of the deal on February 8, 2022 as a one-time cash payment. The SokoPro deal will enable Grano to focus even more strongly on developing and commercializing value-added services for marketing communications, and the significantly strengthened financial position will make it possible to accelerate the implementation of the strategy. After the deal, Grano will continue as the exclusive SokoPro sales representative for Finland.

Assets and liabilities related to divested business operations	January 31, 2022
MEUR	
Intangible assets	3.0
Goodwill	32.6
Current assets	1.0
Cash and cash equivalents	0.2
Current liabilities	-1.0
Net assets, total	35.9

Impact of the divestment on the Group's cash flow	January 31, 2022
MEUR	
Consideration received as cash	45.6
Direct costs of the deal	-0.4
Cash and cash equivalents of the divested business	-0.2
Impact on the Group's cash flow	45.0

Impact of the divestment on the Group's profit/loss	January 31, 2022
Consideration received (net)	45.3
Net assets	-35.9
Sales profit	9.4

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

EUR 1,000

	11/21-10/22	11/20-10/21
Grano	111,498	107,853
Hygga	7,336	8,122
CoreHW	7,990	6,111
Oscar Software	11,197	11,009
Others	0	0
Eliminations	-92	-111
Group in total	137,929	132,984

EBIT

EUR 1,000

	11/21-10/22	11/20-10/21
Grano	8,682	5,579
Hygga	-372	-210
CoreHW	-476	-1,432
Oscar Software	-493	287
Others	-2,172	-2,204
Group in total	5,169	2,020

Interest-bearing net liabilities by segment

EUR 1,000	October 31, 2022	October 31, 2021
Grano	46,389	55,567
Hygga	9,846	8,952
CoreHW	5,803	5,738
Oscar Software	3,620	3,949
Parent company	-23,684	-18,249
Others	371	328
Group in total	42,345	56,285

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 35.7 (MEUR 23.8).

Write-downs per segment

EUR 1,000	October 31, 2022	October 31, 2021
Grano	-12,178	-12,484
Hygga	-570	-576
CoreHW	-482	-429
Oscar Software	-1,265	-1,086
Others	-147	6
Group in total	-14,642	-14,568

The impact of the IFRS 16 standard on the Group's depreciations is MEUR 8.8 (MEUR 8.0).

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

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21
Grano	29.8	26.8	26.1	28.9	28.6	25.1	26.9	27.3
Hygga	1.7	1.7	2.0	2.0	2.2	2.0	2.1	1.9
CoreHW	2.6	1.3	2.1	2.0	1.8	1.2	1.4	1.6
Oscar Software	2.8	2.6	2.9	2.9	2.9	2.5	2.8	2.8
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	36.8	32.4	33.0	35.8	35.4	30.7	33.3	33.6

**SEGMENT INFORMATION BY
QUARTER
EBIT, MEUR**

	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21
Grano	-0.5	0.3	8.6	0.3	3.8	1.1	0.8	-0.1
Hygga	0.1	-0.2	-0.1	-0.2	0.2	0.0	-0.1	-0.3
CoreHW	0.5	-0.8	0.0	-0.2	-0.2	-0.3	-0.6	-0.4
Oscar Software	-0.1	-0.1	-0.2	-0.1	0.0	-0.1	0.1	0.2
Others	-0.6	-0.5	-0.5	-0.6	-0.8	-0.1	-0.7	-0.6
Group in total	-0.6	-1.2	7.9	-0.9	3.0	0.6	-0.4	-1.1

**Reconciliation of key figures – interest-
bearing liabilities and interest-bearing
net liabilities**

	October 31, 2022	October 31, 2021
Liabilities total	92.4	107.5
Non-interest-bearing liabilities	31.3	32.2
Interest-bearing liabilities	61.0	75.3
Trade and other receivables	22.7	25.2
Non-interest-bearing receivables	18.3	20.4
Interest-bearing receivables	4.4	4.8
Interest-bearing liabilities	61.0	75.3
Interest-bearing receivables	4.4	4.8
Cash and cash equivalents	14.3	14.2
Interest-bearing net liabilities	42.3	56.3

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.